



## Reality Sets In for the GOP Congress

**Will opposition to Obamacare be their undoing?**

By Larry Kiern

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The first three months of the 115th Congress left the new Republican majority with little to show for itself but battle scars. After trying and failing to defeat President Obama on two major measures, the GOP has been forced to confront the limits of its new power and was left licking its wounds in preparation for the new battles to come.

### **The Keystone XL and Immigration Defeats**

Despite weeks of debating and then re-passing the Keystone XL pipeline authorization bill through both Houses of Congress, the measure ran smack into a presidential veto. The Republican-controlled Senate then failed to muster the 67 votes necessary to override that veto.

There followed acknowledgment by the Republican-controlled House of Representatives that, despite the acrimonious protests of its Tea Party wing, it simply did not have the will to shut down the Department of Homeland Security. This last-ditch attempt to force President Obama to rescind his controversial 2014 immigration orders allowing millions of illegal aliens to register and remain in the U.S. ended with a whimper.

As played out repeatedly in the previous Congress, when push came to shove on must-pass legislation House Speaker John Boehner (R-OH) ultimately allowed a measure to reach the House floor and pass in reliance upon overwhelming Democratic support. On the Senate side, Majority Leader McConnell (R-KY) acknowledged the limits of his majority's power a bit earlier and with less drama since he was always painfully aware of the strength of minority power in the Senate, having wielded it so masterfully in the past.

The Republican strategy that forcing these votes and the presidential veto would pressure Democrats and the President to yield or pay a high political price proved illusory. Most Democrats proudly held firm in their opposition to Republican-backed measures, and President Obama has witnessed his approval rating rebound mightily from its low before the midterm election in November. The Republican critique of the President as a "job-killer" for his

opposition to Keystone XL lost its bite as the economy rebounded and unemployment dipped to its lowest point in eight years.

### **The Debt Ceiling and Budget**

Now that these cathartic struggles over legacy issues have ended, the focus on Capitol Hill will increasingly shift to the debt ceiling and the budget – matters that require action this year. And here, where the struggles will be largely conducted on the margins, the GOP-controlled Congress should enjoy the majority's institutional advantages through the incremental appropriations process. But even modest success will require a measure of self-control for the GOP majority to resist attempts by its Tea Party faction to reprise the lost battles.

On March 13 Treasury Secretary Lew notified Congress that the government would reach the national debt ceiling in days and that the Treasury Department was using extraordinary measures to keep it afloat. Estimates vary about how long these extraordinary measures can be employed, but the Congressional Budget Office opined that Congress may have until November to raise the debt ceiling again.

Senate Majority Leader McConnell reaffirmed that he would not allow the nation to default but also said this must-pass legislation might prove a vehicle for other legislation “that we can agree on.” That was a vague teaser, and no doubt there could be another attempt by the Tea Party wing to roll back President Obama's immigration orders.

Given the resolve that the President and his party have demonstrated, that would likely be a fool's errand. It seems more likely that McConnell might use the debt ceiling measure as a vehicle for legislation that Senate Democrats and the President can also support. Indeed, if Congress really does have until November to raise the debt ceiling, it might become part of an omnibus resolution of all the appropriations bills and other legislative matters separating the parties, as has occurred in the recent past.

Obama's budget proposal for FY 2016 has set forth clear choices for Congress. Most importantly for America's maritime industry, he has proposed abandoning sequestration, which will provide breathing room for important maritime programs. His budget would increase discretionary spending by about \$75 billion, evenly split between defense and domestic spending.

Because Republican defense hawks on Capitol Hill support the proposed increase in defense spending, the proposal reopens a deep fissure within congressional Republicans, separating defense hawks and fiscal hawks. In the current circumstances, where the deficit is shrinking and ISIL presents a threat to the Middle East and Russia threatens Ukraine, it seems likely that the defense hawks will ultimately prevail. But Republicans will have to compromise with Democrats and accept increases in domestic spending advocated by the President.

Absent further legislative relief from sequestration like that provided in the bipartisan 2013 accord, the original sequestration limits will reset, causing deep cuts in the federal government's discretionary spending levels at a time when the economy can ill afford such austerity. To be sure, Republican fiscal conservatives will likely demand commitments of future cuts in

mandatory social programs to justify easing the sequester for FY 2016, but demands for such future cuts could prove politically dangerous.

Precisely how congressional Republicans will navigate the rocks and shoals of demands by the American people for the programs they value on the one hand and their party's fiscal orthodoxy on the other will likely play out as congressional Republicans struggle with preparing their own budget resolution.

### **The Politics of a Republican Budget Resolution**

Not having enjoyed full control of Congress for a decade, Republicans have had the luxury of not having to reconcile differences between their party's House and Senate budget resolutions. Now that the Senate is also Republican-controlled, the Republican leadership will have to take into account the electoral fates of Republican senators from states that Obama carried in his electoral victories.

These "blue states" will present a significant challenge for selling the hard-right budget proposals that the House Republican majority has offered in recent years. Cuts to mandatory spending programs like Social Security and Medicare play well at the Cato Institute, the Heritage Foundation and among the Tea Party caucus, but they will likely benefit Democratic challengers to Republican incumbents seeking reelection.

In 2016, Republicans will have to defend 24 of the 34 seats to be decided. The electoral map that so disfavored Democrats in 2014 will shift in their favor in 2016. If McConnell is to have any hope of sustaining his new majority in the Senate, he will have to be protective of those candidates running in states previously carried by Obama, e.g., Florida, Illinois, New Hampshire, North Carolina, Pennsylvania, Ohio and Wisconsin.

At this stage it is hard to envision how Republican candidates from these states will have their reelection prospects boosted by a draconian budget resolution that highlights cuts to Social Security and Medicare. The problem will only be magnified by the fact that 2016 will be a presidential election year where the turnout advantage that Republicans typically enjoy in midterm elections evaporates.

It is likely that the Senate's proposed budget resolution will be sensitive to this problem and will propose neither changes to Social Security nor cuts to Medicare any deeper than those already proposed by the President. Instead, it will likely propose balancing the budget within 10 years through a combination of cuts to Medicaid and food stamps and the repeal of Obamacare.

### **Obamacare**

That early reports have included a repeal of Obamacare as the most prominent feature of Republican budget resolutions suggest that the leadership is less serious about real legislation and more serious about satisfying the party's base. But without offering a meaningful alternative, the leadership risks exposing its Senate candidates in the states that Obama recaptured in 2012 after the passage of Obamacare.

The harsh reality for Republican candidates is the growing constituency served by Obamacare. According to Administration statistics, 16.5 million Americans have enrolled in Obamacare and almost 90 percent of them are receiving a subsidy for health coverage. About 2.3 million Americans under age 26 obtained coverage from their parents' health care insurance because of Obamacare. Another 10 million enrolled in Medicaid.

So approximately 25 million Americans are benefiting directly from Obamacare and 60 percent of them have already sought medical care using their new benefits. In states like New Hampshire, Ohio and Illinois, the population enjoying the benefits of Obamacare has grown both through the health insurance marketplaces and the expansion of Medicaid by those states.

The challenges faced by the new Republican majority to maintain control of Congress are palpable. By sustaining their campaign against Obamacare, they risk sowing the seeds of their own demise in the Senate in 2016. – MarEx