

GOP, White House both think they have leverage in debt-ceiling fight

By Peter Schroeder - 04/17/11 12:00 PM ET

Republicans and the White House both think they have the upper hand in the fight over raising the country's debt limit.

Republicans enjoy popular backing, as polls suggest voters do not want to see the debt ceiling raised. They also know that vulnerable Democratic senators up for reelection next year have no desire to cast votes on raising the debt ceiling.



“The Republicans have a huge amount of leverage,” said Chris Edwards, director of tax policy for the libertarian Cato Institute. “They know this is a huge opportunity.”

The White House and liberal groups disagree.

They believe President Obama’s bully pulpit gives him the advantage. Administration officials are already warning that a failure to raise the debt ceiling would raise interest rates and destabilize the global economy, putting at risk the hundreds of thousands of jobs now being generated in a fledgling recovery.

The administration hopes Republicans will blink and agree to a deal, just as they did when the government was nearly shut down over an impasse over 2011 spending cuts.

In a column for The Hill, conservative commentator Dick Morris said Republicans would [give up their leverage](#) by agreeing to the deal with Obama on 2011 spending.

“If Republicans in the House accede to Democratic and administration demands that they accept a lesser figure in budget cuts, they will throw away all their power and be revealed as toothless and impotent, though still noisy,” he wrote before the spending deal was reached.

Another advantage for President Obama is that he knows both sides can’t avoid raising the debt ceiling. Even the most conservative Republican budgets would require debt-ceiling hikes in just a few months.

Of course, Republicans have all but acknowledged the debt ceiling will be raised. Their point is that it must be linked with huge spending cuts to win their support.

The White House has called for a “clean” bill to raise the debt ceiling, but Obama himself in a Friday interview said the ceiling would not be raised without spending cuts.

Polling consistently shows American voters opposed to any increase to the debt limit.

A poll commissioned by The Hill in February found [just 27 percent of likely voters](#) were in favor of an increase, while 62 percent opposed it. Significantly, 64 percent of independents opposed an increase.

More recently, an April 11 [NBC/Wall Street Journal poll](#) found that just 16 percent of Americans think the limit should be increased, while 46 percent opposed it. When the same poll informed those surveyed that the U.S. would default if the limit wasn't raised, an increase was still opposed by a 62-32 percent margin.

However, if the debt limit drags on to the point that financial markets begin reacting negatively to the potential for a U.S. default, public sentiment could turn.

“People may not fully understand the ramifications of what the debt-limit vote is itself, but when we start having stories about banks concerned about raising interest rates, people will be able to translate that relatively quickly,” said Neera Tanden, the chief operating officer for the liberal Center for American Progress.

Republicans are pushing a number of legislative proposals they want to see tied to a vote on raising the debt limit. Some are pushing for a balanced-budget amendment, while others are advocating for spending caps to be put in place. And House Budget Committee Chairman Paul Ryan (R-Wis.) has said his budget proposal presents a “menu of options” that can be packaged with a debt-limit vote.

But Republicans could jeopardize their leverage if they cannot come together on what, exactly, they want.

“The Achilles’ heel of Republicans will be if they don't congeal around an agreed-upon plan,” said Edwards. “I don't see any coming together so far ... They need to decide on it quickly in the next few weeks and sell it to the public.”

GOP allies in the business world support cutting government spending, but do not want to see Congress miss raising the debt ceiling.

U.S. Chamber of Commerce President Tom Donohue has consistently called for a debt ceiling increase, while Jamie Dimon, the chairman and CEO of JPMorgan Chase, said in March that people opposing raising the debt limit are “crazy.”

That kind of rhetoric is expected to intensify in the coming months, and if markets are rattled, it could play against the GOP.

Another factor in the GOP's favor is that Obama himself voted against raising the debt ceiling as a senator. The president now says this was a mistake and a “political vote,” but it hurts his argument that the GOP should now set aside politics.

The split nature of Congress also complicates the politics. In the Senate, Democrats are likely to have to cast the tough votes, while in the House, many Republicans ultimately must vote to raise the debt ceiling.

This means that no matter who wins the leverage game, both parties will have some skin in the game of raising the limit.

Source:

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