

McClatchy-Tribune News Service

Tuesday, Nov. 22, 2011

Editorials on failure of debt panel

Conceived in cowardice, Congress' deficit reduction "supercommittee" has lived down to expectations by failing to reach a bipartisan compromise. Even if it had succeeded in cutting its goal of \$1.2 trillion over the next decade, it would have fallen short of the \$4-trillion reduction over the same period that experts say is necessary to right the economy. But an agreement by the supercommittee would have been a significant first step toward fiscal responsibility.

The outlines of an agreement were well known: revenue increases coupled with significant cuts in entitlement spending. Higher taxes would address deficits in the near term, while cuts in entitlements would provide a down payment on more significant economizing in the future. The wisdom of such a compromise was obvious to everyone but the two parties and their representatives on the committee.

Engaging in self-caricature, the Republicans insisted on no new taxes, a posture they modified slightly to propose \$250 billion in new revenues, some offset by their other proposals, including making the Bush-era tax cuts permanent. Democrats, meanwhile, irresponsibly resisted meaningful cuts in domestic programs. Hobbled by their dogmatic opposition to taxes, the Republicans were arguably more intransigent. But both parties deserve blame for the anticlimactic outcome of the committee's work. The supercommittee was supposed to cut through the partisan pettiness that prevented a deal as part of the process to raise the federal debt ceiling. Instead, "super" proved to be SOP.

What happens now? Supposedly the failure of the supercommittee will lead to \$1.2 trillion in across-the-board cuts (with some exceptions, like Social Security, which will be cut 2 percent a year). But now that the so-called trigger has failed to force an agreement, members of Congress are scrambling to repeal or revise it. Especially zealous are supporters of military spending. Responding to alarms by Secretary of Defense Leon E. Panetta, Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., are drafting legislation to prevent "devastating" cuts in Pentagon spending. With less hope of success, Democrats are likely to try to roll back cuts in domestic spending. (President Obama says he opposes tampering with the trigger, but he may find it hard to resist his own defense secretary.)

What makes the supercommittee's collapse so frustrating is that a consensus seemed to be building in favor of deficit reduction. It was reflected in the report of a presidential commission and in negotiations between Obama and House Speaker John A. Boehner, R-Ohio. Now, with an election looming, the possibility of change seems remote. That isn't just disappointing, it's shameful.

The following editorial appeared in the Chicago Tribune on Tuesday, Nov. 22:

\$3 MILLION EVERY MINUTE

To all those who complained of unfairness when Standard & Poor's downgraded the creditworthiness of these United States in mid-summer: The rest of us accept your apology. You were wrong, the ratings agency was spot-on. As S&P managing director John Chambers said Aug. 7 on ABC's "This Week": "Our job is to hold the mirror up to nature, and what we are telling investors is that we have a spectrum that runs from AAA to D. And what we're seeing is a threat the United States government is slightly less creditworthy." Chambers warned that to reclaim the top rating they had squandered, fractious U.S. leaders needed to unite and deliver "stabilization and eventual decline" of U.S. debt.

Hold that thought as official Washington again evades its responsibility. The inability of the so-called congressional supercommittee to reach a deal on deficit reductions isn't a failure of those 12 lawmakers alone. It's the latest flop in a refusal to govern that embarrasses the president and every member of Congress. As a group they have fiddled as the U.S. declined from a deficit of \$161 billion in 2007 to a shortfall of \$1.3 trillion in the fiscal year that ended eight weeks ago. Their collective humiliation should have grown last week when the nation's debt topped \$15 trillion.

Make your own guess on whether all of this will encourage, or discourage, hiring by employers who see all that debt and fear for the nation's economic stability. Make your own guess, too, on whether, as markets and ratings agencies dismiss the U.S. as the dysfunctional Europe West, more of your tax dollars will go to interest payments on debt held by China and all our other lenders.

The supercommittee, like the Congress in toto, couldn't even pluck the lowest-hanging fruit, tax reform that would reduce deductions, lower rates and raise some more revenue. Why, then, did we think the Deficits Dozen would confront the real challenge - entitlement programs and other "payments to individuals" that in 2010 devoured 66 percent of the federal budget. We have 50 million Americans on Medicaid, 46 million on Medicare, 52 million on Social Security, with millions more drawing from disability, nutrition and other programs. All well and good. But with only a relative handful of baby boomers now turning 65, today's enormous entitlement costs will only explode.

Yet our leaders in Washington, facing these inevitabilities plus the visible plight of drowning-in-debt Europe, have served up ... next to nothing. And while the temptation to cast partisan blame is irresistible in Washington this week - have you glanced at a news channel? - we aren't buying the notion that heroes of either party walk among us.

The collapse here, the irresponsibility, is universal:

Recall how, earlier this year, the White House urged passage of a "clean" increase in the nation's debt limit, with no restrictions on spending's great leap forward. President Obama, having ignored the generally excellent suggestions of his own deficit reduction commission, delivered no serious plan to attack our rising deficits. The Cato Institute calculated that the actual cuts in the plan Obama offered to the supercommittee - excluding such gimmicks as "savings" from already scheduled defense wind-downs in Iraq and Afghanistan - amounted to a relatively piddling \$580 billion, or less than 1.3 percent of expected federal spending over the next decade.

Members of Congress, meanwhile, clustered in warring tribes, their focus on placating their respective political bases and angling for re-election. We're sticking with a verdict rendered here early this month: Some days it seems that either major party would gleefully let the United States implode if it could grab a moment's political advantage over the other.

As the summer deficits-and-debt debacle devolved into the supercommittee's gridlock, we've resisted two staples of punditry - quips about the committee not being so "super," and resignation that only the 2012 election will settle the future of this government, this nation. With Monday's surrender by the bipartisan, bicameral committee, we'll still leave the "super" jokes to others. But the election looms even larger today than it has. The White House is very much up for grabs. And in the Senate, where Democrats must defend 23 seats and Republicans only 10, a shift of four seats to the GOP would put the Congress fully in Republican control.

Is that what voters want? Right now, we'd bet many voters would opt for anybody but the incumbents ... of either party.

So we'll see if anybody gains advantage from this disastrous impasse. In the meantime, expect members of both parties to try to neuter the automatic budget cuts - the so-called "sequester" - that the supercommittee's failure supposedly triggers. The effective date of those cuts, though, doesn't arrive until January 2013. That gives Congress plenty of time to find ways to blunt reductions in dollars for defense and other programs - yes, to keep borrowing and spending.

The supercommittee has failed. Democrats and Republicans want to deflect blame, but they share this disaster.

The nation's debt, meanwhile, just grows, by \$3 million every minute.

The following editorial appeared in the Kansas City Star on Tuesday, Nov. 22:

THE DUTY OF SACRIFICE SHOULD EXTEND TO ALL

Congress's debt reduction supercommittee has failed, with its members unable to agree on the measures that make sense to the majority of Americans.

The nation's economic predicament calls for sacrifice. Middle-income Americans must accept adjustments in entitlements and very wealthy households must return to 1990s tax rates.

That is not too much to ask. Tragically, infuriatingly, the committee of 12, mirroring congressional gridlock writ large, cannot muster the courage to do so.

As it happened, The Kansas City Star's editorial board spent some time Monday with Americans who have answered the call for sacrifice.

A contingent of elite military personnel from all branches of the service visited the newspaper as part of a fellowship program at the U.S. Army Command and General Staff College at Fort Leavenworth.

Most of the officers present have served multiple tours of duty in Iraq, Afghanistan or both. One officer told us he measured his length of service not in years or months but in inches; based on notches on a door frame, his two young children grew a total of 17 inches while he was overseas.

Many of them expressed concern about a widening gap in perspective between members of the military and the rest of the nation, who have not been asked to make sacrifices for war or for peace.

Here are some observations the servicemen made when asked their perspective on America's political climate. If only members of Congress would take note.

... Everything has a political bent. We can't get to, 'this is the right thing to do.' I think the country's kind of sick of that. I am.

... I'm a little concerned that we're going to draw the military down too far in this current peace dividend. Then there's the concern that my friends, my family, are going to be asked to pay another sacrifice.

... It's the same guys going back for repeated tours. We understand the sacrifices they're making, but does the rest of the country?

... The supercommittee was destined to fail. There is a failure of leadership to say 'these are the hard choices.' Americans don't want to make the hard choices.

... We have military and military families and then we have everyone else. When I hear 'the nation's at war' I think 'that's a bunch of crap.' The military is at war. The nation has not been asked to contribute a single dime, except to pay debt, from these wars. Americans have to ask some hard questions: What do you do to support the effort, other than complain when gas goes up a dime?

... We went to war and the nation just went shopping at one point.

... It always comes back to leadership at the top. Slash and burn budgets (with across-the-board cuts) are a flat-out stupid way to do it. That's just not the thoughtful, meaningful way to do national security issues. That goes for entitlements as well.

... If someone would suggest - how would you like to postpone eligibility to Social Security for a year? - then we would be a nation at war.

... Fixing the economy is the number one thing we can do to improve the security of our nation.

Members of Congress have asked some to sacrifice much, while refusing to ask many to sacrifice even a little. With their continued divisions and absence of courage, they dishonor themselves before the troops they profess to admire and the nation they are meant to serve.

The following editorial appeared in the Milwaukee Journal Sentinel on Tuesday, Nov. 22:

GRIDLOCK STALLS DEFICIT COMMITTEE

Another opportunity lost - another day without a plan to deal with the nation's long-term fiscal challenges.

And another embarrassing dive to the canvas by the people voters sent to Congress to fight such problems.

The collapse of the congressional supercommittee talks Monday afternoon provided yet more evidence that Congress, especially with a presidential election approaching, has no stomach for difficult problems.

The committee, which grew out of the debt ceiling fiasco in August, had been charged with coming up with at least \$1.2 trillion of deficit reductions over 10 years. In the end, Democrats and Republicans were so divided they could agree on nothing.

There are sensible compromises. They all include additional tax revenue and cuts in spending. We favor lowering tax rates - especially corporate rates - but tightening tax breaks in a way that produces more revenue. We favor higher taxes for millionaires. And we favor a combination of changes to Medicare - ground zero of the government's fiscal troubles - to gradually limit benefits and increase the payroll tax.

The talks faltered mainly over Republican intransigence on higher taxes. But Democrats hardly covered themselves in glory. They were reluctant to do enough to impose fiscal discipline on entitlement programs - especially Medicare.

A Democratic offer would have reduced deficits by \$3 trillion over 10 years by cutting spending and raising taxes. A Democratic proposal included as much as \$500 billion of savings in health care programs, including higher premiums for wealthy Medicare beneficiaries and measures that would have reduced cost-of-living adjustments for Social Security beneficiaries. That seemed promising.

So did this: Sen. Pat Toomey, R-Pa., offered a package that included \$300 billion of new tax revenue - a breakthrough in Republican thinking. But Democrats balked because the plan would have permanently reduced taxes for all taxpayers, and that decision derailed the talks once again.

The long-term fiscal problem is nightmarish. If nothing is done, by 2035, the nation's debt will reach the unsustainable level of 187 percent of national output. Anything more than 60 percent hinders economic growth; 187 percent kills it. On that day, U.S. finances will look little better than those of Greece or Italy do today.

But the nation also has a short-term problem with growth. The supercommittee, by failing even to extend unemployment benefits and the payroll tax holiday - both had been expected - failed the growth test as well as the deficit exam. Together, those two measures would have given the economy a small boost at a time when it sorely needs one.

Defense Secretary Leon Panetta, a former member of Congress, got it right last week when he let his frustrations boil over during a visit to a submarine plant in Connecticut. The Defense Department now faces automatic - and difficult - cuts as a result of the supercommittee's inability to reach a compromise.

"I urge this committee: suck it up," Panetta said. "Do what's right for the country. That's why we elect people: to govern, not to just survive in office."

Will it take a crisis for America's "leaders" to act? Or, even then, will they take a dive?

The following editorial appeared in the Philadelphia Inquirer on Tuesday, Nov. 22:

NOTHING 'SUPER' ABOUT FAILURE

An intriguing proposal was made Monday by two former Democratic pollsters who believe President Obama has become so hobbled by Republican opposition that he cannot govern effectively and should abandon his bid for reelection.

The failure of the congressional supercommittee to trim the federal deficit is the latest example of Obama's inability to make a deal with Republicans. The panel waited until the stock markets closed Monday to announce it had given up on a 10-week attempt to save \$1.2 trillion over 10 years.

Americans had hoped the smaller supercommittee could conquer the partisan divide that prevented Congress from agreeing to a budget-deficit deal during the summer. Instead, the committee mirrored Congress in arguing over the proper mix of tax increases and spending cuts.

Writing for the Boston Globe, former Sen. John E. Sununu, R-N.H., blamed Obama. "In a brilliant stroke of irony, the president lectured European leaders recently that the euro crisis 'is a problem of political will.' This from a president who ignored his own deficit commission," said Sununu.

It's true that Obama gave too little support to the earlier bipartisan commission, which in a divided vote recommended cutting the federal deficit by \$4 trillion by 2020 with a cap on discretionary spending, a tax-code overhaul, and changes to Social Security, including raising the retirement age - not exactly choices favored by his Democratic base.

Republicans blamed that dynamic for the latest commission's failure, saying Democrats were unwilling to cut Social Security and Medicare. Democrats said the supercommittee failed because Republicans wouldn't exempt the wealthy from any extension of the Bush-era tax cuts.

With the tax cuts scheduled to expire next year, that issue could become the key to the presidential election - which is exactly what some people want. "We'll run against their tax increase, and we'll crush them," said political strategist Grover Norquist, whose antitax pledge has been taken by many Republican officeholders.

Such comments are why former Jimmy Carter pollster Patrick H. Caddell and Bill Clinton pollster Douglas E. Schoen wrote a Wall Street Journal column that said Obama should follow the example of Harry Truman and Lyndon Johnson, who "accepted the reality that they could not effectively govern the nation if they sought re-election."

It's true that it won't get any easier for Obama. But his foes aren't likely to compromise just because he wouldn't be the Democrat running for the White House. Obama didn't try as hard as

he could have to get a deficit deal. If Americans start believing he is incapable of cultivating common ground to move this country forward, his fate will be sealed.