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Calling the president's bluff

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By William Poole

Within a matter of weeks, the Treasury will run up against the debt ceiling. It can finance the government for some weeks after that through a variety of gimmicks. Democrats and Republicans are preparing for thrust and parry on a variety of specific spending and nonspending issues. We have already seen a dress rehearsal in the maneuvering over the expiration of the continuing resolution on April 8. That episode went to the 11th hour, literally. The president derided the conflict as being over nickels and dimes. For the most part, he was right about that.

Republicans have an opportunity for a much more important debate, which will frame the election campaign next year. Republicans should tell President Obama they will vote to increase the debt ceiling, in a clean bill with no other provisions, provided he promises three things:

"ç The administration will submit a revised budget that will deal with the deficit. Upon the president's agreement, the first installment of the debt ceiling increase should be \$500 billion; further installments will await the revised budget. The nation has a right to expect that the president will be serious about the deficit issue.

"ç Republicans will support a second clean increase of \$500 billion in the debt ceiling when the president submits the revised budget. The president agrees that the Congressional Budget Office should score the revised budget according to its "alternative budget scenario." The February budget systematically understates future outlays and overstates future revenues. CBO's alternative scenario scores the budget on what is most easily described as a current services principle rather than according to current law, which understates the likely future deficit. For one example of this problem, current law and the president's budget include the assumption that doctor reimbursements under Medicare and Medicaid can be cut in future years. The CBO alternative scenario is based on the more realistic assumption that reimbursements will be at about the current level.

"ç When the CBO analysis is in, the president will submit a second revised budget reflecting that analysis. At that time, Republicans will agree to accept an increase in the debt ceiling large enough to finance the government through mid-2013.

What if Obama refuses to make this promise? Then, instead of a clean bill, the Republicans should attach a clause requiring that the president submit a revised budget to address the deficit. The point would not be to argue about how to address the deficit -- we already know that the parties are deeply split on their vision as to the role of the federal government -- but instead to require that Obama present an actual plan. A Treasury default would then be squarely the president's responsibility because he refused to present a plan to address the deficit.

Republicans should emphasize that the debt ceiling issue is not about the substance of how to

address the deficit, but that the president present a plan voters can judge.

The substance will be the election debate next year.

How can the president not accept a deal in which he presents proposals to reduce the deficit over time? Is that too much to ask?

Americans understand the responsibility of the president to address the deficit, and his refusal to do so will stand in stark contrast to the plan proposed by Rep. Paul Ryan (R-Wis.). The president must not be allowed to trash the Republican proposal without presenting his own alternative.

In the academic world, the saying goes if you are in a horse race, you have to have a horse; if you don't like a theory, you have to have a better theory. In politics, unfortunately, the reverse seems to be true. It seems more effective to demagogue your opponent's spending or tax proposals than to present your own.

In the debt ceiling debate, Republicans have the opportunity to force Obama to explain how he proposes to finance the spending commitments now on the books, or which spending commitments will be cut back.

The president's plan and Ryan's plan will be at the center of next year's election debate over the role of government and how to finance it. Democrats should surely welcome the opportunity to defend their vision.

William Poole is a senior fellow at the **Cato Institute** and Distinguished Scholar in Residence at the University of Delaware. He retired as president and CEO of the Federal Reserve Bank of St. Louis in March 2008. Illustration by Margaret Scott