

Sequester Becomes Silver Lining

Instead of Being a Deterrent, Automatic Cuts Help Lawmakers to Accept Deficit Panel Failure

- By Ben Weyl
- CQ Roll Call Staff
- Nov. 22, 2011, Midnight

Although Sen. Charles Schumer originally described the sequester as "a sword of equal sharpness and strength hanging over each party's head," many lawmakers are now comfortable with letting the automatic spending cuts take effect after the failure of the deficit panel.

The legislative mechanism that will force automatic cuts in defense and domestic programs now that the deficit panel did not fulfill its mission has gone from being a "sword" hanging over lawmakers to a "silver lining" rewarding them for inaction.

The sequester was among the final elements to be decided as part of the August law that raised the ceiling on government borrowing and created the Joint Committee on Deficit Reduction. It was widely believed at the time that those cuts would be too difficult for Congress to accept and would spur the panel to reach a consensus on at least \$1.2 trillion in budget savings over the next decade.

When the idea was first developed, Sen. [Charles Schumer](#) (D-N.Y.) described the sequester as "a sword of equal sharpness and strength hanging over each party's head."

Democrats would be loath to accept the reduction in domestic spending, and Republicans would compromise to avert the threat to the Pentagon, Schumer said July 31, two days before the Senate cleared the debt limit bill.

Senate Minority Leader [Mitch McConnell](#) (R-Ky.) said on the same day that he thought it "highly unlikely" the joint committee would deadlock, for the same reason.

Even last week, Speaker [John Boehner](#) (R-Ohio) warned against the prospect that the panel might come up short.

"It's important for the committee to work," Boehner said. "The sequester was ugly. It was designed to be ugly because we didn't want anybody to go there."

But the panel is going there, and some of its members embraced it during the weekend as a way to further reduce annual deficits and possibly distract from their own inability to come up with a plan.

“The good news, if there is no agreement, the nation is going to end up with what Republicans said,” Rep. [Jeb Hensarling](#) (R-Texas), the panel’s co-chairman, said Sunday. “There will be a dollar spending reduction for every dollar increase in the debt ceiling.”

Sen. [Pat Toomey](#) (R-Pa.) called the sequester a “silver lining” amid the panel’s disappointing conclusion. “We’re going to get the spending cuts anyway.”

The panel’s Democrats, too, are not backing away from the automatic spending reductions.

“The triggers give us \$1.2 trillion in savings,” Rep. [Xavier Becerra](#) (D-Calif.) said. “I think there’s smarter ways to do it than with triggers. But you start shaving away the responsibility to actually [enact] some of those cuts and savings, and guess what? You are in a worse hole than a year from today.”

In recent weeks, outside advocates on the left and right have come to the conclusion that a deadlocked panel was better than one that compromised.

The Cato Institute’s Daniel Mitchell urged Republicans to “take the sequester and declare victory” in a blog post last month.

Robert Borosage, co-director of the liberal Campaign for America’s Future, appeared before the Congressional Progressive Caucus with the message: “The super committee must fail.”

Many lawmakers are concerned about the consequences of the cuts, particularly regarding the Pentagon budget, which would face \$600 billion in mandatory reductions over nine years. Defense Secretary Leon Panetta has laid out dire warnings about the consequences to the nation’s security.

For that reason, there already is talk — largely from Republicans — about modifying the configuration of the cuts to shield the military from the most painful measures.

Because the spending reductions are not scheduled to begin until January 2013, Congress has more than a year to act.

The impending cuts are also serving to blunt the effect of the panel’s inaction on financial markets.

“We do not expect an immediate downgrade of U.S. sovereign debt, but the rating agencies may revisit the issue in 2012, especially if Congress scraps the sequestration

mechanism,” Brian Gardner, an analyst at the brokerage firm Keefe, Bruyette & Woods, wrote in a research note Monday.

Sen. [Jon Kyl](#) (R-Ariz.) dismissed a question Nov. 20 on whether he felt a sense of urgency to reach a deal, perhaps to prevent a ratings company from downgrading the United States’ debt, as Standard & Poor’s did in August.

“Well, again, there’s going to be \$1.2 trillion in savings, whether the committee agrees on a method of doing it or it happens automatically,” Kyl said. “So this shouldn’t foster a downgrade or run on the market or anything like that — \$1.2 trillion in savings occurs one way or the other.”

Ben Weyl is a reporter for CQ.