



## Majority of Experts Predict Government Shutdown

By **ERIC PIANIN**, The Fiscal Times March 30, 2011

So just how long can the federal government continue to stagger along without a budget before hitting a political brick wall and shutting down? A significant majority of Washington budget and policy experts surveyed by The Fiscal Times said they expect a government shutdown of at least a few days after the latest stop-gap spending measure expires late next week.

**David Stockman**, the former Reagan administration budget chief and one of 36 experts polled this week, declared: "It's time for the Republicans to man-up and let it burn! Discretionary spending is out of control, and if the GOP doesn't force a big roll-back, they should have their mouths washed out with soap for lying about no new taxes."

The government has been operating under a series of fiscal 2011 **continuing resolutions** for the past six months— the budgetary equivalent of holding things together with bubble gum and bailing wire. Unless President Obama, GOP congressional leaders and top Senate Democrats can cut a deal for the remainder of the year, it looks as if we will finally confront a shutdown beginning midnight next Friday.

Or at least that's the verdict of a distinguished panel of budget and political experts, lobbyists, columnists and journalists assembled by The Fiscal Times. They were asked this week to respond "Yes" or "No" to whether the Obama administration and congressional leaders are coming to the end of the line and will risk the political repercussions of forcing the first government shutdown since late 1995 and early 1996 during the **Clinton administration**.

The results: 22 of the 36 Washington experts surveyed ( 61 percent) said they expect a government shutdown of at least a few days, while 14 of them (39 percent)said the politicians will pull out a last-minute deal to avert a shutdown.

The gloom-and-doomers include some of Washington's most knowledgeable budget and political mavens: Jim Manley, the former spokesman for Senate Majority Leader Harry Reid, D-Nev.; Robert Greenstein, the president of the Center on Budget and Policy Priorities; Robert D. Reischauer, president of the Urban Institute; **Greg Ip**, the U.S. Economics Editor for the Economist Magazine; Robert Bixby, Executive Director of the Concord Coalition; Ross Baker, a Rutgers University political science professor; G. William Hoagland, former Republican staff director of the Senate Budget Committee, and Bruce Bartlett, Fiscal Times columnist and a former Reagan White House adviser.

Most of those forecasting a **shutdown** blame it on sharp ideological divisions and the unwillingness of freshmen conservative House members and Tea Party adherents to compromise on spending cuts. Even if House Speaker **John Boehner**, R-Ohio, and Senate Minority Leader **Mitch McConnell**, R-Ky., wanted to compromise with the democrats, the Tea Party won't let them, the argument goes. Budget negotiations are gridlocked, with Republicans demanding as much as \$61 billion in domestic program cuts for the remainder of the fiscal year, which ends on September 30th) along with a raft of policy changes. The White House has offered a little more than \$30 billion in spending cuts, which Republicans say are unacceptable.

"Speaker Boehner has a real problem on his hands as he tries to thread the needle between what the right wing of his caucus wants versus what the far right wants," **Jim Manley**, a 20-year veteran of Capitol Hill, explained."The Tea Party types will never let him cut a deal."

**Greg Ip** of the Economist said that the parties "are more ideologically divided than ever before," and centrist GOP legislators who might have compromised "have either left or are worried about a Tea Party primary challenge."

**Robert Reischauer**, a former director of the Congressional Budget Office, said, "I have a hard time seeing how the Republicans can sign onto a [spending cut] number significantly south of \$61 billion and with no [policy] riders without first showing their resolve to the Tea Party."

Even so, quite a few budget and political experts insist there's no way either party would risk incurring the public's wrath by precipitating another government shutdown. Those naysayers include University of Virginia political scientist Larry J. Sabato; former Democratic House member Martin Frost; Steve Elmendorf, a lobbyist and former chief of staff to House Democratic Leader Richard Gephardt; **Max Stier**, president and CEO of the Partnership for Public Service; Gus Faucher, Director of Macroeconomics at Moody's Analytics, and June O' Neill, a former Congressional Budget Office director.

**Larry Sabato** said: "Just as with President Clinton, Obama will have the bully pulpit, and all TV cables lead to the White House...You'd think that recipe for disaster would be enough to pull the House Republicans back from the brink of a shutdown."

**Michael D. Tanner**, a senior policy fellow at the Cato Institute, believes GOP leaders simply don't have the stomach for a shutdown. "The Republican Leadership will give in, dropping policy riders from the bill and accepting cuts in the \$35-40 billion range," he said. "This will end any serious budget reduction attempts on Capitol Hill. Democrats will realize that they can always call the Republican's bluff, and will dig in their heels for the future."

**Gus Faucher** of Moody's Analytics agrees: "It will involve roughly \$30 billion in spending cuts, enough for the GOP to say that they've made a real difference," he said. "Cuts of this size would be a drag on the economy, but would not push the economy back into recession."

### **If the Democrats had done Their Jobs....**

The current crisis has its genesis in the failure of the Democrats to pass spending bills for the fiscal year that began last Oct. 1 before Congress adjourned for the mid-term elections. In the wake of the Republican takeover of the House last November, GOP leaders have attempted to make good on a campaign pledge to slash domestic spending by as much as \$100 billion.

As political and budgetary realities set in, however, Republican leaders signaled a willingness to scale back their spending cut ambitions, while President Obama and Democratic leaders signaled a willingness to go along with substantial cuts. A week ago, negotiators in both parties were reporting progress and optimistically predicted an agreement that would cut more than \$30 billion from domestic programs— about half the \$61 billion the House passed.

But as the New York Times first reported, the **talks collapsed** last Tuesday. Congressional officials said the budget talks were set back significantly in a meeting when the participants feuded over what legislation should serve as the benchmark for the talks — a House-passed spending measure with \$61 billion in cuts for this year or an interim budget bill approved by Congress in early March that maintained financing for most programs at their current levels.

Democrats, who believed they had an agreement to work off the interim plan, felt blindsided, officials told The Times. **Jacob (Jack) Lew**, White House budget director and chief Democratic negotiator, resisted the Republican push to use the House-passed measure (which couldn't pass the Senate) as the starting point and the meeting abruptly broke up.

House Majority Leader Rep. Eric Cantor, R-Va., said time is up and Congress needs to complete work on this year's spending bills and then focus on bigger problems. "We need to see Harry Reid and [Sen.] Chuck Schumer get serious," Cantor told reporters on Tuesday. "We need to see the president get involved."

Cantor reiterated a theme his party has complained about: that Senate Democrats have failed to offer a serious, comprehensive alternative to the Republicans' proposal for cutting \$61 billion this year. "The Republicans don't want a government shutdown," Cantor added. "We just want to cut spending."

Those predicting a government shutdown argue that Cantor, Boehner and other GOP leaders are being kept on a short leash by conservative freshmen and Tea Party members — most of whom have had little experience in forging legislation and budget deals.

**John M. Berry**, a Fiscal Times columnist and former Washington Post economics reporter, said, "The House Republican leadership has lost control of their caucus because of the influx of inexperienced, newly elected members who neither understand nor care very much about what government does for ordinary people or the federal employees who serve them. It's going to take an extended shutdown for them to find out that people really do value a lot of what government does."

**Ryan Alexander**, President of Taxpayers for Common Sense, said "The House Republican majority can smell budgetary blood and demands for the full \$61 billion in cuts will likely cause Democrats in the Senate and possibly the White House to dig in their heels."

**Ross Baker**, a political science professor and commentator, said: "This time it's for real. The crazies in Boehner's attic are rattling their cages and they won't be satisfied with another CR and they also won't accept anything less than the \$61 Billion."

**Ethan Pollack**, senior policy analyst at the Economic Policy Institute, noted that "White House's recent offer is pretty much the same as what the GOP leadership initially pushed . . . before the Tea Partiers intimidated them into pushing for even more. This ensures that in the event of any shutdown the President will look far more reasonable and conciliatory, and it will be easier to pin the blame on the GOP — where, I should add, it squarely belongs."

**Bixby**, the Concord Coalition official, said "We're headed for a shutdown because a lot of people on both sides of the aisle see it as a potential political win. On the Republican side, this sentiment is not shared by the leadership, but enough members believe the public wants deep cuts that it will almost be impossible for leaders to cut a deal...before testing the shutdown waters. For their part, many Democrats seem convinced that a shutdown would result in a 1990's replay with Republicans taking the political hit. Their crocodile tears are flowing freely."

*Jennifer DePaul of The Fiscal Times contributed to this report.*

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## TFT SURVEY OF POLICY EXPERTS: Will there be a government shutdown this year?

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### Yes, there will be a shutdown

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- **David Stockman**, Reagan administration budget director
- **Jim Manley**, former spokesman for Senate Majority Leader Harry Reid, D-Nev.
- **Robert D. Reischauer**, president of the Urban Institute and former director of the Congressional Budget Office
- **Ethan Pollack**, senior policy analyst with the Economic Policy Institute
- **G. William Hoagland**, former Republican staff director of the Senate Budget Committee and policy adviser to former Senate Majority Leader Bill Frist, R-Tenn.
- **Greg Ip**, U.S. Economics Editor for the Economist magazine
- **Bruce Bartlett**, Fiscal Times columnist and former Reagan White House senior policy analyst
- **Ross Baker**, Rutgers University political science professor
- **Joseph White**, Fiscal Times blogger and Case Western Reserve University public policy professor
- **Robert Bixby**, executive director of the Concord Coalition
- **Larry Haas**, Fiscal Times columnist and former senior White House official
- **Paul L. Posner**, director of the Public Administration Program at George Mason University
- **David Ewing Duncan**, Fiscal Times columnist and author
- **George Hager**, USA Today editorial writer and author
- **Mark Thoma**, Fiscal Times columnist and University of Oregon macroeconomist
- **Robert Greenstein**, president of the Center on Budget & Policy Priorities
- **Ryan Alexander**, president of Taxpayers for Common Sense
- **John M. Berry**, Fiscal Times columnist
- **Jodie T. Allen**, senior editor with the Pew Research Center
- **Henry J. Aaron**, senior fellow in economic studies at the Brookings Institution
- **Ron Bonjean**, Washington corporate strategy counsel and former spokesman for House Speaker Dennis Hastert, R-Ill.
- **Stuart Butler**, The Heritage Foundation's vice-president for domestic

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[GOP Rep. Joe Walsh: Government Shutdown Could be Necessary](#) (CBS News)

and economic policy studies

## **No, there won't be a shutdown**

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- **Larry Sabato**, University of Virginia political scientist
- **Marc Goldwein**, policy director for the Committee for a Responsible Federal Budget
- **Steve Elmendorf**, lobbyist and former chief of staff to House Democratic Leader Richard Gephardt, D-Mo.
- **Stuart Rothenberg**, Editor and Publisher of Rothenberg Political Reports
- **Martin Frost**, lawyer and former chair of the House Democratic Caucus
- **Max Stier**, president and CEO of Partnership for Public Service
- **Tom Herman**, Fiscal Times tax columnist
- **David Francis**, Fiscal Times correspondent
- **Joseph Antos**, health care scholar with the American Enterprise Institute
- **Gus Faucher**, director of macroeconomics at Moody's Analytics
- **June O'Neill**, former Congressional Budget Office director
- **Michael D. Tanner**, senior fellow and domestic policy expert with the Cato Institute
- **Scott Lilly**, senior fellow at the Center for American Progress and expert on federal spending