

Majority of experts think government shutdown is coming

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By Eric Pianin, [The Fiscal Times](#)

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: Twenty-two 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.

Ideologically Divided and Unwilling to Compromise

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 is 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 billion to \$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 midterm 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.

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.

Jennifer DePaul of The Fiscal Times contributed to this report.

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