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Do Privately Negotiated Budget Deals Count?

Jonathan Chait July 20, 2011 | 11:14 am

The Republican party has made a lot of hay blaming the Obama administration for the deficit it inherited in 2009. That line of attack has become more difficult to sustain since President Obama **offered Republicans a \$4 trillion deficit-cutting deal** tilted overwhelmingly toward spending cuts -- indeed, if we assume that the Bush tax cuts on income over \$250,000 expire, it consists *entirely* of net spending cuts. And so, to sustain their position, Republicans have leaned heavily on the concept that budget cuts offered in private negotiations don't count. They're not *real*. (**Charles Krauthammer** has been doing yeoman's work toting this line.)

The Cato Institute's **Michael Tanner** hits the "budget cuts offered in private negotiations don't count" talking point:

President Obama has now announced that he will veto the "Cut, Cap, and Balance" bill to raise the federal **debt** ceiling that passed the House of Representatives yesterday. In its place, the president offers . . . nothing.

With the clock ticking down toward what the administration calls "fiscal Armageddon," the president still has not put an actual plan for increasing the debt ceiling on the table. True, he has held innumerable press conferences and briefings at which he has declared his willingness to compromise and "make difficult choices," and even angered his own base by suggesting entitlement reform. But when it comes to actually spelling out what those compromises, choices, and reforms would be, the president is suddenly absent.

What makes this so funny is that Tanner immediately juxtaposes Obama's phony deficit plan with the House Republicans' "real" one. That real plan consists of... a Constitutional amendment capping spending, which Tanner proceeds to extol in his column. You know, picking a number and demanding that future Congresses not exceed it isn't terribly specific.

One aspect of this argument entails a kind of game of telephone, re-telling versions of Obama's offer so that it grows smaller and smaller with every iteration. *Wall Street Journal* editorial page editor **Paul Gigot** today offers the latest bid, presenting Obama's deal as a spending increase:

One of President Obama's advantages in the debt-limit talks has been his ability to sound like a born-again spending cutter in public while the details of what he's willing to accept remain secret. The reality is that the White House offer on spending reforms was much less than publicly advertised, and by the end it even included \$136 billion in new spending proposals over 10 years.

A source in the talks laid out for us on Monday the increases that were part of the final White House offer before the talks led by Vice President Joe Biden broke down:

- \$15 billion in new general spending that would come from the \$30 billion expected to be raised from spectrum auctions;

- \$8 billion to bail out the Post Office;

- \$33 billion to extend Pell grants for college, as the money for the expanded grants under the stimulus runs out;

- \$43 billion to extend unemployment benefits for another 99 weeks;

- \$10 billion more for research at the National Institutes of Health;

- And \$27 billion over two years for the Medicare "doc fix," to avoid a reduction in payments to doctors that is scheduled to take effect under current law.

Gigot presents this information as if it contradicts Obama's public position. (It "contradict[s] the public pose that Mr. Obama is taking as he tries to break his reputation as a spendthrift.") Uh, no, it doesn't. You can favor a net spending cut while also favoring increasing in certain programs you deem valuable.

The proliferation of this line on the right is interesting, because it reveals the extent to which Republicans feel uncomfortable defending their party's actual budget position of rejecting revenue increases of any kind. That's an unpopular position. So instead they have to deny the possibility of a deficit bargain that cuts spending and increases revenue.

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