

## Boehner, Reid appear to have given ground in debt proposals

By Rosalind S. Helderman and [David A. Fahrenthold](#), Published: July 26

With just a week to go before a potentially ruinous U.S. government default, the partisan war over raising the federal debt ceiling ground on in Washington on Tuesday.

But judging by the latest plans advanced by Senate Majority Leader Harry M. Reid (D-Nev.) and House Speaker John A. Boehner (R-Ohio), both sides appear to have substantially conceded.

The big question is whether these concessions constitute reasoned compromises or weary capitulation.

President Obama devoted most of his remarks in a prime-time address Monday to the idea that the wealthy need to pay higher taxes to reduce the debt. And yet, Reid's proposal to lift the \$14.3 trillion debt ceiling by \$2.7 trillion — an idea the president supports — closes no tax loopholes and asks corporations to pay no more.

On the other side of the fence, Republicans swept the 2010 midterm elections by promising they would never raise the debt ceiling without major changes to the way Washington works. In a response to Obama's speech Monday, Boehner praised a stalled measure that would have required Congress to pass a balanced-budget amendment to the Constitution before the borrowing limit could rise.

Boehner's proposal calls for \$1.2 trillion in cuts to agency spending over the next 10 years — the same figure adopted by Reid — in exchange for raising the debt ceiling for a few months. It would require a vote on the balanced-budget amendment but not its passage.

Late Tuesday, the Congressional Budget Office announced that Boehner's proposal might cut only about \$850 billion in discretionary spending over 10 years. The speaker's office said the bill [will be reworked](#) to hit the \$1.2 trillion target.

“We’re here to change Washington — no more smoke and mirrors, no more ‘phantom cuts,’ ” said Boehner spokesman Michael Steel. “We promised that we will cut spending more than we increase the debt limit — with no tax hikes — and we will keep that promise.”

Broader, more difficult changes would be left to a congressional committee tasked with finding the agreement that has eluded a divided Washington and trimming \$1.8 trillion more.

“These are both pretty sad,” said Michael Tanner, a senior fellow at the [Cato Institute](#). “We’re down to fifth- and sixth-best options now. When you get down there, you take what you can get.”

Analysts who have examined the Reid and Boehner plans said Tuesday it is striking how similar they are.

“It does seem like if there’s a will to get to an agreement, there’s a path,” said Ed Lorenzen, a policy adviser for the [Committee for a Responsible Federal Budget](#).

The one big difference is in the groundwork each side is laying for future fights. Boehner’s plan would allow the debt ceiling to rise by just \$900 billion now, forcing Congress to make further cuts before the president could lift it again sometime next year. Reid’s proposal would raise the limit enough to last through the 2012 election.

Both plans offer a series of legal limits on “discretionary” federal spending, which is the category that includes federal agencies. Each party says these reductions would amount to \$1.2 trillion over 10 years, but neither bill, for the most part, specifies what would be cut.

Both would appoint a 12-member congressional committee to come up with further savings by December — \$1.8 trillion under the Boehner proposal and an amount necessary to cut the deficit to 3 percent of gross domestic product under the Reid plan.

Each would try to force consensus on a fractured Congress by requiring it to give a simple up-or-down vote on the committee’s recommendations.

Only Boehner’s plan would require that Congress approve the panel’s recommendations to allow the debt ceiling to rise again next year.

Some observers say that insistence would give Republicans more than Reid’s outline would deliver to Democrats, basically writing into law that the GOP would live another day to fight for deeper spending cuts.

“This is just getting the whole thing in two slices instead of one,” said James Horney, a vice president at the [Center on Budget and Policy Priorities](#).

Still, Boehner's measure includes its own concessions that Republican leaders had previously seemed to indicate were off-limits.

In May, for instance, the speaker told the Economic Club of New York that he was interested in specific cuts to expensive federal programs, which this proposal largely avoids.

"We should be talking about cuts of trillions, not just billions," Boehner said then. "They should be actual cuts and program reforms, not broad deficit or debt targets that punt the tough questions to the future."

Reid's plan represents a retreat for Democrats as well.

The Senate Democrats' plan seeks spending cuts that would give liberals heartburn, even without asking the wealthy to pay more. Reid has touted that the plan would cut \$2.7 trillion from the debt now, by including savings from winding down the wars in Iraq and Afghanistan.

"I think a lot of Democrats in the House won't vote for the Reid proposal," said Scott Lilly of the [Center for American Progress](#). "There are people that care about highways. There are people who care about health research. If you care about any one of those, this proposal just devastates it."

In an ideologically charged Washington, the similarity of the plans may make it more difficult to pass either of them. Boehner spent Tuesday scrambling to secure support from wary fellow conservatives. And Reid's package is not assured passage in the Senate either. If a plan did emerge from one chamber, it would almost certainly be derailed in the other.

"When they meet to have to try to reconcile them, they'll be back where they were a week ago," with party leaders trying to reach an agreement, said Peter Morici, a professor of public policy at the University of Maryland's business school.

"I think we'll be headed for a major crisis Sunday night," he said.