



## Kick the can, again

*United States Congress on sequestration cuts and deficit spending*

By: DeHaven, Tad – January 1<sup>st</sup>, 2013

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ONE OF THE few things Congress is good at is avoiding problems by kicking the can down the road. The Party of Military Keynesianism (Republicans) and the Party of Domestic Keynesianism (Democrats) are anxious to avoid the sequestration cuts they already voted for. With the Bush tax cuts and a raft of other tax cuts scheduled to expire at the same time, angst is ratcheting up on both sides of the aisle.

The CBO says the combination of spending cuts and tax increases would push the economy back into recession and increase the unemployment rate to 9 percent. These projections have given Republicans ammunition to resist tax increases and military spending cuts. They have given Democrats an excuse to oppose spending cuts while supporting the continuation of tax cuts for all but the "wealthy." Consequently, both sides have been able to continue pontificating about the need to avoid a future debt crisis while doing nothing to prevent one.

My bet is that Congress will once again kick the can down the road; the real question is how. The GOP might capitulate on taxes to protect military spending. Or Democrats might capitulate on taxes to avoid substantive spending cuts. Another darkly amusing possibility is a temporary continuation of current policy in exchange for yet another deficit reduction commission. No matter which of these three scenarios plays out, it will only be a matter of time before Congress has to deal with Fiscal Cliff II.