



## Government Shutdown Over Two Percent of Deficit?

The issue is over whether Congress should approve spending cuts of two pennies from every dollar spent in deficit in the current fiscal year or — what Senator Chuck Schumer (D-N.Y.) [calls "extreme"](#) — a plan to cut four pennies from every deficit dollar.

The federal deficit for 2011 is [estimated by the Congressional Budget Office](#) to be some \$1.4 trillion dollars and congressional negotiators are wrangling over whether to cut [\\$30 billion or \\$61 billion](#) from the spending plan, which amount to two percent or four percent of the deficit.



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Taking a page from the shutdown in 1995 under the Clinton administration, the Obama administration's view is that Republicans should surrender their fiscal consciences (as watered down as they are) and spend more than they think responsible. In a real compromise, only mutually agreed upon spending is enacted and fiscal discipline is maintained. The Obama-Senate Democrat position is that if anyone demands spending, everyone else must surrender their conscience and agree to unwise spending in the spirit of "compromise." This may explain why a [CBO analysis](#) of deficits under Obama's 2012 budget proposal would add \$9.4 trillion to the national debt over 10 years, \$2.7 trillion more than current law would add. That's the fruit of modern "compromise."

Of course, that's not how "compromise" works constitutionally. The House of Representatives has an absolute negative on spending, so the constitutional power to deny deficit spending altogether is in the Republican-led House alone if leadership refuses to enact spending legislation. And, constitutionally speaking, there's nothing the White House or the Senate can do about it.

Despite some rhetoric to the contrary, the Republican Party leadership seems wedded to the modern (rather than the constitutional) concept of compromise. "There's no daylight between the Tea Party and me," Boehner [told](#) ABC's George Stephanopoulos April 7. "What they want is they want us to cut spending. They want us to deal with this crushing debt that's going to crush the future for our kids and grandkids. There's no daylight there." But as his party dithers over two percent of the budget deficit, it remains to be seen if Boehner has the will to insist upon real spending cuts to bring the budget into balance. "I'm gonna fight for the best deal I can for my team," Boehner told Stephanopoulos, perhaps not realizing that the Constitution gives his Republican House of Representatives the power bring the federal budget into balance within weeks if they insisted. He doesn't need to "fight" anyone other than members of his own majority Republican Party in the House to deny any level of deficit spending. And he certainly doesn't need the support of the U.S. Senate or the President. The appropriations process under the Constitution requires that no federal funds be spent until appropriations are passed through the House of Representatives. With all the appropriations already approved drying up this week, the Republican House could shut off the deficit spigot entirely.

The irony of the budget battle may be that this standoff between two fiscally irresponsible political



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parties who propose perpetual deficits will be blamed on the Republicans (the four-penny party) rather than the Democrats (the two-penny party). The President and Senate Democrats are pursuing the same political strategy employed by Bill Clinton back in 1995. They are portraying the House Republicans as having irresponsibly shut down the federal government, even as they veto and vote down House spending bills that would keep the government open and fund deficits at nearly their presently massive levels.

The Senate and the President can't enact deficit spending without help from the Republican House of Representatives. So their strategy is essentially to throw a tantrum like a two-year-old spoiled brat who holds his breath until he gets a piece of candy. They're threatening to vote down slightly more moderate spending and shut down the government until they get every penny of their deficit candy. If the Republicans stick to their cuts, they could portray the Democrats as the spoiled brats trying to blackmail the nation into more deficit spending. After all, that's what the Democrats are trying to do.

Democrats will likely try to portray the Republicans as the spoiled party. That's what President Clinton managed to do in a brilliant public relations campaign that reversed the reality and portrayed Republicans — who weeks later caved in to White House demands on spending — as the spoiled brats. Moreover, the Republican cave-in on spending resulted in an electoral drubbing at the polls the next year in 1996.

The House leadership under John Boehner and Eric Cantor has not given the air of competence in waging the public relations battle needed to win the minds of the American people on the deficit issue. At best, they've created distractions. House Majority Leader Eric Cantor (the second-ranking GOP House member) introduced a bizarre and unconstitutional proposal called the [Government Shutdown Prevention Act](#) last week that only made the GOP leadership look foolish.

Moreover, the Republicans don't differ with Democrats on principle, they only differ only on percentages. The four-penny party recently published a new budget proposal (the [Ryan budget](#)) that would reduce deficit levels somewhat, but [still maintain deficit spending](#) at least for another 20 years or more. Among Republicans, only Senator Rand Paul has produced a [budget proposal](#) that would balance the federal budget before his next election (and even it wouldn't balance the budget until 2016).

The spending battle over appropriations also overlaps with a deadline to raise the statutory debt limit, currently set at [\\$14.3 trillion](#), which the U.S. government will reach on May 16. The statutory debt limit is the legal maximum the government can borrow, and is being driven up by the deficit spending currently being debated in Congress. "On average, the public debt of the United States increases by approximately \$125 billion per month," Treasury Secretary Timothy Geithner wrote in a [letter to Congress April 4](#), adding:

If the debt limit is not increased by May 16, the Treasury Department has authority to take certain extraordinary measures, described in detail in the appendix, to temporarily postpone the date that the United States would otherwise default on its obligations. These actions, which have been employed during previous debt limit impasses, would be exhausted after approximately eight weeks, meaning no headroom to borrow within the limit would be available after about July 8, 2011.

It's unclear if Geithner plans to use the similar "extraordinary measures" to mitigate a government shutdown in the absence of appropriations.

Ironically, if the Republican House of Representatives refuses to pass deficit spending in the current



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appropriations battle, the concerns about a looming debt limit increase would disappear overnight.

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