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## Why Congress Won't Do Anything in 2014

Call 2014 the Year of Living Cautiously. Because, let's face it, nothing much is going to get done in Washington this year. Big-ticket items like immigration reform, free trade agreements, and tax reform don't stand a chance.

"We don't have 218 votes in the House for the big issues, so what else are we going to do?" Rep. Devin Nunes (R-CA) told *The Washington Post*. Nunes, who is close to the House Republican leadership, added, "We can do a few things on immigration and work on our principles, but in terms of real legislating, we're unable to get in a good negotiating position."

Republican leaders desperately want to pass comprehensive immigration reform in order to keep the GOP competitive. Republicans could easily pass it with Democratic votes, but that would enrage their conservative base. Any hint of "amnesty" for illegal immigrants would fuel a new Tea Party revolt.

Democratic leaders, including President Obama, understand the need to pass new trade legislation in order to keep the U.S. competitive. Democrats could easily pass it with Republican votes, but that would enrage their liberal and labor base. Progressives are outraged by the idea of forcing American workers to compete with cheaper foreign labor even if it holds down prices and creates new jobs in export industries. Neither party can do anything. Why? Three reasons:

**1. It's an election year.** Not just an election

year—a congressional election year. Presidential campaigns have to play to a broad, diverse national constituency. In a midterm year like this one, however, constituencies are smaller and more likely to be dominated by one party.

If a Republican supports immigration reform, he or she will immediately come under attack from the right and probably face a primary opponent. If a Democrat supports a trade agreement, he or she will face a challenger from the left. In either case, the news will be dominated by intraparty drama. "We're not going to make ourselves the story,"

Speaker Boehner told the Republican caucus.

Obamacare may be the only issue holding Republicans together these days. As a result, Republicans are trying to turn every issue into Obamacare—sooner or later, we will probably hear that Obamacare is causing global warming. Meanwhile, Democrats are rallying around the message, "Fix it—don't repeal it." In a TV ad, Alex Sink, a Democrat running to fill an open Florida House seat, says, "Instead of repealing the health care law, we need to keep what's right and fix what's wrong."

Republicans want to make 2014 the third election in a row about Obamacare. So far, they've won one (2010) and lost one (2012). They're hoping for two out of three. What else can they do? "In the House, we've got thirty guys who don't want

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to support anything, ever, unless it balances the budget next year,” Rep. Nunes told *The Post*.

## **2. There is no impending national crisis.**

Crises are the only thing that can force a gridlocked Congress to act. What’s required is an overwhelming sense of public urgency. Republicans are counting on Obamacare to generate that urgency. Democrats hope to see that kind of urgency around jobs, wages and inequality. But it’s not happening yet. At least, the urgency has not been strong enough to persuade Republicans to support an increase in the minimum wage or an extension of benefits for the long-term unemployed.

We would have had a crisis over raising the nation’s debt ceiling but Republicans narrowly averted it. Fearing a conservative backlash, Republican senators very nearly blocked a vote to raise the debt limit. The threat of triggering another international financial meltdown convinced them to allow the vote. In this case, it was fear of causing a crisis that forced Congress to act. “We dodged a bullet here,” Sen. John McCain (R-AZ) remarked.

## **3. It’s hard to compromise on moral issues.**

That’s what a lot of people don’t understand about the immigration and trade issues: voters think of them in moral terms.

Many conservatives understand the warning Mitt Romney gave to a private meeting of Florida Republican donors in 2012: if Republicans don’t make gains with Latinos, it “spells doom for us.” Romney was defining the party’s interest. But interests are not the only thing that matter in politics. Values do, too. And the idea of giving amnesty to people who have broken the law to come to this country offends conservative values.

Speaker Boehner found a convenient pretext for refusing to take up immigration reform when he said, “There’s widespread doubt about whether this Administration can be trusted to enforce our laws [concerning illegal immigrants]. It’s going to be difficult to move any immigration legislation until that changes.” So it’s Obama’s

fault if Republicans don’t do anything.

Most Americans understand the benefits of free trade. Certainly they understand that, as consumers, they stand to benefit from lower prices. But free trade agreements encounter public resistance for a reason that has nothing to do with people’s interests. It offends their values. They don’t want to support a policy that could cost American jobs, even if it benefits them personally. It’s morally wrong.

Twenty years ago, President Clinton had to rely on Republican votes in Congress to pass the North American Free Trade Agreement (NAFTA). “As a result of the market openings created by NAFTA, economic activity among the three nations [the U.S., Mexico, and Canada] exploded,” former Bush trade representative Carla Hills told Congress last month. Really? In a 2012 Angus Reid poll, only 15% of Americans thought the U.S. should continue to be a member of NAFTA under its current terms. People have not seen the economic benefits. They are aware of the many jobs lost, however.

It’s easier to compromise on interests than on values. Nobody wants to make a deal with someone who is morally wrong. That’s the way conservatives feel about immigration reform and liberals feel about trade. It would solve a lot of problems if Congress would act on both issues. But in 2014, politics is the enemy of problem-solving. ■



## Measuring Misery

The Misery Index was devised in the 1960s by economist Arthur Okun, who was chairman of President Lyndon Johnson's Council of Economic Advisers. It is simply the sum of the unemployment rate and the inflation rate: unemployment plus inflation equals misery.











How does the Misery Index over the first five years of the Obama Administration compare with his predecessors' records, beginning with JFK?

The current Misery Index is at 8.2. That's a bit lower than it was when Obama took office in 2009 (8.5). Unemployment has declined from over 8% in February 2009 to less than 7% in January 2014, but the inflation rate is slightly higher. Inflation was negligible in 2009, when the country was in the throes of the Great Recession.

Presidents Nixon, Ford, Carter and the first Bush all had the burden of double-digit misery indexes. The index was a disastrous 20.2 when Carter lost his bid for re-election in 1980. President Obama has managed to avoid double-digit misery for most of his tenure. Nevertheless, the improvement in the economy under Obama (misery down 0.3) is not nearly as striking as it was for Presidents Reagan (down 9.3) or Clinton (down 3.0).

At least the Misery Index has not gone up under Obama. That's what helped bring down Johnson, Nixon, Carter, and both Presidents Bush: things got worse.

The Misery Index

| President  | Start | End  | Change |
|--|-------|------|--------|
| Kennedy     | 8.3   | 7.0  | ↓1.3   |
| Johnson     | 7.1   | 8.1  | ↑1.0   |
| Nixon       | 8.1   | 16.4 | ↑8.3   |
| Ford        | 17.8  | 12.7 | ↓5.1   |
| Carter      | 13.5  | 20.1 | ↑6.6   |
| Reagan      | 18.8  | 9.5  | ↓9.3   |
| H. W. Bush  | 10.0  | 10.4 | ↑0.4   |
| Clinton     | 10.3  | 7.3  | ↓3.0   |
| W. Bush     | 7.7   | 7.9  | ↑0.2   |
| Obama       | 8.5   | 8.2  | ↓0.3   |

Source: [www.miseryindex.us](http://www.miseryindex.us).

## Hillary and Joe and Bill and Barack

The two leading potential contenders for the 2016 Democratic nomination are Joe Biden and Hillary Clinton. Both are tied to the Obama Administration. That is more of a problem for Biden than for Clinton.

The February 2014 Gallup poll shows Hillary Clinton with a substantially higher favorability rating than Joe Biden: 59% favorable for Clinton, 46% for Biden. Biden's number is an exact match for President Obama, whose favorability ratings average 46% in the RealClearPolitics polling average. No surprise there—Obama and Biden were elected as a package.

Hillary Clinton has her own political identity. She established it as First Lady and U.S. Senator long before Barack Obama came on the scene. Her favorability ratings peaked at 67% in 1998, the year her husband was impeached. Predictably, they fell a bit (to around 50%) when she ran for President in 2008. Campaigns generate opposition.

Her ratings soared into the 60s again when she became Obama's Secretary of State, a job that put her above politics—temporarily. According to Gallup, "Clinton was consistently a popular member of Obama's cabinet, with higher favorable ratings than the President for all of the time she served in his Administration."

Bill Clinton's popularity has also been soaring since he left office and became a statesman. A year ago, a Fox News poll showed Bill Clinton with 71% favorability. A CNN poll in November showed Bill Clinton as the third most popular of the last nine former Presidents, right behind Ronald Reagan (Kennedy: 90%, Reagan: 78%, Clinton: 74%).

Hillary Clinton's popularity is closer to that of her husband than to President Obama's. Voters associate Bill Clinton with good management of the economy—a budget surplus during his last four years in office! That will do Hillary Clinton a lot of good if she runs for President. Whereas, to many Americans, a vote for Biden would be a vote for a third term for President Obama.



# FOUR TICKETS TO THE MIDDLE CLASS

As ticket prices soar and savings lag, a middle-class job no longer supports a middle-class life.

INCREASE  
1989-2010



From the Third Way memo "A Middle Class Job No Longer Supports a Middle Class Life," available at: <http://www.thirdway.org/publications/782>.

Values are in nominal dollars and not adjusted for inflation. Sources: **College:** U.S. Department of Education; **Health Care:** U.S. Department of Health and Human Services; **Housing:** U.S. Commerce Department, Census Bureau; **Retirement Savings (Net Wealth):** Author's calculation from multiple sources. For detailed citations see original memo (link above).

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