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A Super Compromise?

Compromise is possible.

The Super Committee can reach its goal of \$1.2 trillion in debt reduction by eliminating tax breaks and realizing cost savings in entitlement programs. Third Way has sent the Super Committee a blueprint that lays out how it can be done.

But is compromise necessary? That's the key political question. Congress is not likely to accept a compromise unless both Republicans and Democrats believe they have no alternative.



The whole idea behind the Super Committee was to force a compromise. If a majority on the Super Committee refuses to endorse a plan, or if Congress does not approve the plan, then painful cuts in defense spending and discretionary domestic spending will go into effect.

Does the public expect that to happen? Not really. Americans have no particular confidence in the Super Committee. It's a committee of Congress, remember, and the latest approval rating of Congress is the lowest ever recorded—9% in the October CBS News-New York Times poll.

In September, the Kaiser Family Foundation asked Americans if they thought the Super Committee was a good idea or a bad idea. Fifty percent called it a good idea and 38% a bad idea. More than 60% said they do not trust the Super Committee to come up with the right recommendations for reducing the deficit. And nearly 60% do not think it is

likely that the Super Committee's recommendations will pass Congress.

Americans do believe the country is in crisis, but the crisis is not debt. It's jobs. When the CBS-Times poll asked people, "What is the most important problem facing the country today?" more than half said jobs (33%) or the economy (24%). Only 5% mentioned the deficit.

Americans' Preferences For Debt Reduction		
Higher taxes on businesses and high-income Americans	63%	36%
Major cuts in domestic programs	57%	40%
Major cuts in military spending	47%	53%
Major changes in Social Security and Medicare	35%	64%
Higher taxes on middle and lower-income Americans	12%	87%

CNN/ORC Poll

It was the same story last summer, when Washington faced a "crisis" over raising the debt ceiling. Not only did the public not see a crisis, but every poll showed a majority of Americans opposed to raising the debt ceiling. If you've maxed out on your credit card, what's the point of raising your credit limit? It defies common sense. President Obama and Congress defied the will of the people by doing just that. And the people got very angry.

Still are. Trust in government is at its lowest level ever, according to the CBS-Times poll.

It was the same story in 1985, when Congress passed the Gramm-Rudman-Hollings "Emergency Deficit Control Act." If Congress failed to meet its deficit reduction targets, huge across-the-board spending cuts ("sequesters") would go into effect. Just like what's supposed to happen if there's no deal now. But the sequesters never happened. Each time Washington had a deficit crisis, the public had no idea what was causing it. It was a crisis of Congress's own devising, and Congress always figured out a way to get around it.

What's to stop Congress from doing the same thing again? If the Super Committee fails, the across-the-board cuts aren't scheduled to go into effect until January 2013. That gives Congress a whole year to figure out how to avoid the pain. They won't let the guillotine fall the minute a President is inaugurated and a new Congress takes office.

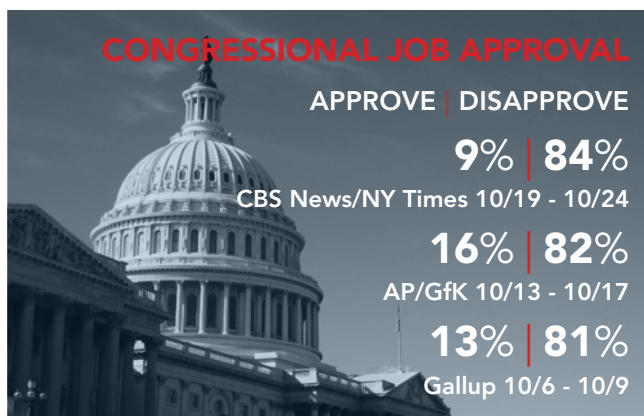
In fact, defense cuts and domestic program cuts are not the worst things voters can imagine (see chart). The worst thing voters can imagine are higher taxes on the middle class and cuts in Social Security and Medicare.

When the country has divided government, as it does now, there are only two things that can happen. One is gridlock, which has been more or less the situation since the Republicans took control of the House (and the Tea Party took control of the Republicans) in January. The other is compromise. But as Bill Clinton recently told *The Financial Times*, "The problem is that [the deal-making system] that has worked for the American people in the past isn't working now."

Democrats are not in any mood to compromise. They believe that every time President Obama makes a deal with Republicans, he gets rolled. Like in the debt ceiling deal last summer. President Obama accepted a bad

deal rather than allow the United States to go into default. Republicans were perfectly willing to let the country default on its obligations rather than accept a deal they didn't like.

There is a third option besides gridlock and compromise—party government. That can happen only when one party controls the White House and both houses of Congress, as the Democrats did in 2009 and 2010. Democrats passed their own agenda—the economic stimulus, the health care plan—and Republicans went into a rage. That's why Republicans are in no mood to compromise now. They see a very real possibility that, after the 2012 election, they will control the White House and the Senate as well as the House of Representatives. Then they can undo the Democrats' agenda. Republicans aren't looking for compromise. They're looking for revenge. ■



A Referendum, or a Choice?

Which Republican can beat President Obama?

Mitt Romney comes closest, but the Real Clear Politics average of polls still shows Obama two points ahead of Romney. Obama has single-digit leads over Ron Paul (6 points), Herman Cain (8 points), and Jon Huntsman (9 points). Obama has double-digit leads over Rick Perry (11 points), Newt Gingrich (14 points) and Michele Bachmann (14 points).

Only one candidate runs ahead of Obama right now: a generic Republican ("Would you vote for Democrat Barack Obama or for the Republican candidate?"). The nameless Republican runs three points ahead of the President.

Which means that Republicans stand the best chance of winning if they can make a race a referendum on President Obama. Once it becomes a choice between President Obama and a real Republican, it gets harder.

President Obama vs...

Romney	Obama	+2
Cain	Obama	+8
Perry	Obama	+11
Gingrich	Obama	+14
Paul	Obama	+6
Bachmann	Obama	+14
Huntsman	Obama	+9
Generic GOP	Republican	+3

Jobs vs. Debt

There are two big issues facing the country right now— jobs and debt. Which one is the bigger crisis for voters?

The mid-October CNN-ORC International poll asked the public which is more important, "reducing the federal budget deficit even if the unemployment rate remains high, or reducing the unemployment rate even if the federal budget deficit remains high?" The result: not even close. Sixty-one% of Americans say the top priority should be jobs. Just 35% say reducing the deficit is more important.

It's on this issue that Republicans and conservatives are out of line with the rest of the country. Three quarters of Democrats and nearly 60% of Independents say jobs should be the higher priority. Republicans beg to differ. Most Republicans say reducing the deficit is more important than jobs (52 to 46%). Tea Party supporters are even more out of line. By 62 to 34%, Tea Party supporters say reducing the deficit should take precedence over reducing unemployment.

	Total	D	R	I
Reducing the Deficit	35%	21%	51%	36%
Reducing Unemployment	61%	75%	46%	59%
Both Equal	1%	1%	1%	2%
No Opinion	2%	3%	1%	3%

CNN /ORC Poll 10/14-10/16

Are they really incompatible objectives? Republicans would say that reducing the deficit is a way to create jobs. It would free up money in the private sector. Democrats would say that more jobs means lower deficits. If Americans earn more money, they will pay more taxes. It's all a matter of which comes first.

THE FIRST CUT IS THE DEEPEST

HOW SEQUESTRATION IMPACTS PEOPLE WHO GET "NOTHING" FROM GOVERNMENT



Note on methodology: The estimates of the impact of cuts are meant to illustrate one possible result from sequestration. They assume a proportional relationship between funding levels and outputs. That is, for a 7.8% cut, there would be 7.8% less output. The actual impact might vary considerably from these estimates due to the unique responses to sequestration by each federal agency.

From the Third Way report "Attention Tea Party: Sequestration Affects Your Lives Too," available at: <http://www.thirdway.org/publications/458>.
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