

November 2011

TO: Interested Parties
FROM: Third Way
RE: Super Committee: What to Watch

In five days we'll know whether the Super Committee will reach a real deficit reduction agreement or if it will fail in another display of D.C. dysfunction. Here are five things to watch for:

Are Sens. Portman and Baucus buddies? Two of the Super Committee's workhorses have been laboring quietly to get a deal done. If these two members can see their way to a deal, then so can the others.

Does the committee need a plumber? The private conversations among Super Committee members may not have produced an agreement yet, but the minimal number of leaks so far is a sign that a deal is still possible. If the few leaks to date become a torrent, that means comity has been lost and there won't be a deal.

Will Majority Lead Reid and House Speaker Boehner meet again? They will almost certainly meet one more time to at least keep up appearances. But, if the meeting is followed by a flurry of Super Committee activity that will mean an agreement is being hammered out.

Are Super Committee Members pedaling or holding press conferences? The Super Committee has kept its deliberations close, and high stakes negotiations don't take place in public. It was recently reported that Super Committee Members Kerry and Portman went on a budget bike ride to hash things out while raising their heart rates. More informal rides, dinners, or gatherings would signal a spirit of cooperation. If the next week devolves into dueling press conferences, brace for failure.

How nervous is Norquist? Grover Norquist and ideological opponents of compromise will be vocal throughout the next week no matter how negotiations are going. But, if you see him and other advocates frantically scurrying around the Hill and making increasingly dire threats, you know we're closer to a deal. The worse Grover looks and acts, the better the chances of Super Committee success.

Has anyone called a punt? For the moment, the back and forth on the parameters for a deal has been confined to Super Committee deliberations and discussions in Congress. A sudden move to punt blame down Pennsylvania Avenue by attacking the President's lack of direct involvement is a surefire excuse that the 535 men and women will use to deflect blame for imminent failure.

Is there a clamor for comprehensive tax reform? A Congress that could barely stave off default after months of brinksmanship isn't going to rewrite the tax code in five days. Besides, isn't every pres race about a new tax plan?

Is there a new 9-9-9? Beware of any plan that includes 900b in revenue, 900b in mandatory, 900b in discretionary and defense. Bad luck.