

*The Fiscal Times*  
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**Obama Not to Blame for Fiscal Impasse**  
By LAWRENCE HAAS

However much I regularly enjoy Liz Peek's cogent writings, I disagree with her recent effort to blame President Obama for the current fiscal impasse in Washington that has put the federal government at the precipice of a federal default. Here's why:

First, Peek says Obama didn't meet his legal requirement to propose a budget in early February, reasoning that what he proposed wasn't a real budget because the Senate voted it down 97-0. One thing has nothing to do with the other. He proposed a real budget – the same in size and excruciating detail as those of his predecessors of both parties – and it's silly to suggest otherwise. That Congress did not enact it in full is neither relevant nor surprising. Congress never rubber-stamps a president's budget. In recent decades, in fact, Congresses of both parties have routinely labeled presidential budgets "dead on arrival." Congress always adjusts a president's discretionary spending proposals through the appropriations process and his tax and entitlement proposals through the authorizing process.

Second, Peek says Obama was late to express interest in deficit reduction and, as a result, budget negotiations are now bumping up against the August 2 deadline for raising the debt limit and avoiding a default. But, nobody forced congressional Republicans, in particular, to insist on attaching major deficit reduction to the debt limit. Frankly, the president and Congress should pass a "clean" debt limit increase and, separately, enact major deficit reduction. The president asked for a clean bill, but Congress refused to entertain the idea. Those who insist on holding a debt limit increase hostage to any change in fiscal policy, or any other policy for that matter, are choosing to play with fire.

I share Peek's concern about our fiscal situation and the absolute necessity for the White House and Congress to address it. I do not, however, share her assessment that Congress had to delay a debt limit increase to do so, nor her conclusion that congressional rejection of Obama's budget means he violated the budget act.

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**Follow the Leader: On Debt Talks, That's Congress**  
By LAWRENCE HAAS

"The President proposes and Congress disposes." It's an old adage and usually an accurate one. It also reflects, in the budget debate, a longstanding tenet of conventional wisdom – that the president must lead or nothing significant will occur.

It's a belief that crosses party lines.

"I think if you're the executive, you've got to be the guy who's out there pushing and leading," New Jersey Republican Governor Chris Christie said on NBC's "Meet the Press" in late June. "You can't lay back and wait for somebody else to do it. And I think if the president's made a mistake here, it's this laid-back kind of approach where he's waiting for someone else to solve the problem."

Senator Joe Manchin, a West Virginia Democrat, said in reference to President Obama on Fox News around the same time: "He's the leader. He looks at all 50 states and makes these decisions. He has to bring people together."

But, events of recent days reinforce a much different reality – that presidents do not necessarily need to lead on this issue. Congress can and often does step up to shape fiscal action on its own, taking the president along for the ride.

When the Senate's "Gang of Six" released their deficit reduction proposal this week, Obama reacted enthusiastically. That occurred after signs were growing that, on its own, Senate Republican leader Mitch McConnell's fall-back plan for raising the debt limit might not convince enough lawmakers to go along.

This week's developments follow months of skirmishing over fiscal policy in which congressional Republicans have consistently set the terms of debate.

This spring, Republicans convinced Obama to agree to a domestic discretionary spending level that was well below what he had proposed, and they then prompted him to propose trillions in additional budget savings beyond his official 2012 budget.

Through the year, Republicans coaxed him into moving close (though not all the way) to their position that deficit reduction should come solely from spending cuts, not tax increases. Now, any conceivable plan that's attached to debt limit legislation will be heavily, if not exclusively, weighted toward spending cuts.

Obama is not the first president to follow, not lead, on deficit reduction.

President Reagan agreed to a congressional request for a huge tax increase in 1982 to recoup much of the federal revenue that his tax cuts of a year earlier had drained. It was but the first of numerous tax increases to which he agreed through his presidency, however much conventional wisdom might suggest otherwise.

President Clinton, who had already pushed a major deficit reduction package through Congress in 1993, nevertheless felt compelled to offer a balanced budget plan two years later after the House Republican majority had proposed its own.

History suggests, then, that we should not agonize over presidential leadership on the fiscal front. Deficit reduction can occur just as easily when Congress, or some element of Congress, steps up to drive the agenda.

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**Expand the McConnell Plan, Make It Permanent**  
**By LAWRENCE HAAS**

Senate Republican leader Mitch McConnell's plan for a debt limit increase not only would take Congress off the hook in raising the limit through 2012, it also suggests a way for President Obama and lawmakers to do the country a big favor by fixing the problem on a permanent basis.

McConnell would force the president to ask for a \$2.5 trillion increase in the debt limit in three installments and, in each case, propose spending cuts to equal the increase. Congress could pass a resolution to oppose the president's request, but, for the debt limit increase to take effect, the president would need only to veto the resolution and then convince a third of the Democrat-run Senate to sustain the veto.

Let's go further.

In an ideal world, the president and Congress would kill the debt limit process altogether. For one thing, it's anachronistic; other major industrialized powers do not have it. For another, it's unnecessary; Congress has all the power it needs to control the debt by enacting tax and spending bills.

In addition, as the experience of recent weeks makes clear, the debt limit process has become increasingly dangerous. The issue is too easy for candidates to demagogue. More lawmakers have won office after promising never to raise the debt limit, despite the whole thing putting America's credit rating at serious risk.

For years, debt limit politics has pitted two forces against one another – an administration, which must protect the nation's finances, and an opposition party, which seeks to score political points from the rising debt. The basic dynamics don't change no matter which party controls the White House or Congress.

But, if policymakers aren't ready to kill the debt limit, let's do the next best thing. Let's expand the McConnell plan so that this administration and any future one can do the right thing and raise the debt limit as necessary, while this and any future opposition party can play politics by opposing it.

Here's my proposal:

First, require the president to issue a public report every time the debt passes a milestone, such as a \$1 trillion increase, or issue a report about the debt on a regular basis, such as quarterly.

Second, empower Congress to send the president a resolution that would block an increase of the debt beyond any level of Congress' choosing.

Third, empower Congress to try to override a presidential veto of any such resolution.

That way, the president would need only to gather a third of one chamber to sustain his veto, and Congress would get the opportunity to rail against more debt.

It's not ideal, but it's a lot better than what we have now. And, because the president and Congress would enact this proposal on a permanent basis, it would help future presidents and Congresses of both parties equally.

Any takers?

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