Another preemptive compromise from the White House

By <u>Steve Thorngate</u> April 10, 2013

If you're really into competing blueprints for the federal budget—and we both know you are—then it's an exciting week. The president <u>released his 2014 budget request today</u>, and for the first time in many years there are <u>White House</u>, <u>House</u> and <u>Senate budgets all on the table at the same time. There are also two other proposals, <u>one from the House's right wing</u> and <u>one from its left</u>.</u>

These great graphs from the Washington Post compare these five plans to one another and to current policy. Note than on the first metric, the ever-popular question of budget deficits, all five dip lower than current projections in just a couple years. The proposals are easy enough to map from right to left, but that doesn't mean the ones on the left are as lefty in absolute terms as the ones on the right are righty. All five—even the plan from the House Progressive Caucus, irresponsible America haters though they may be—share the basic goal of lower deficits.

The newest proposal, <u>Obama's</u>, achieves some of its deficit reduction by <u>adopting a different formula for calculating inflation</u> for certain programs. If that sounds harmless, it isn't: it means Social Security benefit cuts for the elderly and higher income taxes for some middle-class earners. Obama's budget also cuts Medicare by paying providers less and asking more of some seniors. Such entitlement reforms are popular in conservative circles.

To be sure, the president also proposes a number of solidly progressive reforms: investment in pre-kindergarten, clean energy and infrastructure. Defense cuts. High-income caps on itemized tax deductions and tax-deferred retirement accounts. Higher taxes on investment-fund managers and millionaires and cigarettes, things like that.

But why pre-compromise on Social Security and Medicare? Ezra Klein thinks <u>the</u> White House is setting itself up to either get a deal or look good trying:

As the White House sees it, there are two possible outcomes to this budget. One is that it actually leads to a grand bargain, either now or in a couple of months.

Another is that it proves to the press and the public that Republican intransigence is what's standing in the way of a grand bargain. . . . Republicans are, at this point, out of excuses. They can't say the president isn't reaching out to them. They can't say he's not willing to make painful concessions — or, to rephrase, they can say that, but given all the on-the-record quotes of Republican leaders demanding the White House accept means-testing Medicare and chained-CPI, no one will take them seriously.

Well, maybe no one who follows this stuff closely will take them seriously. But is there much recent evidence that the Republican leadership loses sleep over what the wonks and opinion writers think? What's to stop them from doing what they've done before: trash Obama's plan as unserious, frame it as the official liberal position, and force him to compromise further? Yes, center-right people like David Brooks and Ross Douthat would call foul, but they don't control the voters.

While I'm not a fan of these entitlement reforms, I do think Obama's proposal as a whole does a good job balancing interests and concerns. Too bad it will never be the framework for an actual bargain. Here's House Speaker Boehner's talking point of the day:

[The president] does deserve some credit for incremental entitlement reforms that he has outlined in his budget. . . I hope he doesn't hold them hostage to tax hikes. Why don't we find the common ground that we do have, and move on from there?

Yes, let's agree to do the things that we like—and that you so kindly suggested—but not the things that you like. Then we'll go from there! Boehner's suggestion would sound ridiculous, if only this sort of moving-the-bars play hadn't worked so well in the past.