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From: DMCOS <dmcos@who.eop.gov>
To: [REDACTED]
Subject: FW: NYT (Douthat): Should the President Negotiate?

P6/b(6)

Sir,

In the unlikely event you do not see this piece from Douthat before you sit down with him and the other columnists this afternoon.

Thanks –
DM

http://douthat.blogs.nytimes.com/2013/10/07/should-the-president-negotiate/?_r=0

October 7, 2013, 12:39 pm [Comment](#)

Should the President Negotiate?

For our polarized times, here are two polarized views of the debt ceiling debate, which is set to swallow up the unresolved government shutdown debate sometime late this week. First, [Kevin Hassett and Abby McCloskey](#) in the Wall Street Journal, attacking the president for his refusal to negotiate around a debt limit extension:

The debt limit has been a powerful negotiating tool in the last several decades. It has enabled the passage of important additional legislation. According to the Congressional Research Service, Congress voted 53 times from 1978 to 2013 to change the debt ceiling ... Of these 53 votes, 29 occurred in a Congress run by Democrats, 17 in a split Congress, and seven in a Republican-controlled Congress.

While large increases that give the U.S. Treasury a healthy amount of borrowing space happen occasionally, small short-term increases are common. In 1990 alone, while Republican George H.W. Bush was in the White House, a Democratic-controlled Congress voted to increase the debt limit seven times.

Congressional Republicans who want legislative conditions in exchange for a debt-limit increase are following a strategy that has been pursued by both parties the majority of the time. Of the 53 increases in the debt limit, 26 were “clean”—that is, stand-alone, no strings-attached statutes. The remaining debt-limit increases were part of an omnibus package of other legislative bills or a continuing resolution. Other times, the limit was paired with reforms, only some of which were related to the budget.

And then [Jonathan Chait](#), attacking ... well, you know who he’s attacking:

Lifting the debt ceiling, a vestigial ritual in which Congress votes to approve payment of the debts it has already incurred, is almost a symbolic event, except that not doing it would wreak unpredictable and possibly enormous worldwide economic havoc The hostage letter House Republicans released brimmed with megalomaniacal ambition. If he wanted to avoid economic ruin, Republicans said, Obama would submit to a delay of health-care reform, plus tax-rate cuts, enactment of offshore drilling, approval of the Keystone pipeline, deregulation of Wall Street, and Medicare cuts, to name but a few demands ...

The debt ceiling turns out to be unexploded ordnance lying around the American form of government. Only custom or moral compunction stops the opposition party from using it to nullify the president's powers, or, for that matter, the president from using it to nullify Congress's. (Obama could, theoretically, threaten to veto a debt ceiling hike unless Congress attaches it to the creation of single-payer health insurance.) ... It is a shockingly powerful self-destruct button built into our very system of government, but only useful for the most ideologically hardened or borderline sociopathic. But it turns out to be the perfect tool for the contemporary GOP ...

... The standoff embroiling Washington represents far more than the specifics of the demands on the table, or even the prospect of economic calamity. It is an incipient constitutional crisis. Obama foolishly set the precedent in 2011 that he would let Congress jack him up for a debt-ceiling hike. He now has to crush the practice completely, lest it become ritualized. Obama not only must refuse to trade concessions for a debt-ceiling hike; he has to make it clear that he will endure default before he submits to ransom. To pay a ransom now, even a tiny one, would ensure an endless succession of debt-ceiling ransoms until, eventually, the two sides fail to agree on the correct size of the ransom and default follows.

I'm on Chait's side when it comes to the reasonability of the stated House Republican demands, but on Hassett and McCloskey's side on the question of whether seeking *some* "legislative conditions" would be a normal part of the debt ceiling pantomime, and I think that distinction is crucial to seeing the problem with the president's position at the moment. Chait and other liberals have embraced a narrative where the debt ceiling was purely "vestigial" and "symbolic" until the Republicans weaponized it in 2011 and the president foolishly played along, setting a precedent that he now must undo for the sake of the constitutional order even if doing so requires letting the United States default. But I don't think the president was necessarily being foolish in 2011: He wanted to achieve some sort of major deficit reduction before his re-election campaign began, John Boehner wanted to negotiate a major deal, and tying their negotiations into a vote to lift the debt ceiling is the kind of thing that's happened in Washington many times before. (It's also something that [a majority of the public seems to support](#), though obviously with the stipulation that the public is probably, shall we say, underinformed about how the debt ceiling works.)

So the president's 2011 decision wasn't some sort of unusual surrender to crazed hostage-takers; it was the kind of step that previous presidents probably would have taken as well, and that in a slightly

less polarized context probably would have led to a more substantial bargain than the “sequester/supercommittee” deal we ultimately. The problem was that we aren’t in such a context, and the negotiations themselves demonstrated fairly conclusively that the two parties are now too far apart to strike the kind of major deal that both Boehner and Obama wanted — and demonstrated, as well, that Boehner himself doesn’t have enough control over the right wing of his caucus to pass debt-ceiling increases without Democratic votes. Hence the last minute chaos, and hence the president’s (reasonable) determination, heading into this fall’s replay, to avoid making any kind of concessions to an opposition party that’s locked into essentially unreasonable demands.

But that determination need not have committed the White House to its current, “no negotiations over the debt ceiling whatsoever” strategy. I can see why they chose that course, but it doesn’t perfectly reflect — or actually help the public see — what’s happening here. It makes it sound like the very idea of negotiating around the debt ceiling is unprecedented (which it isn’t) and a threat to the constitutional order (which it hasn’t been), and makes it seem like the Republican Party’s grave sin is the politicization of the debt ceiling *per se* (even though both parties have regularly politicized it), rather than the fact that the G.O.P. is trying to enter into debt ceiling negotiations in pursuit of politically-impossible goals. (Or, alternatively, without being able to agree on a plausible negotiating position, which is a big part of the story as well.) Pace Chait, it is precisely “the specifics of the demands on the table” that matter here: If the Republicans had started this debate [where Yuval Levin would like them](#) to be positioned, and where sources within the House have hinted that Boehner would like to be positioned, there would be every reason for the two parties to be at the table hashing out a deal. It’s the fact the House G.O.P. seems incapable of moving close enough to Obama to cut a significant deal that’s the issue, not the idea that the debt ceiling is an appropriate occasion for dealmaking.

Now you could say that’s a distinction without a difference: If you’re coming to the negotiating table with impossible demands, then you basically aren’t negotiating, and so it’s a hostage situation after all, and you can’t negotiate with hostage-takers, and the president is right. But even if you believe that as an intellectual matter, in the realm of public rhetoric and public positioning pressing this argument hasn’t served the White House well: In effect, the president has ended up backed into a place where he looks more intransigent than the (substantively more intransigent) House Republicans, because they’re saying loudly “let’s negotiate to avert default” and he’s saying “I’d rather default than negotiate.”

So what could the president say instead? Well, he could say something like this: *I join with Congressional Republicans in favoring further steps to reduce the budget deficit in advance of the debt ceiling vote. I have made an offer, embodied in my budget, to combine entitlement cuts with a tax reform that closes loopholes and deductions and uses the savings to reduce the deficit. I await a reasonable counteroffer from Speaker Boehner: I am open to many possible deals, but as I have said on many occasions, I will not let the Republicans balance the budget while exempting the wealthy from their fair share of the burden. My preference is always to compromise, but in the event that the*

Speaker cannot present a reasonable counteroffers, and continues to make unreasonable demands, I trust that the House will fulfill its duty and raise the debt ceiling cleanly, rather than throwing the American economy into a recession and threatening the full faith and credit of our republic.

This line has several advantages over the position the president has staked out: It more accurately reflects the history of debt ceiling negotiations than the White House's current posture, it doesn't require the president to say "I won't negotiate this time even though I negotiated last time," and it shifts the political debate to ground where the president is defending relatively popular policy positions rather than more abstract premises about the constitutional order. And it doesn't involve any substantive concessions, save one: That *if* the Republicans were capable of negotiating like a functional political party, the president would be willing to talk. Which is, I think, a concession to historical reality rather than to the G.O.P., which makes it one that Obama should be willing to make.