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Centrist Dems: Create A Panel To Save Budget

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Posted 11/10/2009 07:10 PM ET

Sen. Evan Bayh, D-Ind., is one of several moderate Democrats pushing for a commission to tackle the budget. In the midst of a debate to spend \$1 trillion on a new health care entitlement as federal debt spirals, reality may be about to bite.

Moderate Senate Democrats are warning that they won't vote to raise the nation's \$12.1 trillion debt ceiling next month, unless a strong deficit commission is put in place.

"I will not vote for raising the debt limit without a vehicle" to address unsustainable budget commitments, Sen. Dianne Feinstein, D-Calif., told a Senate Budget Committee hearing Tuesday. "I agree that this is our moment."

She might be right, says Greg Valliere, chief policy strategist at Soleil Securities.

Moderate Democrats "have got the leverage to get virtually anything they want at this point."

In a letter to Senate Majority Leader Harry Reid last month, Sen. Evan Bayh, D-Ind., insisted that the debt-ceiling hike be tied to launching a commission along the lines of the Base Realignment and Closure process that sends Congress recommendations for an up or down vote.

The letter was signed by eight other Democrats and Joe Lieberman, I-Conn.

Budget Hawks Unite

"Who would have thought that the Budget Committee would be the site for the beginning of an institutional insurrection, but here we are," Bayh said at Tuesday's hearing.

The budget panel heard from a half dozen members of Congress and budget analysts who support somewhat different versions of the idea. The differences reflect, in part, the makeup of the commission — just members of Congress, or outside experts — and the scope of its authority.

But there was widespread agreement that Congress can't deal with its budget problems through the normal course of business.

"The decision-making process in Congress is broken," said Rep. Jim Cooper, D-Tenn. "We need this decision-forcing mechanism to do the right thing for the country."

The White House has said getting control of the deficit must begin with health care. But former Comptroller General David Walker, who now heads the Peter G. Peterson Foundation, said under the process in Congress, "The tough decisions are not going to be made on health care to reduce costs."

(OVER)

While few Republican votes have been cast for President Obama's agenda, Tuesday's hearing had a decidedly bipartisan feel.

Feinstein noted she is working with Sen. John Cornyn, R-Texas, on her commission approach. Lieberman has put together a proposal with Ohio GOP Sen. George Voinovich. Cooper is teamed with Rep. Frank Wolf, R-Va. And Budget Committee Chairman Kent Conrad has crafted a plan with Sen. Judd Gregg, R-N.H.

Committee member Sen. Jeff Sessions, R-Ala., also added his support: "I think the commission could at least be a start." It remains to be seen just how much leverage budget hawks have in threatening not to raise the debt ceiling.

Daniel Clifton, head of policy research at Strategas Research Partners, notes the irony that senators who are worried about creditworthiness are threatening a move that would stop the flow of U.S. credit.

Clifton also notes that GOP cooperation would help centrist Democrats: "Ultimately, this is about giving Evan Bayh cover."

Finally, Reid could decide to attach the debt-ceiling hike to the defense bill, making it hard to oppose.

The chance of a commission is better than ever, "but it's still below 50%," Clifton said.

But Valliere thinks the defeat of New Jersey Gov. Jon Corzine "scared the daylight" out of Democrats and he questions whether Reid or House Speaker Nancy Pelosi would want to battle moderates on cutting the mammoth deficit.

Democrat-leaning advocacy groups have fiercely opposed outsourcing legislation to a commission.

Creating a commission now would give it enough time to come up with policy options for Congress to vote on after the 2010 midterm elections.

Treasury said last week that it expects to hit the debt ceiling by late December. The ceiling includes intragovernmental debt, such as the Social Security Trust Fund.

Publicly held debt stands near \$8 trillion but should approach \$18 trillion in 2019. By then annual interest on the debt would top \$800 billion.