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Bi-Partisan Idea # 2

Michael Sean Winters | Nov. 5, 2010 Distinctly Catholic

In a country that is highly polarized, as ours is today, finding bi-partisan points of agreement is not so easy. But, it is imperative for President Barack Obama to find new ways of working with the Republicans because they are not likely to be going anywhere. Americans see divided government as a way of ensuring moderation, but it can just as easily produce gridlock. Obama must decide on what issues to stand firm and what issues to work for compromise.

When the GOP took the House in 1994, they held the reins for 12 years. Even conservatives commentators are saying that Tuesday?s election was no mandate for the GOP platform, just a repudiation of Obama. But, here is the problem for both Obama and the House Republicans: If the economy does not improve, voters will take it out on Washington incumbents again in 2012. If the economy does improve, look for both Obama and the House Republicans to take the credit. And, the irony here is that nothing either the White House or the newly minted GOP majority will do in the next years will have very much of an effect on economic growth. The praise or blame they will get in 2012 will be unearned. It was telling that the stock market greeted the GOP victory with a yawn.

Yesterday, I suggested that the President dust off a report done by a bi-partisan panel for President George W. Bush on tax reform and simplification. Today, let?s consider a different avenue for bi-partisan consensus, entitlement reform. To be clear, this is an area that is as likely to increase polarization as to invite consensus. But, it is also an area where there can be genuine compromise. The difference between consensus and compromise is this. When people achieve a consensus they all agree with the final product or conclusion. When people reach a compromise, they have to hold their nose when they think about the half of the loaf they had to buy in order to sell the half of the loaf they wanted.

Democrats should be willing to entertain the idea of raising the retirement age a few years, just as is being done in France now. Republicans would have to give up their plans for privatizing Social Security and, perhaps, embrace lifting the cap on income subject to FICA taxes. Or, in exchange for lifting the cap, Democrats could agree to lowering the FICA rate, making the changes revenue neutral but stimulative, because it would still be less expensive to hire a new worker with lower rates and very few small businesses have employees that make income beyond the cap. In short, there is room for maneuver in this area, room for compromise. Of course, Obama also needs to know what he will and will not give away. There can be no privatization scheme, however remote, however benign.

Medicare and Medicaid are even more problematic than Social Security. But, depending on how willing the President is to negotiate on refining the latest entitlement ? health care ? there could be some room for compromise here. The past two years I thought Obama should have pursued an overhaul of health care that left greater discretion to the states but enacted stiffer penalties for failure to achieve near universal coverage. If the GOP really pushes for repeal of health care reform, Obama should consider calling their bluff, or at least half of it. He could put on the table this compromise: States have five years to achieve universal coverage, opting out of the national plan we enacted in March, but in exchange, anyone, anywhere, anytime can buy into Medicare.

And, if the states fail to meet their goals in five years, they get the federal program passed last year. Again, Obama would have to insist that some aspects of the new law not be changed, such as denial of coverage for pre-existing conditions. And, I think the Republicans will be foolish to pursue the repeal of the health care law in the first place, but they might back into it through entitlement reform, and that prospect should not scare progressives.

The chief difficulty involving negotiations over entitlement reform is that the Republicans will insist the changes be revenue neutral at least, i.e., no tax cuts, and without new revenue, there is little prospect of fixing the entitlement mess. But, I think re-configuring the taxes that pay for entitlements in ways that encourage economic growth ? which is always the best answer to budgetary problems ? has the possibility of getting widespread support.

Of course, a bi-partisan commission will be reporting its plans for entitlement reform on December 1, and we will see what they come up with. But, the President needs to know on what issues he will and will not compromise no matter what that report says. Obama knows already that the first line of his biography will include the historic passage of universal health insurance. He does not want to muddle that with being the first Democrat to entertain the idea of privatizing Social Security.

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