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Chait Agrees: No Grand Compromise Possible

Michael Sean Winters | Jul. 25, 2011 Distinctly Catholic

The New Republic's Jonathan Chait [1]has an incisive analysis of why John Boehner is in a box regarding the debt ceiling. He is absolutely right that Boehner does not have the votes for the kind of "grand compromise" that the President desires. Boehner also was unfair yesterday in arguing that the President only wants a long-term extension to avoid dealing with the issue in an election year. Obama wants a long-term extension because anything less than that will continue the sense of economic uncertainty that is the true source of anemia in the economy.

Chait also thinks that a smaller package with budget cuts in discretionary funds, but not entitlements, and no additional revenue, is a good outcome. I agree. But, the President needs to find his populist voice on all of this. I am glad he was willing to negotiate with Republicans, but there is no excuse for triangulating on Social Security and Medicare. A smaller deal allows next year's election to be fought on the central issue: The Democrats want to close the budget gap by raising taxes on the rich and the GOP wants to gut Medicare. Who do you think will win that debate?

And, with the pressure to raise the debt ceiling gone, Obama can look at tax reform with a more decidedly Democratic lens and run on the issue. End special tax breaks and loopholes for big corporations that can afford lobbyists, and level the playing field for small businesses that don't have lobbyists. Introduce a new higher bracket for the super-rich, those making over $1 or $5 million. Let that higher rate expire as soon as the government is in the black. That is a platform a Democrat can love and which, I am pretty sure, can sway the Indpendent swing voters towards Obama. But, I wonder if he will ever get their when he has Tim Geithner advising him to never do anything that Wall Street might not like.

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[1] http://www.tnr.com/blog/jonathan-chait/92553/whats-john-boehner