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Sausage Making Time

Michael Sean Winters | Dec. 18, 2012 Distinctly Catholic

The sausage making has begun. And it is not pretty.

Yesterday, a set of counter-offers moved the negotiations over the fiscal cliff closer to a solution. House Speaker John Boehner agreed to raise tax rates on those making $1 million per year, backing off his party?s commitment never to raise taxes ever on anyone. President Obama countered with the idea of raising taxes for those making more than $400,000 per year, raising the threshold from his previous target of raising taxes on incomes in excess of $250,000 per year. One of the great things about negotiations over budgets is that they involve numbers and you can always split the difference. You remember: Add together and divide by two.

According to reports, the President also agreed to a slight modification in the way the government calculates cost-of-living increases. This could affect many government programs but most of the savings would come from slightly reduced increases for beneficiaries of Social Security. As a liberal Democrat, I oppose touching Social Security in principle. It does not make sense to me to make the middle class pay more, or receive less, until we have taken steps to make the rewards in our economy less tilted to the uber-rich. But, the White House included an important provision that makes this pill easier to swallow: Those receiving disability payments and those seniors who reach the age of 85 would receive a supplement. Why is this important? Because, most seniors will see their savings, their retirement accounts, etc., depleted by the age of 85. On the whole, seniors are doing better off than many Americans entering the labor market, so transferring money from low income wage earners to relatively well-off retirees does not make sense. But, as seniors get closer to ninety than eighty, their reliance on Social Security increases. This proposal from the White House, then, is an effort to protect the poor and as such deserves support.

The President also dropped his bid to extend the payroll tax holiday. This was part of the Stimulus effort in the wake of the 2008 economic collapse and was one of the quickest ways to pump cash into the economy to be sure. It undoubtedly helped stabilize the economy at a time when such stabilization was necessary. The challenge today is different. We need growth and growth needs the government to improve its long-term fiscal health. I was hoping that doing away with the payroll tax holiday could be part of a re-structuring of entitlements generally, but ending the holiday is something everyone can live with.

Growth also requires long-term investments in infrastructure and President Obama is reportedly insisting, and House Republicans are having a difficult time swallowing, new government spending on infrastructure. It is important that the President explain this to the American people, and it is important that he structure the new spending in such a way that it reflects a 21st century approach to spending. For example, putting all the new monies into a government-run infrastructure bank that gives loans to projects that are proposed by state and local governments, and overseen my state and local governments, could allow the President to argue this is not another ?big government? program but an exercise in federalism. The government could even invite proposals from the private sector. As well, setting up a bank that gives loans, loans that would be paid back, does not have a long-term effect on the deficit.

In addition to the infrastructure investment, the Republicans are expected to embrace two things they dislike,

raise taxes and agree to a semi-permanent increase in the debt ceiling. The first they oppose on principle and the second they oppose because it means handing over their single biggest piece of leverage. But, the President is right to insist that the debt ceiling vote be set aside as a means of exerting influence. The vote is always somewhat ridiculous as Congress has already voted to authorize the spending. And, when the GOP threatened not to raise the ceiling in the last round of budget negotiations, the markets tanked and consumer confidence became very shaky. The GOP threat was reckless in the extreme.

This is what government is about. Both sides won their right to be at the table from the voters. Both, also, have sworn an oath to defend the Constitution. Everyone wants to have his or her own way, but compromise is the stuff of divided government. I am sure Obama would rather be negotiating with Pelosi, and Boehner would rather be negotiating with President-elect Romney, but things did not turn out that way. Better to get a smelly deal than no deal at all, and both sides know that.

There is, curiously, one aspect of the negotiations, that seems of special interest to Catholics. Part of the fiscal cliff negotiations has to do with the mandated across-the-board cuts in both domestic and military spending. Those cuts are suspended for a year, but left in tact for the subsequent nine years. I am sure the Congress and the White House will tweak the across-the-board nature of the cuts, as they should, but what is important is that those cuts do not apply to key anti-poverty programs like Medicaid, food stamps, and key housing programs. That is because last summer, in the last round of negotiations, the United States Conference of Catholic Bishops assembled a group of religious leaders to form the ?Circle of Protection? around programs that help the poor. The USCCB got the White House and the GOP House leadership to agree to exempt those programs from the automatic cuts, and the exemption appears to be holding.

Here is a link [1] to a letter sent by the USCCB?s Bishop Stephen Blaire and Bishop Richard Pates to members of the U.S. Senate urging both the retention of the Circle of Protection and leaving the charitable deduction in the tax code alone. They re-state the moral principles that guide the bishops in their analysis of budgetary decisions and highlight those programs that fulfill those moral principles. They also note that cutting spending on nuclear weapons would go a long way towards saving the government money. We Catholic laity should be proud of the way our bishops have engaged the budgetary process over the past few years. They have been steadfastly non-partisan, but unabashedly forthright in stating the moral principles that animate them.

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[1] http://www.usccb.org/issues-and-action/human-life-and-dignity/federal-budget/upload/federal-budget-letter-congress-2012-12-14.pdf