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Calif. members clash over debt reduction panel's failure

By Paul Barton

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WASHINGTON - California Republicans and the state's Democratic senators disagreed sharply Monday about who is to blame for the failure of the deficit-reduction supercommittee to come up with \$1.2 trillion in savings over 10 years.

Sens. Barbara Boxer and Dianne Feinstein pinned the collapse of negotiations on the insistence of Republicans to keep the

2001-2003 tax cuts passed under former President George W. Bush while cutting programs vital to middle-and lower-income Americans.

"These talks failed for one reason: Republicans refused to ask millionaires and billionaires to pay their fair share," Boxer, D-Rancho Mirage, said in a statement. "Now we must follow the example of the Clinton years, when we balanced budgets and created 23 million new jobs by cutting smartly, investing wisely and ensuring that the wealthiest did their part."

□ Feinstein, D-San Francisco, said: "The Bush tax cuts were the single biggest contributor to federal deficits over the last decade. They were in place during a decade of anemic economic growth and rising income inequality, even before the 2008 financial crisis. These tax cuts neither paid for themselves nor created significant economic growth."

□□ She added: "I believe a majority of the U.S. Senate would support a deficit reduction plan of \$4 trillion that includes spending cuts and increased revenues. This is my idea of balance, fairness and pragmatism."

□□ But Rep. Mary Bono Mack, R-Palm Springs, countered: "The Democrats simply do not understand that it can't be business as usual. We need to cut wasteful spending, not raise taxes. The American people are deeply angry and so am I about the Democrats' refusal to recognize that their policies are making our stalled economy even worse."

□ Rep. Devin Nunes, R-Tulare, said the supercommittee "was a concept doomed to failure from the onset -- one that I voted against. After it passed, President Obama refused to engage Congress and instead boarded a million-dollar motor home for a taxpayer financed campaign tour of swing states."

Rep. Doris Matsui, D-Sacramento, said the supercommittee wasted "a unique and historic" opportunity.

But Congress, she said, needs to keep trying.

"We need to cut spending without stifling economic growth," Matsui said. "We need to raise revenues to ensure that everyone pays their fair share. And, above all, we need to pass job creation measures because getting our economy on track is the best way to reduce our deficit in the long term."

Another Democratic representative, Sam Farr of Carmel, said allowing \$1 trillion in automatic cuts to take effect beginning in 2013 "would unfairly affect Americans struggling to make ends meet. Modest Social Security and Medicare benefits are providing seniors and middle class families the support they need to get by."

Farr said such cuts would be "unconscionable" before closing corporate loopholes and

"runaway defense spending."

□ He added, "The sacrifices of spending cuts must be balanced by the sacrifice of increased taxes on those who profit most from the marketplace."

□ The inability of the Joint Select Committee on Deficit Reduction to reach a deal triggers about \$1 trillion in automatic cuts over nine years, beginning in January 2013. Half the cuts would come from defense and half from non-defense programs, and would also save about \$169 billion in borrowing costs. Obama said Monday Congress has a year to negotiate an alternative plan to save \$1.2 trillion, and he warned he would veto any attempt to undo the automatic cuts.

According to a House Armed Services Committee report, the automatic defense cuts would result in a decrease of 125,789 jobs and \$7.4 billion in lost earnings at California defense firms.

Social Security, Medicaid, veterans' benefits, the Children's Health Insurance Program, unemployment insurance, welfare and other programs benefiting low-income Americans are exempt from the automatic cuts, and Obama almost certainly would exempt military personnel. Medicare payments to doctors and hospitals would be cut up to 2 percent. Farm price supports also would be cut.

Education, transportation and aid to states and localities would take the biggest hits among domestic programs, according to federal budget expert Stan Collender. States with lots of defense contracts would suffer more than other states, Collender said, along with states with major transportation projects, those that get back more in federal spending than they pay in taxes, and states where much of the land is owned by the federal government.