

The Not so Super Committee: How Sequestration is Likely to Impact the Defense Budget

By Garry Padrta

Last summer's debt ceiling debate brought to light a few observations about the 112th Congress. The prolonged, acrimonious debate revealed just how divided and unproductive Congress has become. Instead of finding a solution, Congress appeared willing to allow the unthinkable, America defaulting on its debt, to happen. The debate also revealed, however, that, when under tremendous pressure, Congress can put political posturing aside and find bipartisan solutions to America's problems, even if those solutions come mere hours before a deadline.

Congress's compromise legislation, the Budget Control Act, increased the debt ceiling enough to fund the government through the 2012 elections. The Act also required that increases in the debt be fully offset by spending cuts over the next ten years. Initially, the Act cut spending by \$917 billion and mandated the deficit be reduced by another \$1.2 trillion via a bipartisan, bicameral "Super Committee," or, in the event the committee failed to reach an agreement, through sequestration, a procedure by which automatic, "draconian" across-the-board cuts impacting both defense and non-defense budgets. Sequestration was included to put pressure on the Super Committee to come to a bipartisan solution in order to avoid cuts to defense spending, opposed by republicans, and cuts to entitlement programs, opposed by Democrats.

Even with the threat of sequestration, bipartisanship was nowhere to be found in the Super Committee and on November 21st its members announced they would not be able to reach an agreement. This announcement sprung politicians and lobbyists into action. Both parties blamed the Committee's failure on the other side of the aisle and lobbyists immediately geared up to prevent sequestration from affecting their particular interests. Suddenly, the question of how to implement the \$1.2 trillion in deficit reductions, mandated to take effect on January, 1, 2013, shot to the top of the Congressional agenda and will likely remain there for the remainder of the 112th Congress.

The fiercest of these battles will likely be over defense spending. Immediately following the Committee's announcement, Buck McKeon (R-CA), Chairman of the House Armed Services Committee, announced that that he would be introducing legislation to

prevent the mandated cuts from reducing the defense budget. Whatever legislation McKeon announced, however, is probably just political posturing. Republicans will likely be unable to completely block sequestration from reducing the defense budget. President Obama has already stated that he will veto any effort to eliminate the mandated spending cuts to both the defense and non-defense budgets. Moreover, with Democrats controlling the Senate and Senate Majority Leader Harry Reid (D-NV) opposing any alteration of the ratio of sequestration cuts, it appears that the Democrats have the upper hand and will likely defeat Chairman McKeon's bill, or any similar Republican efforts to protect the defense budget, before it ever reaches the President.

There is, however, almost no chance that Congress is going to completely allow the nearly \$500 billion defense spending reduction take place. Although President Obama and the Democrats could make sure the cuts take place, cutting defense spending in an election cycle where unemployment is at the forefront of the American public's mind would likely be unpopular and could allow the Republicans to paint Democrats as soft on defense and anti-jobs. While allowing the scheduled cuts to go through would not be as large of a political disaster as allowing the United States to default on its debt, it's certainly a fate that both sides of the aisle will want to avoid.

Even though this Congress has been extremely partisan, it will have to compromise. This summer's debt ceiling debate revealed that this Congress can act in a bipartisan manner on controversial issues, but only when under tremendous pressure. The Super Committee was always unlikely to make a deal because it was never under enough pressure to force compromise. Congress came to an agreement to raise the debt ceiling only when it had hours left to do so. Sequestration, however, is not scheduled to take effect for over a year. The members of the Committee, always had the option to pass the buck of trimming the deficit to someone else, without having to make politically damaging compromises that could anger members of their party who wanted to maintain a hard line. Moreover, they could do this without taking the blame for the massive spending cuts scheduled to take place next year, because they could use the remainder of the term to shift attention from the Super Committee's failure to the rest of Congress. In a year however, failure to reach an agreement will have actual serious consequences – consequences that will pressure members of Congress to actually compromise.

What these compromises look like will likely depend on the result of the 2012 elections. Because sequestration will not affect the defense budget until 2013, Republicans have an incentive to wait until after the election to do anything. If the Republicans make large gains in the Senate or take back the Presidency, they will obviously be in a much stronger position and will likely seek to offset the defense cuts by defunding the Patient Protection and Affordable Care Act or pushing for more substantial entitlement reforms. If the composition of Congress remains relatively stable, Democrats will likely use the potential defense cuts as leverage to reach an agreement to not extend the Bush Tax cuts, which are set to expire when the defense cuts begin. Compromise, however, is not likely to happen until Congress comes closer to the deadline and faces greater pressure to put partisanship aside. Until then, expect a great deal of political posturing from both sides with no real solutions.

Sources

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