## Fiscal D Now

### Fiscal Discipline Now- the debt ceiling represented massive cuts

NYT 11-Robert pear, 7/28/11 “Rival Plans Avoid Tough Decisions” http://www.nytimes.com/2011/07/29/us/politics/29plans.html

Representative David Dreier, Republican of California and chairman of the Rules Committee, said the House bill, promoted by Speaker John A. Boehner, “makes immediate, enormous cuts in federal spending.” The Congressional Budget Office found that the bill would save $22 billion next year and $42 billion in 2013 — at a time when the government is spending $3.7 trillion a year.

One of the few areas in which Mr. Boehner and Senator Harry Reid, Nevada Democrat and majority leader, agree is student aid. They both propose eliminating subsidized federal loans for students in graduate and professional schools — about 1.5 million borrowers who do not pay interest on their loans while they are in school. Graduate students could still take out unsubsidized loans. But interest would accrue during that time, so they would owe more to the government.

The Congressional Budget Office estimated that this change would save $18 billion over 10 years.

After intense lobbying by colleges and college students, Mr. Boehner and Mr. Reid have for now rejected proposals for deep cuts in the Pell grant program, which serves people from lower-income families. President Obama proposed such cuts in his budget this year, and they looked likely until last week, said Terry W. Hartle, senior vice president of the American Council on Education, a trade group.

Mr. Reid would raise $13 billion over 10 years from the sale of radio spectrum licenses and would cut farm subsidy payments by $11 billion over the same period, two items not found in the Boehner plan. Mr. Boehner calls for a constitutional amendment to require a balanced budget, a proposal that many Democrats say would deface the Constitution.

Savings in entitlement programs and other “mandatory spending” total $20 billion over 10 years under the House bill and about twice that amount under Mr. Reid’s plan. Those sums are less than one-half of 1 percent of the mandatory spending anticipated by the budget office.

### Fiscal discipline is high and will stay high the GOP has forced submission

NYT 8/2-Mark Lander Jeff Zeleny, 8/2/11 “Debt Fight Over, Obama Promises Action on Jobs” http://www.nytimes.com/2011/08/03/us/politics/03obama.html

“While deficit reduction is part of that agenda, it is not the whole agenda,” a grim-faced Mr. Obama said in the Rose Garden moments after the Senate approved the debt limit deal. “Growing the economy isn’t just about cutting spending.” He later added: “That’s not how we’re going to get past this recession. We’re going to have to do more than that.”

But the debt ceiling plan, with its emphasis on cutting government spending, underscores the constrained atmosphere in which Mr. Obama is operating. While he promised on Tuesday to present new ideas to encourage companies to hire workers, a senior aide acknowledged that Mr. Obama had no “magic beads.”

And given the polarized climate on Capitol Hill, winning legislative approval of his initiatives, already daunting in most cases, will be that much more challenging.

Mr. Obama’s embrace of deficit reduction provides him an opportunity to help win back the independent voters who were crucial to his victory in 2008. But the president may need to do some repair work with Democrats angered by the deep cuts in the plan — and a perception, held by some liberals, that Mr. Obama was rolled by the Republicans in the House.

### Obama is committed to fiscal discipline- everything is on the table

VOA 8/3-“Obama: Debt Deal Averted ‘Disastrous’ Economic Blow” 8/3/11 Voice of America http://blogs.voanews.com/breaking-news/2011/08/03/obama-debt-deal-averted-disastrous-economic-blow/

Mr. Obama has previously said everything will be on the table for the commission, including social safety net programs such as Social Security and Medicare, which some Democrats say are untouchable. He also warns that there can be no more debt reduction without eliminating tax breaks for corporations and the wealthy — something many Republicans oppose.

The debt deal he signed Tuesday allows the government to continue borrowing money through 2012 in exchange for spending cuts of almost $1 trillion over the next 10 years. The package also creates a bipartisan budget committee that will seek up to another $1.5 trillion in deficit reduction. If the panel fails to reach an agreement, then the deal would trigger stiff, automatic spending cuts.

U.S. Treasury Secretary Timothy Geithner defended the compromise deal Wednesday, saying it gives government officials a chance to fix a broken system.

Writing in the Washington Post, Geithner said the last-minute debt deal takes away the threat of a default, which could cause interest rates to rise and force consumers to pay more for credit cards and other needed loans.

## Fiscal D Now-AT Moody’s

### Moody’s wont lower our credit rating now but its on the brink

VOA 8/3-“Obama: Debt Deal Averted ‘Disastrous’ Economic Blow” 8/3/11 Voice of America http://blogs.voanews.com/breaking-news/2011/08/03/obama-debt-deal-averted-disastrous-economic-blow/

Moody's Investor Services said late Tuesday it will maintain the United States government's top AAA rating, but warns the outlook for the country is negative. Fitch Ratings said the risk of the U.S. defaulting on its debts remains extremely low but added it wants to see a credible plan to further reduce the U.S. budget deficit.

## No Fiscal D Now

### Fiscal discipline isn’t tied to the economy our credit rating will be dropped now tanking investment

Bloomberg 8/3-Julie Davis, 8/3/11 “Debt Accord Means Lawmakers Must Debate Medicare, Taxes as Elections Loom” http://www.bloomberg.com/news/2011-08-03/debt-accord-means-lawmakers-must-debate-medicare-taxes-as-elections-loom.html

That means the disputes that prolonged negotiations on the debt limit will be refought. The stakes were underscored hours after Obama signed the bill when Moody’s Investors Service said it may downgrade the U.S. credit rating for the first time on concern fiscal discipline may ease and the economy may weaken. In addition, China, the largest foreign investor in U.S. government securities, joined Russia in criticizing American policy makers for failing to ensure that U.S. borrowing is reined in.

### Obama and the media are all rhetoric cuts aren’t enough to create fiscal discipline

Ryan 8/3-Paul Ryan, Congressman from Wisconsin, serves as chairman of the House Budget Committee 8/3/11 “Where's Your Budget, Mr. President?” http://online.wsj.com/article/SB10001424053111903341404576484124282885188.html?mod=googlenews\_wsj

The president's February budget deliberately dodged the tough choices necessary to confront the threat of runaway federal spending. It was rejected unanimously in a Senate controlled by his own party.

Since then he has offered a lot of rhetoric but no real plan to avoid a spending-driven debt crisis. His speeches and press conferences are no substitutes for actual budgets with specific numbers and independently verified projections of future deficits and debt. Meanwhile, it has been over two years since the Democrat-controlled Senate passed any budget at all. **This is a historic failure to fulfill one of the most basic responsibilities of governing.**

This leadership deficit has thrown the federal budget process into chaos at the worst possible time. Even though Congress has cut spending by a significant amount, it still hasn't dealt with the drivers of our debt—primarily federal spending on health care.

### No fiscal discipline cuts are an illusion

Forbes 7/29-Richard Salsman, “Washington’s Budget “Cuts” Would Boost Spending 50%” 7/29/11 http://blogs.forbes.com/richardsalsman/2011/07/29/washingtons-budget-cuts-would-boost-spending-50/

President Barack Obama and his cohorts in the Democrat Party haven’t offered a single idea or viable plan to ease U.S. fiscal strains. Daily they emit populist scare tactics and spew hate speech upon successful (rich) Americans. They say a public debt default is a legitimate option. In contrast, and to its credit, the GOP has been measured and rational, with serious plans to cut federal outlays by $2.9 trillion in the coming decade. If the U.S. debt is defaulted upon or downgraded over the coming weeks it will be the Democrats’ sole doing.

Large as “cuts” of $2.9 trillion might appear, in fact they’re minuscule compared to Washington’s embedded (“baseline”) plan to spend $45.8 trillion over the coming decade (2011-2021), as recently forecasted by the independent Congressional Budget Office (CBO). In the past decade (2001-2010) Washington spent $28.3 trillion, so “baseline” outlays in 2011-2012 would entail a decadal increase of 62%. That’s not the biggest spending boom in U.S. history, but neither would it be anything close to “austerity,” as many critics claim.

Even the most “radical” GOP plan, to “cut” $9 trillion, would boost federal outlays by 30% in the coming decade versus outlays in the past decade, while the most modest GOP plan, to cut a mere $2 trillion, would boost outlays by 55%. Yet Democrats GOP plans as “Draconian,” prone to trigger a “depression.”

By “baseline” federal spending over the coming decade, the CBO means the sum that’ll be spent even with no changes in current fiscal policy, whether in tax rates or spending schemes. As mentioned, the CBO says $45.8 trillion in outlays over the coming decade are effectively on “auto-pilot,” so any proposed “cut” is relative only to this huge number. As mentioned, Washington spent $28.3 trillion over the past decade, so embedded “baseline” spending of $45.8 trillion in the coming decade already entails an astounding increase of 62%. In the coming decade neither U.S. population nor real economic output would rise nearly so much.

Even if U.S. federal spending was $9 trillion less than the total of $45.8 trillion currently scheduled as a “baseline” outlay for the coming decade, as proposed by Republican Sen. Tom Coburn, it would still total $36.8 trillion, or 30% above the spending level in the past decade. If spending was $6.2 trillion less than that now scheduled in the “baseline” sum over the coming decade, as proposed by Republican Rep. Paul Ryan, it would still total $39.6 trillion, or 40% above total spending in the past decade. Finally, even if spending was $2 trillion less than that now scheduled in the “baseline,” as proposed this week by Republican House Speaker John Boehner, it would still total $43.8 trillion, or 55% above last decade’s spending level. Since Senate Democrats vow to veto Boehner’s plan, spending will rise by at least 50% in the coming decade.

## No Fiscal D Now

### No fiscal discipline debt ceiling didn’t cut spending enough

The State 8/3- James Rosen, David Lightman, “S.C. senators: Debt deal misses target” 8/3/11 http://www.thestate.com/2011/08/03/1920546/sc-senators-debt-deal-misses-target.html

Obama acted after the Senate Tuesday passed the bill by a bipartisan 74-26 vote. Four Democrats and 22 Republicans opposed the bill, including U.S. Sens. Jim DeMint and Lindsey Graham of South Carolina.

DeMint said the debt-limit legislation barely will slow the spending that has led the federal government to accumulate $14.34 trillion in debt.

This bill doesn’t cut the debt,” the Greenville Republican said. “It will add about $7 trillion in new debt over the next 10 years on the backs of our children and grandchildren. This bill doesn’t stop deficit spending. It locks in trillion-dollar spending deficits for years to come.”