The Joint Select Committee on Deficit Reduction (the Supercommittee”), was established August 2, 2011, after months of conflict and abortive negotiations between President Obama and congressional leaders over how to slow the growth of the government’s deficit and debt.¹ The Budget Control Act (Public Law 112-25) raised the federal debt ceiling, thus preventing the debt default of the federal government; cut spending; and created the Supercommittee, granting it extraordinary scope and power.² The powers included the charge of crafting a recommendation by November 23, 2011, encompassing at least $1.5 trillion in additional deficit reduction over a ten-year period, beyond the $917 billion cuts made as a first installment in the Budget Act. Everything was supposed to be “on the table” for negotiation: revenue tax increases; tax reforms, such as simplifying the tax code and eliminating some tax breaks and loopholes; and reforms to slow down the growth of entitlement programs, such as Social Security, Medicaid, and Medicare. Should the Supercommittee not agree on a recommendation or the full Congress fail to pass the Supercommittee’s recommendation, a “trigger mechanism” requiring enactment of $1.2 trillion in automatic spending cuts was included. The Supercommittee was given the power to operate entirely outside the budget, appropriations, and authorizing process. It could receive recommendations from relevant committees, but was not bound by anything the panels submitted.

The $1.2 trillion across-the-board spending cuts had to be split between the national security and domestic programs, with some of the biggest entitlement spending, Medicaid, food stamps, jobless benefits, and veterans’ pensions excluded, thus setting up for the Supercommittee a full table of choices, but removing the largest targets from the automatic cuts. It took the regular legislative process entirely out of deciding the federal government budget priorities. The threat of the automatic across-the-board spending cuts was intended to be sufficiently distasteful to lawmakers to provide a strong incentive for them to adopt a bipartisan agreement, but the chance to avoid action was a major factor in dooming the Supercommittee’s deliberations and outcome.³

The compromise did not occur. The Supercommittee failed in its mission, informing Congress, the president, and the public on November 21, 2011, that they had been unable to reach agreement on a deficit reduction plan by its statutory deadline.⁴ The Supercommittee issued the following statement:
“After months of hard work and intense deliberations, we have come to the conclusion today that it will not be possible to make any bipartisan agreement available to the public before the committee’s deadline.”

After failure of the Supercommittee to propose a deficit reduction plan, there were partisan statements condemning the failed outcome. The president and congressional leaders immediately raised campaign “wedge issues” — new taxes, cuts in popular domestic programs and defense — that have figured so prominently in the permanent campaign about the deficit and debt. President Obama accused congressional Republicans of rejecting a “balanced approach” to deficit reduction, arguing that the deficit reduction plan should have included tax increases for the wealthy. He said, “Despite the broad agreement that exists for such an approach, there are still too many Republicans in Congress that have refused to listen to the voices of reason and compromise that are coming from outside of Washington.” Senate Majority Leader Harry Reid (D–Nev.) said Democrats “were prepared to strike a grand bargain that would make painful cuts while asking millionaires to pay their fair share, and we put our willingness on paper,” but Republicans “never came close to meeting us halfway.” Senate Minority Leader Mitch McConnell (R–Ken.) argued that an agreement “proved impossible not because Republicans were unwilling to compromise, but because Democrats would not accept any proposal that did not expand the size and scope of government or punish job creators.” The Republican presidential candidates argued that President Obama failed to use his leadership to build an agreement to cut the deficit.

Why did the Supercommittee fail? Was the Supercommittee predestined to fail because of its structure, membership, and ideological make-up? Was it a lack of leadership by President Obama and party leaders in Congress? Do special congressional Supercommittees and commissions that try to surpass the “regular order” in Congress usually fail? What faces Congress and the nation because of the Supercommittee’s failure?

**Supercommittee Structure and Membership**

House and Senate Democrat and Republican leaders selected Supercommittee members with an equal number from each party in the House and the Senate with the goal of building a bipartisan agreement to reduce the deficit. The members are listed below.

**Senate Democrats**

- Patty Murray, Washington, Co-Chair
- Max Baucus, Montana
- John Kerry, Massachusetts

**Senate Republicans**

- Jon Kyl, Arizona
- Rob Portman, Ohio
- Pat Toomey, Pennsylvania

**House Democrats**

- Xavier Becerra, California
- Jim Clyburn, South Carolina
- Chris Van Hollen, Maryland

**House Republicans**

- Jeb Hensarling, Texas, Co-Chair
- Fred Upton, Michigan
- David Camp, Michigan

The twelve Supercommittee members were generally part of and reflected the views of the leadership; they were experienced and individually and collectively had extensive knowledge about issues surrounding attempts to reduce the deficit. The powerful Republicans and Democrats selected for the Supercommittee also represented key powerful committees and constituencies in the House and Senate.

The stature of the Supercommittee members, the seriousness of their charge, and the importance of deficit reduction guaranteed substantial publicity that raised expectations for success. The twelve members met September 8, 2011, to begin work. It was their only public meeting outside of four hearings used to question budget experts on ways to control the federal debt. However, the members met in small groups and as a whole dozens of times in private, trying to strike a deal to meet the statutory goal of at least $1.2 trillion in deficit...
reduction over the next decade. Members of both parties maintained their “Democrat” or “Republican” identity throughout the process.

Inevitably, the proposals from Democrat and Republican members failed to bridge the vast partisan divide between the two parties on deficit reduction through tax increases and spending cuts. Democrat panel members proposed a combination of spending cuts and revenue increases of between $2 and $3 trillion over ten years. The Republican proposals focused on saving over $2 trillion primarily through cuts in spending. Both sides attempted to compromise, with Republicans offering $300 billion in new tax revenue, a proposal that was untenable to their own members who had taken a “no new tax” pledge. Democrat members proposed to cut hundreds of billions of dollars from federal health care programs, a proposal that angered the base of the congressional Democrats. Ultimately, the Republican members, influenced by their colleagues who had made a no-new-tax pledge, did not make tax reform offers that were large enough to satisfy Democrats. Democrat committee members did not make proposals to cut entitlement programs (Medicare and Medicaid) sufficient to please the Republicans, and the Supercommittee gave up. The creation of the Supercommittee with extraordinary powers did not overcome the partisan gridlock that has prevailed over deficit reduction for years.

Why did the Supercommittee Fail?

The primary reasons for the failure of the Supercommittee were both internal and external to Congress: the president and party leaders did not show strong leadership, public opinion was not enthusiastic about its goals, interest groups wanted the status quo (no change for their favorite spending and tax programs), and the ideological gaps between the two parties were insurmountable.

Presidential and Party Leadership Seemed Non-Existent

President Obama and Republican and Democrat congressional leaders never pushed very hard publicly for a bipartisan agreement. The president offered his own package of tax hikes and spending reductions, but he seemed not to put the personal weight of his office behind it. In fact, he left the country as the Supercommittee talks came down to the wire. House Speaker John Boehner and Senate Minority Leader Mitch McConnell were neither vocal nor visible during the final negotiations. Senate Majority Leader Harry Reid and House Democrat Leader Nancy Pelosi were also unwilling to use political capital and work for a deal. The leaders did not push in public for a deal, and if they exerted private pressure, it was not effective. This seeming inaction can be interpreted several ways:

- The leadership believed the Supercommittee would function best if left alone;
- They exerted their influence through private meetings and phone calls to no avail;
- The leaders either did not care or did not want a deal; or
- The president and congressional leaders felt their party would have an advantage in the upcoming 2012 election by blaming the other party for the failure.

William Bianco argues that there was little influence and role for party leaders because of the procedural powers given to the Supercommittee:

The procedures that govern floor consideration of a Supercommittee proposal leave no role for the parties and their leaders, in that the proposal must be brought up for a prompt up or down vote with no opportunity for amendments or agenda setting. In practice, however, enacting a deal requires the support of party leaders in at least one house, who can use their whip networks to identify malleable legislators, determine what is needed to build majority support, and deliver these benefits, in the form of minor modifications to a deficit-reduction deal or some other inducement such as promises of committee assignments, contributions, or joint appearances during a future campaign.
Whether President Obama and the congressional party leaders were weakened by the procedural power of the Supercommittee, took a pass on the Supercommittee negotiations because of previous failures, or wanted to delay the tough budgetary decisions about cuts and tax increases until after the 2012 election, is not known. But it is clear the president and the congressional leaders did not play a leadership role with the Supercommittee in building a successful bipartisan solution to deficit reduction.

**Public Opinion and Interest Groups**

A *National Journal* survey found that only slightly more Americans favored a Democratic proposal to reduce the deficit with cuts and revenue increases on the wealthy rather than the Republican cuts-only approach. By a margin of 49% to 44%, the public favored the Democratic plan suggested in October 2011 that would include “$4 trillion in deficit reduction through a combination of federal spending cuts and tax increases on wealthier Americans” over “a Republican plan that calls for $3 trillion in deficit reduction through spending cuts alone, with no tax increases.” The survey of voters showed that the American people seem no more unified than the members of Congress and the Supercommittee members who represent them on deficit reduction solutions. The poll and many other surveys showed a decided lack of confidence in Congress to get anything done with historic low evaluations of Congress shortly after the Supercommittee failure.

What party would benefit the most from the Supercommittee failure? A CNN-ORC International public opinion survey conducted November 11–13, 2011 reported that 19% of respondents would hold both parties responsible for failure to reach an agreement; 32% of respondents thought Democrats would have a greater responsibility, and 42% Republicans. A Quinnipac University national poll conducted November 14–20, 2011 revealed that voters blamed the looming impasse on congressional Republicans 44% and on President Obama and congressional Democrats 38%. A Gallup poll conducted on November 21, 2011, after the Supercommittee announced its failure, found that 55% blamed equally the Republicans and the Democrats on the committee, with 24% blaming the Republican members more and 15% blaming the Democratic members more. These findings about public opinion might have been used as a partial justification by the congressional parties to do nothing. It gave President Obama reason to avoid being heavily invested in another failed congressional deficit reduction process.

In the end, there was not overwhelming public support for a balanced plan of tax increases and cuts in popular entitlement programs. Without strong public support for a balance deficit reduction plan of cuts and tax increases, and with the public blaming Congress for the Supercommittee’s failure, there was political cover for President Obama and fresh political fodder for the 2012 campaign.

Strong interest groups were also not pushing hard for change through cuts and tax increases. Generally they were silent or they were lobbying for no change, the status quo, for their programs. The AARP, health care organizations, and unions were prime examples of this, using large sums of money for advertising, grassroots, and direct lobbying on Capitol Hill to stop cuts in popular programs for elderly Americans, health care and union workers. There were few groups or think tanks pushing for the hard choices that needed to be made to have real reduction in the growth of deficits and debt. One exception was the role of the Center for a Responsible Federal Budget, with its board of directors made up of former Budget Committee chairs and former directors of the Office and Management and Budget and CBO who all pushed to “Go Big” ($4 trillion or more in deficit reduction in ten years) on a deficit reduction plan through entitlement spending cuts and tax increases.

**Ideological Polarization and Lack of Bipartisanship**

Ideological polarization and lack of bipartisanship fundamentally undermined the capacity of the Supercommittee to find common ground. This is shown in the following graph of the DW-NOMINATE Common Space Scores for House and Senate Democrats and Republicans in the 112th Congress and for their representatives on the Supercommittee. The missing ideological middle and the widespread partisan differences reveal the underlying problem of finding common ground on a solution to reducing the deficit.
Bipartisanship is rare in Washington, especially when it comes to tax increases and cuts in popular domestic programs. A primary reason for the failure of the Supercommittee is the wide ideological gap between the two parties in the House and Senate. The members could not bridge their ideological differences and find a common ground as shown in the graph above.

There is little common ground with regard to the primary issue of the size of the federal government. Mainstream Democrats believe government should play an important role in the economy and provide a safety net for the disadvantaged. They also want high-income people to pay more taxes to fund those programs. A majority of Republicans disagree. They want to limit government’s many domestic administrative actions, characterizing a wide range of regulations as interference in markets. They disagree with many social safety net programs and they believe taxes are too high. They promise smaller government and no new taxes while cutting the deficit and reducing the debt. There was little chance that twelve rank-and-file politicians could agree to compromise or ever get the votes from their party members to bridge that chasm.

The ideological divide was most evident in Republicans’ refusal to shift or fudge their no-tax pledge and Democrats’ insistence on tying spending cuts to tax hikes. In the end, this was almost certainly the biggest single factor influencing the committee’s failure. As long as the GOP leadership remains trapped in its commitment to never raise taxes, there will be no serious fiscal agreement. And any Republican who dared to stick his head out of the “no new tax” foxhole and hint at a willingness to consider revenues was barraged with friendly fire. Democrats were never going to agree to cuts in Medicare and Medicaid without significant GOP concessions on taxes. However, with enough political cover from President Obama, Democrats might have reluctantly moved on those entitlements in exchange for some new revenues. Timing likely prevented that cover and, as the 2012 election neared, Democrats’ unwillingness to take on their own base over major federal spending programs only grew.
Predestined to Fail?

The Supercommittee was predestined to fail. The Budget Act seemed to create the Supercommittee not to make hard choices of spending cuts and tax increases to resolve the deficit and debt crisis, but to buy time so Congress could avoid painful decisions. By failing, the Supercommittee succeeded in stalling hard choices about the budget and deficit reduction through the 2012 elections to the “lame duck” Congress and beyond. If Congress really wanted to force action by the Supercommittee, they would not have delayed the $1.5 trillion in automatic cuts for more than a year.

Another measure of the inherent impotency and the predetermined failure of the Supercommittee is that within a mere month into their negotiations, members began talking about how they would fix tough spending cuts, especially those for defense. Obviously, taking the tough spending cuts off the table left little with which to negotiate and guaranteed any cuts would be inadequate.

Lawmakers criticized the Budget Control Act legislation, objecting to its accelerated schedule, the abbreviated time members had to review the rules by which the committee would operate, and the lack of input from members and even relevant committees, on the how, when, and on what issues public hearings would be held or how public the Supercommittee’s deliberations would be. Legislators from both parties also expressed concern that the arrangement would “usurp their authority to write and revise legislation.” That concern had not, however, spurred them to timely action that would obliterate the need for a Supercommittee.

The purpose of the Supercommittee was to force Congress to make the hard choices to trim the deficit through a spending cut trigger, but with bipartisanship and compromise missing, members looked for loopholes rather than a balanced deal. Immediately after passage of the Budget Act in August, some Congress members tried to change the rules to get out of the Supercommittee trigger mechanism in several creative ways, including:

- Convince Congress to repeal the Supercommittee before it even reaches a deal.
- If the committee reaches a deal, ignore it. If the committee does not reach an agreement, repeal the trigger.
- Replace the Supercommittee recommendation with a separate deficit package written by the committees of jurisdiction.
- Vote down the Supercommittee’s recommendation.
- Overestimate the effects of cuts and revenue and delay tax reform to reduce the deficit.

Other ideas included claiming troop withdrawal savings, changing CBO’s baseline estimates, and the idea that succeeded: delay the revenue decisions. Even though the Supercommittee had nothing to do with the decision to redeploy troops from Iraq, its members tried to claim credit for it in their deficit proposals. This was a tactic originally derided by Republicans, but in the end they saw its advantages and made it their own. The inclusion of the so-called war “drawdown” spending from the Overseas Contingency Operations was included in various deficit reduction proposals offered by Supercommittee members of both parties. Depending on how this tactic was used, it could get the committee almost all the way to the $1.2 trillion target. Both parties accepted the scoring by the Congressional Budget Office that showed more than $1 trillion will be saved from the drawdown of troops, a computation that relies on an assumption that war spending stays at the temporary 2011 levels for the next ten years.

Another popular proposal by some members was to change the Congressional Budget Office’s “baseline” estimates of program expenditures and revenues, making the starting point for measuring the Supercommittee’s solution to reduce the deficit overly optimistic. Both Democrats and Republicans fell in love with “Rosy Scenario” about projected government outlays (lower) and revenues (higher). For example, members of both parties publically indicated their willingness to change CBO’s baseline to assume that the Bush tax rates would be extended but with no impact on the deficit despite the fact that CBO reported that the extension of those tax rates would add $3.7 trillion to the deficit over ten years, hardly deficit reducing.

Deferring decisions was also a tactic floated by Supercommittee Republican Co-chair Jeb Hensarling. He suggested that the committee defer decisions about how to raise revenue to the House Ways and Means

James A. Thurber, “Agony, Angst, and the Failure of the Supercommittee,” Extensions, Summer 2012. Copyright, Carl Albert Congressional Research and Studies Center, University of Oklahoma. All rights reserved.

Page 6 of 10
Committee and the Senate Finance Committee, and that the tax-writing committee should delay the decision about revenue “enhancement” to 2012-2013. However, the inability of all the Supercommittee members to reach any decisions makes it a little unfair to single out any particular member for suggesting questionable deferrals. The suggestions for delaying tactics emanated from both parties, a strong indicator of the predicted ultimate failure of the Supercommittee.

Are Supercommittees Bound to Fail?

An analysis in the New York Times described the Supercommittee as similar to other “blue-ribbon panels” established during the past seventy years as a way to “give political cover to policy makers to make unpopular changes”; but in most past cases Congress has ignored the panel proposals or procrastinated enacting them. Like the recent Bowles-Simpson debt reduction commission, the Supercommittee was yet another bipartisan creation of Congress to fail. Congress and the president have created more than a dozen blue-ribbon panels to grapple with fiscal problems in the last seventy years. These include the Hoover Commission in 1947-49, the Grace Commission in 1982-84, and the Simpson-Bowles commission created by President Obama last year. The panels were often devised as a way to give political cover to policy makers to make unpopular changes. But in most cases, Congress ignored the proposals or deferred action. All were created for much the same reason as the Supercommittee and they went nowhere.

The Supercommittee and all the special commissions and committees on the budget failed for the very same reason regular legislation does not pass: members are not ready to make the spending cuts and tax increases. Most importantly, members of Congress do not like to turn over their power of the purse to commissions and committees that are outside the regular order in the normal congressional legislative process unless there is a clear crisis and threat to the United States.

Impact of the Supercommittee Failure

Continued partisan gridlock and ideological warfare over the deficit faces America after the failure of the Supercommittee. The deficit and debt still grow at an unhealthy rate. Deficit reduction and the automatic cuts scheduled to take effect in January 2013 are issues in the 2012 presidential election as predicted at the time the Supercommittee failed in November. President Obama has stated that he would veto any attempt by Congress to cancel the required $1.2 trillion sequester giving rise to campaign issues and a major confrontation between Congress and the president and between the parties. The deficit-reduction issues of major spending cuts and tax increases were moved to the campaign trail and left for a “lame duck” Congress in 2012 and the new Congress in 2013 to resolve. The drive for re-election by members of Congress makes it unlikely they will take realistic spending cuts and tax reforms needed to stop the increase in the deficit during the 2012 campaign.

The financial markets reacted to the failure of the Supercommittee by falling, but not as far as predicted and not as bad as it is likely to be with future failure. The Dow was down 2.1% on the day of the announcement, November 21, 2011, and the S&P 500 and NASDAQ were each down 1.9%. Yield on ten-year treasuries fell to 1.96% on increased demand for stable investments. Credit rating agencies maintained their projections for U.S. sovereign debt. Standard & Poor’s kept their AA+ rating and Moody’s stayed with a rating of AAA, but with a negative outlook. Fitch ratings affirmed its AAA rating but also gave a negative warning that “declining confidence that timely fiscal measures necessary to place U.S. public finances on a sustainable path . . . will be forthcoming.” Continuing “declining confidence” in the ability of Congress to make tough decisions about the deficit and debt will certainly have a negative impact on U.S. markets and the world economy.

The future of deficit reduction in American politics is linked to these factors:

- the lack of will of the American people to want something done,
- the partisan deadlock of Congress,
- the weak leadership of the president and Congress,
- the power of lobbyists and interest groups pushing for the status quo, and
- the reaction of the world financial markets.
It is difficult to predict how these factors will influence the deficit. Maybe world markets will force Congress to act. Will Congress use the regular order to deal with the deficit, will it create yet another special way to make tough decisions, or will it give in to gridlock and continue to “kick the can down the road” (as President Obama complains) with regard to the hard choices they must make? Or will Congress let the problem of the deficit go away on its own by allowing the $1.2 trillion sequestration to occur, and by allowing the lapse of scheduled stimulus programs (such as the payroll tax cut), which collectively would reduce the deficit by over $6.8 trillion in the next ten years? And if Congress chooses to allow sequestration, will that work? One thing is sure: whatever congressional decisions are made or not made about the deficit will have a significant impact on the future of America.

Notes

1. The Joint Select Committee on Deficit Reduction was an unusual construct in the history of Congress. Former Senate Historian Donald Ritchie found inexact parallels between the Joint Select Committee and various historical joint committees. The only precedent for the committee’s power to write and report legislation is the 1946–1977 Joint Committee on Atomic Energy. All other Joint Committees have not had the power to write and report legislation.

2. The 2011 Budget Act increased the debt ceiling by $400 billion in August 2011. The Act required the federal government to make $917 billion in spending cuts over a ten-year period as a first installment. This was based on Congressional Budget Office estimate using current-law economic baseline, including the expiration of the Bush tax cuts. Under the Act, government revenues were projected to rise after 2012.


4. Under the terms of the August debt limit law, the panel will not officially terminate until January 31, 2012. Nonetheless, its work was finished after it lost its privilege to submit legislation immune from amendment or procedural roadblocks as a consequence of missing its deadline for a vote.


9. Baucus, Becerra, Camp, and Hensarling had served on the National Commission on Fiscal Responsibility. All four voted against the Simpson-Bowles plan that emerged from the Commission.

10. Murray was serving as the Senate Democratic Conference secretary, chair of the Senate Committee on Veterans’ Affairs, and chair of the Democratic Senatorial Campaign Committee. Hensarling was vice-chair of the House Committee on Financial Services, chairman emeritus of the Republican Study Committee, and House Republican Conference chair.

Kerry and Baucus were members of the Senate Finance Committee and each chairing Senate committees (Foreign Relations and Finance, respectively). Kyl was Senate Minority Whip. Toomey was a member of the Joint Economic Committee; and Portman, although a freshman senator, was a former director of the Office of Management and Budget and a former U.S. Trade Representative.
Camp chaired the House Committee on Ways and Means and the Joint Committee on Taxation. Upton chaired the House Committee on Energy and Commerce. Clyburn was the third-ranking House Democrat. Becerra was the ranking member of the Ways and Means Social Security Subcommittee and was Vice-Chair of the House Democratic Caucus. Van Hollen was the ranking member of the House Budget Committee and had formerly chaired the Democratic Congressional Campaign Committee.

11. A super committee plan would have advanced with a seven-member majority, if any single member deviated from party lines.

12. The end came two days before the panel’s November 23, 2011 deadline, in the face of a requirement that before a vote could occur, a plan would have to be available for 48 hours after the Congressional Budget Office had scored its fiscal impact. The vote would not have been subject to amendments, House “majority of the majority” blocks, or Senate filibusters, guaranteeing a pure majority vote in both chambers.


16. “November 21, 2011 — U.S. Voters Say Almost 3-1 Super Committee Will Fail, Quinnipiac University National Poll Finds; More Blame Republicans,” Quinnipiac University Polling Institute, http://www.quinnipiac.edu/institutes-and-centers/polling-institute/national/release-detail?ReleaseID=1675. Data was taken from the response to poll question 42: “Who do you think would be mostly to blame if the Committee and the President are not able to agree on a plan to reduce the deficit, President Obama and the Democrats in Congress, or the Republicans in Congress?”


18. Matthew Cooper, November 9, 2011.

19. See http://crfb.newamerica.net for multiple publications and news releases from CRFB.


24. The Congressional Budget Office, the official scorekeeper, has traditionally measured savings against the cost of continuing policies under current law. Such an approach assumes Bush-era tax cuts expire at the end of the year, meaning extending them would add $3.7 trillion to the deficit over 10 years.


31. Mike Dorning, November 2, 2011.
