

Shut it Down

✘ The Republicans need a new strategy for their upcoming negotiations with President Obama. The last round, they had a distinct disadvantage where doing nothing would have led to a terrible consequence, namely everyone's taxes going up. With these negotiations behind us, we no longer have the sun setting on good policy, which requires action for it to continue. We now have 3 events that are coming in the first quarter of 2013 which will allow for more reasonable negotiations. The "sequester" (automatic cuts in defense and other departments), the "debt ceiling" (increasing borrowing authority for the government), and the end of the "Continuing Resolution" (aka CR, that funds the government daily). Of these opportunities, republicans should use the CR to make their stand.

All of the media is talking about the debt ceiling as the big showdown. The last negotiations were bad PR for republicans in 2011. They were also quickly followed by a credit downgrade of US debt by the rating agencies. It is popular belief that the status of the negotiations in Washington, and the dysfunction of these discussions, is what led to the downgrade. In fact, the lack of seriousness of the President to deal with our debt problem is what led to the downgrade. Using the debt ceiling to be the threat, will only continue to have people wrongly looking at the process not the true problem. Republicans should raise it enough for a year of deficit, and take default out of the discussion.

Democrats were looking to delay the sequester, which gives republicans an advantage in this area. It is likely that the democrats will agree to different cuts to avoid this, but if not \$500 billion over 10 years will be cut out of defense. Republicans should be prepared to let the cuts stand. It is roughly 10% of the defense budget. If Republicans are serious about shrinking the government, they should be willing to cut

this much out of the defense budget. We won WWII 67 years ago, we can start by bringing troops home from Germany and Japan.

This leaves the CR for Republicans to make their stand. If the President doesn't agree to entitlement spending cuts that will be phased in over time, in order to save our country, let the government shut down. This will accomplish the following...

- No one can report that the republicans are risking the first possible default on US Treasuries.
- If a credit downgrade comes, it will not be because there is a risk that we will not pay our bills, it will be because we are borrowing too much, and the president is not serious about addressing spending cuts.
- The negative PR from the government shutdown of 1995-96 had many different scenarios at play. It was heading into a presidential election year which had the senate majority leader running against the sitting president. This shutdown would be 3+ years from a presidential election, current leader McConnell is not running for higher office, and neither is the President.
- We would actually save money during the shutdown, and cutting costs is the point.
- It would fire up a disheartened conservative base.
- It would highlight the real differences between the parties, not focus on credit worthiness.
- Non essential functions are shut down. Maybe they can stay that way.

There is only one party in Washington who is serious about cutting spending, but it needs to be made clear to the American people. The president keeps talking about reducing spending, but never seems to have any cuts in his plans. The best way to highlight this is letting the CR end on its expiration date of March 27, unless the President approves meaningful cuts. If the government shuts down due to this standoff it will not roil world markets, we will not default

on our debt, and it will highlight the different philosophies in Washington D. C.