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5 on 45: On Trump's debt ceiling deal

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CONTRIBUTORS:

ADRIANNA PITA

MOLLY REYNOLDS

Fellow – Governance Studies

(MUSIC)

PITA: You're listening to 5 on 45 from the Brookings Podcast Network, analysis and commentary from Brookings experts on today's news regarding the Trump administration.

REYNOLDS: My name is Molly Reynolds. I am a fellow in Governance Studies at the Brookings Institution. On Wednesday the big four congressional leaders—Speaker of the House Paul Ryan, Senate Majority Leader Mitch McConnell, House Minority Leader Nancy Pelosi, and Senate Minority Leader Chuck Schumer—headed to the White House to discuss Congress's massive September to-do list.

By the time the group left the meeting, President Trump was announcing that they had reached a deal largely on Democrats' terms. Congress is now expected to approve a single piece of legislation this week that would provide roughly \$15 billion in disaster aid, keep the government open through December 8th, and temporarily extend the debt limit until December as well. How should we think about this deal? Criticism of Republicans from Republicans aside, it's helpful to think about what deal Republicans and Democrats were likely to make before the big four went to the White House yesterday. In other words, were Democrats likely to have the upper hand even if Trump hadn't endorsed their position?

On keeping the government open, the answer is likely yes. A short term spending bill through December had emerged as the most likely outcome over the past few weeks, with the issue of whether the bill would include funding for a border wall as the major remaining sticking point. Because the measure would need the support of at least eight Democrats to clear the threat of a filibuster in the Senate, the president and congressional Republicans were unlikely to come out on top, especially once the possibility of tying a short term funding bill to disaster aid emerged.

On the debt limit, the answer slightly less clear. Republicans were reportedly pushing for an increase of the debt limit that would cover as long as 18 months, getting them through the 2018

midterms without having to cast another unpopular vote on lifting the ceiling. Would ... Pelosi have stuck by their demands for a shorter increase if Trump had pushed back? Certainly any deal in the Senate requires the support of some Democrats. In the House, even under Republicans original plan the start of the week, which was tying the debt ceiling to funding for disaster relief but leaving the continuing resolution for another day, Ryan would have likely needed Democratic votes to clear an increase to the debt limit. At the same time if negotiations have continued and the debt limit deadline had continued to approach, it's possible the Democrats would have agreed to a longer increase in order to avoid the severe consequences of reaching the limit.

Given that, how might we explain the deal? Again it's possible that this was the best deal the parties were going to reach on the debt ceiling and government funding and we merely reached that deal earlier in September than otherwise would have thanks the need for quick action on disaster relief funding.

A second possibility is that Trump, frustrated with Ryan and McConnell's inability to deliver on other Republican policy priorities, simply chose to go with the option they opposed.

A third possibility is that for Trump, the biggest goal in this whole fight is still ensuring funding for a wall along the southern border. He was unlikely to win that fight before the need for disaster money, but once Congress needed to move quickly on getting that emergency aid funding out the door it became clear that even trying to wage a battle now over the wall was not a viable option. Perhaps Trump believes that by raising the stakes in December to include both the debt ceiling and keeping the government open he is more likely to win a fight over the wall.

That's probably an incorrect read of the situation in part because uncertainty remains about whether the debt limit and a measure to keep the government open will actually stay coupled in December. Generally the Treasury Department is able to use so-called extraordinary measures to keep the government from defaulting past the actual date that a debt limit suspension expires. If that remains

true for this round of the debt ceiling debate, the actual deadline for action on the debt limit may not be until sometime in early 2018. This could affect how a December fight over avoiding a shutdown plays out and will be an important dynamic to watch going forward.

At the end of the day, the most significant consequences of this week's deal may be on the broader congressional agenda. While a mid-December fight over a spending bill was likely all along, the need to have another debate over the debt ceiling whether it be in December or early 2018 may crowd out Congress's ability to work productively on tax legislation over the same timeframe. In addition Democrats will have to make a choice about how to incorporate their goal of enacting protections for the DREAMers whose status was threatened by Trump's announcement earlier this week that he will end the DACA program for undocumented children brought to the United States by their parents.

Some Democrats and their allies are disappointed that a fix was not part of the agreement reached yesterday. And Democratic leaders will have to decide on a strategy going forward. With other issues sure to crop up between now and December, the next several months in Congress are sure to be as chaotic as the rest of the year has been so far.

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