

Republicans, White House move closer toward debt deal

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Global Research, October 12, 2013

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Region: [USA](#)

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Negotiations between the White House and congressional Republicans over a deal to extend the US debt limit, reopen the government, and slash social spending, continued Friday evening, with both sides hoping to reach a agreement before stock markets open Monday. Obama met with Senate Republicans Friday, following a meeting Thursday evening with House Republicans. Obama likewise called House Speaker John Boehner by telephone on Friday, and the two agreed to continue talks in the coming days, according to aides who spoke with major newspapers. "We're obviously in a better place than we were a few days ago in terms of the constructive approach that we've seen of late," said White House Press Secretary Jay Carney Thursday, stressing, however, that "there's not an agreement" yet.

Wall Street has been putting pressure on both parties to move quickly to raise the debt ceiling to prevent any disruption to financial markets. The US government is scheduled to reach its debt limit in under a week, and the US could default one to two weeks afterward.

Stock markets were up once again Friday on hopes that a deal is near, with the Dow Jones Industrial Average up by 111 points, after it shot up 323 points—its largest gain of the year—Thursday. Up to that point, stock values had been falling since late September.

House Republicans have been arguing for a short-term deal that would extend the US debt ceiling by six weeks. Republicans tied their offer, however, to demands for negotiations over plans to slash entitlements and cut corporate taxes.

"Any House vote on a short-term debt limit bill is contingent on the White House and House Republicans agreeing to negotiations on a fiscal framework," said Michael Steel, a spokesman for Boehner.

While the Obama Administration was the first to introduce the prospect of a short-term increase, the White House has publicly stated that it would prefer a longer-term deal. Carney said that while Obama had some issues with the House proposal, he had not totally rejected it.

"He is very concerned about having the debt limit taken care of, but he'd like a long-term debt limit," said Republican Senator Orrin Hatch, after meeting with Obama.

Republican senators left their meeting with Obama optimistic about the prospects of a deal to raise the debt ceiling. Senator Lisa Murkowski of Alaska said Obama indicated he was willing to "trade" acceptance of some Republican proposals in exchange for a deal to raise the debt ceiling, saying, "we are not talking about negotiation, we're talking about some

trading space.”

Republican Senator Kelly Ayotte said, “I’m glad we had the discussion,” adding, “Now we have to put the words into action and get this resolved.” Her Colleague, Republican Senator Rob Portman, observed, “The president was willing to listen as well as give his point of view.”

Even though Republican opposition to the Obama administration’s Affordable Care Act was the nominal reason for the ongoing government shutdown, Republican leaders in both the House and Senate have largely dropped calls to defund or delay the measure. A section of the “Tea Party” wing of the Republican Party continues to vocally denounce the law.

As House Republicans pressed on with their proposals for a short-term increase in the US government’s debt ceiling, Senate Republicans were at work on an alternate proposal that would fund the government and extend the US debt ceiling for a longer period.

The proposal would restore funding at present levels for around six months and extend the so-called sequester budget cuts, while giving some agencies more flexibility over how to deal with their impact. Additionally, the proposal would repeal the medical device tax included in the Affordable Care Act, which is unpopular with medical device manufacturers and their political allies in both parties.

The shutdown of the US government has led to a broad discrediting of the entire political system. The Congress’s overall approval rating stands at a shocking 5 percent. The Republican Party’s disapproval rating has hit the highest level in the history of a Wall Street Journal/ NBC poll that goes back more than two decades.

More than twice the number of people now hold a negative image of the Republican Party than a positive one, according to the poll, which came out this week. The poll showed, moreover, that only 21 percent of the population views the Tea Party movement favorably.

In repeated statements this week, both Obama and Republican leaders have indicated their support for using the current budget negotiations as a springboard for broader discussions over slashing entitlement spending and cutting corporate taxes. The two parties had angled for such a deal in 2011, during the last debt ceiling crisis, but an agreement proved illusive. This has prompted a piecemeal approach that has so far resulted in over \$2 trillion in spending cuts, but has largely avoiding attacks on entitlements.

Whatever the immediate result of the ongoing budget crisis, the goal of both parties is to slash hundreds of billion of dollars from Medicare and Social Security, proposals that would spell poverty for millions of elderly people.

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