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"In my four decades involved with public service, I have never been more concerned about the ability of Congress to forge common-sense solutions to the nation's pressing problems," Panetta, a former House budget committee chairman, said in a statement. "The half-trillion dollars in additional cuts demanded by sequester would lead to a hollow force incapable of sustaining the missions it is assigned."

In reality, though, it is unclear if any of those reductions will ever take effect, since next year's presidential and congressional elections have the potential to alter the political landscape before then. The brief written statement

from Murray and Hensarling was immediately followed by a hail of recriminations.

Senate Majority Leader Harry Reid, D-Nev., said Republicans had "never found the courage to ignore the tea party extremists" and "never came close to meeting us half way."

But Sen. Pat Toomey, R-Pa., who authored a GOP offer during the talks, said, "Unfortunately, our Democratic colleagues refused to agree to any meaningful deficit reduction without \$1 trillion in job-crushing tax increases.

Said Gov. Rick Perry of Texas, a GOP presidential hopeful, "It's amazing to what lengths he (Obama) will go to avoid making tough decisions.

It was unlikely the outcome would materially improve Congress' public standing — already well below 20-percent approval in numerous polls.

And the panel's failure left lawmakers confronting a large and controversial agenda for December, including Obama's call to extend an expiring payroll tax cut and unemployment benefits. Democrats had wanted to add those items and more to any compromise, and lawmakers in both parties also face a struggle to stave off a threatened 27 percent cut in payments to doctors who treat Medicare patients.

Based on accounts provided by officials familiar with the talks, it appeared that weeks of private negotiations did nothing to alter a fundamental divide between the two political parties. Before and

during the talks, Democrats said they would agree to significant savings from benefit programs like Medicare, Medicaid and Social Security only if Republicans would agree to a hefty dose of higher taxes, including cancellation of Bush-era cuts at upper-income brackets. In contrast. The GOP side said spending, not revenue, was the cause of the government's chronic budget deficits, and insisted that the tax cuts approved in the previous decade all be made permanent.

The Democrats' "idea was this was the opportunity to raise taxes." said Sen. Jon Kyl of Arizona, the Senate's second-ranking Republican and a member of the supercommittee. "It didn't matter what we proposed; the price of that was going to be \$1.3 trillion in new taxes," he added in a CNBC interview, although Democrats made at least two offers that called for smaller amounts of additional tax revenue.

Sen. John Kerry, D-Mass., said on MSNBC, "I have demonstrations outside my office. I've had rallies. I've had unbelievable amount of pushback because we were ready and prepared to put on the table some of those so-called sacred cows." Republicans, he said, refused to consider cancellation of the tax cuts for the wealthy.

The talks also were hampered by internal divisions within both parties.

Republicans offered a plan crafted by Toomey about two weeks ago that included an additional \$250 billion in tax revenue through an overhaul of the tax code that included reducing the top tax rate from 35 percent to 28

percent. Some Republicans criticized it as a violation of the party's long-standing pledge not to raise taxes. Even some in the GOP leadership, including Senate Republican Leader Mitch McConnell of Kentucky and House Majority Leader Éric Cantor of Virginia, declined to endorse it in public.

At the same time, Democrats ridiculed it as a tax cut for the rich in disguise — even privately criticizing Sen. Dick Durbin, D-III., when he said it could signal a breakthrough - and it failed to generate any momentum toward compromise. Reid and others also accused Republicans of bowing to the wishes of Grover Norquist, an antitax activist whose organization has gathered signatures from GOP candidates on a petition pledging never to raise taxes.





