

Yarmuth: Budget Talks 'Not Going Very Well,' Sees Them Going Into September

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Representative John Yarmuth, D-Ky., chairman of the House Budget Committee, on stage at the Peterson Foundation's annual Fiscal Summit in Washington D.C. (Photo courtesy the Peter G. Peterson Foundation)

WASHINGTON – Negotiations between House Democrats, the GOP-controlled Senate and the White House over a 2020 budget plan “are not going very well” and could very well extend to the

September 30 deadline to avoid automatic spending caps, the chairman of the House Budget Committee said Tuesday.

Speaking at the Peterson Foundation's annual Fiscal Summit in Washington D.C., Representative John Yarmuth, D-Ky., said during his seven terms in Congress he's lived through "every possible permutation of partisan control," but that at the end of the day, whatever the issue, agreements were forged through what "was basically a two-sided negotiation."

That ended with the election of President Trump, Yarmuth said during an onstage Q&A with The Washington Post's Heather Long.

"Now it's a three-sided negotiation and one of the sides is, to be as gentle as I can be, unpredictable," he said.

"I don't think there would be any problem at all getting Senate and House agreement on spending levels," he continued. "We've done it before and I think we did it in a very responsible way, where nobody walked away ecstatic, but nobody was angry."

"I've spoken to [Senate Majority Leader] Mitch McConnell ... and Mitch definitely wants a two-year spending deal," he said.

McConnell's office did not immediately respond to a request for comment.

If no agreement is reached, automatic caps will take effect on October 1 that reduce both domestic and military spending by a total of \$125 billion, a scenario Yarmuth said no one would want in the run up to an election year.

Yarmuth believes the budget deal struck by Congress and the White House 18 months ago would have been a good starting

point for the current negotiations, and he said many of his Republican counterparts agreed.

The White House has other ideas, he said.

Democrats Being Ignored As Budget Talks Proceed

“[Acting White House Chief of Staff] Mick Mulvaney wants to keep defense spending at a very high level and slash non-defense spending. This is a nonstarter in the House. And on top of this, the president has his own ideas about what he wants,” Yarmuth said.

As he spoke, a group of Republican senators was headed to the White House to talk about the budget and the spending caps.

“That’s typical of the negotiations; that there are no Democrats there,” he said. “They seem to forget we now control the House of Representatives.”

Yarmuth said the red line for Democrats in this and all budget negotiations is that defense and nondefense spending be treated equally.

“We call it parity,” he said.

“Now, I know different people define parity in different ways, but I define it this way: whatever we do in regard to defense spending, we also do with non-defense spending. If we raise defense spending a certain amount, we need to raise non-defense spending by the same amount.

“The same goes for cuts,” he added.

Yarmuth said he believes the odds are strongly against a budget agreement by the August congressional recess, his having been

told that Mulvaney wants to push negotiations as close to the September 30 deadline as possible.

“I have not talked to Mick about this, but I know that he’s told people he wants this to go right to the deadline because he thinks that enhances the White House’s bargaining position,” Yarmuth said.

“But again, this brings to mind Mitch McConnell,” he continued. “He’s up for re-election in my state next year, and I don’t think that he wants to have any threat of a shutdown this year because it will clearly hurt the Republicans. They would be blamed for it. And I suspect that’s what they will tell the president when they meet with him.”

For his part, Mulvaney, appearing at the same fiscal summit, told CNBC’s Eamon Javers that he believes lawmakers in both the House and Senate are disinterested in fiscal responsibility.

“There is no center of gravity for reduced spending in this town,” Mulvaney said.

Debt Ceiling Likely Going Up Again

Yarmuth predicted that if a deal can’t be struck, Congress will be forced to raise the debt ceiling.

“I think we’d have to, no question,” he said. “First of all, because we have an awful lot of necessities we’ve neglected over the last decade or so. On top of that — while we can argue about what the appropriate levels of defense spending are — an awful lot of the spending on the non-defense side is national security-related — funding Homeland Security, the FBI, the FDA ... the FAA.

“So to have the cuts the Budget Control Act of 2011 requires take effect, I think, would be devastating for a lot of very important

priorities,” he said.

But Yarmuth said he would like to do more than raise the debt ceiling — he’d like to dispense with it altogether.

“We have raised the debt ceiling something like 80 times since it was created,” he said. “We are the only country in the world other than Denmark that has anything like it.

“All it does is create an opportunity for gridlock and another cliff that we look over the edge of ... And it’s used for more for political leverage than to promote any kind of sound fiscal policy, so we might as well get rid of it.”

What then, to do about the nation’s current \$22 trillion debt, a huge concern to the majority of those attending the Peterson Foundation summit?

The federal government’s deficit typically shrinks during robust economic times, but the deficit is up nearly 40 percent so far this fiscal year, according to the latest Congressional Budget Office [report](#) released Friday.

Spending is up \$255 billion for the first eight months of the fiscal year, while revenues are up only \$49 billion, the CBO said.

Yarmuth said he was as frustrated as many in the room.

“Last year, I was part of a member of the joint select committee on budget and appropriations process, a bicameral, bipartisan group,” he said. We went at it for a year, trying to figure out if there were ways, structurally, to enforce spending discipline on the federal government.

“At the end of that time, nothing we came up with got enough votes to pass out of committee and be considered on the floor.

You had to get 10 out of 16 votes to bring anything to the floor, and none of the things we came up with did.

“So I’m not sure there is a mechanism you can adopt to ensure spending discipline,” Yarmuth added. “This is, always, about political courage. it’s not about process.”

