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As Final Debt Plan Is Released, Signs That the Fight Is Just Beginning

By JACKIE CALMES

WASHINGTON — Members of President Obama's debt-reduction commission indicated on Wednesday that they were split over their chairmen's far-reaching plan for long-term spending cuts and tax increases, a development that suggests the proposal is more likely to be a framework for next year's debates than the basis for legislation anytime soon.

As the chairmen released their final package of proposals for trimming nearly $4 trillion from projected deficits through 2020, the 18-member commission met publicly for the first time since the midterm elections gave Congressional Republicans more power, and more responsibility, for the nation's problems.

In advance of the commission's vote on Friday, the divisions over how to curb the nation's mounting debt — and the political wariness about embracing changes to popular tax breaks and benefit programs, like those included in the package — were in sharp focus even as two senior members of the Senate Budget Committee lent the plan a measure of bipartisan support.

The senators — Judd Gregg of New Hampshire, a Republican, and Kent Conrad of North Dakota, a Democrat — joined in backing the plan, along with the two commission chairmen and three other members whom Mr. Obama named to the panel and are not elected officials. The commission includes 12 members of Congress and six private citizens, including the chairmen, former Senator Alan K. Simpson of Wyoming, a Republican, and Erskine B. Bowles, a Democrat and former chief of staff to President Bill Clinton.

“While there are things in this plan I dislike intensely, and I do, there are also things in this plan that I think are grand-slam home runs for the American economy and for the future competitive position of our country,” said Mr. Conrad, who will remain the Budget Committee’s chairman in the next Congress. Among the measures he cited with approval was the proposed overhaul of the tax code to close tax breaks, lower rates and raise revenues.

Mr. Conrad, who will be up for re-election in 2012, also invoked the recent debt crises in Europe, saying, “If we fail to act now, our country could find itself in a circumstance in which we have to take draconian action at the worst possible time, in the midst of a crisis.”

But with opposition from four House members on the panel — three Republicans and one Democrat — and with several other commission members indicating that they were leaning in that direction, the panel seems all but certain to fall short of Mr. Obama’s 14-vote threshold for sending a package to Congress for a vote.

What is unclear is whether that outcome would consign the plan to a dusty shelf along with many past commissions’ well-intended but politically unpalatable recommendations for addressing the nation’s fiscal imbalances, or whether Mr. Obama or the Republicans in Congress will move aggressively to pursue at least some of its measures.

That was the idea among some advisers at the White House when Mr. Obama established the commission by executive order in February.

Two of the aides who have since left — Rahm Emanuel, who was the chief of staff, and Peter R. Orszag, who was the White House budget director — envisioned that the panel’s recommendations on overhauling the tax code and Social Security, for example, could be adapted for the president's annual budget that is due early next year.

Some Democrats said the White House remained interested in that possibility, depending on the commission's final vote, especially now that Mr. Obama is weighing how to counter the antispending and tax-cutting agenda of the Republicans who will now control the House.

The solid bloc of opposition from the three House Republican leaders on the commission confirmed that they had been emboldened by the midterm results and would follow their own course, though they have not spelled out how they will cut spending on the scale they have promised.

Representative Dave Camp, a Michigan Republican who in January will become chairman of the House Ways and Means Committee, which has jurisdiction over taxes and entitlement programs, was not present for the meeting. He was negotiating with administration officials and other Congressional leaders to resolve the debate over the expiring Bush-era tax cuts, but he signaled his opposition to the panel's plan in a recent speech.

Representative Paul Ryan of Wisconsin, a Republican who will be chairman of the House Budget Committee, and Representative Jeb Hensarling of Texas, a member of the House Republican leadership team, each said at the meeting that the package presented by Mr. Bowles and Mr. Simpson cuts domestic spending by too little, especially for Medicare and Medicaid; raises taxes too much; and does not repeal the health care law pushed by Mr. Obama and enacted this year.

In contrast, Senator Gregg, who is retiring at the end of the year, said Mr. Bowles and Mr. Simpson were right not to reopen the health care debate and to build upon the law's long-term cost-saving provisions instead — as other deficit-reduction plans have recommended.

The health care law would save an estimated $1 trillion over the next two decades by squeezing payments to health care providers and increasing out-of-pockets costs for many beneficiaries. The chairmen's plan would go further, which caused some Democrats on the panel to object to it.

While the House Republicans complained about the proposed tax increases, they applauded the chairmen for producing revenues not by raising income-tax rates but by proposing to eliminate up to $1 trillion a year in tax breaks for individuals and corporations. The chairmen's plan would use the revenues from reducing or closing tax breaks, including the mortgage-interest deduction, to lower income-tax rates for everyone. A smaller amount would go to deficit reduction.

Considering the low expectations that have attended the commission from the start, the endorsements of several members and tentatively supportive words from others plainly buoyed the two chairmen. Depending on how the wavering lawmakers vote, the plan could get a bipartisan majority — if not a 14-vote supermajority — that could enhance its standing as a model for legislation.

The plan would also cap annual spending for domestic and for military programs, and would make Social Security solvent for most of this century by raising payroll taxes for wealthier taxpayers and slowly increasing the qualifying age for full benefits to 69 from 67 by 2075.

Mr. Conrad cited the solvency of Social Security as "one of the most important things" the plan would do. And Senator Richard J. Durbin of Illinois, who remains undecided, acknowledged that he was breaking with other liberal Democrats to endorse the higher retirement age. "To raise it two years over 65 years is not radical," he said, especially considering that the plan would have a hardship exemption for physical laborers.

Mr. Durbin, the second-ranking Democrat in the Senate, and Representative John M. Spratt Jr. of South Carolina, who lost his race for re-election last month but for now is still the chairman of the House Budget Committee, are considered potential votes in favor of the plan. And two Senate Republicans, Tom Coburn of Oklahoma and Michael D. Crapo of Idaho, indicated they were considering joining Mr. Gregg in support.

Carl Hulse contributed reporting.

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