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Long Battle on Debt Ending as Senate Set for Final Vote

By CARL HULSE

WASHINGTON — After months of partisan impasse, the House on Monday approved a budget agreement intended to head off a potential government default, pushing Congress a big step closer to the conclusion of a bitter fight that has left both parties bruised and exhausted.

Despite the tension and uncertainty that has surrounded efforts to raise the [debt ceiling](#), the vote of 269 to 161 was relatively strong in support of the plan, which would cut more than \$2.1 trillion in government spending over 10 years while extending the borrowing authority of the Treasury Department. It would also create a powerful new joint Congressional committee to recommend broad changes in spending — and possibly in tax policy — to reduce the deficit.

Scores of Democrats initially held back from voting, to force Republicans to register their positions first. Then, as the time for voting wound down, Representative Gabrielle Giffords, Democrat of Arizona, returned to the floor for the first time since being shot in January and voted for the bill to jubilant applause and embraces from her colleagues. It provided an unexpected, unifying ending to a fierce standoff in the House.

The Senate, where approval is considered likely, is scheduled to vote at noon on Tuesday and then

send the measure to Mr. Obama less than 12 hours before the time when the Treasury Department has said it could become unable to meet all of its financial obligations.

The deal sets in motion a substantial shift in fiscal policy at a moment when the economic recovery appears especially fragile. Although the actual spending cuts in the next year or two would be relatively modest in the context of a \$3.7 trillion [federal budget](#), they would represent the beginning of a new era of restraint at a time when unemployment remains above 9 percent, growth is slowing and there are few good policy options for giving the economy a stimulative kick.

The precise impact on the economy is a matter of debate. Proponents of spending restraint say that the economy will benefit in the long run from getting the deficit and the accumulated national debt under control, and that failure to act now would risk long-term decline in the nation's economic might. Others say that by foreclosing the option of using government spending to counteract economic weakness, the country is increasing the risk of persistently high unemployment and even another [recession](#).

The negotiations exposed deep fissures within both parties. In the end, 174 Republicans and 95 Democrats backed the deal, and 66 Republicans and 95 Democrats voted against it. But Republicans and Democrats alike made clear they were not happy swallowing the agreement, which was struck late Sunday between the bipartisan leadership of Congress and President Obama.

Top lawmakers characterized the bill as a must-pass measure needed to prevent a potentially crippling blow to the struggling economy.

“The default of the United States is not an option,” said Representative Steny H. Hoyer of Maryland, the No. 2 Democrat.

Mr. Hoyer urged lawmakers to vote not as members of either party, but as “Americans concerned about the fiscal posture of their country, about the confidence that people around the world have in the American dollar.”

Republicans, while expressing dissatisfaction that the measure did not provide more savings, said it was a modest but useful first step in reversing the government's spending course and claimed they had prevailed by keeping the agreement free of new revenue and offsetting the increase in the debt limit with spending cuts.

"I would like to say this bill solves our problems," said Representative Jeb Hensarling of Texas, a prominent fiscal hawk in the Republican leadership. "It doesn't. It is a solid first step."

Worried about defections by conservatives and liberals alike, leaders of both parties gathered their members for briefings to explain the proposal. Speaker [John A. Boehner](#) met specially with Republicans on the House Armed Services Committee, an important voting bloc whose members were raising alarms about potential spending cuts for the Pentagon.

Democrats, many disgruntled over what they saw as a White House-negotiated giveaway to Republicans, heard from Vice President [Joseph R. Biden Jr.](#), who told House and Senate members in separate meetings that the administration had to cut the deal with uncompromising Republicans to avoid a default.

Mr. Biden spent hours behind closed doors in the Capitol. According to participants in the meetings, he mixed listening and gentle persuasion, urging Democrats to back the plan.

Administration officials fanned out to make a case that the deal's structure — with a trigger that could force deep cuts in military spending as well as in domestic programs if the two parties cannot agree on how to reduce the deficit further — provided Democrats with more leverage to push for higher tax revenue as part of the solution rather than relying totally on spending cuts.

But many Democrats said they saw it as a deal negotiated on the backs of poor and working-class Americans, with no sacrifice by the rich in the form of tax increases.

"I wouldn't call it anger, but we are perplexed that it has turned out like it has," said Representative G.

K. Butterfield, Democrat of North Carolina, grimacing as he left the Biden meeting. “But we’ve run out of options and we know the consequences. I’ve heard horror stories from [the Great Depression](#). I don’t want my fingerprints on that.”

In the Senate, some Democrats attacked the plan and joined their House colleagues in complaining that the White House had bent to the will of an ideologically rigid majority in the House.

“This is capitulation to a radical fringe of the [Republican Party](#) that will not bend until they break this economy or get their own way,” said Senator Robert Menendez, Democrat of New Jersey. “This deal is not fair, and I will not support it.”

Senator [Harry Reid](#), the majority leader, acknowledged the unrest as the Senate prepared to follow the House in voting.

“Neither side got what they wanted, but it is the essence of compromise,” said Mr. Reid, who said most senators “realize the situation we’re in and the alternative.”

House and Senate Republicans, too, raised objections, saying the proposal fell short of what was needed and invested too much power in a new special joint committee that would be charged with finding \$1.5 trillion or more in future cuts by Thanksgiving after a first round of \$1 trillion called for in the legislation.

“This agreement falls short of addressing our historic economic challenges and does not alleviate the threat of a crippling downgrade in America’s credit rating,” said Representative Steve Southerland, a freshman Republican from Florida.

But Mr. Boehner, who negotiated the deal with the White House along with Senator Mitch McConnell, the minority leader, received two standing ovations in the private party meeting, and the House Republicans rallied around him in the final vote that he said represented a culture change in the nation’s capital.

“We are cutting spending,” Mr. Boehner told reporters. “We are spending less money next year in discretionary spending than we spent last year. You haven’t heard that kind of a statement before around this town.”

Several senators said they were struggling with what they would do, but suggested that if it became a matter of their yes vote or default, they would back the measure.

Senator Joseph I. Lieberman, an independent from Connecticut, said that because Republicans would not budge on new revenue and Democrats sought to protect entitlement programs, federal agencies would bear the brunt of the Congressional drive for deficit reduction.

“They are getting whacked,” Mr. Lieberman said.

He said he remained worried about the impact on the military if the new committee failed to produce deficit-reduction legislation later this year, triggering an across-the-board slice of more than \$1 trillion. Half of those savings would come from security-related spending.

Despite such misgivings, members of both parties welcomed the end of the debt-limit clash after months of intrigue, partisan rancor and stop-and-go negotiations that ultimately left Congress voting just hours before a deadline to avoid default.

“On to the next fight,” said Senator John Cornyn, Republican of Texas.

Lawmakers and aides were already speculating about who might be picked or passed over for the 12-member Joint Select Committee on Deficit Reduction and were arguing over whether the panel truly had the ability to seek new tax revenue.

But given the energy that had been expended in the fight, most members of Congress simply seemed ready to head home for the summer. The House dispatched lawmakers until Sept. 7. Senators were eager to follow.

“I have a home in Nevada that I haven’t seen in months,” Mr. Reid said wistfully on the floor. “My

pomegranate trees are, I'm told, blossoming.”

Jeff Zeleny and Jennifer Steinhauer contributed reporting.



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