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# The debt ceiling and the liberal public sphere

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**ABSTRACT:** In a series of recent essays, Robert Rowland has outlined the characteristics of the liberal public sphere. The dual purposes of the liberal public sphere are to provide appropriate representation to all stakeholders and to in some sense make wise choices about public policy. The present study tests the applicability of the liberal public sphere via a consideration of the debt ceiling debate that dominated American politics in the summer of 2011.

**KEYWORDS:** debt ceiling, liberal, public sphere

## 1. INTRODUCTION

In *The Audacity of Hope*, then Senator Barack Obama defined American democracy “as a conversation to be had” and added that the “framework and . . . rules” provided by the Constitution and other foundational statements could not “guarantee a just society.” Rather, the most important function of the Constitution was to “organize the way by which we argue about our future,” creating “a conversation . . . in which all citizens are required to engage in a process of testing their ideas against an external reality, persuading others of their point of view, and building shifting alliances of consent” (2006, p. 92). Senator Obama recognized that the true genius of Madison’s design of the American republic was not in the system of checks and balances, but in the idea expressed in Federalist No. 10 that through the give and take of debate in the public square that there could be “a republican remedy for the diseases most incident to republican government” (Madison, 1999, p. 167). That “republican remedy” depended on the proper functioning of the liberal public sphere.

Within argumentation studies, the dominant approach to the public sphere developed out of the work of Jürgen Habermas (1989), and has been extended by Calhoun (1992, 1993), Asen (2009), Goodnight (1982, 1992), and others. This research tradition focuses on access to argument, often discussing multiple publics, creating a “multiple public sphere” (Asen, 2009, p. 193, p. 195). Such an approach is especially valuable when considering how groups that have faced discrimination find a way to use rhetoric to state grievances. In other instances, however, the atomized approach is inappropriate, because it is the action of the whole that is at issue. The debate about the Obama health care plan is a good example of such a case (Rowland, 2012). In such instances, a research tradition focused on the liberal

public sphere (Rowland, 2003, 2005, 2006, 2012) provides the most appropriate means of both describing a given controversy and judging whether the public sphere functioned effectively. The liberal public sphere is the modern equivalent of the public square and includes all of the debate about a topic in political institutions, the media, the internet, and other contexts.

## 2. THE LIBERAL PUBLIC SPHERE

Writing of the American “constitutional system,” Thomas Mann and Norman Ornstein argue that the very purpose of what I label the liberal public sphere is to provide a means of “reconciling diverse interests and beliefs” through “adversarial debates and difficult negotiations” (2012, xi). Since the 2010 midterm election, the most important test of the capacity of the liberal public sphere to achieve that reconciliation and enact sensible public policy came in the 2011 debate about the debt ceiling, an issue so important that Bob Woodward called it “a political atomic bomb” (2012, p. 87).

There are four sets of actors in the liberal public sphere: the public, the representatives of the public, the media and the expert community. Each plays a crucial role in the functioning of the public sphere. The ultimate decision makers are the representatives of the public, including the president, Congress, the judiciary, as well as state and local elected officials, the administrative bureaucracy, and on some topics private actors in corporations or foundations whose actions influence policy. Madison recognized that “Enlightened statesmen will not always be at the helm” and that “public measures are rarely investigated with that spirit of moderation which is essential to a just estimate of the tendency to advance or obstruct the public good” (1999, p. 63, p. 194). These problems could be solved, he believed, only through authentic public debate in which advocates of all perspectives strongly presented their views. In the liberal public sphere, “Ambition must be made to counteract ambition” (Madison, 1999, p. 295). Thus, the function of the representatives of the public is to make sure that all reasonable views on a given topic are presented and that those views are authentic, based in the best available evidence, rather than mere ideological posturing. If such authentic debate occurred, he believed that good governance would result because “A bad cause seldom fails to betray itself” (1999, p. 230).

The role of the public is to pay attention to the debate, gather adequate information to make an informed evaluation of it, and then through public opinion influence the representatives of the public. Madison believed that “Public opinion sets bounds to every government,” but that because of the dangers posed by the “passions” that “it is the reason of the public alone that ought to control and regulate the government” (1999, p. 290, p. 500). The role of the expert community is to provide the best available information on the topic to both the public and the representatives of the public. Unlike contemporary scholars such as Goodnight (1982) and Fisher (1984) who fear expert domination in the public sphere, Madison focused on the need for expertise, writing that “a competent legislator” needs “a certain degree of knowledge of the subjects on which he is to legislate.” Madison cited as an example the need for knowledge about foreign trade in order to draft

legislation regulating it (1999, p. 306, p. 307). Obviously, the need for specialized knowledge and therefore active participation by experts has increased since Madison's time. The fourth actor in the public sphere, the media, play the crucial role of reporting on issues, thereby creating "a genuine commerce of ideas" (Sheehan, 2009, p. 103). Thus, it is crucial that the media both report the best available information and also that they do not base this reporting in ideology.

The liberal public sphere serves two closely related functions. First, if all actors perform their duties, whatever action taken should represent a legitimate government decision about which every stakeholder had a chance to state a case. Second, Madison was concerned about more than process. He also believed that a properly functioning liberal public sphere would choose sensible policies. In his view the "process of deliberation" inherent in the liberal public sphere "could produce results different from, and superior to" (Kloppenber, 2011, p. 157) other forms of decision making, leading to the creation of "one paramount Empire of reason, benevolence and brotherly affection" (Madison, 1999, p. 500).

The foregoing analysis indicates that the functionality of the public sphere in any given case can be evaluated by considering five questions:

- (1) Were the views of all of the relevant stakeholders represented in the debate?
- (2) Was the debate shaped by informed expert opinion?
- (3) Did the media report the dispute in a way that informed the public and the representatives of the public on the issue?
- (4) Did the public as a whole gather adequate information to assess the debate?
- (5) Did the better arguments in some sense win out in the end? In some instances, there may be no principled way to make this judgment, but in other cases there may be a wide consensus about the action that is needed. In such a case, a failure to act can only be seen as a failure of the liberal public sphere.

### 3. THE DEBT CEILING DEBATE IN 2011

Despite the fact that the debt ceiling had been raised "78 times since 1960" and that previously there had never been any chance of actual default (Harwood, 2011, A11; Mann & Ornstein, 2012, pp. 5-7), in 2011 the United States came perilously close to failing to raise the debt ceiling. This nearly occurred despite the fact that there was complete agreement, among the president, as well as Democratic and Republican leaders in Congress, that default would be in the words of House Majority Leader, Republican Eric Cantor, "a cataclysmic event" that could cause "the economy to go under" (Woodward, 2012, p. 188, p. 220). Moreover, there was a general expert consensus evident in "what a succession of bipartisan groups had proposed" around a debt reduction plan "including restraints on domestic and defense discretionary spending; cutbacks in the growth of Medicare, Medicaid, and Social Security; tax reform to reduce rates and broaden the tax base; and enough revenues to make up the difference" (Mann & Ornstein, 2012, pp. 15-16). Given the history of routinely

extending the debt ceiling, the fact that extending the debt ceiling did not in fact increase spending, but only accounted for spending already agreed to by Congress, the expert consensus on the best path to a long-term deficit deal, and the universal agreement on the catastrophic results of default, one might have expected a bi-partisan deal to be easily reached. Instead, a final deal would not be reached until the nation went to the very brink of default.

While much of the negotiation over a deal occurred in private, all parties used public statements and speeches to try to influence public opinion. Moreover, the details of negotiation have been reported by Scheiber (2011), Woodward (2012), and Mann & Ornstein (2012), and day to day developments were extensively covered in the media.

The negotiations developed in three stages. In the first stage, both House Republicans and the President laid out plans for dealing with the deficit. The second stage consisted of private negotiations between a White House team lead by Vice President Joe Biden and Republican legislators led by Majority Leader Eric Cantor. This in turn led to a long period of negotiation directly between Obama and House Speaker John Boehner. In the final stage, the president tried to influence public opinion in favor of what he called a “balanced” approach to deficit reduction.

The first stage was dominated by the competing budget proposals. The Republican plan, *The Path to Prosperity*, was authored by Representative Paul Ryan (2011). The Ryan plan was designed to save \$4 trillion by dramatically cutting discretionary spending and entitlements, while also substantially cutting taxes in a way that primarily helped the wealthy (Hulse, 2011, A1). Noam Scheiber describes it as “right-wing lunacy” (2011, p. 260). In response, President Obama called for a plan that included “roughly \$3 in spending cuts for every \$1 in tax increases” an approach that some of Obama’s aides believed “was too reasonable” (Scheiber, 2011, p. 269). Obama then made a major budget speech at George Washington University, in which he strongly defended his plan and attacked the Ryan plan (2011, April 13). Obama critiqued the Ryan plan for leading “to a fundamentally different America than the one we’ve known certainly in my lifetime,” arguing that it would produce major cuts in support for clean energy, education, transportation, and education. He also laid out the effect that the Ryan plan would have on entitlements and claimed that it reflected “a vision of our future that is deeply pessimistic.”

Obama’s critique was “stark, but accurate” (Cohn, 2011, April 13). Ryan, however, reacted angrily to the speech. During it, he sat “fuming in the front row” and later told an Obama advisor, “You just poisoned the well” (Calmes, 2012, A1). Given that the Ryan budget document attacked the current administration based on the premise that “American is drawing perilously close to a tipping point that has the potential to curtail free enterprise, transform its government, and weaken its national identity in ways that may not be reversible” (2011, April 5, 26), it seems clear that Obama’s critique was not beyond the bounds of normal political rhetoric. But to Obama, Ryan’s response indicated the danger of a disastrous breakdown in negotiations. The normal means to force concessions from an ideological opponent is to wage a campaign to create public pressure for compromise. But given Ryan’s reaction, the administration recognized that such a public campaign might backfire.

Scheiber quotes the view of an unnamed Obama aide that “publicly attacking the Republican would blow up the negotiations” (2011, p. 271).

The second stage consisted largely of private negotiations between the White House and Republican leadership in the House. In the initial negotiations between Biden and Cantor, it rapidly became clear that Republican negotiators were unwilling to agree to any increased revenue. In this situation, Democrats refused to agree to cuts that they otherwise might have supported because they did not feel that the negotiation was authentic (Woodward, 2012, p. 142). Since one side was refusing any compromise, while demanding major concessions from the other, it is hard to disagree with Scheiber’s comment that the Republican negotiating tactic involved “threatening the country with financial collapse unless they got their way on the budget” (2011, p. 268).

Beginning in the second and continuing into the third stage, President Obama and Speaker Boehner negotiated directly over a potential plan. By all accounts the negotiations almost succeeded in producing a so-called “grand bargain” built around cuts in discretionary spending, reform of entitlements, and increased revenue from tax reform. Ultimately, the deal foundered because “Boehner was simply incapable of bringing his party with him on any deal involving taxes, however minuscule the amount” (Scheiber, 2011, p. 278). Woodward (2012) argued forcefully that Obama mishandled the negotiations, but regardless of White House missteps, the inability of Boehner to agree to significant increased revenues because he feared “a firestorm of criticism from his own colleagues” (Mann & Ornstein, 2012, p. 21), made achieving a “grand bargain” impossible.

After the negotiations between Boehner and Obama had broken down, the president took “his case public” (Scheiber, 2011, p. 288). A typical example of his approach can be found in his address at the end of the negotiations (2011, July 25). In the speech, the president explained that “our growing debt could cost us jobs and do serious damage to the economy.” He made it clear “neither party is blameless for the decisions that led to this problem” and then argued for a “balanced approach” that would “cut domestic spending to the lowest level it’s been since Dwight Eisenhower was president,” as well as “ask the wealthiest Americans and biggest corporations to give up some of their breaks in the tax code.” He distinguished his approach from a “cuts-only approach” that “because nothing is asked of those at the top of the income scale . . . would close the deficit only with more severe cuts to programs we all care about.” In the remainder of the speech, he defended his approach in more detail, laid out negative effects of greater cuts, pointed out that previously “raising the debt ceiling was routine,” and argued that that something similar to the balanced approach had been followed by Presidents Clinton, Reagan and George H.W. Bush. He also laid out the effects of default, which he argued could only be produced by a “dysfunctional government.” The speech strongly supported the president’s position, but it was also substantive and included appeals for compromise.

In a duelling statement, (2011, July 25), Speaker Boehner characterized Obama’s administration as supporting a “spending binge” producing “a national debt that has gotten so out of hand it has sparked a crisis without precedent in my lifetime or yours,” a comment that ignored the fact that the crisis would immediately

disappear if Congress merely raised the debt ceiling. Boehner then characterized the president's "balanced approach" as "we spend more" and "you pay more," and added that Obama was "adamant that we cannot make fundamental changes to our entitlement programs," statements that simply ignored Obama's offer of 3 dollars in cuts for every dollar of revenue. Boehner's comments simply did not address the underlying issues in the dispute.

Obama's advocacy campaign had a stronger impact on public opinion than did that of Boehner and others. The Pew Research Center (2011, June 7; 2011, November 17) found that 62 percent favored "a balanced approach to deficit reduction," including "tax increase." Pew found that a mere 17 percent favored a deficit plan focusing "mostly on program reductions." A CNN poll (Page and Schouten, 2011, A1) found that "nearly two-thirds of those surveyed said congressional Republicans had not acted responsibly in the debt negotiations, while a majority credited Obama with acting responsibly."

At the conclusion of the negotiation, after the White House had been forced to agree to a plan that didn't include any revenue, but only cuts in spending, a plan that "skewed heavily toward Republican priorities" (Scheiber, 2011, p. 280), there was still no certainty that the Republicans in the House would accept even such a one-sided deal. It had become clear that "Republicans were willing to breach the debt ceiling, a prospect that terrified the White House" (Scheiber, 2011, p. 275). Woodward described the situation as "staring into the abyss with no idea what the outcome might be" and added that "It felt more and more like the Cuban Missile Crisis, only this time, the bombs were going to go off" (2012, p. 349, p. 350). Ultimately, the bombs did not go off, but it was a very near thing.

#### 4. CONCLUSION

The 2011 debate about the debt ceiling reveals serious dysfunction at the heart of the American liberal public sphere. In relation to both process and policy, there were major problems. Only one of the four primary actors in the public sphere fulfilled their societal role. The expert community provided basic economic information about the budget deficit, the origin of the debt ceiling, likely consequences of major cuts or default, and so on. Most experts in academia, major think tanks, and in study commissions coalesced around proposals to cut the long-term deficit, by reforming entitlements and defense, and raising revenue, while avoiding short-term cuts that could push the nation back into recession. While the expert community largely fulfilled its role in the liberal public sphere, their views were either ignored or denigrated by House Republicans. For many in this group, the very idea of expertise is tied to ideology (Mann & Ornstein, 2012, p. 187). It is common for postmodern critics to warn of risks of deference to expertise. The debt ceiling debate demonstrates that just as unthinking deference to expertise can disempower citizens, so unthinking ideological rejection of expertise can lead to policy dysfunction.

The other actors in the liberal public sphere failed to fulfil their proper societal functions. When President Obama laid out a strong case for a balanced approach to deficit reduction, conservatives took quite personally the criticism of

their positions. It quickly became clear to Obama that vigorous public debate about alternative approaches to deficit reduction risked disaster. For a time, this forced the debate into private negotiation. In those negotiations, one side refused the very idea of compromise and threatened to push the nation into default, unless the final deal included only cuts and no additional revenue. In this situation, the “voices of caution and prudence were drowned out by the take-no-prisoners crowd” (Mann & Ornstein, 2012, p. 27). Both the public and the media also failed to fulfil their proper roles. The public was woefully unaware of basic facts of government budget policy (Pew Research Center, 2010, January 28). They strongly favoured cuts, as long as those cuts did not impact them (Pew Research Center, 2011, April 12). The combination of lack of knowledge and total unwillingness to sacrifice meant that there was no significant public pressure to push Republican leaders to engage in genuine discussion with the president. The media reported on the debate, but their focus, as always, was on the horse-race, the give and take of politics, rather than the underlying economic issues. Moreover, the mainstream media steers by the lodestar of “balance.” However, in a debate where one side rejects the expert consensus and will brook no compromise, a journalism based in balance is itself unbalanced, “a distortion of reality” (Mann & Ornstein, 2012, p. 194).

The debt ceiling outcome was a policy debacle. The nation very nearly defaulted. The plan to cut the deficit that was enacted rejected the expert consensus that major cuts at the beginning of economic recovery following a serious downturn were a terrible idea and that the long-term deficit problem should be dealt with by a plan including significant increased revenue as well as efforts to reign in rising health care and defense costs and reform entitlements. Other than outright default, it is difficult to imagine a less sensible policy outcome. The ultimate irony was that while the deal was designed to respond to what conservatives saw as an impeding debt crisis, the immediate reaction of the markets made it clear that the deal worsened the problem. Shortly after the agreement, Standard & Poor’s downgraded government debt, resulting in a more than 600 point drop in the Dow. On the same day, however, interest rates on government bonds fell, making it clear that “investors craved the safety and security of U.S. debt” (Scheiber, 2011, p. 281). Investors saw that there was no immediate debt crisis. What terrified them was the failure of the liberal public sphere to come to a sensible agreement, when there was overwhelming expert consensus about the proper action. In the debt ceiling debate of 2011, American democracy itself failed.

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