



The Daily Dish

## September 22nd Edition

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The housing market is having a rough month with new numbers released. [Existing home sales fell](#) 4.8 percent in August. This coincided with a 4.7 percent increase in the average cost of a home. Additionally, a new study from Harvard University and Enterprise Community Partners shows that affordable housing will remain an issue. [According to the research](#), the percent of households spending over 50 percent of their income on rent is expected to grow 11 percent by 2025.

A government shutdown would cost more than Planned Parenthood receives in federal funding. [Click here to see a short AAF piece on the topic](#). You can read more about “The Looming Budget Impasse” by AAF President Douglas Holtz-Eakin below.

Military pay could be one of the next casualties of sequestration budget cuts. AAF’s new primer on the issue examines compensation for men and women in uniform. According to the primer, “For the third year in a row, American service members may receive one of the lowest pay raises in the history of the all-volunteer force.” [Click here for more on the issue](#).

### *Eakinomics: The Looming Budget Impasse*

Chatter about a government shutdown is rising, despite the public avowals of House Speaker John Boehner and Senate Majority Leader Mitch McConnell that they have no interest in closing the government. Unfortunately, not everyone in DC is on the same page; among Republicans the Planned Parenthood issue has reared its ugly head, Senate Democrats have filibustered every appropriations bill, and the administration has threatened to veto six of the bills even though they are not yet in final form for presidential signature. Given that a shutdown would be [costly](#) and economically counterproductive, I would [argue](#) that the president should drop cynical partisan politics, step up, and provide the leadership to get a funding bill across the finish line.

Stepping back, it would appear that there are three, related policy goals facing the Congress and administration: (1) fund the government, (2) raise the debt limit, and (3) address the dangers posed by the fiscal outlook. As I have noted before, over the next decade the debt and interest on that debt will spiral up to the point that the federal government will be essentially borrowing simply to pay interest on previous borrowing. This is dangerous territory. Moreover, the driving force is the rapid growth of entitlement programs like Medicare, Medicaid, the Affordable Care Act, and Social Security that are also squeezing the ability to fund national security, basic research, infrastructure, education and the other basic functions of government that even the Founders would recognize.

So the policy trifecta would be a bill that funds the government at suitable levels, raises the debt limit, and contains sufficient reductions in mandatory spending (i.e., entitlements) to lower the current and future deficits. That is a sensible policy package that fiscal conservatives should be happy to support. If their political opposition wants to oppose controlling the debt in favor of (a) a crisis in the market for Treasuries and (b) shutting the government, and (c) economic turmoil then they and the president should be willing to say why.

### ***From the Forum***

[Primer: Military Pay Raises](#) by Rachel Hoff, AAF Director of Defense Analysis; and Max Meizlish

[A Shutdown Would Cost More than Planned Parenthood Receives in Federal Funding](#) by Gordon Gray, AAF Director of Fiscal Policy

### ***Fact of the Day***

[The administration's greenhouse gas regulations are pricier than the defeated Cap-and-Trade bill from 2009.](#)