

Hicks-Ray Associates



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TO: WESTCAS Membership

FROM: Fred B. Hicks and Tom Ray

SUBJECT: Brinksmanship

Years ago, movie houses featured “serials” which ran week after week. At the end of each episode, the hero and/or heroine was always in a precarious position which required the moviegoer to return the next week to make certain that it was resolved. Some people loved this format. Others asked themselves, “Why is the person in the movie always getting themselves into so much trouble?”

The same can be said about the current situation in the Congress. FY12 begins a week from Saturday at midnight. No FY12 spending bills in their final form have been passed to date. Therefore, we’ve got to have a Continuing Resolution to keep the government open after next Friday.

Should be pretty simple wouldn’t you think? But yesterday the CR crafted by House Republican Leaders was voted down. The reason given was that the House CR stripped out a \$1.5 billion DOE loan program for clean cars and that it provided only \$3.65 billion instead of the \$7 billion in the Senate version of the measure for FEMA disaster relief.

You might be saying to yourself, “at least it’s only Thursday, so the Congress has more than a week to resolve this.” But you would be wrong. The House and the Senate are set to go on recess tomorrow and won’t come back into session until Monday, October 3. So all of the CR issues have to be resolved by tomorrow afternoon or, “gasp,” the Congress might have to stay in session over the weekend or even longer to settle the CR issue.

If you are thinking, “haven’t I seen this movie before,” you would be correct. The default follies were occurring less than two months ago.

What will be the bottom line in all of this? There seems to be a consensus that the FY12 CR should run only until November 18th, at which time the Federal government would once again be in danger of a shut-down. So if you are a fan of this kind of entertainment, once we get through this current “crisis” there will almost certainly be another one in mid-November. And if you still want more, there will be yet another around December 23rd as the Congress votes on the budget cutting recommendations of the newly created “Super Committee.”

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