

Supercommittees That Work

By Sol Erdman and Lawrence Susskind

Congress has ignored every committee or commission that has proposed sensible reforms for entitlements, the tax code and government spending. Who, then, could mend our nation's finances?

We need a committee that will not only negotiate even-handed fiscal policies but that can also rally the American people to back their proposals. With enough voters on board, lawmakers intent on reelection would be likely to support those measures as well.

Several committees have in fact developed fair, intelligent solutions to other national controversies and, then, persuaded all the camps involved to endorse their proposals. If we learn from these past successes, we can resolve our current conflicts over taxes, deficits and federal spending.

In the 1990s, for instance, six corporate CEOs, seven environmental leaders, and five senior federal officials were sufficiently weary of their battles over environmental policy that they negotiated a 185-page plan for resolving their major conflicts.

Each corporate chieftain then pitched the plan to other executives in his/her industry. The environmentalists courted other environmental groups. And the federal officials sought backing from other regulatory agencies. Each audience agreed that the plan would be far better for them than continuing their long-standing battles.

Committees with similar profiles have resolved other contentious issues. In 2009, for instance, federal regulators invited car companies, environmental groups, labor unions, and various state governments to pick representatives who would negotiate new fuel economy standards for cars and trucks.

Given that opportunity, the representatives negotiated new standards they all preferred over existing regulations. Each representative then convinced most people in his/her own camp that these new standards would meet their needs better than what regulators might impose.

Similar committees have crafted regulations on other divisive issues, such as nuclear waste disposal, food safety, student loans and public housing. Each time, the negotiators won support from all the interest groups involved.

How did they do it?

Three factors led to these successes:

1) Each committee member represented one of the key interest groups.

2) No interest group or coalition of them had enough power to make headway on its own. So to advance his group's agenda, each representative had to negotiate with his/her counterparts. They all eventually realized that they would make the most progress if they negotiated a deal with the greatest total benefits at the most efficient cost. They could then parcel out the costs and benefits so that each representative gained enough ground to support the deal.

3) Each group of constituents trusted that their representative was looking out for their interests. So most people accepted their spokesperson's explanation that the deal met their priorities as closely as they could get.

These episodes also illustrate why Congress deadlocks over many economic issues. Unlike the representatives above, each lawmaker represents dozens of groups — whose interests often clash — including the young, the middle-aged, senior citizens, blue-collar workers, white-collar workers, business owners, the unemployed, singles, couples and families with children.

How then can a congressperson convince most voters that he is acting in their economic interests? That would be like one federal regulator trying to convince environmentalists, corporate CEOs and consumers that he has all of their best interests at heart. It would be a tough case to make.

And a lawmaker has no need to make it. To win reelection, a congressperson just has to convince most voters that the other party would harm their interests even more. Each lawmaker thus has constant incentives to make the other party look incompetent, untrustworthy or worse.

But representatives who met the three criteria above would have very different incentives. Suppose, for instance, that each socioeconomic group of Americans could choose a representative they trusted to speak for them on taxes, entitlements and federal spending. How could any representative advance his constituents' interests? He'd need to negotiate a deal with his counterparts, a deal that Congress would

actually enact, which means a deal that voters across the spectrum would support.

To get there, the representatives would need to craft a deal that benefited the country as a whole as much as they could manage and then parcel out costs and benefits so each socioeconomic group made gains.

Most voters would still resist parts of that plan, such as curbs in their entitlements or tax deductions. But each socioeconomic group would have picked its own spokesperson. So he/she would be in the best position to show his constituents that current fiscal policies would soon ruin our nation's finances and thus their families' finances. He could then spell out how the deal he had negotiated would serve their interests far better than our country's current course.

Granted, finding representatives who could make that case nationwide would be a complex process. But what's the alternative? Will Congress, on its own, agree on tax and spending policies that help America thrive? If not, our country is headed in the same direction as Greece. If we can avoid that fate by taking extraordinary measures, how can we not take them?

Congress might even welcome these measures — because 83% of voters disapprove of Congress now. To appease some of those angry voters, lawmakers might welcome a search for representatives who could find a widely acceptable solution to our economic plight.

Even so, Congress is unlikely to initiate that search. But public-spirited entrepreneurs concerned about our nation's finances might provide the funds to do that job.

Whoever filled that role, what matters most is that each group of Americans get a representative it can trust. These representatives would then be in the best position to win nationwide support for a comprehensive economic plan. And with enough voter support, both political parties would have incentives to adopt that proposal.

An ambitious undertaking, but this kind of process has resolved other intractable issues. And without this process, how will Congress make the fair, intelligent decisions that will restore our economic health?

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