In 2014 It Will Be About The Economy Stupid!

This is part 1 of a multipart look at the so-called economic recovery, the current congressional debates on Obamacare and the debt ceiling, and how these things will impact your household as we move into 2014.

September 25, 2013 - Both the FED and the federal government keep telling the American public that the economy is recovering from the Great Recession. But what they are saying doesn't necessarily mesh what they are doing. At the same time, congress is in the middle of two separate economic debates; one over defunding Obamacare and the other involving the debt ceiling.

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While all of these issues are totally engrossing for those of us who like economics, I'm well aware of the fact that most people are bored to tears with them. And the way they are discussed in the mainstream media doesn't help matters. They either talk in terms of trillions of dollars - a concept that is ethereal for most people - or frame the topics in Chicken Little terms - the sky is fallingâ€¦ right now! That's unfortunate because most people simply want to know how they will be impacted as individuals.

So we're going to do a series of articles on the issues mentioned above. Today, we're going to tackle the debate over the Affordable Care Act (ACA), also known as Obamacare. We're taking this topic first because the issue is currently being debated in congress.

Why is Congress debating Obamacare again now?

The short answer is that Obamacare isn't the subject of the debate but if you listen to the news, you'd never know it. Nothing in Washington is ever quite what it seems.

The bill that is being debated in Washington right now is for what is called a "continuing resolution". Since the Senate hasn't passed a government budget for several years, they needed another type of law to allow the government to continue to spend money. A continuing resolution provides that authority.

The Constitution states that all laws which appropriate money must originate in the House of Representatives. Last week, the House passed a continuing resolution which included language to defund the ACA. After passage, they sent the bill

to the Senate.

The Senate doesn't like the language in the bill regarding ACA, so they are likely to pass their own version which won't contain the ACA provisions. That bill will then be sent back to the House for another vote.

If the House and Senate can't come to a compromise, the end result will be a government shutdown. As it stands right now, the government will have no authority to continue spending money as of October 1. That's the date that nonessential services would stop.

Who determines which services are essential?
That decision rests with the President.

How would a government shutdown affect my family?

That really depends on what government services your family needs or uses.

The most visible changes that the public would see will probably be things like national parks would be closed. You may also find that it takes longer to go through airport security and flight delays because of reductions in the number of air traffic controllers that will be on duty.

While the items mentioned above are primarily inconveniences, a shutdown would create other issues that will be less obvious to the general public. Social Security checks may not go out on time. Essential government workers may be forced to report to work but wouldn't be able to get paid until the shutdown was resolved. Many government workers would be furloughed and if the shutdown went on for very long, private sector workers who reliant on government contracts could also be impacted.

The bottom line is that if your paycheck or retirement funds come directly from the federal government, then you will probably be financially impacted personally.

What are the chances of a shutdown actually occurring?

That's hard to say but they appear to be increasing daily. House Republicans, Senate Democrats and the President have all staked out positions that don't give themselves much wiggle room.

How long would a shutdown last?

That's up to congress and the President but a long shutdown is unlikely because of the damage it would do to the reelection chances for many members of congress.

Who would receive the blame for a shutdown?

The most recent Pew poll was fairly evenly split between blaming the President and GOP House members. Who would you blame? We've created a poll that you can find here (NOTE: you will need to be a LinkedIn member to take the poll). We want your opinion and we'll share the results.

What else should I know?

Even if the continuing resolution does pass both houses of Congress in the next few days, and if the President signs it, the country is in for another similar debate in January. The current bill only provides two months of funding for the

government.
In our next article, we'll discuss the debt ceiling.

byJim Malmberg
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