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The Political Scene

The Obama Memos

The making of a post-post-partisan Presidency.

by Ryan Lizza January 30, 2012



Hundreds of pages of internal White House memos show Obama grappling with the unpleasant choices of government.

On a frigid January evening in 2009, a week before his Inauguration, Barack Obama had dinner at the home of George Will, the *Washington Post* columnist, who had assembled a number of right-leaning journalists to meet the President-elect. Accepting such an invitation was a gesture on Obama's part that signalled his desire to project an image of himself as a post-ideological politician, a Chicago Democrat eager to forge alliances with conservative Republicans on Capitol Hill. That week, Obama was still working on an Inaugural Address that would call for "an end to the petty grievances and false promises, the recriminations and worn-out dogmas that for far too long have strangled our politics." Obama sprang coatless from his limousine and headed up the steps of Will's yellow clapboard house. He was greeted by Will, Michael Barone, David Brooks, Charles Krauthammer, William Kristol, Lawrence Kudlow, Rich Lowry, and Peggy Noonan. They were Reaganites all, yet some had paid tribute to Obama during the campaign. Lowry, who is the editor of the *National Review*, called Obama "the only presidential candidate from either party about whom there is a palpable excitement." Krauthammer, an intellectual and ornery voice on Fox News and in the pages of the *Washington Post*, had

written that Obama would be “a president with the political intelligence of a Bill Clinton harnessed to the steely self-discipline of a Vladimir Putin,” who would “bestride the political stage as largely as did Reagan.” And Kristol, the editor of the *Weekly Standard* and a former aide to Dan Quayle, wrote, “I look forward to Obama’s inauguration with a surprising degree of hope and good cheer.”

Over dinner, Obama searched for points of common ground. He noted that he and Kudlow agreed on a business-investment tax cut. “He loves to deal with both sides of the issue,” Kudlow later wrote. “He revels in the back and forth. And he wants to keep the dialogue going with conservatives.” Obama’s view, shared with many people at the time, was that professional pundits were wrong about American politics. It was a myth, he said, that the two political parties were impossibly divided on the big issues confronting America. The gap was surmountable. Compared with some other Western countries, where Communists and far-right parties sit in the same parliament, the gulf between Democrats and Republicans was narrow.

Obama’s homily about conciliation reflected an essential component of his temperament and his view of politics. In his mid-twenties, he won the presidency of the *Harvard Law Review* because he was the only candidate who was trusted by both the conservative and the liberal blocs on the editorial staff. As a state senator in Springfield, when Obama represented Hyde Park-Kenwood, one of the most liberal districts in Illinois, he kept his distance from the most left-wing senators from Chicago and socialized over games of poker and golf with moderate downstate Democrats and Republicans. In 1998, after helping to pass a campaign-finance bill in the Illinois Senate, he boasted in his community paper, the *Hyde Park Herald*, that “the process was truly bipartisan from the start.” A few years later, Obama ran for the U.S. Senate and criticized “the pundits and the prognosticators” who like to divide the country into red states and blue states. He made a speech against the invasion of Iraq but alarmed some in the distinctly left-wing audience by pointing out that he was not a pacifist, and that he opposed only “dumb wars.” At the 2004 Democratic Convention, in Boston, Obama delivered a retooled version of the stump speech about ideological comity—“There is not a liberal America and a conservative America; there is the United States of America!”—and became a national political star. In 2006, Obama published a mild polemic, “The Audacity of Hope,” which became a blueprint for his 2008 Presidential campaign. He described politics as a system seized by two extremes. “Depending on your tastes, our condition is the natural result of radical conservatism or perverse liberalism,” he wrote. “Tom DeLay or Nancy Pelosi, big oil or greedy trial lawyers, religious zealots or gay activists, Fox News or the *New York Times*.” He repeated the theme later, while describing the fights between Bill Clinton and the Newt Gingrich-led House, in the nineteen-nineties: “In the back-and-forth between Clinton and Gingrich, and in the elections of 2000 and 2004, I sometimes felt as if I were watching the psychodrama of the Baby Boom generation—a tale rooted in old grudges and revenge plots hatched on a handful of college campuses long ago—played out on the national stage.” Washington, as he saw it, was self-defeatingly partisan. He believed that “any attempt by Democrats to pursue a more sharply partisan and ideological strategy misapprehends the moment we’re in.”

If there was a single unifying argument that defined Obamaism from his earliest days in politics to his Presidential campaign, it was the idea of post-partisanship. He was proposing himself as a transformative figure, the man who would spring the lock. In an

essay published in *The Atlantic*, Andrew Sullivan, a self-proclaimed conservative, reflected on Obama's heady appeal: "Unlike any of the other candidates, he could take America—finally—past the debilitating, self-perpetuating family quarrel of the Baby Boom generation that has long engulfed all of us."

Obama was not exaggerating the toxic battle that has poisoned the culture of Washington. In the past four decades, the two political parties have become more internally homogeneous and ideologically distant. In "The Audacity of Hope," Obama wrote longingly about American politics in the mid-twentieth century, when both parties had liberal and conservative wings that allowed centrist coalitions to form. Today, almost all liberals are Democrats and almost all conservatives are Republicans. In Washington, the center has virtually vanished. According to the political scientists Keith T. Poole and Howard Rosenthal, who have devised a widely used system to measure the ideology of members of Congress, when Obama took office there was no ideological overlap between the two parties. In the House, the most conservative Democrat, Bobby Bright, of Alabama, was farther to the left than the most liberal Republican, Joseph Cao, of Louisiana. The same was true in the Senate, where the most conservative Democrat, Ben Nelson, of Nebraska, was farther to the left than the most liberal Republican, Olympia Snowe, of Maine. According to Poole and Rosenthal's data, both the House and the Senate are more polarized today than at any time since the eighteen-nineties.

It would be hard for any President to reverse this decades-long political trend, which began when segregationist Democrats in the South—Dixiecrats like Strom Thurmond—left the Party and became Republicans. Congress is polarized largely because Americans live in communities of like-minded people who elect more ideological representatives. Obama's rhetoric about a nation of common purpose and values no longer fits this country: there really is a red America and a blue America.

Polarization also has affected the two parties differently. The Republican Party has drifted much farther to the right than the Democratic Party has drifted to the left. Jacob Hacker, a professor at Yale, whose 2006 book, "Off Center," documented this trend, told me, citing Poole and Rosenthal's data on congressional voting records, that, since 1975, "Senate Republicans moved roughly twice as far to the right as Senate Democrats moved to the left" and "House Republicans moved roughly six times as far to the right as House Democrats moved to the left." In other words, the story of the past few decades is asymmetric polarization.

Two well-known Washington political analysts, Thomas Mann, of the bipartisan Brookings Institution, and Norman Ornstein, of the conservative American Enterprise Institute, agree. In a forthcoming book about Washington dysfunction, "It's Even Worse Than It Looks," they write, "One of our two major parties, the Republicans, has become an insurgent outlier—ideologically extreme, contemptuous of the inherited social and economic policy regime, scornful of compromise, unpersuaded by conventional understanding of facts, evidence and science, and dismissive of the legitimacy of its political opposition."

Three years ago, when Obama explained to George Will and his guests his theory of a centrist Washington, he had some reason to believe it. After all, the pillars of his agenda seemed to enjoy bipartisan support. To some extent, his health-care plan had been designed and employed by a Republican governor, Mitt Romney, of Massachusetts. His policy for addressing climate change, known as "cap and trade," had its roots in the first Bush White House. The Troubled Asset Relief Program, a bipartisan policy to rescue

failing banks, was designed by the second Bush Administration. As for the economy, conservative and liberal economists agreed that fiscal stimulus was the necessary response to a recession; the only question was how much stimulus. Politics in America, Obama confidently told people in Washington just before taking office, is played "between the forty-yard lines."

As a new President, Obama did not anticipate how effectively his political opponents would cast him as a polarizing figure. Despite the bonhomie at Will's house, most Republicans viewed him as a wily Chicago politician cosseted by a sympathetic liberal media. The over-all description was a caricature, but there is enough in Obama's political biography for Republicans to make a case. In fact, his ascent from law professor to President in a decade was marked by a series of political decisions that undercut some of his claims on the subject of partisanship and political reform.

In 1996, during his first run for office, in the Illinois State Senate, Obama defeated his former political mentor Alice Palmer by successfully challenging her nominating petitions and forcing her off the ballot, effectively ending her career. A few years later, Illinois Democrats, after toiling in the minority in the Senate, gerrymandered the state to produce a Democratic majority. While drafting the new political map, Obama helped redraw his own district northward to include some of Chicago's wealthiest citizens, making the district a powerful financial and political base that he used to win his U.S. Senate seat, a few years later.

Another hard-edged decision helped make him the Democratic Presidential nominee. In early October, 2007, David Axelrod and Obama's other political consultants wrote the candidate a memo explaining how he could repair his floundering campaign against Hillary Clinton. They advised him to attack her personally, presenting a difficult choice for Obama. He had spent years building a reputation as a reformer who deplored the nasty side of politics, and now, he was told, he had to put that aside. Obama's strategists wrote that all campaign communications, even the slogan—"Change We Can Believe In"—had to emphasize distinctions with Clinton on character rather than on policy. The slogan "was intended to frame the argument along the character fault line, and this is where we can and must win this fight," the memo said. "Clinton can't be trusted or believed when it comes to change," because "she's driven by political calculation not conviction, regularly backing away and shifting positions. . . . She embodies trench warfare vs. Republicans, and is consumed with beating them rather than unifying the country and building consensus to get things done. She prides herself on working the system, not changing it." The "current goal," the memo continued, was to define Obama as "the only authentic 'remedy' to what ails Washington and stands in the way of progress."

Obama's message promised voters, in what his aides called "the inspiration," that "Barack Obama will end the divisive trench warfare that treats politics as a game and will lead Americans to come together to restore our common purpose." Clinton was too polarizing to get anything done: "It may not be her fault, but Americans have deeply divided feelings about Hillary Clinton, threatening a Democratic victory in 2008 and insuring another four years of the bitter political battles that have plagued Washington for the last two decades and stymied progress."

Neera Tanden was the policy director for Clinton's campaign. When Clinton lost the Democratic race, Tanden became the director of domestic policy for Obama's general-election campaign, and then a senior official working on health care in his Administration.

She is now the president of the liberal Center for American Progress, perhaps the most important institution in Democratic politics. "It was a character attack," Tanden said recently, speaking about the Obama campaign against Clinton. "I went over to Obama, I'm a big supporter of the President, but their campaign was entirely a character attack on Hillary as a liar and untrustworthy. It wasn't an 'issue contrast,' it was entirely personal." And, of course, it worked.

The fourth momentous decision of Obama's political career provided the financial boost that made him President. On June 19, 2008, he announced that he would be the first Presidential candidate since 1976 to forgo public funds, which allow candidates to run in the general election while limiting the corrupting influence of fund-raising. This was an awkward and hypocritical decision, given that in 2007 Obama had explicitly promised that he would stay in the system. David Plouffe, his campaign manager, wrote in his memoir, "The Audacity to Win," that the promise had been a mistake: "We were overly concerned with making sure the reform community and elites like the New York *Times* editorial board, which care deeply about these issues, would look favorably on our approach." Obama, Plouffe noted, was "genuinely torn," but was eventually convinced that victory trumped idealism. Obama's choice allowed him to raise unlimited amounts of money while John McCain, who remained in the system, was limited to a check from the government for eighty-four million dollars. From September 1st to Election Day, Obama outspent McCain by almost three to one, and, as many Republicans are quick to note, ran more negative ads than any Presidential candidate in modern history.

There are obvious justifications for these four decisions. Alice Palmer had used phony signatures to get on the ballot, and Obama's challenge was perfectly legal. The Democrats' gerrymandering of Illinois was routine and no more outrageous than what happens in most other states. Compared with other Presidential primaries, Obama's attacks against Hillary Clinton were relatively mild. Finally, if McCain could have raised more money outside the public-financing system, he surely would have. Still, Obama's actual political biography is more partisan and ruthless than the version he has told over the years in countless "post-partisan" speeches and in "The Audacity of Hope."

At George Will's house, Obama impressed his companions. He got a big laugh when he teased David Brooks, a *Times* columnist who is a less orthodox conservative than the others, by asking him, "What are you doing here?" Kudlow said that the tone of the dinner was essentially "We're going to disagree, but we wish you well." As the President-elect departed, Rich Lowry grabbed Obama's hand and said softly, "Sir, I'll be praying for you." The premise of the Obama campaign was unusual. "Change We Can Believe In" wasn't just about a set of policies; it was more grandiose. Obama promised to transcend forty years of demographic and ideological trends and reshape Washington politics. In the past three years, though, he has learned that the Presidency is an office uniquely ill-suited for enacting sweeping change. Presidents are buffeted and constrained by the currents of political change. They don't control them.

George C. Edwards III, a political scientist at Texas A. & M., who has sparked a quiet revolution in the ways that academics look at Presidential leadership, argues in "The Strategic President" that there are two ways to think about great leaders. The common view is of a leader whom Edwards calls "the director of change," someone who reshapes public opinion and the political landscape with his charisma and his powers of persuasion. Obama's many admirers expected him to be just this.

Instead, Obama has turned out to be what Edwards calls “a facilitator of change.” The facilitator is acutely aware of the constraints of public opinion and Congress. He is not foolish enough to believe that one man, even one invested with the powers of the Presidency, can alter the fundamentals of politics. Instead, “facilitators understand the opportunities for change in their environments and fashion strategies and tactics to exploit them.” Directors are more like revolutionaries. Facilitators are more like tacticians. Directors change the system. Facilitators work the system. Obama’s first three years as President are the story of his realization of the limits of his office, his frustration with those constraints, and, ultimately, his education in how to successfully operate within them. A close look at the choices Obama made on domestic policy, based on a review of hundreds of pages of internal White House documents, reveals someone who is canny and tough—but who is not the President his most idealistic supporters thought they had elected.

2. AN ECONOMIC JUDGMENT

Mario Cuomo said that Presidents campaign in poetry and govern in prose, and Obama’s shift from Keats to Keynes was abrupt. Before he even entered office, he had to deal with an economic cataclysm. The initial debate was framed by a fifty-seven-page memo to the President-elect, dated December 15, 2008, written by Larry Summers, his incoming director of the National Economic Council. Marked “Sensitive and Confidential,” the document, which has never been made public, presents Obama with the scale of the crisis. “The economic outlook is grim and deteriorating rapidly,” it said. The U.S. economy had lost two million jobs that year; without a government response, it would lose four million more in the next year. Unemployment would rise above nine per cent unless a significant stimulus plan was passed. The estimates were getting worse by the day. Summers informed Obama that the government was already spending well beyond its means. Yet in the coming months Obama would have to sign, in addition to a stimulus bill, several pieces of legislation left over from the Bush Administration: a hundred-billion-dollar funding bill for the wars in Afghanistan and Iraq; perhaps three hundred and fifty billion dollars more in funds from Bush’s TARP program, to prop up banks; and a four-hundred-and-ten-billion-dollar spending bill that was stuck in Congress. Obama would need resources to save G.M. and Chrysler, which were close to bankruptcy, and to address the collapsing housing market, which he was told would be hit with five million foreclosures during his first two years in office. Summers cautioned Obama, who had run as a fiscal conservative and attacked his Republican opponent for wanting to raise taxes, that he was about to preside over an explosion of government spending: “This could come as a considerable sticker shock to the American public and the American political system, potentially reducing your ability to pass your agenda and undermining economic confidence at a critical time.”

Obama was told that, regardless of his policies, the deficits would likely be blamed on him in the long run. The forecasts were frightening, and jeopardized his ambitious domestic agenda, which had been based on unrealistic assumptions made during the campaign. “Since January 2007 the medium-term budget deficit has deteriorated by about \$250 billion annually,” the memo said. “If your campaign promises were enacted then, based on accurate scoring, the deficit would rise by another \$100 billion annually. The consequence would be the largest run-up in the debt since World War II.”

There was an obvious tension between the warning about the extent of the financial crisis, which would require large-scale spending, and the warning about the looming federal

budget deficits, which would require fiscal restraint. The tension reflected the competing concerns of two of Obama's advisers. Christina Romer, the incoming chairman of the Council of Economic Advisers, drafted the stimulus material. A Berkeley economist, she was new to government. She believed that she had persuaded Summers to raise the stimulus recommendation above the initial estimate, six hundred billion dollars, to something closer to eight hundred billion dollars, but she was frustrated that she wasn't allowed to present an even larger option. When she had done so in earlier meetings, the incoming chief of staff, Rahm Emanuel, asked her, "What are you smoking?" She was warned that her credibility as an adviser would be damaged if she pushed beyond the consensus recommendation.

Peter Orszag, the incoming budget director, was a relentless advocate of fiscal restraint. He was well known in Washington policy circles as a deficit hawk. Orszag insisted that there were mechanical limits to how much money the government could spend effectively in two years. In the Summers memo, he contributed sections about historic deficits and the need to scale back campaign promises. The Romer-Orszag divide was the start of a rift inside the Administration that continued for the next two years.

Since 2009, some economists have insisted that the stimulus was too small. White House defenders have responded that a larger stimulus would not have moved through Congress. But the Summers memo barely mentioned Congress, noting only that his recommendation of a stimulus above six hundred billion dollars was "an economic judgment that would need to be combined with political judgments about what is feasible." He offered the President four illustrative stimulus plans: \$550 billion, \$665 billion, \$810 billion, and \$890 billion. Obama was never offered the option of a stimulus package commensurate with the size of the hole in the economy—known by economists as the "output gap"—which was estimated at two trillion dollars during 2009 and 2010. Summers advised the President that a larger stimulus could actually make things worse. "An excessive recovery package could spook markets or the public and be counterproductive," he wrote, and added that none of his recommendations "returns the unemployment rate to its normal, pre-recession level. To accomplish a more significant reduction in the output gap would require stimulus of well over \$1 trillion based on purely mechanical assumptions—which would likely not accomplish the goal because of the impact it would have on markets."

Paul Krugman, a *Times* columnist and a Nobel Prize-winning economist who persistently supported a larger stimulus, told me that Summers's assertion about market fears was a "bang my head on the table" argument. "He's invoking the invisible bond vigilantes, basically saying that investors would be scared and drive up interest rates. That's a major economic misjudgment." Since the beginning of the crisis, the U.S. has borrowed more than five trillion dollars, and the interest rate on the ten-year Treasury bills is under two per cent. The markets that Summers warned Obama about have been calm.

Summers also presumed that the Administration could go back to Congress for more. "It is easier to add down the road to insufficient fiscal stimulus than to subtract from excessive fiscal stimulus," he wrote. Obama accepted the advice. This view—that Congress would serve as a partner to a popular new President trying to repair the economy—proved to be wrong.

At a meeting in Chicago on December 16th to discuss the memo, Obama did not push for a stimulus larger than what Summers recommended. Instead, he pressed his advisers to

include an inspiring “moon shot” initiative, such as building a national “smart grid”—a high-voltage transmission system sometimes known as the “electricity superhighway,” which would make America’s power supply much more efficient and reliable. Obama, still thinking that he could be a director of change, was looking for something bold and iconic—his version of the Hoover Dam—but Romer and others finally had a “frank” conversation with him, explaining that big initiatives for the stimulus were not feasible. They would cost too much, and not do enough good in the short term. The most effective ideas were less sexy, such as sending hundreds of millions of dollars to the dozens of states that were struggling with budget crises of their own.

The stimulus was the first test of Obama’s theory that politics is played in the center of the field—and of the G.O.P.’s ability to define him as a liberal wastrel. By late January, 2009, the bill had cleared the House without a single Republican vote, and was stuck in the Senate, where the reception from the right was also antagonistic. Senator Jim DeMint, of South Carolina, an emerging leader of the grassroots opposition to the President, declared that the stimulus was “the worst piece of economic legislation Congress has considered in a hundred years.” Not since the creation of the income tax, he said, “has the United States seriously entertained a policy so comprehensively hostile to economic freedom, or so arrogantly indifferent to economic reality.” Obama had loaded his bill with tax cuts in order to lure Republicans, but DeMint dismissed them. “Think of it this way,” he said. “If nearly every Democrat in Congress supports a tax cut, it’s not really a tax cut.” DeMint called his alternative to the President’s plan “the American Option.”

On February 1st, a day before Obama was scheduled to meet with congressional leaders from both parties to make his case for the stimulus, his advisers wrote him a memo recommending that he keep the stimulus package from growing: “We believe that it is critical to draw a sharp line not to exceed \$900 billion, so that the size of the package does not spiral out of control.” Senators would likely amend the bill to add about forty billion dollars in personal projects—some worthy, some wasteful. At the same time, Obama hadn’t abandoned his dream of a moon-shot project. He had replaced the smart grid with a request for twenty billion dollars in funding for high-speed trains. But including that request was risky. “Critics may argue that such a proposal is not appropriate for a recovery bill because the funding we are proposing is likely to be spent over 10+ years,” the advisers wrote.

To find the extra money—forty billion to satisfy the senators and twenty billion for Obama—the President needed to cut sixty billion dollars from the bill. He was given two options: he could demand that Congress remove a seventy-billion-dollar tax provision that was worthless as a stimulus but was important to the House leadership, or he could cut sixty billion dollars of highly stimulative spending. He decided on the latter.

Obama was then presented with a chart of six stimulus policies—Making Work Pay, a tax credit for jobholders that was a centerpiece of his campaign; education spending; state fiscal relief; funding for the National Institutes of Health; tax-credit bonds; and Social Security and veterans’-benefits payments—with recommendations for cuts in the programs that would save sixty-one billion dollars. Obama’s advisers told him, “A key part of the strategy involved in these savings is that you are putting your priorities—for example, Making Work Pay and education—on the table in order to get this deal done.” His aides had hoped that the Senate would pass the legislation with eighty votes,

including more than twenty Republicans. At the bottom of the chart, the President wrote "OK."

Even as the severity of the economic crisis became clear, Obama and Congress worked together to make the stimulus smaller. The bill, known as the Recovery Act, passed at \$787 billion, with three Republican votes in the Senate, including that of Arlen Specter, of Pennsylvania, who later became a Democrat. It was the Administration's first recognition that congressional Republicans had little interest in the President's offer to meet them halfway. It turned out that the ideological divide he had set out to bridge was not just a psychodrama.

3. WORTH DISCUSSING

Each night, an Obama aide hands the President a binder of documents to review. After his wife goes to bed, at around ten, Obama works in his study, the Treaty Room, on the second floor of the White House residence. President Bush preferred oral briefings; Obama likes his advice in writing. He marks up the decision memos and briefing materials with notes and questions in his neat cursive handwriting. In the morning, each document is returned to his staff secretary. She dates and stamps it—"Back from the OVAL"—and often e-mails an index of the President's handwritten notes to the relevant senior staff and their assistants. A single Presidential comment might change a legislative strategy, kill the proposal of a well-meaning adviser, or initiate a bureaucratic process to answer a Presidential question.

If the document is a decision memo, its author usually includes options for Obama to check at the end. The formatting is simple, but the decisions are not. As Obama told the *Times*, early in his first term, Presidents are rarely called on to make the easy choices. "Somebody noted to me that by the time something reaches my desk, that means it's really hard," he said. "Because if it were easy, somebody else would have made the decision and somebody else would have solved it."

On February 5, 2009, just as Obama was negotiating the final details of the stimulus package, Summers and Timothy Geithner, the Treasury Secretary, drafted a memo to the President outlining a plan to save the collapsing banks. TARP, they believed, wouldn't be enough. Seventy per cent of Americans' assets were in four banks, three of which were in serious trouble. If the situation worsened, Obama might need to nationalize one or more institutions that were "at the doorstep of failure." Indeed, "there is a significant chance that Citigroup, Bank of America, and possibly others could ultimately end up in this category." Nationalization would expose the government to enormous financial risk and political peril. Obama would be forced to take "actions to get the government a dominant ownership position," and the banks would then "be subject to substantial restructuring and government control including the replacement of long-standing top management and long-standing directors." It was unclear whether such a takeover was legal. Moreover, there was a "real risk" that seizing control of banks could, in fact, destroy them.

Obama would need congressional support if he pursued nationalization. Geithner and Summers recommended that, if necessary, the F.D.I.C., which provides deposit insurance to millions of Americans, be used to take over the troubled banks. The F.D.I.C. was partly funded by small community banks, which garnered more sympathy than Wall Street firms. They warned Obama, "We may, by being proactive, be blamed for causing the problems we are seeking to preempt. Further, there is the risk that by attempting a program of this

kind, we will pull the 'band-aid' off a wound that we lack the capacity to sterilize and thus exacerbate problems."

The plan was dropped in mid-March after a scandal erupted over lucrative bonuses paid to executives at A.I.G. At a pivotal meeting, according to the notes of someone who participated, Emanuel warned the President of "sticker shock" in Congress, and, he said, "There's just no appetite for more money." Obama, whose approval rating was still above sixty per cent, was more confident than his aides in his abilities to change public opinion and persuade Congress he needed the resources. "Well, what if we really explain this very well?" he asked. But the judgment of the political advisers prevailed. In hindsight, the case for nationalization was weak, but even if Obama had wanted to pursue it he couldn't have. For the second time in as many months, a more aggressive course of action on the economy was thwarted by fears of congressional disapproval.

Obama began to subtly adjust his domestic strategy. Even as he fought the recession, he had decided to pursue health-care reform as well, and during the spring he had to make a series of decisions about the legislation. Its fate in the Senate was largely in the hands of Max Baucus, of Montana, the chairman of the Finance Committee, which had jurisdiction over much of the bill. White House aides noted in a March memo that Baucus was in many ways an Obama Democrat, someone who "prefers to work out legislation on a bipartisan basis."

There were two ways for the Senate to approach Obama's health-care plan: the normal process, which required sixty votes to pass the bill, or a shortcut known as "reconciliation," which required only a simple majority and would bypass a possible filibuster. Baucus and several other key Senate Democrats opposed reconciliation, and Republicans decried its use on such major legislation as a partisan power grab. Mitch McConnell, the Republican leader in the Senate, complained that using reconciliation would "make it absolutely clear" that Obama and the Democrats in Congress "intend to carry out all of their plans on a purely partisan basis." On April 10th, Obama's aides sent him a memo asking him to decide the issue. The White House could still fashion a bipartisan bill, but it was important to have the fifty-one-vote option as a backup plan, in case they weren't able to win any Republican support and faced a filibuster. They recommended that he "insist on reconciliation instructions for health care." Below this language, Obama was offered three options: "Agree," "Disagree," "Let's Discuss." The President placed a check mark on the line next to "Agree."

By the spring, Republicans had settled on a simple and effective plan of attack against Obama. His policies, they repeated over and over, "spend too much, tax too much, and borrow too much." Obama, who made it all the way through his U.S. Senate campaign without ever having a single negative television advertisement aired about him, began to feel the effects of an energized opposition. As his approval rating declined through 2009, he looked for ways to restore his credibility as a moderate. He became intent on responding to critics of government spending and, as White House memos show, he settled into the role of a more transactional and less transformational leader.

In February, he authorized his staff to plan a bipartisan "fiscal summit" that would include politicians, like the conservative Wisconsin congressman Paul Ryan, and think-tank policymakers, like the liberal Robert Greenstein. "What are the follow-ups, takeaways afterwards?" Obama wrote. They responded that he could publicly ask the attendees for a continued dialogue on the best way to address the fiscal crisis or he could create a fiscal

task force that would tackle the issue comprehensively. They warned him that among Democrats who then ran the House and the Senate there was resistance to the task force. Rather than pick a fight with his friends over spending, he decided to start a conversation. The summit came and went, with nothing to show for it.

The President's notes reflected a tension between his determination to pass his agenda and his hope of maintaining his reformist reputation. At the end of another memo about fiscal discipline after the summit, he asked his staff to seek out ideas from one of the most conservative members in the House. "Have we looked at any of the other GOP recommendations (e.g. Paul Ryan's) to see if any make sense?" he wrote.

Obama could be unsentimental toward liberal piety. In May, 2009, his advisers informed him that his budget for global health assistance, much of which goes to combat H.I.V., would increase by a hundred and sixty-five million dollars yet would still face "opposition from the very vocal HIV/AIDS activist community." He wrote back, "How can they complain when we are increasing funding?" At the end, he added, "In announcing this, we should be very complimentary of the Bush Administration."

He also could be ruthless toward members of his party in Congress. When he was informed in a memo that Representative Jim Oberstar, a Minnesota Democrat, wanted to write a highway bill that included a hundred and fifteen billion dollars more in spending than Obama had proposed, and which would be funded by a gas-tax increase, Obama wrote "No," and underlined it. When he was informed that the Census Bureau had spent six hundred million dollars over two years in a failed attempt to use handheld computers for the census, "and is reverting to paper-based data collection," he wrote, "This is appalling." Obama was eager to get credit as a penny-pincher. When his aides submitted a detailed plan to improve government performance and reduce waste, he wrote back, "This is good stuff—we need to constantly publicize our successful efforts here."

In June, 2009, he was told that Congress had whittled down by more than two thirds his ten-billion-dollar proposal to fund childhood nutrition, and he was asked if he would like to fund the initiative out of a thirty-five-billion-dollar pot that had appeared fortuitously during the budget process. The White House planned to use the money for community colleges and early education, and Obama was told that, if he didn't allocate some of the funds, he couldn't finance his child-nutrition agenda. His advisers suggested that he could make a point about political reform and offered him a plan to "ask Congress to fund as much of your original request as possible through reductions in agriculture subsidies." They expected the ploy to fail but argued, "You would be able to say that you had offered a serious plan to fund the full bill, and Congress had fallen short." Next to this more cynical option, Obama wrote, "Yes."

The President's caution, and his concern about business, can be seen in the way he dealt with major interest groups. His policy to limit global warming, cap and trade, threatened the oil companies. Health-care reform threatened insurers. Financial regulatory reform threatened the banks. With great specificity, the concerns of these and other interest groups were brought inside the Oval Office by Obama's aides. His health-insurance bill was crafted by building support from a delicate alliance of interest groups, and Obama personally guided the effort. On July 1, 2009, his top health-care adviser, Nancy-Ann DeParle, submitted a detailed nine-page policy memo asking whether the White House should consider including medical-malpractice reform in the legislation. Most Democrats opposed the idea, but the American Medical Association was pushing for it. "Obviously,

we shouldn't do anything that weighs down the overall effort," Obama wrote back, in his characteristically cautious and reasonable style, "but if this helps the AMA stay on board, we should explore it."

Later in the year, Geithner and Summers outlined the objections of the business lobby to Obama's plan to close corporate tax loopholes that benefitted multinational companies and to encourage American companies to create more jobs in the U.S. "As you know," they wrote, "our FY 2010 international tax proposal received a strong negative reaction from the business community—and in particular from large U.S. multinational firms." They offered him a modified plan that would raise sixteen billion dollars less, and that would "address the business community's arguably most reasonable concerns." They noted that "some critics may argue that we are caving to the multinationals," but pointed out that the plan would still raise revenues from such conglomerates. They leaned on the opinion of Obama's most trusted political adviser. "David Axelrod thinks it is important that we continue to voice our support for this proposal which was a key commitment you made before coming into office," they wrote. Next to this, Obama wrote, "Agree."

But Geithner and Summers warned that if Obama was not willing to personally "defend" the plan he should not send it to Congress. In that case, they offered him an even more defanged alternative, one that would be "more responsive to the business community's concerns" but would certainly "be criticized by some as caving." Campaign promises were easy, but, as President, Obama could fight only so many legislative battles. Next to the dramatically scaled-back option, Obama wrote, "Worth discussing." But in the end it was only worth discussing. Obama didn't completely capitulate to the multinationals, and he adopted his aides' modestly clipped package.

4. NEED TO BE CAREFUL HERE

Obama's moderation didn't sway Republicans, nor did his attention to interest groups or his cuts to beloved liberal programs. Through the rest of 2009, as the anti-government Tea Party movement gathered strength, and conservative voters began to speak of creeping American socialism, Obama's aides quarrelled over how the President should respond. Romer wanted him to press the Keynesian case for his policies—to defend the proposition of increased government spending to fight the recession. Orszag argued that he needed more support from Washington's deficit hawks, and urged him to create a deficit commission, partly because "it can provide fiscal credibility during a period in which it is unlikely we would succeed in enacting legislation."

It presented Obama with a common Presidential dilemma: Should he use the White House bully pulpit to change minds or should he accept popular opinion? He chose the latter. In his speeches, he began saying, "Americans are making hard choices in their budgets. We've got to tighten our belts in Washington, as well." Romer fought to get such lines removed from his speeches, arguing that it was "exactly the wrong policy." She thought the President should emphasize that the government would seek to use taxpayer money wisely, and leave it at that. Instead, he seemed to be accepting the Republican case against stimulus and for austerity. She thought he was losing faith in Keynesianism itself.

Obama was learning the same lesson of many previous occupants of the Oval Office: he didn't have the power that one might think he had. Harry Truman, one in a long line of Commanders-in-Chief frustrated by the limits of the office, once complained that the President "has to take all sorts of abuse from liars and demagogues. . . . The people can

never understand why the President does not use his supposedly great power to make 'em behave. Well, all the President is, is a glorified public relations man who spends his time flattering, kissing and kicking people to get them to do what they are supposed to do anyway."

When it came time for Obama to write his fiscal 2011 budget, which was his next big opportunity to help the economy, he began to chip away at some dramatic campaign commitments. For instance, in 2008 he had promised a bold space program. "As President," he had said, "I will establish a robust and balanced civilian space program" that "not only will inspire the world with both human and robotic space exploration but also will again lead in confronting the challenges we face here on Earth, including global climate change, energy independence, and aeronautics research." In November, 2009, his advisers, in a memo, delivered some bad news: "The 10-year deficit has deteriorated by roughly \$6 trillion." The next sentence was in boldface type and underlined: "Especially in light of our new fiscal context, it is not possible to achieve the inspiring space program goals discussed during the campaign."

Obama was told that he should cancel NASA's Bush-era Constellation program, along with its support projects, like the Ares launch vehicles, which were designed to return astronauts to the moon by 2020. The program was behind schedule, over budget, and "unachievable." He agreed to end it. During the stimulus debate, Obama's metaphorical moon-shot idea—the smart grid—was struck down as unworkable. Now the Administration's actual moon-shot program was dead, too.

As he worked on his budget, Obama scoured his briefing materials for ways to cut spending. Next to a discussion of continuing "spending levels associated with the Recovery Act," he wrote, "Not possible." He even questioned funding for the Department of Veterans Affairs, which is generally considered politically untouchable. It was going to receive a 7.2-per-cent increase, the largest two-year percentage increase in the department's budget in more than thirty years. Obama was informed that it would "underscore the Administration's commitment to our veterans. Specifically, it will do so by continuing to improve care for our wounded warriors, expand programs to reduce and prevent the incidence of homelessness among veterans." Obama wrote, "Given what we did last year, does the increase need to be this high?"

Obama knew that his most ardent supporters would attack the budget. He planned to increase Pentagon funding while decreasing some popular domestic programs. He was told that the proposal presented him with "a broad vulnerability." For example, the Low Income Home Energy Assistance Program, which helps many poor people, especially in the Northeast, was to be cut in half. "Not good," Obama wrote. The Small Business Administration "should do more with what it has," he wrote. Poorly performing job-training centers "have to be replaced w/ something that does work." He underlined "does."

His aides also recommended that he give back to the government two hundred and four million dollars left over from the Presidential Election Campaign Fund, the campaign-financing program that, in 2008, Obama had decided not to use. Obama's controversial decision now had a chance to save the government money, but there was a hitch. The program is financed by taxpayers who ask the I.R.S. to send three dollars from their annual taxes to the program. "Rescinding the dollars in the fund may be seen as overriding taxpayer choice," he was told, "and also as an attack on public financing that

would decrease the funds available for the 2012 election.” He wrote, “Need to be careful here.”

One Cabinet official made it clear that she did not share the President’s growing commitment to coupon-clipping: Secretary of State Hillary Clinton. She rejected the White House’s budget for her department, and wrote the President a six-page letter detailing her complaints. Some in the White House saw the long letter as a weapon, something that could be leaked if Clinton didn’t get her way. “At the proposed funding levels,” Clinton wrote, “we will not have the capacity to deliver either the full level of civilian staffing or the foreign assistance programs that underlie the civilian-military strategy you outlined for Afghanistan; nor the transition from U.S. Military to civilian programming in Iraq; nor the expanded assistance that is central to our Pakistan strategy.” She went on, “I want to emphasize that I fully understand the economic realities within which this budget is being constructed, and I share your commitment to fiscal responsibility. But I am deeply concerned about these funding levels.”

The letter contained indications of a real relationship between the former rivals. “You and I often speak about the need to restore the capacity of civilian agencies,” Clinton noted. But the general tone was stern and businesslike. It ended with an urgent plea for Obama to intervene on her behalf. “There is little room for progress unless you provide guidance that you are open to an increase in overall funding levels,” she wrote. Obama did indeed fight for some additional money for Clinton.

A year into Obama’s Presidency, a Gallup poll showed how starkly he had failed at reducing partisanship. Obama was the most polarizing first-year President in history—that is, the difference between Democratic approval of him and Republican disapproval was the highest ever recorded. The previous record-holder was Bill Clinton. Obama also faced an electorate with a historically low level of trust in government. Since the Vietnam War, faith in Washington has plummeted, and it always declines when the economy falters. On the eve of Obama’s election, trust was at a record low. The public had turned sharply away from government at a moment when he was asking it to do more.

Toward the end of 2009, the President continued to struggle with the hard compromises he would have to make in writing his budget and planning initiatives for the new year. David Axelrod, Dan Pfeiffer, the White House communications director, and Mona Sutphen, Obama’s deputy chief of staff, sent him a memo about how he could find his way out of his slump. They wrote:

The initial glow of the Obama Administration has yielded to the realization that the nation’s problems are stubborn and won’t be solved painlessly or overnight. Even as a majority of Americans retain a high regard for you, there has been a resurgence of jaundice about Washington’s ability to deal with these problems responsibly, and a renewed anger over the continued dominance of hyper-partisanship and special interests.

At the same time, Americans still yearn for a “new era of responsibility.” But an expensive stimulus plan, bank and auto bailouts, juxtaposed with their own daily struggles, have eroded their confidence that such an era is at hand. Despite this skepticism, the American people are receptive to a message that emphasizes that you have taken the tough steps that needed to be taken to pull the nation back from the brink.

The State of the Union message would remind voters of the inspirational Obama of the 2008 campaign, and also make clear that he was listening to the public's concerns about the government. After a year of intense policymaking and legislating, Obama's political advisers were attempting to reassert authority over the economic team. The recommendations were heavy on public relations and attempted to reposition Obama to appear less hostile to the concerns of the anti-government right. "Democratic Presidents rarely address small businesses in their message," they advised Obama, "but you could use the opportunity to discuss what small businesses mean for the freedom to be your own boss, to pursue your own ideas and for our spirit of innovation."

Axelrod and other Obama political advisers saw anti-Keynesian rhetoric as a political necessity. They believed it was better to channel the anti-government winds than to fight them. As much as it enraged Romer and outside economists, the White House was on to something. A President's ability to change public opinion through rhetoric is extremely limited. George Edwards, after studying the successes of Franklin Roosevelt, Lyndon Johnson, and Ronald Reagan, concluded that their communications skills contributed almost nothing to their legislative victories. According to his study, "Presidents cannot reliably persuade the public to support their policies" and "are unlikely to change public opinion."

Obama's State of the Union speech, his aides said, "was an opportune moment to pivot to themes of restraining government spending." They advised him to consider "freezing or cutting the discretionary budget," instituting a senior-level government pay freeze, and cancelling some federal programs. They even noted that his government-reform efforts were "the most dramatic since Reagan's conservative downsizing."

Finally, they warned that the process of securing the President's legislative agenda had damaged his distinctive brand. "Perhaps more than in any other area," they wrote, "it is essential that we use the SOTU to reclaim the high ground on challenging the status quo in Washington." They feared that Obama was being damaged by his association with the deal-making in Congress. "The speech presents a moment when you can begin to distance the Administration from Congress on issues of special interest capture and transparency."

In the end, Obama's entire economic team went along with the new push for austerity, at least symbolically. They recommended that Obama endorse the idea of a bipartisan fiscal commission, accepting a proposal that the President had rejected months earlier—and he agreed. Ten days after the Axelrod memo, on December 20th, Summers, Orszag, Geithner, and even Romer advised the President on how to tackle the deficit in 2010. They told him that he needed to cut eighty-five billion dollars in spending in order to submit a fiscally credible budget to Congress.

They ticked off a list of ideas. Instead of a one-year non-defense-spending freeze, as they had previously suggested, they recommended a three-year freeze. The freeze was controversial: liberals would call it mad to restrain federal spending during a recession; Republicans would call it trivial. But it would save twenty billion dollars. "Your economic team believes that it is worth doing this," his aides wrote in another memo, "both to reduce the deficit and indicate that the Administration is serious about fiscal discipline." Obama drew a check mark next to the recommendation.

In the December 20th memo, they resorted to gimmickry. In his first budget, Obama had prided himself on "honest budgeting," declining to employ the fanciful assumptions that the

previous Administration had used to hide the costs of government. On disaster relief, for example, he had estimated that the government would need twenty billion dollars a year, a figure based on the statistical likelihood of major disasters requiring federal aid. Now Obama's aides reminded him that Congress had ignored his " 'honest budgeting' approach," and perhaps they should, too. They proposed "\$5 billion per year for disaster costs." Obama drew another check mark. The White House could also save billions by fiddling with the way it presented savings from Obama's health-care-reform bill. Check. Finally, Obama's economic team recommended a new five-per-cent tax—what it called a "bubble rate"—on people making more than two hundred and fifty thousand dollars per year. It would bring in eleven billion dollars in 2015. Here, Obama made another check mark, but he wrote, "Best discuss." When his aides returned with a deeper analysis, it was clear that their tax idea would violate Obama's campaign pledge against raising taxes for the middle class. Obama rejected the tax hike.

At about the same time, in January, 2010, just as the Massachusetts Republican Scott Brown was rising in the polls in the race to replace the late Senator Edward Kennedy, Orszag and Ezekiel Emanuel, the chief of staff's brother and a health-care adviser, recommended that the government pay federal employees to participate in a pilot program to study the most effective treatments for patients.

"Regardless of the merit and relatively low cost of the idea, Jim and Ax think it is not politically viable," Lisa Brown, Obama's staff secretary, wrote in a cover letter to the President, referring to Axelrod and to Jim Messina, the deputy chief of staff. She noted that the payments might look like a "luxury" for bureaucrats. "Pfeiffer also thinks it could easily be caricatured by the right-wing press," she added. Final passage of Obama's health-care plan was in sight. It was not the time to hand Fox News a new anti-Obama story line. The President wrote at the end of the memo, almost apologetically, "Unfortunately I think the political guys are right about how it would be characterized. Let's go back at it in future years, when the temperature on health care and the economy has gone down." Nine days later, Scott Brown won his election, making him the forty-first Republican in the Senate, and handing Obama's opposition the ability to filibuster health-care reform. At the end of the month, Obama released his budget, with its cuts and spending freeze. Republicans were not impressed. "To me it's totally meaningless," Senator James Inhofe, of Oklahoma, told *The Hill*, discussing the spending freeze. "But it's obvious why he's doing it. The idea is smart: He's going to try to make people think he's concerned about spending, which he isn't."

5. DEAR PRESIDENT OBAMA

Obama's aides include about ten letters from the public in his binder of briefing materials that he reads upstairs in the White House residence. The letters offer a powerful antidote to the policy minutiae and the political strategy that consume the rest of each day.

On February 2, 2010, a woman from Virginia named Ginger wrote to the President. She generally voted Republican, but in 2008 she had supported Obama. With the help of many people like Ginger—and several million dollars' worth of attack ads against McCain—Obama won the state by six points. On February 5th, Obama read her letter.

"Dear President Obama," she wrote. "Last evening on the news, we learned that you have decided to cut the Ares project which is part of the next generation space transport. My husband works on this project.

“How can our country support and fight two wars and cut funding for research which creates jobs? I was against the wars and still am. We will not win them. You were against them too before you became President. The wars have made our country weak. Now we will have an even bigger deficit and no future technology avenues to help pay it off. “I voted for you. I supported you. But I am very disappointed in you. You are not the President I thought you were going to be. I thought you were going to be a leader such as Martin Luther King or JFK.”

Obama scribbled a note to his staff: “Reply—can I get a sense of how Ares fit in with our long term NASA strategy to effectively respond.” A few days later, with that information in hand, Obama wrote to an aide, “Draft a short letter for Ginger, answering her primary concern—her husband’s career—for me to send.”

Ginger’s letter captured the fraught choices that have plagued Obama’s past three years. Voters like her—a shrinking share of the electorate that swings between the two parties—are often receptive to themes of bipartisanship, and they helped provide Obama with his margin of victory. And yet, if he had put bipartisanship ahead of legislative victories, his Presidency arguably would have failed to get any legislation passed. A month after his exchange with Ginger, Obama’s health-care bill lay dormant, blocked by a Senate filibuster. Obama resurrected it using reconciliation, the parliamentary provision he had demanded Congress to adopt a year earlier, as a fail-safe measure. The bill passed, with the support of two hundred and nineteen Democrats in the House and fifty-six Democrats in the Senate. The most significant Democratic achievement since the nineteen-sixties garnered not a single Republican vote. Four months later, Obama signed the Dodd-Frank Wall Street-reform bill. Only three Republican senators voted for it. In the past year, every Republican leader in Congress and on the Presidential-campaign trail has promised to repeal both laws if given the chance.

On May 5, 2010, Orszag, Summers, and Phil Schiliro, Obama’s director of legislative affairs, informed the President that he needed to settle the dispute over whether the centerpiece of his economic plan was jobs or the deficit. His aides laid out the history of their indecision, using an automobile as a metaphor. “This year, the Administration has strongly pushed two distinct messages on fiscal policy,” they wrote. The first was “providing more ‘gas’ ” to help the recovery; the second was demonstrating fiscal discipline by cutting spending, or “stepping on the ‘brake.’ ”

They agreed that the best policy should be gas now, brake later. But, with Democrats in Congress facing a midterm election in which federal spending was becoming a prominent issue, his advisers pushed for fiscal restraint. In fact, they argued that exploiting public opinion in favor of deficit reduction was the best way to gain support for stimulus. “Given the growing perception that Washington is out of control on fiscal issues,” they wrote, “focusing more of our communications message on brake-related issues might increase our ability to achieve the ‘gas now, brake later’ strategy. In other words, we may be more likely to succeed in enacting job creation measures this year if we highlight and propose additional deficit reduction measures for the medium term.”

Obama had been bold on health care. But, as Summers had noted in a previous memo, there wasn’t enough “bandwidth” to pass many other priorities. Eighteen months into his Presidency, his economic advisers offered him essentially three paths: an ambitious new jobs package that he could personally advocate as an “emergency expenditure”; “a fiscally significant (several hundred billion dollars over ten years) deficit reduction package”; and

an array of “new policies that have greater symbolic than deficit-reducing impact.” The ambitious options were seen as impractical. Congress was unwilling to pass “nearly as much fiscal stimulus” as Obama wanted. A deficit-reduction package would be “a very difficult undertaking that would entail resurrecting ideas you rejected in the budget process” and could “engender substantial political opposition, set up members of Congress for hard votes, and, possibly, produce a legislative defeat for the Administration.” Obama decided against both of the more ambitious ideas. He was left with “smaller, more symbolic efforts” that “are less politically risky,” like reforming federal travel and cutting military spending on congressional junkets. “The challenge here is to break through message-wise and convince the media, financial markets, and the public at large that these measures signify real efforts to restrain spending,” Obama’s economic team wrote.

They gave him one other crucial piece of advice. The tax cuts passed by George Bush would soon expire. Obama favored extending Bush’s middle-class cuts and ending the upper-income cuts. Tackling the deficit would be impossible otherwise. But his economic team warned that, given the political climate, the extension of *all* the Bush tax cuts “could gain serious traction.” Not to worry, his political team insisted. Pelosi would never allow that to occur. We’re “confident that the Speaker would not agree to this becoming law,” Obama was assured.

But the President had no way to get much more out of Congress in 2010—gas, brakes, or tax cuts. That summer, he won a modest small-business bill and some legislation to save the jobs of teachers, but the “big bang” phase of his Presidency turned into a whimper as the midterm elections began to dominate the Administration’s attention that summer and fall. When Republicans took over the House and expanded their ranks in the Senate, Obama lost much of his ability to legislate. In 2011, he proposed a stimulus measure called the American Jobs Act and gave a speech to Congress in which he demanded twenty times that legislators pass his jobs bill. But the plan didn’t go anywhere. His successes came through foreign-policy choices that largely circumvented Congress: the successful intervention in Libya; the withdrawals from Iraq and Afghanistan; the killing of Osama bin Laden. When Congress changed hands in 2010, the curtain had come down on Obama’s domestic agenda.

Crisis has often been the wellspring of political transformation in America. Obama’s situation in 2009—a discredited opposition party and an economic meltdown—seemed remarkably similar to the circumstances that Franklin Roosevelt faced after he defeated Herbert Hoover, in 1932, and fashioned the modern welfare state; or when Lyndon Johnson took power after the trauma of John F. Kennedy’s assassination, in 1963, and pushed through the Great Society. But neither 9/11 nor the great recession transformed American politics in a way that overcame structural polarization.

Despite the Republican takeover of the House, Obama’s third year in office started with a flicker of bipartisanship. Obama, notwithstanding the dire warning of his team, accepted a deal to temporarily extend all the Bush tax cuts in exchange for some fiscal stimulus for the economy. But the Congress sworn into power in 2011 proved to be the most conservative in modern history. Obama was repeatedly rebuffed as he attempted to achieve a “grand bargain” on taxes and spending. In July, John Boehner, the Republican Speaker of the House, came close to an agreement with Obama on a four-trillion-dollar

plan to resolve the long-term deficit, but conservative colleagues rebelled, and Boehner withdrew.

Predictions that Obama would usher in a new era of post-partisan consensus politics now seem not just naïve but delusional. At this political juncture, there appears to be only one real model of effective governance in Washington: partisan dominance, in which a President with large majorities in Congress can push through an ambitious agenda. Despite Obama's hesitance and his appeals to Republicans, this is the model that the President ended up relying upon during his first two years in office. He had hoped to use a model of consensus politics in which factions in the middle form an alliance against the two extremes. But he found few players in the center of the field: most Republicans and Democrats were on their own ten-yard lines. (The Tea Party, meanwhile, was tearing down the goal posts and carrying them away.) This situation is not unprecedented. During much less polarized periods, when it was easier to build centrist coalitions, Franklin Roosevelt and Lyndon Johnson suffered similar fates. "When Johnson lost 48 Democratic House seats in the 1966 election, he found himself, despite his alleged wizardry, in the same condition of stalemate that had thwarted Kennedy and, indeed, every Democratic President since 1938," Arthur Schlesinger noted in his 1978 biography of Robert Kennedy. "In the end, arithmetic is decisive."

Most of Obama's conservative dinner companions from his evening at George Will's home now describe him and his Administration in the most caricatured terms. Will declared Obama a "floundering naïf" and someone advancing "Lenin-Socialism." Charles Krauthammer called Obama "sanctimonious, demagogic, self-righteous, and arrogant." Lawrence Kudlow described him as presiding over a government of "crony capitalism at its worst." Michael Barone called it "Gangster Government." Rich Lowry said that Obama is "the whiniest president ever." Peggy Noonan, correcting some interpretations of the President by her fellow-conservatives, wrote, "He is not a devil, an alien, a socialist. He is a loser."

Many of Obama's liberal allies have been disillusioned, too. When Steve Jobs last met the President, in February, 2011, he was most annoyed by Obama's pessimism—he seemed to dismiss every idea Jobs proffered. "The president is very smart," Jobs told his biographer, Walter Isaacson. "But he kept explaining to us reasons why things can't get done. It infuriates me."

Yet our political system was designed to be infuriating. As George Edwards notes in his study of Presidents as facilitators, the American system "is too complicated, power too decentralized, and interests too diverse for one person, no matter how extraordinary, to dominate." Obama, like many Presidents, came to office talking like a director. But he ended up governing like a facilitator, which is what the most successful Presidents have always done. Even Lincoln famously admitted, "I claim not to have controlled events, but confess plainly that events controlled me."

The White House staff memos show Obama scaling back his proposals in the face of the business lobby, designing a health-care bill to attract support from doctors, rejecting schemes from his aides that could be caricatured by the right, and in dozens of other ways making the unpleasant choices of governing in a system defined by its constraints. Obama made important mistakes in the first half of his term. He underestimated the severity of the recession and therefore the scale of the response it required, and he clung too long to his vision of post-partisanship, even in the face of a radicalized opposition

whose stated goal was his defeat. The memos show a cautious President, someone concerned with his image. When, in 2009, he was presented with the windfall pot of thirty-five billion dollars that he could spend on one of his campaign priorities or use for deficit reduction, Obama wrote, "I would opt for deficit reduction, but it doesn't sound like we would get any credit for it." At other moments, the memos show a President intensely focussed on trying to restrain the government Leviathan he inherited, despite an opposition that doesn't trust his intentions. When his aides submit a plan to save money on administrative efficiencies, Obama writes back, with some resignation, "This is good—but we should be careful not to overhype this given D.C. cynicism." He is frustrated with the irrational side of Washington, but he also leans on the wisdom of his political advisers when they make a strong case that a good policy is bad politics. The private Obama is close to what many people suspect: a President trying to pass his agenda while remaining popular enough to win reelection.

Obama didn't remake Washington. But his first two years stand as one of the most successful legislative periods in modern history. Among other achievements, he has saved the economy from depression, passed universal health care, and reformed Wall Street. Along the way, Obama may have changed his mind about his 2008 critique of Hillary Clinton. "Working the system, not changing it" and being "consumed with beating" Republicans "rather than unifying the country and building consensus to get things done" do not seem like such bad strategies for success after all. ♦

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