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From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Wednesday, August 3, 2011 7:15 AM
To: Mills, Cheryl D; H
Subject: Re: Gergen's piece captures some of the nuance of the domestic frame - don't give up on America

Yes - it also reinforces that the message should be much more upbeat than Strobe was suggesting.

----- Original Message -----

From: Mills, Cheryl D
Sent: Wednesday, August 03, 2011 05:55 AM
To: 'hdr22@clintonemail.com' <hdr22@clintonemail.com>
Cc: Sullivan, Jacob J
Subject: Gergen's piece captures some of the nuance of the domestic frame - don't give up on America

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The deal disappoints, but don't give up on America

By David Gergen, CNN Senior Political Analyst

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Tucked away here at a family reunion among rolling hills, one can easily drift into another, more pleasant world, but the old realities keep intruding. Time and again, English relatives have gingerly but worriedly asked, "What is to become of America after this debt struggle?"

How to answer? The truth is that none of us knows, and deep insights are especially elusive at this distance.

I try to tell them that the United States is going through a rough patch: the rise of lots of problems that we have allowed to fester over the years now coming to a head just when our politics are polarized, poisoned and paralyzed. Moreover, there is almost no one in high places who commands the full trust of the country -- from the White House to Wall Street, from Congress to the media.

But, I hasten to add, don't write off America -- we are usually at our best when we are down. These are the toughest tests we have faced since the 1930s and '40s, but remember how well we pulled together then.

As for the debt follies that have just unfolded, the compromise that emerged came out of a messy, frustrating, often disgusting process, but it did achieve two significant goals: It averted a crisis (yes, one that was wholly artificial, but still a crisis), and it should be good enough to prevent another fight like this until after voters have a chance to select winners and losers next November. So, some credit is due President Barack Obama as well as GOP and Democratic leaders on Capitol Hill.

Still, this is a deal that deserves only one hand clapping, not two. It fell far short of a "grand bargain," a dream scuttled by the tea party as well as the White House. In particular:

- With at least \$10 trillion in new deficits expected over the next decade, it cuts only a little more than \$2 trillion. The grand bargain called for \$4 trillion.

- It solves neither of our biggest fiscal problems: reform of Medicare, Medicaid and Social Security and reforms of taxes that are not only fairer but bring in more revenues, especially from the affluent.
- It does not provide for an equal sharing of burdens: The middle class and working people are likely to bear the most.
- It fails to provide an extension of payroll tax relief and jobless benefits into next year, which are so needed in this economy.
- It could well weaken the economy in the near term and, given the debates that will now arise in this congressional committee, will set off a flurry of lobbying and uncertainty in a business community that desperately craves a clearer sense of policy and regulation.
- And it threatens to savage the Defense Department with cuts that will force the United States to pull back from its leadership role in the world and reduce the pay and benefits of those in uniform.

With the fight over, it is like waking up to a bad dream and realizing that much of the nightmare is still here.

The markets recognized that hard realities still persist on Monday after the deal was done -- stocks sank at the end of the day -- and the rest of us will likely get our dose Friday with new unemployment numbers. The politicians will immediately turn their attention to jobs, but they seem to be mostly out of ammunition and so is the Fed. (QE 3 anyone?)

The threat of Standard & Poor's downgrading our AAA credit rating hasn't gone away. (Economist Carmen Reinhart, an authority, thinks S&P would still be justified in doing so.) And the debt crisis in Europe is still teetering on the edge. (It is widely believed here in the UK that leaders patched it up long enough to go on August holiday and expect to return to it in September.)

It is unbelievable that on Monday night, after the vote, the House of Representatives declared a five-week holiday without resolving the impasse over the Federal Aviation Administration.

But maybe we all need a break, so we can recover our perspective and our humor. Can Gabby Giffords just show up a few more times this summer? She surely reminds us that no one should ever give up on America.

The opinions expressed in this commentary are solely those of David Gergen.