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**From:** Mills, Cheryl D. <MillsCD@state.gov>  
**Sent:** Wednesday, August 3, 2011 12:47 PM  
**To:** H  
**Cc:** Sullivan, Jacob J  
**Subject:** Another framing piece: Bill Is Signed, Ending a Fractious Battle

JP thought this resonated even more . . .

The New York Times  
August 2, 2011  
Debt Bill Is Signed, Ending a Fractious Battle  
By JENNIFER STEINHAUER

WASHINGTON – The Senate voted Tuesday to raise the government’s debt ceiling and cut trillions of dollars from its spending, concluding a long and fractious partisan battle just hours before the government’s borrowing authority was set to run out.

The bill, which passed 74 to 26, was immediately signed by President Obama, who took a final shot at his Republican opposition for what he called a manufactured – and avoidable – crisis. “Voters may have chosen divided government,” he said, “but they sure didn’t vote for dysfunctional government.”

Voters will render their verdicts on the merits of divided government next year, but its impact is now abundantly clear: the agenda of the 112th Congress will be dominated by continuous fighting over spending priorities and regulation, with a high bar for big debates on foreign policy and other domestic issues coming to the fore.

“When was the last time anybody said anything about Libya?” said Representative Phil Gingrey, a Republican from Georgia who was first elected in 2002. “This is the way it is going to be until the election.”

In the seven months since the change of power in the House, the Washington discourse has shifted almost completely from the decades-long battle between both parties over how to allocate government resources to jousting over the moral high ground on imposing austerity, with seemingly none of the political or practical motivations that have historically driven legislation.

Republicans, though controlling only one-third of the process through their majority in the House, appear to have firmly snagged the upper hand in the legislative dynamics, largely because of their unwillingness to sacrifice ground even when their stance threatens both the government’s ability to operate and pay its debts, and their own prospects for retaining their jobs.

“The difference is the intensity here,” said David R. Mayhew, a political science professor at Yale. “The Republicans have the Tea Party, and the Democrats don’t have anything of comparable animation on their side.”

Democrats, hamstrung in part by Congressional procedures and hewing to more traditional methods of compromise and negotiation, allowed Republicans to pull the center of debate much closer to their priorities.

“We could draw parallels and distinctions with other tumultuous times such as the Civil War,” Glen Browder, a former congressman from Alabama and professor emeritus at Jacksonville State

University, said in an e-mail. "But I do believe that this is something different from most Democrat-Republican struggles in our recent history. The traditional game of politics in which the two sides contest over control of issues and decisions for core constituencies has erupted into an intense struggle with critical ideological/philosophical divisions about what America means and how America ought to work."

The compromise over the debt ceiling, which the House passed on Monday, has been denounced by Democrats as being tilted too heavily toward Republican priorities, mainly because it does not raise any new revenues as it reduces budget deficits by at least \$2.1 trillion in the next 10 years. But it attracted the votes of many Democrats, if only because the many months of standoff had brought the country perilously close to default.

On Tuesday evening, Moody's Investors Service appeared to echo the mixed feelings in Congress about the deal, saying it was not going to immediately lower the government's AAA credit rating but also officially signaled that it was prepared to downgrade it unless more is done to deal with the deficit.

The wrangling in Congress also laid bare divisions within both parties, with the final passage in the Senate relying on the votes of the remaining center of each party - 28 Republicans, 45 Democrats and one independent voted aye - with the most right- and left-leaning members left ultimately on the sidelines.

In the Senate, Kelly Ayotte of New Hampshire and Mike Lee of Utah, both Republican freshmen blessed by the Tea Party, voted against the bill, mirroring their counterparts in the House, including a third of that chamber's freshmen.

On the left, six Democrats and one independent rejected the bill, arguing that it placed too much burden on middle- and lower-income Americans. Among the Democrats who opposed the measures were reliable liberals like Senator Frank R. Lautenberg of New Jersey, but also Senator Kirsten Gillibrand of New York, who voted in contrast to the senior member from her state, Senator Charles E. Schumer.

The last senator to vote Tuesday was Olympia J. Snowe of Maine, who conferred intensely for several minutes with Senator Jon Kyl of Arizona, then voted yes, as he had done. Ms. Snowe, a moderate Republican who faces re-election next year, is already a target of Tea Party activists in her state.

Senator Mitch McConnell of Kentucky, the minority leader, who played a central role in arriving at the ultimate compromise, said his party's goal was "to get as much spending cuts as we could from a government we didn't control." Of the legislation, he said: "It may have been messy. It may have appeared to some that their government wasn't working, but in fact the opposite was true."

On Capitol Hill on Tuesday, the conversation quickly shifted to a powerful new committee that will be created to recommend ways to reduce deficits by a total of at least \$1.5 trillion over 10 years. Congressional leaders have two weeks to appoint the 12 members, who are supposed to come up with an ambitious deficit-reduction package by Nov. 23.

The committee, which many members will no doubt jockey to join, was the underlying cause of opposition to the bill by some on both sides. "I do not like the supercommittee," said Senator Ben Nelson, Democrat of Nebraska. "It's just a convoluted maze to do things in Washington the usual Washington way."

Senator Harry Reid of Nevada, the majority leader, presaged the next Congressional battle by rejecting the assertions of his Republican colleagues that the next phase would again exclude revenue increases, which the Democrats failed to include in the first round. "That's not going to happen," Mr. Reid said.

Senator Benjamin L. Cardin, Democrat of Maryland, said the new joint committee "puts us in a much better position" to inject revenues into the debate.

Mr. Obama, too, called for an agreement that included new revenues, including higher taxes on the wealthiest Americans and the closing of corporate loopholes, saying he would fight for that approach as the Congressional commission considers what to recommend to Congress for an up-or-down vote before the end of the year, as the new law requires, or face steep cuts in programs dear to both parties.

Many Democrats believe their hand could actually be strengthened by the outcome of the debate. Because the agreement set the spending levels for next year's budget, they believe a new round of fights will be averted.

However, each side will continue to have its own spending priorities, and those differences will be difficult to reconcile once the appropriators get down to the work of actual cuts. The frequent use among Republican senators of the filibuster will further complicate matters.

"If you hold one-half of one-third of the reins of power in Washington," said Norman J. Ornstein, a resident scholar at the American Enterprise Institute, "and are willing to use and maintain that kind of discipline even if you will bring the entire temple down around your own head, there is a pretty good chance that you are going to get your way."

Robert Pear contributed reporting.

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

From: John Podesta [redacted]  
Sent: Wednesday, August 03, 2011 10:13 AM  
To: Mills, Cheryl D  
Subject: Re: Gergen's piece captures some of the nuance of the domestic frame - don't give up on America

B6

I thought Glen Browder's comments in Jennifer Steinhauer's piece in NYT today were closer to the truth.

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

From: Mills, Cheryl D [mailto:MillsCD@state.gov]  
Sent: Wednesday, August 03, 2011 09:59 AM  
To: John Podesta; Samuel Berger [redacted]; Strobe Talbott [redacted]; Rich Verma  
Subject: FW: Gergen's piece captures some of the nuance of the domestic frame - don't give up on America

FYI

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

By David Gergen, CNN Senior Political Analyst

UPDATED: 03:32 PM EDT 08.02.11

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.