



Obama's Gaps In Leadership

Bob Woodward's New Book Reveals That Presidential Leadership From Obama Went AWOL During The Nation's Fiscal Crisis

According To Bob Woodward, "Gaps" In Obama's Leadership Led To The Collapse Of A "Grand Bargain" On Spending And Debt. "'Gaps' in President Obama's leadership contributed to the collapse of a 'grand bargain' on spending and debt last year, with the president failing to cultivate congressional relationships that may have helped him break through Republican opposition, author Bob Woodward told ABC News' Diane Sawyer." (Rick Klein, "Bob Woodward: 'Gaps' In President Obama's Leadership Contributed To Debt Deal Collapse," [ABC News](#), 9/10/12)

THE PRICE OF POLITICS PROVIDES AN IN-DEPTH LOOK AT OBAMA'S FAILURES

Failure To Lead

Woodward Says That "There's Such A Thing As Presidential Leadership" When It Comes To Ensuring That The Government Is Going To Have Enough Money To Pay Its Bills. ABC's GEORGE STEPHANOPOULOS: "We are joined now by the man who got the interview, you just heard Bob Woodward of the Washington Post, author of 'The Price Of Politics,' it goes on sale in bookstores today. And Bob, thanks for coming in. So your bottom line is successful presidents, like Ronald Reagan and Bill Clinton largely work their will. But you reach the conclusion that, in this case, in this struggle, Barack Obama did not." BOB WOODWARD: "Yes. Simply because our financial house is not in order. In other words, the big debate last year about the debt ceiling and whether the U.S. Government is going to be able to pay its bills. It isn't over. We're going to be right back in that soup in December and January. And this isn't a budget issue or a credit rating issue. This is -- is the government going to have its money to pay its bills? And in the end, that's the President's job, yes. It's Congress' job, too. But there's such a thing as presidential leadership." (ABC's "Good Morning America," 9/11/12)

- **Woodward Said That While Presidents Reagan And Clinton Worked Their Will, "Obama Did Not."** ABC's DIANE SAWYER: "You really say in the book, 'nobody was in charge.' BOB WOODWARD: "In Washington." SAWYER: "And is that a failure of leadership?" WOODWARD: "You know some people are going to say he was fighting a brick wall, the Republicans in the House and the Republicans in Congress. Others will say, it's the President's job to figure out how to tear down that brick wall. In this case, he did not." SAWYER: "Is that the President's fault?" WOODWARD: "Well, my conclusion is, Presidents Clinton, President Reagan, and if you look at them, you can criticize them for lots of things, they by and large work their will." SAWYER: "And he did not?"

WOODWARD: "On this President Obama did not." (ABC's [World News](#), 9/10/12)

During The Height Of Debt Ceiling Negotiations, Sen. Harry Reid's Chief Of Staff Criticized Obama Directly In A July 2011 Oval Office Meeting: "[I]t Is Really Disheartening That You, That This White House Did Not Have A Plan B." "Sitting there on the Oval Office couch, Krone either would not or could not conceal his anger. 'Wait a second,' the president said, interrupting someone else who was about to speak. 'David has something else. I can tell David has something else to say.' It wasn't hard to reach this conclusion. Krone was tightly wound. 'Mr. President, I am sorry—with all due respect—that we are in this situation that we're in, but we got handed this football on Friday night. And I didn't create this situation. The first thing that baffles me is, from my private sector experience, the first rule that I've always been taught is to have a Plan B. And it is really disheartening that you, that this White House did not have a Plan B.'" (Bob Woodward, *The Price Of Politics*, 2012, p. 317)

SHOT: During The Debt Ceiling Negotiations In July 2011, Obama Said "At Some Point, I Think If You Want To Be A Leader, Then You Got To Lead." OBAMA: "I mean, the American people are just desperate for folks who are willing to put aside politics just for a minute and try to get some stuff done. So when Norah asked or somebody else asked why was I willing to go along with a deal that wasn't optimal from my perspective, it was because even if I didn't think the deal was perfect, at least it would show that this place is serious, that we're willing to take on our responsibilities even when it's tough, that we're willing to step up even when the folks who helped get us elected may disagree. And at some point, I think if you want to be a leader, then you got to lead." (President Barack Obama, [Remarks By The President](#), Washington, D.C., 7/22/11)

- **CHASER: By The End Of July 2011, "It Was Increasingly Clear That No One Was Running Washington. That Was Trouble For Everyone, But Especially For Obama."** "It was increasingly clear that no one was running Washington. That was trouble for everyone, but especially for Obama. Though running things was a joint venture between the president and Congress, Nabors thought a president had to dominate Congress—or at least be seen as dominating Congress. If the president succumbed it could be fatal. Reagan and Clinton were seen as presidents who had gained and largely held the upper hand with Congress. The last president to fold was George H. W. Bush, who gave in to Democrats' demands that income taxes be raised in a 1990 budget deal. And Bush had been a one term president." (Bob Woodward, *The Price Of Politics*, 2012, p. 313)

The Myth Of Obama's "Bipartisanship"

SHOT: After Initial Meetings In 2009, Obama Told Republican Leaders He Was Serious About Bipartisanship And Open To Their Ideas. "After the meeting, Obama approached the Republican House leaders, Boehner and Cantor, 'I'm serious about this,' he told them. 'Come with your ideas.'" (Bob Woodward, *The Price Of Politics*, 2012, p. 9)

- **CHASER: Despite Saying He Wanted Republican Input, Obama Dismissed House Republican Ideas, Reminding Them That "Elections Have Consequences" And Even Telling Rep. Eric Cantor "I Think I Trump You."** "Obama said his plan would include tax cuts, but not only tax cuts. He seemed inclined to compromise. 'Mr. President,' Cantor offered, 'I understand that we have a difference in philosophy on tax policy.' But a massive stimulus package would be too much like 'old Washington,' he said. 'I can go it alone,' the president said, 'but I want to come together. Look at the polls. The polls are pretty good for me right now.' Cantor chuckled and nodded. The polls certainly looked good for Obama now. To Cantor, that meant there would be no easier time to compromise and to disappoint some on the left. As he listened, Obama's tone seemed to change.

‘Elections have consequences,’ the president said. ‘And Eric, I won.’ On the table, some copies of the one-page document called ‘House Republican Economic Recovery Plan’ lay where Cantor had put them. ‘So on that, I think I trump you,’ Obama said.” (Bob Woodward, *The Price Of Politics*, 2012, p. 14)

“The President And The Democratic Majorities In The House And Senate Would Go It Alone. There Was No Compromise.” “The House vote was 244-188. All 177 Republicans had voted against it. ‘Not even one?’ Emanuel said to Cantor. ‘What’s going on?’ ‘You really could’ve gotten some of our support,’ Cantor said. ‘You just refused to listen to what we were saying.’ Cantor might have admired Obama’s self-assuredness—the confidence, the smooth articulation and eloquence—but the president had taken it too far, to the point of ‘arrogance,’ he said. Obama had demonstrated that he believed he didn’t need any other input. The Republicans were outsiders, outcasts. The president and the Democratic majorities in the House and Senate would go it alone. There was no compromise.” (Bob Woodward, *The Price Of Politics*, 2012, pp. 21-22)

- **Obama Insisted His Stimulus Was Bipartisan Because It Had Policies He Assumed Republicans Would Support, Even Though Obama Had Not Consulted With Them.** “‘It’s a bipartisan bill,’ the President insisted, listing elements he assumed Cantor’s caucus would support. ‘Republicans like business expensing. They like bonus depreciation.’ Cantor resented Obama’s presumption that he knew what Republicans wanted, and what their priorities were, without consulting them.” (Bob Woodward, *The Price Of Politics*, 2012, p. 17)

Obama’s Speech Attacking Ryan’s Budget “Widened The Partisan Divide.” “Ryan’s presence at the George Washington University speech fundamentally changed the public and media perception of what the White House had hoped would be a major budget moment. Instead of reshaping the debate, the speech widened the partisan divide. The contrast between the cool bipartisan talk at the White House in the morning and the attack on the Republicans was stark. Ryan felt betrayed. He’d expected an olive branch. What he got was the finger.” (Bob Woodward, *The Price Of Politics*, 2012, p. 106)

- **Obama’s Partisan Speech Attacking Paul Ryan’s Budget Made Alan Simpson Want To “Throw Up In The Tulips” And Erskine Bowles Say “I Was Disgusted.”** “Back at the Capitol, Ryan took a call from Alan Simpson. ‘I’m going to throw up in the tulips,’ Simpson said. The president’s words and demeanor, he said, were way over the line. Then Erskine Bowles called. ‘I was disgusted,’ the longtime Democrat said. ‘I couldn’t believe that he did that. And I’m going to talk to the president about it.’ He said he was apologizing. ‘It’s not your fault,’ Ryan replied. ‘You don’t need to apologize for anything.’” (Bob Woodward, *The Price Of Politics*, 2012, p. 106)

Larry Summers Said Obama “Doesn’t Really Have The Joy Of The Game” To Get Involved In Negotiations. “But the president was not satisfied either, Summers said. ‘Obama really doesn’t have the joy of the game. Clinton basically loved negotiating with a bunch of other pols, about anything. If you told him, God, we’ve got a problem. We’ve got to allocate all the office space in the Senate. If you could come spend some time talking to the majority leader in figuring out how to allocate office space in the Senate, Clinton would think that was pretty interesting and kind of fun. Whereas, Obama, he really didn’t like these guys.’” (Bob Woodward, *The Price Of Politics*, 2012, p. 82)

- **Summers Thought The Stimulus Not Receiving A Single House Republican Vote Made The Obama White House Look “Unreasonable And Partisan.”** “Summers, Obama’s chief White House economic adviser, was also stunned. To win public support, the White House and the Democrats need to look like the reasonable people in the room, willing to compromise. But the zero votes made them look the opposite—unreasonable and partisan.” (Bob Woodward, *The Price Of Politics*, 2012, p. 23)

Obama Chief Of Staff Rahm Emanuel's Response To Any Republican Changes To The Stimulus: "We Have The Votes. F---'em." "The \$800 billion stimulus bill of new spending and additional tax cuts, introduced on January 26, was the first bill of the new Congress and the Obama administration. It was called, appropriately, H.R. 1, and it contained not one proposal from Eric Cantor and his conservative Republican group. The bill was drafted by the Democrats and whenever any Republicans tried to make changes, Emanuel's response was, more often than not, 'We have the votes. F--- 'em.' This was the bulldozing that Obama had promised to avoid." (Bob Woodward, *The Price Of Politics*, 2012, p. 16)

- **Emanuel Balked At The Idea Of Putting Alan Simpson On The Fiscal Commission.** "These machinations did not meet Rahm Emanuel's standards. There was no agility in the White House, no ability to get organized and move fast on critical issues like the fiscal commission. He emailed Summers and others on February 8, 2010: 'This does piss me off that we have debated this internally for months ad nauseam and we are a day and a half before the announcement and just now reaching out to a Republican senator.' Emanuel did not see the appeal of Simpson. 'He's going to be a headache. Our internal process is a f----- debating society.'" (Bob Woodward, *The Price Of Politics*, 2012, p. 44)

Obama's Team Was Adept At Budget "Gimmickry"

SHOT: In 2008, Obama Promised A "Net Spending Cut" To The Federal Budget By Going "Through The Federal Budget Line By Line, Page By Page." OBAMA: "We need to eliminate a whole host of programs that don't work. And I want to go through the federal budget line by line, page by page, programs that don't work, we should cut." ([Third Presidential Debate](#), Hempstead, NY, 10/15/08)

- **CHASER: Woodward Reports That Larry Summers' Budget Solution To Addressing The Deficit And Jobs Was "Let's Sort Of Just Gimmick It Up."** "Geithner, Orszag and Summers went to work on a strategy for the next year's presidential budget request, which was due to Congress in early February 2010. They had to produce something that would show Obama was equally serious about deficit reduction and job creation. Back and forth they went, debating, defining and calculating. It was dizzying. 'Let's sort of just gimmick it up,' Larry Summers said to Orszag at one point." (Bob Woodward, *The Price Of Politics*, 2012, p. 30)

Geithner "Conceded" That Savings From The Wars In Iraq And Afghanistan Ending Weren't Real Savings. "The White House agreed to the \$1.2 trillion in spending cuts over 10 years, but added a firewall that required that they be split evenly between defense and other general spending. Republicans resisted. The congressional appropriations committees ought to be allowed to make those spending choices. Geithner said that the savings from winding down the wars in Iraq and Afghanistan – the overseas Contingency Operations fund – should be counted in the grand total. He conceded that this wasn't real savings, but it was a peace dividend and it made the overall total look bigger. 'We need to have this because the ratings agencies and markets believe in this stuff.'" (Bob Woodward, *The Price Of Politics*, 2012, p. 241)

Then-OMB Director Peter Orszag Said That, On Budget Gimmicks, Obama Has "Come To The View ... That This Whole Exercise Is Kind Of Silly Anyway, So Sure, Let's Play The Game." "The Doc Fix would continue, but it would be 'unpaid for' and 'without offsets.' On paper, it reduced the deficit by \$25 billion, but it left future administrations to find the offsetting cuts or revenue. It was another gimmick, and it received a presidential check mark. But this check mark had a distinctly unsteady wobble on the upsweep. What did the president actually think about all of this? 'He's come to the view,' Orszag later remarked to others, 'that this whole exercise is kind of silly anyway, so sure, let's play the game.'" (Bob Woodward, *The Price Of Politics*, 2012, p. 32)

- **Orszag: “It’s Almost Like We’re Saying, Well They’re [The Senate] Cheating Too, So We Will. So We Can Follow Their Lead. Welcome To Sausage Making.”** “On the Doc Fix, the memo noted that the White House had at least some political cover. Senator Conrad, it read, ‘has expressed the possibility that the Senate could move toward a five-year unpaid-for-fix’ on the Medicare payments to doctors. Orszag explained: ‘It’s almost like we’re saying, well they’re [the Senate] cheating too, so we will. So we can follow their lead. Welcome to sausage making.’” (Bob Woodward, *The Price Of Politics*, 2012, p. 32)

Obama’s Economic Team And Democrat Allies Voice Proposals That He Today Assails

SHOT: Obama Criticized Territorial Taxation As A Policy That Would Create 800,000 Jobs That “Wouldn’t Be In America.” OBAMA: “We have not found any serious economic study that says Governor Romney’s economic plan would actually create jobs -- until today. I’ve got to be honest. Today we found out there’s a new study out by non-partisan economists that says Governor Romney’s economic plan would, in fact, create 800,000 jobs. There’s only one problem: The jobs wouldn’t be in America. (Laughter and applause.) They would not be in America. They’d be in other countries. By eliminating taxes on corporations’ foreign income, Governor Romney’s plan would actually encourage companies to shift more of their operations to foreign tax havens, creating 800,000 jobs in those other countries.”

(President Barack Obama, [Remarks At A Campaign Event](#), Cincinnati, OH, 7/16/12)

At The DNC, Biden Claimed Experts Have Said Territorial Taxation “Will Create 800,000 Jobs. All Of Them Overseas. All Of Them.” BIDEN: “Governor Romney believes in this global economy, it doesn’t matter where American companies invest and put their money, or where they create jobs. As a matter of fact, in his budget proposal – in his tax proposal he calls for a new tax. It’s called a territorial tax, which the experts have looked at and they acknowledged it will create 800,000 jobs. All of them overseas. All of them.” (Vice President Joe Biden, Remarks At The Democrat National Convention, Charlotte, NC, 9/6/12)

- **CHASER: When The Issue Came To Corporate Tax Reform During Debt Ceiling Negotiations In 2011, Geithner Said “The Goal Is Territorial.”** “When the discussion turned to corporate tax reform, Boehner and Cantor thought they were onto something positive. The administration had tentatively – everything was tentative, it seemed – stated that corporations would only be taxed on domestic income and not from overseas income. This was a giant issue for companies like Apple, Microsoft and Google, any that operated abroad. Called a territorial corporate tax system, the business community would be overjoyed if it was adopted in an overhaul of corporate taxes. Not having to pay the U.S. corporate rate of 35 percent on overseas income would be a bonanza for corporate America. ‘The goal is territorial,’ Geithner said, starting to pull back. ‘I’m not sure we can commit to completely territorial.’ Maybe 95 or 96 percent. He added pointedly, ‘We are prepared to move off decades of Democratic orthodoxies.’ Treasury had been working on a corporate tax reform plan for some time. Decisions had been expected earlier in the year. Where are you? They asked. ‘Well,’ Geithner said, ‘we’re still working. But complete territorial we may not be able to get. But we’re going to get close, and we can work with you on that.’” (Bob Woodward, *The Price Of Politics*, 2012, p. 242)

Obama Director Of Legislative Affairs Rob Nabors: “You Could Raise All The Taxes You Want On Millionaires,’ Nabors Made The Mistake Of Saying, And It Would Never Raise Enough.” “A band of angry Democratic senators, including former and likely future presidential candidates, cross-examined them on what kind of deal the president was trying to cut. Where was the revenue guarantee? Democrats had a winning hand, the public was with them on higher taxes on the rich. Why do we have to cut any Medicare? Don’t cut anything. You are playing on Republican turf. Talk of big spending cuts was weak and

played into Republican hands. This whole debate should be about revenue. Stare them down. Why were Senate Democrats cut out of the process? Force the Republicans to raise taxes on millionaires. 'You could raise all the taxes you want on millionaires,' Nabors made the mistake of saying, and it would never raise enough." (Bob Woodward, *The Price Of Politics*, 2012, pp. 272-273)

Sen. Kent Conrad (D-ND) Said The Only Way To Get More Revenue Is "Fundamental Tax Reform That Actually Lowers Marginal Rates." "There is only one thing that works,' Conrad said. 'And that is fundamental tax reform that actually lowers marginal rates.'" (Bob Woodward, *The Price Of Politics*, 2012, p.172)

- **Conrad Said The Key To Generating Revenue Was To Lower Income And Corporate Tax Rates While Eliminating Deductions.** "The key to generating revenue through tax reform, Conrad said, was not to raise the income or corporate tax rates, but to lower them while eliminating deductions. 'Combined with entitlement reform and with going after wasteful spending,' Conrad said, it was possible to get there." (Bob Woodward, *The Price Of Politics*, 2012, p. 173)

Reflections On A Recurring Promise

HOPE: In November 2009, Obama Told Then-Sen. Ken Conrad (D-ND) That He Was Willing To Be A One-Term President If It Meant Solving The Budget Crisis. "Standing in the way was a legislative process that, Conrad was convinced, had completely failed. The Senate had been squabbling over the federal budget for six months with no result, and government funding was now dependent on stopgap, short-term continuing resolutions. It was chaos. 'I believe so strongly in what you're saying,' the president said. 'I'd be willing to be a one-term president over this.'" (Bob Woodward, *The Price Of Politics*, 2012, p. 28)

HOPE: Obama In 2009: "If I Don't Have This Done In Three Years, Then There's Going To Be A One-Term Proposition." OBAMA: "That's exactly right. And — and, you know, a year from now I think people — are going to see that — we're starting to make some progress. But there's still going to be some pain out there. If I don't have this done in three years, then there's going to be a one-term proposition." (NBC's ["The Today Show,"](#) 2/2/09)

- **CHANGE: "The Mission Of Stabilizing And Improving The Economy Is Incomplete."** "The mission of stabilizing and improving the economy is incomplete. First, the short-term federal fiscal problem has not been solved. Instead it has been pushed off to the future, leaving the United States facing what is now called the fiscal cliff: By law, some \$2.4 trillion in spending cuts must begin in 2013, along with an increase in income and payroll taxes. Just the cuts in the first year would amount to \$240 billion, or nearly 25 percent of general discretionary spending — a staggering, unprecedented amount." (Bob Woodward, *The Price Of Politics*, 2012, p. 379)
- **CHANGE: "Second, The Long-Term Problem Of Unsustainable Entitlement Spending ... Has Been Largely Unaddressed."** "Second, the long-term problem of unsustainable entitlement spending on Medicare, Medicaid and Social Security, highlighted by Republican House Budget Chairman Paul Ryan and familiar to all informed politicians and economists, including the president and Boehner, has been left largely unaddressed. The combined cost of the three programs in 2012 is about \$1.6 trillion. The Congressional Budget Office projects that will nearly double in 10 years to \$3 trillion." (Bob Woodward, *The Price Of Politics*, 2012, p. 379)