

Academy Meetings



Celebration in Lower Hutchinson Field, Grant Park, Chicago, IL, upon hearing that U.S. Senator Barack Obama was elected President of the United States

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After the 2008 Elections: How Will They Govern?

Norman J. Ornstein and Thomas E. Mann

David T. Ellwood, moderator

This presentation was given at the 1938th Stated Meeting, held at the House of the Academy on January 14, 2009.



David T. Ellwood

David T. Ellwood is Scott Black Professor of Political Economy and Dean at the Harvard Kennedy School. He has been a Fellow of the American Academy since 2000.

The present moment is an amazing one. I realize this is a commonplace concept, that most people in any given year tend to think that the world they live in is at a major turning point. One never really knows until much later, but if ever there was a good nominee for an amazing moment, the present feels like one.

More than a year ago, before the financial crisis began, my colleague David Gergen said that the new president, whomever he or she would be, would face the greatest set of challenges since Franklin Roosevelt. That he could say this even before the current financial crisis is easy to understand. Start with the huge challenges presented by Iraq – where getting out will be really hard – and Afghani-

stan – where we seem to be struggling. Add in Pakistan, nuclear proliferation in the Middle East, the incredible crisis in Gaza. Consider the issues raised by climate change and energy policy. (The really inconvenient truth about climate change is that it is going to be hard, not easy. Had any of the recent presidential candidates honestly addressed the issue of climate change, they would have said, “You know, these gas prices are too low, not too high,” and “Any solution is going to involve sending a lot of money to China to help do carbon capture and other things to offset all the coal they will be burning.” But no one seemed to be running on the platform of higher gas prices and more money for China.) Consider health policy and what happened the last time it was tackled: the Clinton Ad-

ministration nearly crashed, and the Democratic Congress was thrown out. Finally, consider the issues of terror and security, education, and immigration. Looming behind all of these is the budget. Our deficits were astonishing even before the current crisis.

Besides the unique scope of the current set of challenges, the other striking thing about them is that a misstep with almost any one of them could destroy a presidency. Iraq, Afghanistan, the Middle East, climate change, health policy – the list of things that could go wrong is enormous, and some are completely out of anyone’s control. A terrorist incident or the avian flu could derail everything. Combine those challenges with uncertainty about where the economy is headed, and the new president faces a combination of challenges unlike any we have ever seen.

The first moments of the new administration will be amazingly important. The president and his officials might feel tempted to do the impossible: do it all and do it early.

At the same time, this is an exciting moment because so many people are happy and excited about serving, about making a difference. So, as the saying goes, and as Rahm Emanuel recently affirmed, never waste a crisis.

Just after the election, I was at a dinner party that included Mayor Bloomberg of New York. He was asked why on earth he would again want to be New York’s mayor. “Nothing but hard times lie ahead. You got an A the first time around, so why not get out while the getting’s good?” He said, “It’s way more fun to lead in bad times than in good times. You can do stuff. People will put up with stuff. In fact, they want a leader. They want someone who’s strong. In good times, you can’t do anything, because people won’t put up with it.”

The other interesting aspect to the present moment is that it is like a fantasy for Democrats. Recall that when Clinton got into office, he was going to change the world, fix

health care, and so on – only he had to worry about the budget. The budget was a really big problem, and within the administration a tremendous fight was waged over budgets versus other priorities. Many people argue that the budget folks won, perhaps to good effect. Donna Shalala, my boss at the Department of Health and Human Services, used to say it’s really not fair for Democrats to be in office when there’s no money. Democrats really like to spend money. So imagine being a Democrat coming into office and being told, “You must spend a trillion dollars as fast as possible.” You actually have money to do a lot of stuff up front. This gives new meaning to the usual claims that the president’s first hundred days set the tone for the entire administration and therefore must be done right. In this case, a trillion dollars will be spent in those first hundred days. But, and this is important, Obama had better spend it wisely, because it’s probably his last trillion. Eventually he will have to start paying the bills for all of that unbelievable debt and deficit he will create. So the first moments of the new administration will be amazingly important. The president and his officials might feel tempted to do the impossible: do it all and do it early. Instead, what I hope will happen in the first year is that the new administration will make down payments – of both the monetary and critical framework sort – on a number of major projects, including health-care reform, climate change, and energy independence.

Watching the team that Obama has been putting together has been fascinating. Its members are an amazingly impressive group of people. In combination they also suggest a strikingly different form of governance. Historically the relationship between the White House and the executive departments has been a battle. In general, at the end of the day the White House wins, and the Cabinet members are annoyed.¹ A few Cabinet officials, typically at Defense or Treasury, might be unusually powerful because of where they are. But even then they tend to be somewhat

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controlled by an agent of the White House, a national security adviser, or the National Economic Council (NEC). The Cabinet Obama has assembled, however, comprises a number of exceptionally powerful figures who just might be able to turn the tide of the battle historically waged between the White House and Cabinet.

How will the White House maintain control over its agenda? How will it manage the many powerful voices and competing priorities? Rahm Emanuel, who is a highly effective, thoughtful, powerful man, will play a significant role. (I was on the wrong side of a number of battles with Emanuel back in the Clinton administration, and I can tell you it is hard to win against him.) And he is far from being the only powerful White House figure on the Obama team. The interactions between figures like Larry Summers, heading the NEC, and Timothy Geithner at Treasury will be interesting to watch. Defense, where William Gates is staying on from the Bush administration, will present fascinating challenges to Obama. How those challenges are managed amid the broader response to the current crises will provide fascinating viewing opportunities well beyond the new administration’s first one hundred days.

¹ During the Clinton Administration I was one of the people in charge of welfare reform. In fact, I thought I was one of the three people in charge. We were running the show, deciding who was on what group, writing the bill, and so on. And then the head of politics for Health and Human Services came to me and said, “You know, when the final

bill is written, and the final deal is cut, you’re not going to be in the room.” I said, “What do you mean, I’m not going to be in the room? I’m kind of in charge.” He said, “No, you won’t be in the room, because you care more about poor people than you do about Bill Clinton.” That was one of those “Oh, yeah, I guess they’re right” moments.



Norman J. Ornstein

Norman J. Ornstein is Resident Scholar at the American Enterprise Institute for Public Policy Research. He has been a Fellow of the American Academy since 2004.

We have six days to go in the seventy-seven-day interregnum between Election Day and Inauguration Day. This long period during which the president-elect waits to take over is unique to the United States. During this time the president who will soon be replaced still holds power and is able to exercise the full force of that power, despite the election results. I have likened this situation to moving in with your fiancée while her soon-to-be ex-husband is still living in the house. President-elect Obama has been sensitive to this reality, and when he first met with President Bush after the election, he solemnly said, “We can only have one president at a time.” President Bush responded, “That’s not what Dick Cheney told me!”

We have witnessed some remarkable moments during the transition period, one of the most interesting being the historic lunch-time gathering of all the living former presidents with the president and the president-elect. When the bill arrived, they argued awhile over who should pay and then decided they would just pass it on to future generations. Another interesting moment occurred just today, when the Secret Service caught somebody trying to climb over the fence at the White House. They said, “Mr. President, you come back here; you’ve still got six days to go.” In a few days we’ll get to see the new presidential limousine, which makes its debut on January 20. The Secret Service calls it an armored tank. GM calls it a midsize.

All kidding aside, this really is a remarkable time. David outlined some of the difficulties Barack Obama will face, and they are not to be minimized. But Obama will also take office with a number of election-born advantages that many, if not most, of his predecessors did not enjoy. Obama won a stunning, sweeping victory, including capturing a majority of the popular vote, making him one of only four Democrats in history, and the first since Lyndon Johnson, to do so. Unlike Presidents Bush and Clinton, Obama had coattails. The Democrats picked up an impressive number of seats in both houses of Congress. Of course, Obama was not solely responsible for these gains. This was an election in which most Americans looked at the world as it has played out over the last few years and did not like what they saw. They especially did not like anything about Wash-

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ington, and although Democrats had been in the majority in both houses of Congress since 2006, voters basically blamed Republicans. Nonetheless, a significant number of the Democrats newly elected to the House, and even a few in the Senate, know that they might not be there were it not for the superior organization – the get-out-the-vote effort, the fifty-state strategy – of Obama’s campaign. Democrats are in a remarkable position after gaining twenty or more seats in the House of Representatives and making big gains in the Senate for the second election in a row, the first time that has been done since 1932.

The Democrats’ swollen numbers should give them at least a slight pause, however. When Bill Clinton got elected in 1992, he came in with a comfortable Democratic majority in Congress: 258 out of 435 representatives and 58 out of 100 senators at that time

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were Democrats. The numbers are nearly identical to what Obama has. Despite this seeming advantage for Clinton, the first two years of his presidency were among the most difficult for a president in modern times. Republicans, after twelve years dominating the White House and now shut out of power in Washington, basically said, “All right, you won it all. You’re on your own. Don’t count on us.” True to their word, not a single Republican voted (at any stage in the bill’s progression through the House and Senate) for Clinton’s signature initial priority, an economic recovery package. The administration spent seven to eight humiliating months begging, pleading, and cajoling to get a simple majority in either house, finally succeeding by one vote in each. Instead of winning an initial big victory that would give him the momentum and the infusion of political capital to move toward other successes, Clinton’s victory looked much more like a defeat. A separate part of that economic recovery plan, a stimulus package of astounding size – all of \$13 billion – died in a filibuster in the Senate. The tugging and hauling over the Clinton economic plan was followed in the next year by the burning wreckage of his health-care plan, along with humiliating setbacks on his crime bill and in other areas. The lesson for Obama is that having Democratic majorities of the size he will enjoy does not automatically mean you can make things work.

The news is not all bad when comparing the start of the Clinton administration with the present. Back in 1993, Democrats had held the majority in the House for thirty-eight consecutive years. Not a single Republican serving in the House in 1993 had ever served

as a Republican under a majority Republican House, and only one Democrat, Sid Yates of Illinois, had served as a member of a minority Democratic House – way back in 1954. Most Democrats in Congress believed that buried somewhere in the Federalist Papers was a proviso that the Congress shall be controlled by Democrats. Their attitude was “Presidents come, presidents go, we stay. Whether they succeed or fail has little to do with us and thus doesn’t much matter.” This was their attitude in 1993, and it led to their departure from the majority two years later, followed by twelve years of wandering in the desert of the minority before recapturing the majority in the 2006 elections. Most of the current members are cognizant of the reality that their fate is inextricably linked with that of the president. That might make a difference for Obama.

Obama also has to deal with a dysfunctional political system, a public discourse that frequently consists of people at one end screaming at people at the other, and a political system where the opposition party views the success of a president of the other side as something that is not necessarily good.

At the same time, Obama has learned from the lessons of Bill Clinton, who botched his transition, paid little attention to personnel, did not put an early governing structure in place, had a disorganized White House, hit the ground stumbling in many other ways, and frittered away those initial several months that really are critical to the success of a president. Obama is not about to do that. He has led a model transition and has focused on a governing style. He also believes that he can capture some Republican support, not just by having individual

Republicans in for coffee or by making little phone calls, but by actually soliciting and incorporating Republican ideas. The Republicans in Congress represent a daunting challenge to the new president. For all of the difficulties Clinton had, substantial numbers of moderate, centrist, and even liberal Republicans sat in both houses back in 1993, and Republican senators did not regularly use the filibuster, or the threat of filibuster, as a device to retard progress on many different issues. Now, the ranks of Republican moderates form but a trace element in the House and barely more than that in the Senate, and the filibuster has become a very different vehicle.

At the same time, \$13 billion in economic stimulus seemed like a huge amount of money in 1993. Now \$800 billion is being criticized by many economists on the left and right as being too little to jump-start the economy. If the stimulus passes, the president will have money to work with instead of the fiscal straitjacket that pundits contemplated before the economic meltdown. But Obama also has to deal with a dysfunctional political system, a public discourse that frequently consists of people at one end screaming at people at the other, and a political system where the opposition party views the success of a president of the other side as something that is not necessarily good. All of those factors will be difficult to overcome. Still, Obama’s track record on the campaign trail and during the transition has been promising. He ran a sophisticated fifty-state campaign with enormous internal discipline and a focus on the outcome that was never deterred or fazed by the inevitable bumps encountered along the way. That plus the remarkable team he has assembled show that he is a natural executive.

But his governing approach is one that represents its own set of challenges. The team of rivals is a wonderful concept. Having strong-minded, accomplished people at all levels of government is something we all desire and like. Pulling their various strong voices into a single, consistent message will be a daunting challenge, however. Obama’s economic team alone will bring together the likes of Tim Geithner, a widely respected banker who spent his career in government as a protégé of Larry Summers and who will

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head the Treasury Department; Summers, a former Treasury Secretary who will direct Obama’s National Economic Council, holds very strong views, and probably is not afraid to play the protégé/mentor card; and Paul Volcker, a former Federal Reserve Chairman who will be kibitzing from the outside as head of Obama’s Economic Recovery Advisory Board. Unlike on the campaign trail, where all involved share one objective – getting elected – and work closely together, often in the same building, in an administration the main players are scattered about Washington, might not have a primary goal of reelecting the president (might even see the president’s success as antithetical to their own), and might believe that working closely with other appointees could compromise their own strongly held beliefs or undermine their own power base. Whether Obama, with the unbelievable, once-in-several-generations talents that he probably possesses, can impose his will in this kind of an environment while also dealing with a Congress that is struggling to get past its own partisanship and dysfunction will be a most interesting set of issues not just for those of us who observe, write about, and analyze politics for a living, but for all of us, because the outcome will have a direct and immediate effect on our lives and those of our children and grandchildren.



Thomas E. Mann

Thomas E. Mann is the W. Averell Harriman Chair and Senior Fellow in Governance Studies at the Brookings Institution. He has been a Fellow of the American Academy since 1993.

The start of the Clinton administration was a special time; it was an exciting time. David's Department of Health and Human Services had one of the ablest secretaries ever. She looked as good and felt as energized when she left the office after eight years as she did coming in, and she assembled an extraordinarily talented group of people. Expectations of what might be achieved were high, and some expectations were met. We saw some real achievements both during the first two years and in the subsequent years. Today we look back on the economy and the society and the state of well-being around the globe during those years, and we pine for those good times. The deficit reduction initiatives, the Earned Income Tax Credit, the North American Free Trade Agreement, and welfare reform were all real achievements. But we remember them along with the rocky start, the failure of health reform, the ever-present Whitewater and other so-called scandals, the 1994 political setback, the bitter partisan battles, the impeachment, all of which combined to limit the reach and impact of an administration that was quite skilled, electorally. Clinton was the first Democratic president to be elected twice and serve out eight years since Franklin Roosevelt. But Bill Clinton himself has said, "Good times don't make for great presidents." He ran on the economy – "It's the economy, stupid!" – but the reality is that the economy was already starting to come out of its slump by the time Clinton was

elected. George Herbert Walker Bush pointed that out, but, alas, Americans didn't see it until much later.

But the nature of the problems was of a different order, and while things were accomplished, we fell short of the expectations and ushered in one of the most difficult periods in American public life. We all remember Florida, November 2000, the days and weeks of bitter struggle to determine who our next president would be. I remember thinking, what in the world will George W. Bush say in his inaugural address to bring the country together after that thirty-six-day struggle? The editors of *The Onion* came to the rescue, suggesting that the president begin his inaugural address by recalling Gerald Ford's, "Our long national nightmare of peace and prosperity is over." Little did we

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know how prescient *The Onion* editors would prove to be and how difficult a period would follow: 9/11, the war in Iraq, Katrina, and the ravages of the economy – not to mention the deep ideological polarization of the political parties, the seeds of which were planted in the 1960s but came to fruition during this difficult period when we saw the institutional pathologies in American government and politics. The failures of Congress, the first branch of government, magnified the problems of the other branches. A nation and Congress divided 50/50 along party lines elevated the permanent campaign, and elected politicians began to ask of their every step, how will it influence the next election. Achieving any serious deliberation, any serious policy-making in Congress was hard,

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and toward the end of the Bush administration the public lost faith in the country, the direction it was moving, its standing in the world. Now we can add utter fear about the financial meltdown and the economic situation we face. If ever we have gone through a difficult period in our history, setting aside the Civil War, the current period ranks right up there, which is why so many people in this country, Democrats and Republicans, as well as people around the globe, were so utterly fascinated by and engaged in this election. The candidate offerings from both parties made for an extraordinary opportunity for the country to reengage and actually become a bit more hopeful.

Now, I know you're thinking, "He sounds Pollyannaish for an academic; he's been taken in by the poetry of this opportunity for a new beginning." But I want to suggest that we fall too easily into a cynical, critical mode, that we too quickly find the prose and miss the poetry. The present combination of facts and events really is quite extraordinary. The man who will be our president, the nature of the election, a transition that has proven to be remarkably competent, the unprecedented early start to governing well before the inauguration – all increase the possibility of the president, the government, the country actually succeeding in some respect instead of falling right back into a sense of hopelessness. The conditions in the country and the nature of the political situation are significantly different from sixteen years ago, when Bill Clinton was inaugurated. Certainly, conditions are much different than in January 2001, and those differences at least open some possibilities that we have not seen in this country in a long while.

First, the magnitude of the election victory suggests that if Obama governs successfully, a realignment of the sort FDR achieved in

his 1932 election is a real possibility. As Norm said, not since FDR have we had a new Democratic president replace a Republican while winning an absolute majority of votes and carrying significant numbers of new members of his party into both the House and the Senate, nor have we had two consecutive Democratic wave elections since 1930 and 1932. Add to that the underlying demographic shifts. In 1992, about 12 percent of the electorate was nonwhite. Today that number has doubled to about a quarter. And every element of that nonwhite electorate – African Americans, Latinos, Asian Americans, and others – is overwhelmingly aligning with the Democratic Party. Add to that the youngest cohort – which in 1992 still reflected Ronald Reagan’s popularity but is now reacting to George W. Bush and strongly supported Obama in the recent election – along with shifts in the metro area, and it all suggests something even more substantial to come.

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In addition to the demographic changes, the seriousness of the problems we face is such that the normal political hurdles may give way and provide an opportunity for action that would not otherwise exist. When Clinton came into office, he was dealing with the primacy of conservative ideas in our politics – ideas that dominated political discourse and governance for close to a quarter century. Clinton had to give that speech in which he claimed the era of big government is over, even when in effect he had proved that it was not, that he had stabilized it. Today the con-

servative ideas with which Clinton was confronted have little credibility. Tax cuts, moral traditionalism, and assertive nationalism abroad are not going to solve the problems we face. Democrats in Congress, chastened and much more experienced, are no longer the arrogant party and are actually looking to work with Republicans. Obama’s approach to governance is not ideological. He has a clear vision, a set of values, but he operates on the basis of getting something done, by whichever means seem available. He has put together an experienced, knowledgeable, and pragmatic team and is engaging with Congress in a way that I have not observed in a long time. He understands the trick is not to go over the heads of Congress or to ignore the public entirely. His administration will employ veterans of Capitol Hill who know how to make the system work. I see signs of prioritizing, of the sequencing of activities so as not to allow the agenda to be jammed and an early defeat to color the whole administration.

I happen to think the notion of the first hundred days applied to only one president in our history, Franklin Roosevelt. And yet we pull it out of the hat after every election without considering whether the current conditions match those that made FDR’s first hundred days possible: the severity of the problems facing the country and the nature of the government, a three-to-one Democratic majority and little in the way of staff on Capitol Hill. In 1933 you could really write new laws in the White House and get them enacted. Washington is so much different now. Health care will not be done in months and possibly not in a year or two; it will be a long, long struggle, probably accomplished in chunks and pieces over time. Rather than viewing the initial time in office as a period when you must spend what political capital you have because it will soon be gone and the rest of your term is irrelevant, the point of the first few months should be to set the stage for leading throughout the term. The way in which Obama has tried to deal with Congress on the release of the second installment of the Troubled Asset Relief Program (TARP) funds and negotiate the terms of the stimulus package demonstrates that he is a skilled politician who knows where he is going but is perfectly prepared to accept the legitimacy

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of the other branch of government. Congress has decided it will no longer be a potted plant but will engage.

For all my bullishness, I still think the challenges are daunting. The ways in which Obama could fail are many. But the seriousness of the problems we face creates the possibility of our political system operating in a way that is much more productive than we have seen in recent decades, and this possibility makes the present an exhilarating time.

David Ellwood

Both Norm and Tom mentioned that Obama is coming in with astonishing expectations, not just here but around the world. Indeed, part of the brilliance of his campaign was to say just enough to give you a flavor of what is to come without filling you up. Obama is smart and appeals to an audience that has been frustrated by the almost anti-intellectual atmosphere that has pervaded politics for quite some time. But now comes the hard part, where he must fill in the details and prioritize. He can’t say, “Oh, yeah, I’m going to do that, and I’m going to do that, and I’m going to do that.” He can accomplish only a limited number of things, and I’m concerned about what gets put off. I remember being in an administration when there wasn’t much money left for projects. Obama will get one or two bites of the apple right now, and then the money will be gone.

How will Obama deal with the expectations, what will his priorities be, and what will be left undone as a result?

Norman Ornstein

First, having \$800 billion or \$1 trillion to play with is positive in a couple of ways for Obama. He can start with a lot of carrots, a lot of grease, to move things along. The domestic priorities for him are fairly clear, and we haven't even touched on the international priorities – getting out of Iraq, dealing with Iran, and other knotty issues. He will need to start by inspiring confidence, both here and around the world, that we have a plan to get out of the economic ditch, and he'll need to do this without raising expectations that it will happen quickly. He has done pretty well on that front, and the public, despite the eight-second attention span most of us have right now, seems to understand that the economic downturn is not going to end in February or March, that we've got some time to go. Substantively, coming up with something that can actually work is at least as difficult as politically getting it through.

Obama will need to start by inspiring confidence, both here and around the world, that we have a plan to get out of the economic ditch, and he'll need to do this without raising expectations that it will happen quickly.

Health care is another top priority. I'm actually more bullish on this front than Tom is. I don't think it will take two or three years, but it is also not going to happen in one go. What Obama can do in health care is push for expansion of existing programs, such as SCHIP (the State Children's Health Insurance Program). More than likely, the stimulus package will expand insurance for a lot of people who are unemployed; it could also expand Medicare to many of those between fifty-five and sixty-four and expand SCHIP (or create a similar program) to cover the parents of children in that program. We'll likely also get moving on a health information technology program, and we'll probably send more money to health-care providers,

to give them a little bit of a cushion as we try to transform the system.

Health-care reform might be doable in two or three steps. The administration is not going to push for immediate, dramatic change. Instead, change will be phased in and will require buy-in from a lot of different constituencies.

The next major priority is energy and the environment. Major steps will be taken with the stimulus package to fund research and development of alternative energy sources, encourage clean coal plants, build wind turbines, and so on. Addressing climate change will be tougher. Obama might try to implement the cap-and-trade program he wants, using authority that the courts have given to the president and regulators without having to go to Congress. However, even the most popular presidents are unlikely to attempt end runs around Congress, so I doubt this would be his first choice. One area of the stimulus package that will address energy and environmental concerns is the plan to retrofit public buildings to make them more energy efficient. This is an area where you could get people working right away, especially if commercial buildings and homes were included. The potential impact on both the economy and the environment could be significant.

Obama could make significant strides with some of his major priorities by using the stimulus package to go further than he would otherwise normally be able to go and to use the momentum that is generated to move even further onward. It's a gamble, but one where the likelihood of success is much higher than if we were not in the midst of an economic crisis with the money to hand out the first carrots (which can then be followed with sticks).

Thomas Mann

I think it would be a terrible mistake for Obama to believe that this is his one chance, his only bite at the apple, and to try to get everything into this stimulus bill, because that would almost certainly kill its macro effect, which is desperately needed. We have a serious economic problem, and we need to increase aggregate demand. Unfortunately, pushing some of Obama's longer-term ob-

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jectives in health and energy will not get spending going quickly. The programs are just not on the books yet. We can do worker training, and some transfers to states will work well, especially through programs like Medicaid and SCHIP, where monies will enter existing systems and shore up spending where there would otherwise be cuts, thus providing some stimulative effects. But the real risk is trying to jam in major policy changes in a way that diminishes the impact of the stimulus on the economy. And let's face it: for Obama to succeed, he needs to serve eight years; he needs the economy to be coming out of this serious downturn as he gears up for reelection in 2012. The well-being of the economy is central to any of Obama's longer-term goals. The stimulus package is an opportunity to have an early success on an urgent issue and to reestablish some credibility for the government's capacity to do positive things. The government will need to act on other matters in the future, when the fiscal constraints are even greater, and it will have to pay for some of these programs with dedicated revenues. Thus, Obama should be planning not to do all his great things at the beginning, but should be imagining a successful eight years of government.

Question

Why shouldn't I be worried about the following: The bailout plan already enacted has disappeared without a trace; the original amount of money has not been accounted for in any way. From that, one can possibly conclude that no due diligence was performed to assess the condition of the banks and other financial institutions receiving aid. Now we are talking about putting more money into these institutions. But we are already in debt between \$10 and \$11 trillion. The various bailouts and stimulus packages

seem likely to add many more trillions. No one is going to lend us money anymore. We are just going to start printing money, it would seem. What will prevent hyperinflation? Why should I not worry about that?

Norman Ornstein

When people ask me for investment advice, I say, invest in printing presses because they are going to be working night and day! In reality, I think we are going to look back on Hank Paulson's tenure as Treasury Secretary under President Bush and give him a sizable slap across the side of his head for one thing, for not following through with a level of accountability or with promises that were made to Congress but were not written down, particularly including doing something about

What we have seen with Obama from the start is an understanding that a different approach to governing is needed, one where decision-making is shared and involves give-and-take and sensitivity to Congress.

the mortgage problem. The Bush administration agreed to address the problem out of the first \$350 billion but did not follow through on it. These failures have left an enormously high level of distrust inside Congress. To Obama's credit, he has been burning up the phone lines with members of Congress, giving them specifics and concrete promises about what he would do with the second \$350 billion in TARP funds.

As to why we should spend those funds at all, we continue to have a serious credit problem and a lack of confidence up and down the line. To address this, we've got to get money out there and get some commitments that it will be used to free up credit to start that element of the economy moving again and to create greater stability in financial institutions.

Thomas Mann

I have never felt less confidence in the sum total of our knowledge and understanding as scholars, government officials, and as a society as I do today. I don't think much certainty exists about what happened or what to do about it. In some respects, we are flying blind, much like FDR, who tried various things out of a sense of desperation. Steve Pearlstein, whose writing on the economy has been both highly intelligent and prescient and who has been critical of how the recovery efforts have been handled, recently said, listen, we avoided a global financial meltdown the likes of which would have dwarfed what we've already seen. If the Lehman Brothers collapse had been followed by AIG and Citigroup, forget it. All bets would be off. Panic, not just in the United States but around the globe, would have spiraled out of control. Pearlstein argues that, yes, other things have to be done, but the steps already taken were critical.

I recently met with a delegation from Australia, and they said, "Whatever you do, don't scare us again, as you did when the House initially refused to pass the bailout." The only safe haven in the world today is U.S. treasury notes. People are willing to pay the U.S. government negative interest rates to have a home there. We are obliged not to allow the utter disintegration of the financial system. I don't know how much more it will take, but I know a lot of it will come back to the government as it did under comparable times in the Great Depression. Frankly, I don't think we have an alternative.

David Ellwood

If you really want to be worried, first you should worry about deflation, which will be followed by inflation. We sort of know what to do about inflation: we put ourselves into a recession and cut back on the money side. Deflation you should lose sleep over because we are not good at figuring out what to do about it. (In fairness, we have not had to deal with it in a really long time. Unfortunately, that last time was during the Great Depression. The world was wildly different then, and what we did to get out of it is still a matter of debate.) A lot of the levers – for

example, interest rates – do not work with deflation. Because we are so desperately afraid of it, we shove a lot of money out to try to make it better. I'm not saying you should go to bed feeling great, but I think you should feel better than if we had not done the TARP and taken other steps to shore up the financial system.

Norman Ornstein

Tom is absolutely right. We have no alternative. But we can proceed with or without accountability. We did the first half of the bailout without; we need to do the second with.

David Ellwood

Yes, we can do things with accountability and actually have a strategic plan. In fairness, at the time the bank bailouts were being arranged, the situation did feel like an immediate crisis. Some measure of the initial response can be forgiven as being a bit like what test pilots are instructed to say as they're going down: "I've tried A; I've tried B; I've tried C; I – " In our case, we ended, fortunately, with "We're still up!" The ground still looks awfully scary, but we haven't crashed yet. However, accountability has now got to be part of our response, and, in fact, more thought is going into how we can ensure just that – which is not to say we know where we are headed.

Norman Ornstein

On the issue of deflation/inflation, I find it commendable that we have bipartisan leaders in Congress – including Kent Conrad and Judd Gregg in the Senate and Frank Wolf and several Democrats in the House – who are trying to couple the stimulus package with an administration commitment to focus down the road on addressing the big three entitlement programs (Social Security, Medicare, and Medicaid). If we cannot figure out now a way to build in budget discipline for those times when things are going better, then the problem of hyperinflation becomes much more severe because of how deep a hole we're starting from and how many trillions of dollars deeper it will soon get.

Question

About thirteen years ago, a clever *Boston Globe* reporter named Charles Sennott wrote an interesting article called “Armed for Profit.” The article was about the U.S. defense industry and how much money it makes off us and off the rest of the world. As of 9/11, we were spending – I believe this is right – \$388 billion a year to support this corrupt business. I want to know, yes or no, do you think the Obama administration will be strong enough to stand up to the military industrial complex?

Thomas Mann

No. Actually, the problem with answering yes or no is that it presumes we accept the entire premise of your question, and I’m uncomfortable with it. Have we had scandals and corruption in the defense contracting business? You better believe it. Do we waste dollars? Yes. Do we have a long-term problem with projected defense outlays because

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we have so many obligations to restore equipment? Yes, and we are going to have to do something about the next generation of major weapons systems. (By the way, replacing equipment, getting more troops on the ground, and covering the health-care costs of the injured from Iraq and Afghanistan would make a great stimulus.) But I am uncomfortable with the idea that a cabal of evil people in the defense industry is setting the agenda of the Defense Department. I think the reality is much more complicated than that.

Question

Given the voters’ repudiation of the arrogant yet inept Bush presidency, what might happen to executive power and executive privilege? I’m worried about our civil liberties.

Norman Ornstein

We will see a significant change in attitude at the White House on things like signing statements. President Obama is not going to abandon signing statements, but they will look more like those of earlier presidents. They will explain why he is signing a bill or will discuss why he would like to move in a particular direction. They will not be statements to the effect of “I refuse to enforce these provisions because they infringe on my power as the unitary executive.” We will see more openness and less arrogance, less willingness to claim executive privilege at every turn. We will not get a unilateral disarmament in the presidency, however. Strong-minded individuals moving to the White House want power and will want to exercise that power. What we have seen with Obama from the start, though, is an understanding – partly because he comes out of the Senate and will be surrounded by former senators and representatives – that a different approach to governing is needed, one where decision-making is shared and involves give-and-take and sensitivity to Congress. How this new approach will play out on the international stage will be interesting to watch.

Already we are starting from a premise that is distant from the Bush administration, which came in with an unrealistic notion of executive authority that ignored American history and turned the Constitution on its head. To this the Bush presidency added the premise that whatever the inherent authority of the executive it is always greater during wartime. They then defined the war as one that would go on forever. However, Obama, who is starting to get the daily security briefings that show the dozen threats, some serious, some not, thwarted in the previous twenty-four hours, will still need to figure out how to deal with the reality that evil people really are out there trying to kill us. How will he deal with Guantánamo? He has pledged to close it but has also open-

ly acknowledged that a lot of dangerous people are there whom we must figure out where to put. What will he do when surveillance issues come up, when somebody on his intelligence team briefs him on, say, a serious threat of an imminent transfer of nuclear material? The real, live answers to those questions are tough to deal with, but at least with Obama we start with a completely different attitude.

Thomas Mann

Norm is right. The posture and attitude of the Obama/Biden team certainly is different from that of the Bush/Cheney team. The latter had the most capacious conception of presidential authority of any administration in American history. But the framers of the Constitution did not depend upon having good guys in the White House. They set up competing institutions, and it was Congress’s failure to question, to insist on information during the recent period of unified Republican government. Congress during the Bush years was utterly supine, and that permitted the very abuses that many people have observed. I do not think you will see similar behavior from this Congress. Even though we have a unified Democratic government, we can already see signs of institutional patriotism and loyalty, of challenging, of expecting certain things. Obama will have to take that into account. Interaction between the branches is what will preserve our civil liberties.

David Ellwood

Remember that the oath of office is a promise to protect and defend the Constitution of the United States. The man about to take this oath is a lawyer who did very well in law school; whose heroes, many of them, are Constitutional scholars; and whose administration is being stocked with both people he admires and people who admire him – people who actually believe the Constitution has meaning. I think they understand that the Constitution is a document that will force them at times to make choices they would prefer not to make, but as lawyers they believe it is a document that constrains as well as empowers. I think they will respect those constraints because they will have a

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different attitude about where power comes from and a historical recognition that the Constitution's limits, frustrating as they are (and all presidents are enormously frustrated by them), were carefully drawn up by the framers as part of their elaborate series of checks and balances.

Question

Do you think the public engagement that Obama's campaign inspired can continue its momentum into his administration? Will the public have a greater voice in government in the future?

David Ellwood

To that I would add: Will this administration's governance really be fundamentally different? More grassroots in some fashion? Or will it quickly turn out to be like most administrations, sending out the occasional missive, and so forth?

The Constitution's limits, frustrating as they are (and all presidents are enormously frustrated by them), were carefully drawn up by the framers as part of their elaborate series of checks and balances.

Norman Ornstein

I think they have every intention of extending to their governing the social networking that became such a critical part of the campaign, and they also have every intention of being more transparent, which will also unleash the public. One of Obama's proudest accomplishments as a senator was a bill he got through with Tom Coburn, one of the two or three most conservative Republicans in the Senate, that puts every government

contract online. Now he is pushing Congress to put every significant bill online so that the public has an ample amount of time to review and study it. The additional eyeballs would allow for a level of scrutiny simply not achievable by Congressional staff and the Government Accountability Office. Some people have a lot of time on their hands and would be only too happy to pore over legislation, looking for problems, flaws, seams, or even corruption.

The administration would also like to figure out how to keep the 4 or 5 million people on the Obama campaign list engaged and how to use them as a weapon. David Plouffe, Obama's campaign manager, has been tasked with figuring out how to do this. Most likely it won't be done from inside the government, which would be tricky, but through the Democratic Party or some independent entity. One of the challenges will be handling the many among those 4 or 5 million people whose expectations of Obama are much greater than what he can actually deliver.

I think the Obama administration is also going to try to use new technologies to figure out better ways of governing. We live in a network age, but our government is not networked. One of the most interesting things I have seen in the last decade is something called Intellipedia. The intelligence community, across sixteen agencies, has created its own proprietary version of Wikipedia to allow for the sharing of intelligence cases and information that can then be updated and commented on. For the first time, the intelligence agencies have actually moved past the stovepiping that was notorious in the intelligence world. The Intellipedia model is one that could find wider application in helping to cut across some of the antiquated boundaries that crisscross government.

Thomas Mann

We are going to be intently watching and studying how the digital revolution changes campaigning and governing. The changes will likely be massive and profound.

David Ellwood

The issue is whether the power hitters throughout the administration, most of whom are used to hanging around Washington and playing Washington games, will be able to adapt. Watching to see whether Plouffe and others can make it happen will be fascinating, because if they succeed it will mean a revolution in governance. ■

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