



SPECIAL PRESENTATION

**“PRESIDENTIAL TRANSITIONS:
FROM CAMPAIGNING TO GOVERNING”**

PANEL 3: WORKING WITH A POLARIZED CONGRESS

CHAired BY:

**SCOTT LILLY, SENIOR FELLOW AT THE CENTER FOR AMERICAN
PROGRESS ACTION FUND AND FORMER STAFF DIRECTOR OF THE
HOUSE APPROPRIATIONS COMMITTEE**

FEATURED PANELISTS:

**THOMAS J. O'DONNELL, EXECUTIVE VICE PRESIDENT AT THE
GEPHARDT GROUP AND FORMER CHIEF OF STAFF TO HOUSE
MAJORITY LEADER DICK GEPHARDT**

**DR. JIM PFIFFNER, PROFESSOR OF PUBLIC POLICY AT GEORGE MASON
UNIVERSITY AND AUTHOR OF *THE STRATEGIC PRESIDENCY: HITTING
THE GROUND RUNNING***

**DR. STEPHEN WAYNE, PROFESSOR OF GOVERNMENT AT GEORGETOWN
UNIVERSITY AND AUTHOR OF *THE ROAD TO THE WHITE HOUSE AND
THE LEGISLATIVE PRESIDENCY***

**1:45 PM – 3:30 PM
WEDNESDAY, OCTOBER 15, 2008**

**TRANSCRIPT PROVIDED BY
DC TRANSCRIPTION – WWW.DCTMR.COM**

MR. SCOTT LILLY: If everybody could get back to their seats and we'll try to get started on our last panel. I wanted to say first of all, Jim and I sit behind the microphones and we're kind of the public face of it, but the people that really put this together need some recognition too. Olga Gallardo, who works with Jim at American University, and Alicia Kolar Prevost – here's Olga, at the door.

MR. : (Off mike.)

MR. LILLY: All right. And Alicia is she here? Anne Shoup, who is my research assistant and Christine McDonough – Christine, there you are. She's hiding behind the flower. Suzi Emmerling and Marlene Cooper Vasilic is our events coordinator here and I think they've done a great job. There's a lot more work than it might appear – (applause) – in one of these, but we appreciate all they've done and the hours they've put in and the aggravation Jim and I have put them through.

First of all, I think the ultimate test of any democracy is transition. It is a very delicate time. It's something that most countries that aspire toward democracy have failed to do, and I would say, just with respect to the speaker that just finished, Clay Johnson, it's a testament to what makes this country special that we have people who come from very strong partisan backgrounds, but they put the country and the ability to govern well ahead of all of those at critical times. And I think Clay is a hero in all of our books for the way he's done that.

There's a lot that's been said about political polarization in the United States and there is no doubt that it's a great problem. It is greater, in some respects, than it's ever been. In other respects, it's not that much different, at least from my – when I first started working in American politics.

The rifts between the parties, I think, are greater today than they once were, in part because the Congress really used to be three parties and there was not a lot of separation in some ways between the two. The Dixicrats, who were, in essence, the third party were often the swing block, but sometimes they weren't. There were a lot of Republicans in Congress who were to the left of the Dixicrats and provided a governing majority with the bulk of the Democrats.

And I think that was not a situation that many of us want to go back to if we remember what it was like because we had a part of our population that was advocating positions on race and a number of other issues that were far out of the mainstream and far away from what any elements in the Democratic or Republican parties advocate today. But that also created a real buffer in terms of the confrontation between the two major parties, and when that went away, we've had greater polarization. I also think that we've had a meanness that's entered into American politics that is unfortunate and that we all need to try to find ways of bringing back to the center.

But the question we have today is how do you deal with the Congress the way it exists now? The blue dogs, who in some ways, occupy the right side of the spectrum in the Democratic Party have become a very pivotal force in legislative politics. If you can't count the votes of the blue dogs, you can't count the House. And they are going to be increasingly important in the next administration if the polls on congressional elections prove to be correct.

I would say the House Democratic Party is much more unified than it has been in the past, despite the fact that the blue dogs are there. The blue dogs represent a conservative faction, but they are not – it's a conservative faction that's far more in line with the mainstream of thought within their party.

I don't think you can say the same thing about the Republican Party. There has been a steady shift to the right and that movement to the right has also been in ascendancy within the Republican Party in both the House and Senate. In the House, it has become almost totally dominant over the affairs of the caucus, whereas in the Senate, there is a fair balance between conservative and more moderate Republicans.

These changes present an interesting opportunity to the next administration, but whatever the makeup of the next Congress, the job of the new administration is to work with them. And I think that's always a challenging job, but we want to try to get at what that job will be like in this panel, and also look at what the mistakes of previous Congresses have been – I mean, of previous administrations have been in the way they approached Congress. Clay Johnson mentioned the absolute exhaustion that the president and his campaign staff have on the morning after the election and yet, the tremendous job that lies in front of them.

Richard Neustadt, who's perhaps the greatest all-time scholar of the presidency, has observed that you come out of a golden haze the morning after the election, and that haze – from that haze, the candidate and his administration are vulnerable to ignorance – I'm sorry – vulnerable to arrogance and ignorance.

And I witnessed six presidential transitions from Capitol Hill as a staff person, and I can say I fully understand what Richard Neustadt's talking about. There is an arrogance that comes with new administrations, and I think it comes despite the fact that the incoming president may be dedicated to not having an administration that has that attitude, and it comes sometimes when the staff and the people around the president don't want to have that attitude, but it is very hard to escape.

Some of the administrations that I've worked with in transition, I think, did a much better job than others, but I think that's one of the real challenges that face an incoming administration – that is, dealing with the Congress with respect for their constitutional role and their constitutional powers. And failure to do so may be aggravating to members of Congress, but it is much deadlier to the administration itself

because they failed to take advantage of the opportunities that are open to a president in the early months of his administration.

In my experience, I think the Carter administration was certainly the most problematic, but all of the administrations have had glitches, and some of them have had glitches that were deadly to their agenda, that cost them time in terms of bringing their proposals to a vote in the Congress, that reduced their ability to get their key cabinet members and assistants confirmed, and that made it impossible to get the votes necessary to move big parts of their program.

So having said that, I'd like to introduce the panel. Tom O'Donnell is now the executive vice president of the Gephardt Group, but in an earlier life – excuse me – Tom served on several congressional committees, and most importantly for today's discussion, he was the chief of staff to the House majority leader during the Clinton transition in 1992 and 1993.

Jim Pfiffner is a professor of public policy at George Mason. He specializes in the study of the presidency and American government. He's written and edited more than a dozen books on the presidency and he is a member of the National Academy of Public Administration. He served in the latter part of the Carter administration in the Office of Personnel Management.

Stephen Wayne is also one of the nation's leading scholars on the American presidency. He is a professor at Georgetown University and has served as president of the Presidency Research Group. He's written 10 books, including *The Road to the White House* and *The Legislative Presidency, Presidential Leadership*.

So I'm going to turn it over to Tom and then Jim and Stephen. Thank you.

MR. THOMAS O'DONNELL: Great. Thanks, Scott. I appreciate the opportunity to be here. I went through the Clinton transition, which was a very interesting period, but let me set the scene for your back, this – in November '92. Through '92, the Republicans had occupied the White House for 20 out of 24 years, starting in '68 with President Nixon, all right, so 20 out of 24 years, the Republicans had the White House.

During that entire time period, the Democrats controlled the Congress. So for 20 out of 24 years, you had divided government, which meant from – and again, I'll talk to you about the transition from the standpoint of the Congress – but what it meant is that Congress had an awful lot of influence and power and particularly, the committee chairs in both the House and the Senate. They were the ones who did a lot of the negotiations with the Republican administration.

So we have the '92 election. The economy is the number one issue. As Carville said, "It's the economy, stupid!" It can be applied to this election as well. Clinton ran as an outsider, all right, promising to change Washington. I'm sure you've heard that

before. And the interesting thing in terms of the election, there were no real coattails. In fact, in the '92 election in the House, Democrats lost 10 seats.

Now, I don't think that has a lot to do with the presidential election, to be honest with you. We had the House. We had some other problems in Congress, like the bank scandal and corruption and other issues that we were dealing with through the '90 to '94 period.

The other thing I would say to you about the presidential race, we had great relations with the Clinton campaign, with the presidential campaign that year. For example, George Stephanopoulos, who worked for Dick Gephardt and myself, he went from working the floor for Gephardt to being one of the top advisors to Clinton. Paul Begala went from being now a speechwriter to being a speechwriter for the president. Additionally, Ron Brown, who was the DNC chair, and had a very pivotal role in the election that November, we worked very closely starting in '89 when he came in as the DNC chair.

So we had a really good working relationship with the Clinton team. And I remember after the election thinking, "Wow, this is great. We've been fighting the Republicans. We've had a hard time getting things done and now we've got a president of our own party and here we go. We're off to the races."

And so we get into the transition. And, look, it's an 11-week process, but I would argue too that the transition between the executive and the Congress is probably a two-year process. I think there was a two-year process where there was a transition between a Democratic Congress and the president, and then we ended up losing the place in '94, so we didn't have time to be wiser about how we were going to go forward.

But anyway, the 11 week is nothing in terms of the relationship between the executive and the legislative branch. And I remember, less than two weeks after the election, we got on a plane here, the three leaders. It was Foley, Gephardt, and Mitchell, and they each took one staff and we went down and we had dinner with the president-elect and a few of his top aides one night and then we had sort of a planning meeting the next day. And so we spend our time talking about his priorities. He also made some – he talked a little bit about some personnel, not a lot, but he sort of bounced ideas off the three congressional leaders. And then they talked to him about the congressional timetable and what we thought we could do and that was sort of the first part of the planning.

Now, throughout this process, because we had Stephanopoulos there, particularly those of us in the House – we talked to them all the time, so there was constant conversation with them. The president, he set his priority that fixing the economy was going to be number one and he did a lot of, I think, very good things. One, he did an economic summit during that period. I think it was in December. He brought business leaders together, brought labor leaders, brought academics, but I think it was a very, very good idea to sort of highlight where he wanted to go with his administration.

The other thing I'd say he did in terms of the economy is he named his economic team first. He named his economic team before he named a national security team or before he named the rest of his domestic team, all right? And the other thing I'd say about his economic team, they were very strong, all right? He had Bentsen as secretary treasurer. They had Roger Altman, who was the deputy there. He named Rubin. He set up a new position in the White House on the economy and he put Rubin in charge of that. And then he named Pennetta as the OMB director and brought Alice Rivlin in as well. This was a very, very strong team and not only that, particularly with Bentsen and Pennetta, they had great relations with the Congress.

If you're looking at the relationship between the two branches, particularly on economic issues, you got Ways and Means and Finance and you got Budget. And you had a former Budget Committee chair and you had a former Finance chair. So from the standpoint of Clinton, I think he put a very strong team in that had a really good relationship with the Congress. And this was – his big piece was his economic package.

One, he felt we had to do something with the deficit, but he also needed to get some stimulus too, and we looked at middle class tax cuts. We did EITC, and then we raised taxes – he raised taxes on the people at the top and it was very, very tough sledding, but at the end of the day, we got it done.

Now, when we first took it up in the House, it passed narrowly in the House and we had a very controversial item in the bill, and that was the BTU tax and that's a British thermal unit, and basically, taxed the heat content of fuel. So we passed it in the House very narrowly, all right, with the BTU. The negotiating with the Senate – the Senate moderates, moderate Democrats, decide they can't go along with the BTU tax and the president ends up taking it out and it created all kinds of problems on the House side because – particularly among the moderates. As a matter of fact, they went around telling everybody, "We've been BTUed."

So we finally ended getting the bill back from the Senate and we had a very, very difficult time passing it over in the House. As a matter of fact, the day of the vote, we had 185 votes. And I remember going to work that morning about 6:30 and I called Pastor, who was the Congressional Liaison, and I said, "Howard, how many votes we've got?" He says, "185." I said, "We're never going to make up 33 votes in a day." It just sort of – going through the processes, getting your votes, 33 votes in a day is really, really tough. And at the end of the day, the toughest votes were the moderates and we ended up passing it by one vote, but the moderates were the toughest and a lot of it was over this BTU tax and how it was handled.

Now, look, we ended up passing this. The other thing is we passed it without any Republican votes, and that really – that made it difficult, I'll be honest with you. This was the first big priority of the new administration. We were able to get it done, but we did it partisan and not passing with Republican votes. A lot of that was some Democrats were telling the president, "We can do it just with Democratic votes. We don't need the

Republicans.” It was sort of a mixed bag there, how to deal with the Republicans, but we ended up passing it just with all Democrats and only by one vote in the House.

In terms of what the administration did well here, they did a summit, highlight the issue, all right? And I would argue for the new administration, they probably want to do something similar during the transition period.

The other thing is he had a very strong team with very good congressional contacts. The other thing I give the president a lot of credit, he led. He decided, “Look, I’m going to lead on this and I’m going to go out and try to do this, balance this budget, and do stimulus, get this economy going.” And he stuck his neck out and he led and I think for the most part, it worked well with Congress.

Now what they didn’t do so well – getting rid of the BTU tax really hurt him, particularly with the moderates, and this was early in his administration, and if you look just the next year – this is why I say this. Transition isn’t an 11-week period. This transition really, I think, is about a two year – but you look what happened to us on health care, our biggest problem on the health care vote was the moderates. Now, I’m not saying because they felt BTU – they didn’t go along with them, but they became a big problem. And when we had the Crime Bill in August of ’94, we had an awful difficult time on the gun issue with the moderates and so that created a lot of problems.

The other thing that sort of got in the way is – and this is very important for a new administration – is they need to have one priority. We – early on, the president – they decided to get rid of the ban on gays in the military and early on, both during the transition and the early part of the administration, this became a big issue, and it led to an awful lot of consternation in the two caucuses, both in the House and the Senate and I think that hurt them.

And then the other thing is there was no bipartisanship on his central piece of legislation. Look, a lot of it – a lot of Republicans didn’t want to go along with it. I did the Budget Summit in 1990, when we ended up going to – what’s the name of the place – Andrews Air Force Base. And we couldn’t get – and we were negotiating with Bush. We couldn’t get Republicans to go along with that either. They just wouldn’t play a role, and so I don’t necessarily blame the administration there was no bipartisanship, but I think a lot of the Democrats thought, “Let’s just do it with Democratic votes,” but I think it would have been healthier.

Now, for a new administration, we’re in, I think, a lot different situation, particularly – look, if it’s Obama, I think that Congress is in a different situation they were in ’92. In ’92, we had a 40-year run or whatever. We got a two-year run here and I think the congressional Democrats will be wiser. Their number’s going to be increased, but I think they’ll be wiser with the new administration.

The other thing I’d say is we’re in a crisis right now and I don’t believe it’s time to have business as usual in a new administration. And my recommendation for the new

president is, one, they need to be humble, no matter how big the electoral victory is. I think they need to be very, very humble here.

Second, I think they need to be measured. They can't throw the whole thing at the – four or five items at the Congress. They've got to really have one or two priorities and that's it. They've got to be very measured in terms of their ambition.

Three, I think they need to be more bipartisan because, look, we are in a crisis. We're at war overseas and we've got an economic crisis here. And I really think you need bipartisanship to get stuff done.

The other point – what I would do is I would also probably do a summit to highlight whatever that priority is. I thought it was a very good idea that Clinton did and it basically – you've got to tell the public where you're going to go. And then the other thing the new president has to do is sell, sell, sell – both sell to the public and sell it to the Congress, where they want to go in the new administration.

Everybody talks about that Clinton did – the administration did a good job selling. They did a better job selling after the health care. A lot of people can attribute what happened in the health care defeat was because we – the other side did a much better job opposing it. And today, a new administration's got to do a very good job selling their priorities and where they want to take this country.

MR. JIM PFIFFNER: As Scott mentioned that I was there for the last six months of the Carter administration, but I was also there for the first six months of the Reagan administration. And what I discovered – I was working in the Director's Office – is before the election even, the bureaucracy tends to slow down and go into neutral gear because they're waiting for their new bosses to come.

And I remember after the election, I went down to the motor pool to get the car for my boss, who needed to go cross-town for something and I said, "I need it at one o'clock tomorrow." And they told me, "No, I'm sorry. It's not available." And I said, "Wait a minute. I'm representing the director." And they said, "Well, the transition team needs it at that time."

So I could see that all of a sudden, the bureaucrats there, the career people, were starting to be attentive to their new coming bosses. But then as I watched President Reagan and his team come in, they did a very good transition, but still, waiting for those appointments to get onboard throughout the whole government really took a long time. So it was months and months, and so Tom is exactly right. This takes a long time. It's a process, not an individual event.

So if you're dealing with Congress, though, what should a new president likely do? Now, the ideal position – the best thing a new president can do is, one, win by a landslide; two, run ahead of members of Congress in their own districts; have large

majorities of your party in Congress; and have high level public approval ratings. Well, that's probably not going to happen.

So given that that's not going to happen, what sorts of things can you do? So first, I think courting Congress is an important kind of thing to do and you've got two Senators. One of them is going to president and so they should be good at that, but you've got to pay attention to it.

I remember, in contrasting the Carter and the Reagan administration, that the Carter administration did not do this too well. Hamilton Jordan was the chief of staff. Tip O'Neill wanted extra tickets to the inaugural event and he didn't get them and so he really got irritated – the speaker of the House, irritated at the Carter administration. He started calling him Hannibal Jerkin and he said that he thought that – Jordan thought that House speakers were something that you bought at Radio Shack. So Tip O'Neill did not appreciate this. And so you've got to pay attention to the sensibilities of people on the Hill.

I remember – this was back in the '80s, working on this book and I interviewed Dick Cheney in his office. And I said, "What's the most important to deal – when you deal with Congress?" And he said, "Don't sell the boat," and I scratched my head and then I thought it was the presidential yacht, the Sequoia. Jimmy Carter came in and sold it as part of saving money and so forth. But this was a chance for socializing between – the president would invite people, members of Congress, and just schmooze with them and so forth and those small things do make a difference.

And speaking of small things, of course, when members of Congress go to the White House, small favors make a difference. And one of these favors, as you all probably know, is when the president signs a bill, actually has to sign the bill with a pen. Okay, and so what do you do with the pen? Well, they hand it to an aide and the aide has it mounted with the first page of the bill and the pen, and with maybe a note from the president, "Thanks for passing this bill", and so forth. And those are big deals, that they're important for members of Congress to put on the wall and so forth.

Now, Lyndon Johnson was a master tactician with Congress and you wouldn't guess how many pens he used for the 1964 Civil Rights Act – 72. One letter in Washington, July 28th, but Johnson – and at one level it's silly, but he understood what members of Congress respond to and those small favors make a difference. The problem with Jimmy Carter – Walter Mondale said, "We could never get him to use more than two pens." So these small favors do make a difference. They're not going to change the dynamic of policy passage, but they do count.

Okay. The second – and Tom mentioned this also – you've got to choose a strategy and you can either choose the shotgun strategy or the raffle strategy and Jimmy Carter chose the shotgun strategy. He had a whole bunch of priorities that he wanted to get through on the Hill and somebody asked him, "What are your real priorities?" He said, "Well, I don't want to choose among them. I've got a whole list of them." Well

that didn't help people on the Hill at all know what was really important for President Carter and what they had to do.

Now, Ronald Reagan, on the other hand, I think did this very well. They chose a rifle strategy. They chose a narrow set of priorities, military spending increases, tax cuts and domestic cuts. And those three things, they really focused on the budget issue that first six months and they were relatively successful at it, but part of the reason was – is they decided to focus.

The other thing that you should be careful to do is avoid early mistakes and just a few examples here, and again I hate to pick on Jimmy Carter, but this is history. Carter was governor of Georgia and he saw Army Corps of Engineers come down and straighten out rivers and stuff, and he thought, “Gosh, a lot of this stuff is really wasteful spending. When I get to be president, it's going to be different.”

And so when he did get to be president in his first budget, he called over to OMB and said, “Give me a list of these things. I want to chop them out of my budget request and do (away with?) them.” Now, the OMB people said, “Mr. President, these things are important to members of Congress,” but President Carter said, “I don't care. I'm going to do the right thing and not play this petty sorts of politics.”

Well, of course, they did – he did try to take out about 19 of these projects and one of the problems is he didn't warn people on the Hill first and they got quite upset at that. And the other thing that happened is, of course, they put them into a bill that he had to sign later on and he lost it anyway. So he – in order to try to save a very small amount of money, he lost some credibility that might have helped him with very large projects.

Okay. This brings me to 2008 and 2009 earmarks. Earmarks are something that everybody can understand. Here's a few million dollars going to one place or another and so forth. They mount to about \$17 or \$18 billion. There is 12,000 or 13,000 of them, but this not even a rounding error, when you've got a \$3 trillion budget, a deficit of a half a trillion dollars, you've got national debt of \$10 trillion, that is just a very minor amount.

And so if one of the presidents come in and says, “I'm going to make this a priority,” it may seem like it's going to help with the American people, but they're going to have to use an awful lot of political capital to get a relatively small gain. So I would say think twice before you go after those earmarks in a serious way after you're president.

Other mistakes, Ronald Reagan in 1981 decided it would be – we could save some money on social security and made some proposals like that and he had to back off of it very quickly. This was in May of 1981. So you've got to watch out for those third rails.

And President Clinton, of course, the first few weeks, some blunders with Zoë Baird and Kimba Wood, vetting these people carefully enough. And the gays in the military, of course, was very distracting and I think really set them back on it.

Even President Bush nominated Bernie Kerik. Now, this wasn't during the transition, but it shows you how important that this vetting is and so vetting this year is going to be sensitive also. And maybe people who've hired illegal immigrants to work on the yards or something, you've got to be careful of those sorts of things because that's politics.

Okay. Now, the probability is the new president is not going to get a long honeymoon with Congress. There's not going to be a huge mandate, as there was in 1933 or Lyndon Johnson in 1964, Ronald Reagan in 1981. It's probably going to be a much closer election. In addition to that, the policy challenges, I think, are really large.

First, we've got this financial meltdown, of course. Nobody knows the real thing that's going to cure it, but that also covers over the probability – or the problem of the fiscal and budget deficit, the structural deficit, over the next five, 10 years. Social security and Medicare are going to have to be cut back and sometime, you're going to have to both increase taxes and/or cut benefits – very difficult to do that, but if a new president is responsible, he'll have to try to deal with that somehow. The problem, of course, is that this does not pay off politically. In 1991, George H.W. Bush broke his promise about no new taxes, got a package of \$500 billion decrease in the deficit over five years and he got trashed by his own party.

Bill Clinton came in in 1993 and did the really responsible thing, set aside the middle class cut and did the same thing about \$500 billion combination tax cuts – benefit cuts at the same time, but the problem is he said, "I didn't get any political payoff for this." And next year, he didn't try to do anything deep on the budget and so the problem is for the long run, it's really important to deal with these budget issues. In the short run, you don't get political kudos for doing it. So that's a real challenge.

And of course, national security – we've got a war in Iraq and no matter what the new president does, it's going to alienate about half the country. They're going to be irritated if they're either staying in there, or we're coming out too fast. And of course, Afghanistan is deteriorating now. It's becoming much more of a challenge. A new president's going to have to deal with that.

Okay. So whoever – the political reality is that when a new president comes in, the voters are going to want to tone down partisanship, moderate policy agenda, and so forth, but the dynamics of a really polarized Congress, and a closely divided Congress, is going to make it very difficult for the new president, no matter who he is.

MR. STEPHEN WAYNE: I'm going to approach this in a little different way because I think that in Washington, and presidents dealing with Congress, both policy and personality and also partisanship matters. So let's imagine the Democrats pick up

seats in the House and Senate and McCain wins a narrow victory. What does he have going for him and what does he have to do?

Well, the best thing he has going for him are lower expectations. I don't think we expect McCain to do the kinds of changes that we expect Barack Obama to do, but McCain would have his work cut out for him. Number one, as I said, in all probability, the Congress will become more Democratic and the Senate conceivably could become filibuster proof. That would be difficult.

Number two, think of what McCain has said he would do and how that would be received by a Democratic Congress – judicial appointments who pass the litmus test on abortion, no more supplements, cut down on government spending, but increased spending for veterans and for the Department of Defense and for, I guess, some kinds of environmental issues. Earmarks, eliminate earmarks. Earmarks are more than the junk food of Congress. Most members of Congress view earmarks as necessary for survival. Jimmy Carter and his water projects, as Jim just mentioned – if McCain is going to cut that \$18 million or so in earmarks, he's going to irritate a lot of people, both on his party and in the other party.

And then imagine the president of the Senate, first time probably in the Senate, sitting there, trying to get involved in the deliberations with much more power than Dick Cheney had. Imagine that and how she would get along with the Democratic Senate. Imagine your anti-lobbyist orientation and your need to build coalitions of outside groups. So you talk down lobbyists. You say, "Lobbying is special interests." And then you try to get these people to play together to build up groups – not a very easy thing to do.

So what would Senator McCain have to do? Number one, he'd have to adopt a bipartisan strategy. There's no alternative to that. That, of course, will irritate some conservative Republicans who seem already to be irritated by McCain.

Number two, he's obviously got to compromise. He can't hold the line like President Bush did for the first six years – six and a half years of his administration.

Number three, Congress hates two things – one, being blindsided, and number two – and surprised – and two, not having their opinion taken into account. No more quick risk-taking for McCain, which will be odd, given his tendency to do that; no shooting from the hip. Involve members of Congress in consultation and don't get angry with them in the way Senator McCain has gotten angry on the floor of the Congress.

In other words, it's going to be a very, very tough sell and Democrats will be very bitter if McCain wins. They thought this was their election. They thought they'd have a Democrat in the White House. They're a very partisan group and they're not likely to lay down and play dead or play – cuddle up to Senator McCain. So I think McCain would have a very, very difficult time dealing with Congress and he'd have a very difficult time establishing and maintaining any cooperative majority coalition.

On the other hand, I don't think he's going to have to worry about that because the polls suggest he's not going to win.

So Obama wins – what happens? Number one, as Obama has said, he's like a blank slate. Everybody reads what they want to into him. So he'll have to meet very diverse and some unrealistic expectations.

Number two, he – the motto is, “Yes, we can – we can change.” And yet change is very difficult to achieve in our political system unless you want to have very strong partisan change. So Senator Obama, as President Obama, is going to have to compromise and then he's going to have to explain to his supporters that the compromise actually was change, that moderation and incrementalism was like the innovation that he was preaching before.

And he's going to have to contend with critics on the left, including the African American caucus, the Black Caucus, which may be very disappointed in his moderate positions and not standing up for some of the things that the African American community expects him to stand up for. And at the same time, the critics from the right, who will say, of course, he's a tax-and-spend Democrat and he's spending a lot of money and this will get us into a bad shape.

Number two, Obama has a problem with ideologues. He doesn't deal well with them because they don't deal. He has problems with people who are truth-sayers and who don't compromise. He has promised to be a post-partisan president, but we have a very partisan political environment. And as far as I know, no Democrat or Republican has said they're going to convert to Obamaism and view the government and the politics in a very, very different way. So how do you be a post-partisan president with a very partisan political environment and with an electoral base where a large number of people are going to be very unhappy with a President Obama?

And finally, there are the negative parts of the Bush legacy that he's going to have to deal with. Congress, a more Democratic Congress, is not going to willingly concede to a greater use of executive power. Number two, for the first seven years, Bush did not consult with Republican members of Congress. He expected them to follow his lead and Congress is going to want consultation. Those 30 minutes a week are going to have to expand to at least an hour a week on Terry Sullivan's timeline here and he's got to bring people into the White House. And he's got to try to moderate the liberal tendencies of a Harry Reid and a Nancy Pelosi and that's going to be difficult as well.

He also has to decide whether he wants to adopt a partisan or a bipartisan agenda and method of working with Congress. Now, Clinton used a partisan strategy and he was ruled by Democrats. If Obama tends to use a partisan strategy, he's got to watch out for the Democrats because he's going to need them to win and they will have more leverage over him. If he uses a bipartisan strategy, he'll have to contend with those people who claim that he's selling out and why did they vote for them if he's adopting a more

moderate, let's say, Republican approach? You're damned if you do or damned if you don't in that kind of situation.

Now, it seems to me – and Jim is right – that a president – a President Obama will have to use political capital. He'll have more if the size of his victory reflects the polls of today, but who knows in three weeks what the election outcome is going to be? He'll have more power if he can maintain the economic crisis atmosphere. In times of crisis, we play follow the leader and he'll probably need that crisis to achieve some of his economic objectives.

The composition of Congress, over which he will – has, had, or will have no control, is very, very important. And it seems to me that Obama is going to have to accommodate, then describe that accommodation as victory, and try to look decisive when he invites a lot of people to the White House and the result is a softening of his policy position.

So it's going to be hard for both McCain and Obama – McCain, because he's going to deal with a very partisan and Democratic Congress, and Obama because of the expectations, because of the impatience of the public. Remember, we use to have a football coach in Washington who said, "The future is now." And I think for most of the public, they want to see results.

We heard Clay Johnson talk about a results-oriented administration. We are not going to – people are not going to have faith to wait a couple of years before they see the economy turning around, before we have taken out a fair large number of troops from Iraq, before we begin to stabilize the budget and reduce the deficit, and before Obama can turn to his priorities, which are health care, a reduction of troops in Iraq, and a national energy program that emphasizes reusable fuel and innovations, so that we'll be less dependent on foreign oil. It's going to be a tough sell and he's going to need much more than simply the audacity of hope. He's going to need the audacity of strong, but not dictatorial, leadership skills.

MR. LILLY: I want to throw a question out to the panelists and then we'll go to the floor. But I think Stephen raises an interesting question in terms of the strategy that Obama might face, or the strategic question that he might face, in terms of does he reach out to Republicans and try to do a bipartisan program, or does he try to pass it strictly with Democratic votes?

My question is, if he attempts to reach out, what are his prospects of getting Republican support, particularly in light of the fact that the Republican floor leader appears to be in danger of losing his job for being too moderate and too cooperative with the Republican president.

MR. WAYNE: Well, I mean, that's a very, very good question. Who does he reach out to if all the moderate Republicans lose? Is Olympia Snowe – Arlen Specter on

some issues – that may be it, but I think what he has to do is reach out in a way that he tries to identify Republicans who on that very issue might support him.

And secondly, he needs to have a more bipartisan cabinet and use the Republicans in that cabinet to help him reach out and I think he'll have an advantage also in having Joe Biden there in the Senate. Remember, the vice president usually attends his party's caucus in the House and Senate, and maybe Biden will have a little leverage with Senate Democrats and get them to moderate their position a little bit so that they can gain some Republican support. He doesn't need the support in the House, but he does need it in the Senate.

MR. O'DONNELL: I'd say the House is going to be difficult, given their – they're going to probably have their own leadership challenges in the House. I'd be surprised if you don't see some people take on the House leadership and I think they'll be sort of difficult for a new administration, particularly in Obama.

I think in the Senate, I think there's enough Republicans you can reach out to and try to work with. Take energy, for example. There's a bipartisan coalition now on energy that I believe is the nucleus of where the compromise is going to end up at the end of the day in energy. So if energy is going to be one of his top priorities, I believe he's got a bipartisan nucleus already to work with.

Likewise, on the financial issues – although they've got a big vote in the Senate – I think there's some moderate Republicans he'll be able to work with. So to the extent he's going to reach out, I would – if it's energy, you already have a group there and on other issues, I think there's some moderate Republicans he'll be able to look at.

The other thing is what are the Republicans going to do? Look, when Democrats lost Dukakis and Mondale and all those, we sort of turned around. He ended up with probably more moderate leadership in terms of Clinton, and the party looked inside itself and I would assume, the way the polls look now, they're going to lose the White House. They're going to lose between six and nine seats in the Senate and they're going to lose somewhere between 15 and 25 seats in the House.

And I would assume, if the results are anything like that, at the end of the day, the Republicans are going to sit down and they're going to have to do an analysis and say, okay, where are we? Who are we? What do we believe in?

And I think that may bode well, particularly if it's an Obama president, because I think there may be more Republicans after this election, particularly in the Senate – I don't know about the House; the House is tough – but who will be willing to sort of reach out and work with a new administration, that the road the party, the Republican Party and the Congress, has been going down hasn't worked, and they need to take a look at some other options.

MR. PFIFFNER: You could do what President Bush did. President Bush had 9/11 national security crisis and he was able to get Democratic support by sort of rally around the flag, this is something that you have to do for America. It's not a partisan issue, and so forth. Obama might be able to do that with this financial meltdown, and insofar as he can tie issues into that and say this is a crisis we've got to get together and all go for this, then I think he has a greater chance of getting Republican support.

MR. O'DONNELL: Just on that point, on the 9/11 analogy, it's correct. He got Democrats to go along with him, but I think his greatest failure is – President Bush's greatest failure – he had an opportunity to not only put together a coalition, a bipartisan coalition in responding to 9/11, but also to the other big challenges facing this country, and on that, he failed miserably.

MR. LILLY (?): And deliberately, I would add.

MR. WAYNE: Can I just add one thing? It seems to me that if the Republicans lose as badly as the polls are predicting, that what you're going to have is an internal kind of blood bath, which will attract a lot of media attention and will buy Obama some time to get on his feet.

Similarly, Obama – I have just been traveling in Europe and it's no secret that people in the old Europe strongly favor Obama over McCain and I think their leadership will give him a little bit more leverage to establish foreign policy and a little bit more time. So time may be a little bit on Obama's side, but a distraction of a Republican fight and by the benefits of the doubt that people will give him, at least initially. And of course, one of the things I forgot to say, Obama, the best thing he has going for him is the comparison with the current president.

MR. LILLY: Right here, you.

Q: Gary Mitchell from the "Mitchell Report." I want to ask a question that really is triggered by something that Tom O'Donnell mentioned, which was Clinton's economic summit and I want to put the question in this context.

In the elections of 1860 and 1932, the president-elects, in both cases, made a conscious decision not to play ball with the sitting presidents, and to come in and do their thing all at once. My question to the panel is, if you were advising the incoming president, would you say, use the 1860 and 1932 strategy, or would you suggest that they don't have that luxury, particularly as it relates to the financial crisis and that they need to do something? And it's a two-part question. What do you think they will do and what do you think they ought to do?

MR. PFIFFNER: They've got to be very careful regardless of what they do, because every incumbent president is very sensitive about that and I don't think that the initiative can easily come from the president-elect. On the other hand, if the incumbent president reaches out and wants to cut a deal then – other presidents have not done that.

President Nixon didn't want to do it after Vietnam – but that will have to be evaluated by the president-elect, but I think the initiative would have to come from the incumbent.

MR. O'DONNELL: Your question is not hypothetical. The Congress – the speaker is talking about bringing the Congress back in November to do a massive stimulus package. The amounts of money they're talking about is an awful lot of money. And so let's say you're Obama – as somebody said. You get elected on November 4th; you turn around, and hey, the House is coming back in two weeks and they've got a proposal for a massive stimulus package.

What are you going to do? You don't have probably an OMB director; you don't have a Treasury secretary; you don't have your economic team. You have your campaign economic team, but not your governing economic team. And what do you do? And then you have the added problem is you've got a sitting incumbent who's going to be there for 11 weeks. And do you have to go to him and try – if you go along with it, then you're going to have to go to him and try to get him to support it when he's said he'd veto this?

It is a tough, tough situation he's going to have to deal with November 5th, if he wins this thing. I assume what's going to happen is there's going to be discussions, and I know there's been discussions already, but they'll continue a set of discussions between the congressional leadership and the Obama campaign about how to do this. This is a really important – how he handles this situation with the Congress, talking about coming in the week of November 17th to pass a massive stimulus package.

MR. WAYNE: If the Congress were to do this, and the president were to veto, he could then say, we'll pass it in my administration and I'll sign it. So I think what he has to really worry about is that the Congress is going to do certain things that he doesn't want it to do and he might not have the leverage until he's president.

MR. LILLY: (John?)?

Q: I think Tom has an interesting and important idea – that is, if you build a coalition of something really important, sometimes you can continue that coalition, that bipartisan coalition, on something else. And I want to ask Tom, specifically, by energy, do you mean the cap and trade bill, and if you do, is there likely to be some challenges to House Committee leadership, Dingell, on something like that?

MR. O'DONNELL: Yes, on energy, I do. I mean, in terms of the energy bill, this global warming, this cap and trade, and then this energy, you've got to understand, from a political standpoint, energy is the price at the pump, all right? One of the reasons Democrats had a hard time dealing with the offshore issue is the voters were more concerned about the price at the pump than the global warming, to be honest with you. From a political – all I'm talking about is from a purely political standpoint.

And so when I talk about an energy coalition, you had a bill come out of the Environmental Committee in the Senate last year. They weren't able to get enough votes

for cloture and then you had this formation of this bipartisan group of Senators and a lot of them are from states that are heavily dependent on different energy sources. And that, I believe, at the end of the day, is going to be the nucleus of the group that basically does deal with global warming and also energy policy. I mean, I think we're going to have to deal with it one and the same.

Q: So the rumor is –

MR. O'DONNELL: And go ahead.

Q: The rumor is that if Dingell doesn't go along with the cap and trade bill seriously, that there may be a challenge to his chairmanship in the caucus.

MR. O'DONNELL: Okay. I haven't heard that rumor. Look, on that committee, Dingell is a chair and you have Rick Boucher from coal country as the subcommittee chair. So the cap and trade bill has to come out of his subcommittee. Now, whether they're going to be able to take out Dingell and take out – I think that's probably unlikely.

The other thing is, look, in terms of this election, if Democrats win somewhere between 15 and 25 seats, a lot of those seats are going to be moderates. They're not going to be – because of redistricting, you have most of the liberals from liberal districts, and a lot of these districts are moderate. So you're not necessarily adding to this coalition of a lot more liberal Democrats in the Democratic Caucus.

And as somebody said earlier – I think Scott said it – the blue dogs, to some extent, are the balance of power in that coalition in putting together the coalition in the House. Look, we saw this even in '93 and '94 with the Clinton administration. The blue dogs – and even then they were a smaller number, but my sense is I would assume that both Dingell and Boucher would keep their chairmanships in the new Congress.

Q: I'd like to come back to what Mr. O'Donnell said about dealing with the Republicans. The problem, it seems to me, is that the Right Wing crazies have taken over – Jeb Hensarling, Paul Ryan on the House side, DeMint and Coburn on the Senate side – so you have a really recalcitrant group that I think have, on the House side, probably more influence, and particularly with the new elections coming right after the election, probably the 17th or the 18th, and the challenge there, then I think that poses some really very difficult problems for an Obama administration.

MR. O'DONNELL: My sense is if you're going to reach out, do it early; take your big priority and try to do it. Look, I'm not saying it's going to work, but I think you should at least try, and if it doesn't work, you move on and then you're putting together your coalition with Democratic votes in both places and you pray to God that you have 60 votes in the Senate to get your stuff through.

But I think initially – I think this country – we’re in such a crisis that initially, I think it makes good sense and good politics if it’s Obama, if he’s the president, to reach out to the Republicans and try to bring them into a governing coalition in terms of getting his priorities through the Congress.

MR. LILLY: I’d say I think every policy, every piece of legislation, involves a slightly different coalition, and you never know when you’re going to be able to work with somebody. Maybe the most important vote in 2010 will be a vote that you are able to get some very conservative Republicans on. So you need to reach out to them, and you need to establish a rapport with them and you need to know that you listen to them, and if possible, you’ll work with them.

I’m incredibly discouraged by what’s happened to the Republican conference in the House. I had real hope that John Boehner could bring it back more toward the Bob Michael model of cooperative confrontation. They need to make their points. That’s their job in the minority, but they also have some responsibility for governing. And I think there are far too many people in the conference right now who don’t take that seriously.

Whatever your assessment of them is, you’re wasting future potential victories if you shut yourself off from them, which I think is what the Bush administration did after 9/11. They thought they had the high hand and they didn’t need people, and they just ran over them without any real purpose to it.

So my view is that you work every vote the best you can; you get as many Republicans as you can. You’ve got 19 of the 40 – assume that these projections on Senate races is correct and you have 58 Democrats and 42 Republicans. Of those 42, 19 will be up in 2010, and a lot of them are going to look at these elections and say, we don’t want to repeat that. So how many do you have a chance of building a bridge to? Nobody knows until you try.

And you’re going to have fewer moderates in the House, at least in today’s terms, but you may have more moderates than you have now simply because a lot of people that have been thinking that ruling from the Right was the right thing, may look at these results and say that wasn’t the right thing. So, on both sides of the Hill, I think you need to reach out as much as you can.

Q: Thank you. I have a question about the organizing of the Obama campaign right now which is – really, there’s not a lot of information out about it, but it’s a lot of community organizing and a lot of internet electronic communications. And I’m really interested in how you see that impacting Congress because Congress is such a sort of inward-looking antique of an institution. And its institutional memory was basically lobotomized in 1995 when Republicans took over and wiped out a lot of the internal infrastructure and the informal support system that a lot of people relied on for knowledge.

I mean, Scott Lilly ran the Democratic Study Group for years and it's famous for being this wonderful resource. The Office of Technology Assessment is another one. And I'm not convinced that Congress yet has rebuilt enough places for real troop pluralism – if that makes sense – to happen in the institution as it exists today, especially with the kind of pressure that's going to be put on Congress by especially the Left that has become so enthusiastic with the Obama campaign.

So I'm wondering if you see any of that being recreated? Do you see any entities on Capitol Hill and formal coalitions, or formal ones, using electronic technology better to represent people's desires for participation? And Scott, you might really have some interesting comments on this, given that you are the institutional memory of so much of what happened before 1995 in terms of that kind of informal system on the Hill?

MR. LILLY: Well, first of all, I think you're right in that there were, up until 1995, a lot of institutions and relationships that have evolved that not only affected the distribution of power within the institution, but even more importantly in my estimation, the ability to mentor and to teach younger members the role of a member of Congress, to teach members of Congress about the institution that they're a part of, to teach people how to do good oversight, and what is the appropriate role of the leadership, and what's the appropriate role of the caucus and ordinary members in terms of standing up to the leadership from time to time? All of those kinds of questions are things that is very important for the average member to have an understanding of.

And I think you're right. We've lost a lot of the institutional memory, the knowledge of what it takes to be a really high quality member of Congress and I think that's something that we all ought to think about. The good news is, I think, particularly the freshman class that was elected two years ago is an extraordinary group of people who are extremely interested in this and they are struggling with all their might in learning as much as they can about it. And I hope there are ways that we can be helpful to them.

With respect to the Obama armies out there, I think it's not only the massive human infrastructure that this campaign has built, but also the financial infrastructure changes the face of American politics in, I think, ways that none of us can fully comprehend right now. I don't think that it is – and I've been asked this question before – is this going to give him the ability to get Democratic members of Congress to line up behind him?

I don't think so, because I think there may be some congressional districts that his organization is bigger than that of the member who represents that district. I think that's going to be very rare, and they're going to find out that they are largely the same people, and as much as they like Barack Obama, they know their members and they're very close to their members, so I don't think that.

Where I do think it is a real factor is in the Republican districts where the Republican won reelection, but there is a big, big Obama organization, and that

organization is going to be following that member; they're going to be looking at him. And that gives a lot more opportunity for bipartisan cooperation, because if you see this massive organization in your home district that belongs to the guy that just got elected president and you know they're not going away, they're still interested in it, and my guess is that he's going to find ways to stay in touch with them electronically, through email, through all of the things we didn't have a few years ago. That puts a real fire under the minority to try to find ways to cooperate and show that they're being constructive.

MR. O'DONNELL: I may disagree with Scott a little. I think they're going to have a big effect. I think if Obama is the president, I think he's going to have an ability to go around the Congress or go over them and go right to their people. I mean, let me tell you, I've never – and I've done politics a lot – I've never seen anything like this. Look, he wins the presidency basically because he goes out and organizes the caucuses, all right? It's an organizational skill. He wins the presidency because of that.

The truth of the matter is this thing was won in February or so, given the rules and given their organizational ability in caucuses. You know, the fundraising that Scott alluded to is just mind-boggling. It's just unbelievable, the amount of money they've raised and the lists they have. And I've talked to more people who have gone and volunteered for this guy in other states than any campaign I've ever heard about. I can't believe the number of people that are going up to Pennsylvania or going up to Ohio from this area to campaign for this guy.

This fellow has an unbelievable core here, and I believe they'll be able to use it, once he becomes president if he needs to get them out there and also, particularly given his speaking skills. And so I think it's a real huge asset to have all these people around the country. And look, they're not going to – this thing isn't going to be dormant once he gets elected. I mean, they'll be engaging these people, and I just think it's going to be a huge asset.

Look, the truth of the matter is we've never had anything like this in our political process. I was with Ken Mehlman the other day, who ran Bush's campaign in 2004. He said the difference between this campaign and the campaign he ran four years ago is night and day and that's how much it's changing. And so I do believe, given what he's done in terms of grassroots and organization, that I think it will be a big asset for his administration if he wins this presidency.

MR. LILLY: More questions? Back here, in the back.

Q: I just wanted to revisit the topic of reaching out to the next Congress and see what you guys think the best way to do that would be? If it's governmentally in terms of co-sponsoring bills, or if you think there's an avenue that Obama perhaps would be able to do it politically, by saying to Republicans in Congress that work with him, that he'll give them a pass in 2010 in terms of not fundraising for their challengers or not visiting their districts.

MR. WAYNE: I certainly think he should set up a quality relationship with the leadership of both Houses, reinstitute those Tuesday morning breakfasts that Eisenhower had and subsequent presidents had, and provide an opportunity for Republicans who were moderate to have some say in the decision-making process before the goals and the legislation reach the Congress. You build up your support if you can get people to advocate something that they've had a pawn in.

The negative side of this is that he can't take all the credit, and the other part of it is that some of his proposal will be moderated, watered down – call it what you want – but if he comes out as a super-conductor of the government orchestra here in Washington, I think he'll do pretty well initially.

MR. LILLY: I give you one example that Tom brought up, and that was the BTU tax, and I think what was so galling to people about what happened on the BTU tax is they never thought it was a good idea in the first place, and they went to him repeatedly and said, this is nutty; it's going to blow up in your face; you will not be able to carry the support. And he kept insisting. He didn't listen to his friends. He thought he was smarter than they were. He basically viewed them as a larger version of the Arkansas legislature.

And so he gets up and he says, this is what we're going to do. You've got to vote for it. They vote for it, and then he turns around and pulls the rug out for it and says, I'm not for it anymore; I'm going to go along with the Senate. That is exactly the wrong way to build – and the consequence was that he lost them. They would never take a risk with him again. They said, I went down that. I paid a big price in my district. Nobody in my district liked this. I went with it because it was for you. I wanted to be part of the team. I don't think there is a team, if you leave that impression.

But if you go and you say – and I don't think Obama or McCain should be overly friendly with the Congress either. There are guys up there that they'll keep asking, and they'll keep asking, and they'll never stop. The closer you get, the more they'll want and you've got to understand that about the Congress, but you do have to say, all right, what can we get the votes for? How does this work? How much damage does this do to the policy that I want? And can I work around this and come up with something that you guys are going to be comfortable with, we'll all be able to anticipate the consequences of, and we'll all be able to stick together?

And I think if you can start out with maybe some smaller pieces that you can show that you have that kind of relationship and allow it to build, then you can develop a level of confidence that everybody can go down the road and be supportive of one another.

Yes, just straight back here.

Q: Thank you. It appears to me that there's unanimity among the four of you that the president, whoever he is, president-elect, should introduce – should use the shotgun approach and introduce only one or two high-priority bills at the beginning. I wonder if there's similar unanimity among you four about anyone, or possibly two, of what those first two bills should be, what areas – obviously not the specific bills, but which of the infrastructure, health, education, Social Security, military, whatever.

MR. O'DONNELL: Well, certain things the president's required by – the budget is going to be a big piece of what the new president does and the budget – and I'd say slash the fiscal crisis. I don't know what more is needed to deal with the financial crisis this country's in and so that's one piece I think the new president has to deal with.

You have the Iraq situation, and I assume – particularly if it's President Obama, now I don't know if he'll need legislation. He may do that through executive action, I don't know, but I imagine that that will be a second set. And then the third – he's talked about – but hold on. The third may be – and I'm talking about the legislation – it may be energy. My sense of watching him in the debates – my sense is he's probably going to tackle energy before he tackles health care or any other issue and the reason is it affects the economy, it affects our national security. It's like a three-fer.

So I would say if the two issues that he goes to the Congress for, energy probably, some energy security act that deals with both the warming, and now energy security, and then maybe he does nominate his budget resolution, I don't know. That would be my thoughts.

MR. LILLY: He's going to have to deal with nine of the 12 2009 appropriation bills that should have been passed a couple of weeks ago. What else will be added to those? I think those bills will be ready to go to him as soon as he takes office, but I think he can also signal, we've got an enormously difficult situation in the States. I don't think he's going to even have to say that by January 20th because I think every newspaper in the country is going to be running headlines about the shutdown of state services.

But how far it goes beyond that, I have no idea what's going to happen to the stock market from one minute to the next. So it's pretty difficult to say what the crises are going to be. Clearly, health care and energy have got to be very high up there.

MR. WAYNE: I would also add that the infrastructure that he's talking about is closely tied into the economy and to a loss of jobs and get people working. So I think when he deals with the budget matters, that would probably be part of that dealing. If you have to put off anything, my bet would be health care.

MR. LILLY: Okay. Dan?

Q: You've touched on this slightly, but I wonder if you could elaborate a little further on the constraints that he may feel as a result of the fiscal crisis, which is obviously emerging too, along with the financial crisis – by my count, \$1.4 trillion new

Treasury potential obligations, the bailout, Hope for Homeowners act, Fannie and Freddie bailout, economic stimulus. In this situation and given the fact that obviously, there is another agenda with energy and health care and infrastructure, would you recommend forgetting about PAYGO for the time being or setting that aside?

MR. O'DONNELL: I would advise him – yes, I think for the time being, I think you do have to forget about it. We have all these obligations. The truth of the matter is we're not going to be able to do health care and other things unless we get this economy growing again, and how you're going to get this economy growing is you're going to have to pump this thing and get it up and running. I think the most important thing for the new president is get the economy running again and it may be the only way we can do that is to have the government keep pumping and see what we can do. I don't know. Scott?

MR. LILLY: I think clearly, if you look back to American history, there are times that bad fiscal policy is good public policy. I think over time, the country has to pay its bills, but there are certain periods where it shouldn't pay its bills. At the end of World War II, we ran our public debt up to 114 percent of GDP.

You might say, that was a horrific period. We sure let it get away then. Well, we created the foundation for the most extraordinary expansion of wealth in the history in the world. I would argue that had we been constrained by PAYGO in 1933, that the Depression could have lasted another decade, and in fact, it did last a lot longer than it should have, and it was only World War II that forced us to spend the money to bring us out of the Depression.

So I think you've got to look at these things. Certainly, we shouldn't be spending money foolishly. The accounting of buying assets at a reasonably good price, and then reselling them later, is not like spending money on defense procurement or on Social Security payments. It's a different kind of thing. It has a different impact on credit markets. And so, what are we doing and how does it affect our ability to grow, to get money in the hands of businesses that need it to restore the health of the American consumer, which I think is at the root of this whole meltdown, at the very base of it, and that's what we need to look at, not some theoretically –

Our public debt is going in the wrong direction. We're about 33 percent of GDP, I think, moving toward 38 percent. That's not good. It's better than most of Europe; it's better than most of the world. We can borrow a lot of money for a period of time and not be in serious trouble, but I tell you, if we don't fix the economy, our revenues are going to go down the tubes and then we'll be borrowing more and getting less from it.

MR. : Another question?

Q: Bob Deans with Cox Newspapers. If Senator Obama wins, he will be the first African American to go to the White House and obviously, it hadn't been addressed. I'm wondering what opportunity you think he might have for dealing with the Congress,

whether it's going around the Congress, as you mentioned earlier, setting a different kind of a tone, energizing different people who have not been energized in the past, a different constituency. What opportunity would be presented by the fact that you have the first African American going to the White House?

MR. PFIFFNER: I think one opportunity is for him not to be perceived as an African American president. So if he can do something that appeals to all Americans and everybody can say, we can get behind this person, might disagree with policies here and there, but this guy is a good president, I think that that would be the most important contribution you could make.

MR. O'DONNELL: I would say the first time these guys program up for a vote in the Congress, he's no longer an African American president.

MR. LILLY: (Off mike.)

Q: I'm Denise Baer and I'm a political scientist. I also was a congressional fellow in the 103rd Congress and I wanted to kind of reframe the discussion that you all have had today about bipartisanship and polarization. Another name for polarization is responsible parties, which is what the DSU was all about in getting rid of the paper majority of the 1950s. Another name for bipartisanship is triangulation, and that's really a strategy, I would argue, that you can trace all the way back to Ronald Reagan. You could see that in the battles between Ed Rollins and the White House and Newt Gingrich as a junior member in the House.

I would also argue that Clinton was a master at triangulation, not only with NAFTA and welfare reform, but also with his healthcare plan, which really was formed at Jackson Hole, rather than working with the bill that 100 members of the House had signed on to for single payer.

So in terms of triangulation as a strategy, if you're willing to accept my argument that bipartisanship is really that strategy when you're talking about the president working across party lines, is that a strategy that's really going to solve public policy problems? If we're in a crisis meltdown and we need to actually to solve some problems, is a compromised piece of legislation the way to go, or do we need some kind of more visionary type of leadership?

MR. LILLY: I would say, I think the president needs to have a clear vision of where he wants to go and I don't think that he ought to – I think it ought to be consistent; it ought to be what a large number of his followers find the right direction for the country. It ought to be intellectually consistent. It shouldn't be a little piece here and a little piece there, and tie it all together and you get six constituencies that never thought they'd be together.

But if you have that vision, there are often ways to find members of Congress of the opposite party who accept some parts of it, who would be willing to go along with it

if there were modifications – maybe things you’re not very happy with, but things that don’t do great damage to the vision you have and the direction you want to see the country go in. And if you can look for those opportunities and build as broad a base –

I think I’ve seen a lot of people come to Washington over the years who thought that they were going to force something through and change the system, and they did it by the narrowest possible margin, and four years later, it was all gone. Things that endure have a broader base, and I think every administration ought to work for as a broad a base as they can get for the policies they think are important.

MR. WAYNE: I’d like to add one other dimension to this. Yes, we do have the serious economic and foreign policy problems, but we also have a very sour mood in the American electorate right now. Jimmy Carter probably, if he were around, would call it a malaise. Phil Gramm said it’s all in your head and stuff like that, but the fact of the matter is we are anxious as a people. We are not very happy with the government. We saw this in the latest polls that have come out.

And if achieving public policy will help change perceptions of government, and help the mood of the electorate, which did happen during the Reagan administration, then the president will be accomplishing a lot, even though it’s not a specific thing within the economy, or within the foreign policy arena. I think Obama really has to work on the spirit of Americanism, how we feel about ourselves and give us confidence again that we can solve these problems.

MR. LILLY: And I’d like to just add one thing. I think it’s very important for the next president to have made the effort, so that if there is a return to the partisanship, that it’s clear that he tried to do the best he could, and that they were the ones that put an end to it. I think the ownership of – one reason that the bitterness and the ferocity of partisan politics continues to exist is it’s hard for people to figure out where it’s coming from. I think I know where it’s coming from.

But I think the public does not understand very well where it’s coming from. And if he makes the effort, does everything he can, gets some credit for reaching out, and they go down the same path that they’ve been down, then it’s going to be more clearly understood where that’s coming from and why it’s happening. And I think that in and of itself is very important. Is that it? One more.

Q: Hi. I’m Sarah Dufendach with Common Cause. And I think both candidates have been running on an agenda of change, and I would argue that a lot of the phenomenal grassroots we see, especially in the Obama campaign, is because he’s running on change. You’ve talked about a lot of issues, but we haven’t really talked about a change agenda. Do you think – let’s assume that Mr. Obama wins. Do you think he will have a change agenda? What would that be? And if he doesn’t have one, do you think he can sustain the grassroots network and the, as you’re saying, kind of like the buoying up of the spirit of America? And what would that agenda look like?

MR. O'DONNELL: Look, we're certainly going to have – if Obama's president, I believe we're going to have a change from the Bush administration. There's going to be change on foreign policy, Iraq, what we do with Afghanistan, talking to other nations, just for three examples, and clearly, on domestic policy. There's big differences in health care, energy, tax legislation. I have no doubt that if Obama is the president, there will be big change from what you would get under a Bush administration.

MR. LILLY: I'd say one thing that disturbed me that was said a little earlier is that health care has to be pushed back. That, in my estimation, probably had more to do with Democrats losing the House in 1994 than anything else is that they thought that the Democrats had won the election in '92 on the issue of health care.

I was being dropped off by my wife this morning on the way to a metro stop and she said, you see that woman on the bicycle, and I said, yes. She said, she's going to work as a school crossing guard. She's a Ph.D., she lives in a very nice house, she sent her kids to very good schools and she's old enough to have kids out of college. She's working as a crossing guard to get health insurance. That's just crazy. And I think that is – if there's one place where people absolutely demand change, it's that, and I think that is going to be the litmus test.

MR. THURBER: Thank you. (Applause.) Thank you very much for hanging in here for the entire conference. It's been a long and very stimulating day. And I want to thank Scott, in particular, and the Center for American Progress for jointly doing this. Again, this is our third one.

The first one was on separation of powers. It really was about how the president had taken too much power in a way, vis-à-vis Congress. The second one was on oversight and I guess Henry Waxman learned a lot from us at that one. He attended. And this one is on presidential transitions.

The documents from this that have been referred to, as well as the video from this, will be accessible on our websites, and I want to encourage you to go there. Tom, Jim, Stephen, thank you very much for your thoughts, but most importantly, thank you to C-Span for covering this. I'm sure that there will be many emails. I usually get them to all of us about this, and we shared this knowledge and wisdom from you with a wider audience.

And again, thank you to the staff. I don't know the names of all of your staff, but thank you to the Center for American Progress staff. Thank you to Alicia Prevost. This wouldn't have happened without her. She's my assistant, and Olga Gallardo, my executive assistant.

And we will have another one of these, another forum the day after the election – we always do – on November 5th at American University, and we will have a free lunch. And there will be about four people who are pollsters and others who have followed this

campaign very carefully and they'll analyze what happened. Thank you very much for coming. (Applause.)

(END)