LETTER FROM WASHINGTON
IN SEARCH OF THE CENTER

By Lawrence J. Haas
“It is generally recognized,” Richard Hofstadter wrote in his classic *The American Political Tradition*, “that American politics has involved, among other things, a series of conflicts between special interests – between landed capital and financial or industrial capital, between old and new enterprises, large and small property... The fierceness of the political struggles has often been misleading; for the range of vision embraced by the primary contestants in the major parties has always been bounded by the horizons of property and enterprise.”

Sketching, in 1948, what was then a bold new interpretation of American history, he wrote, “However much at odds on specific issues, the major political traditions have shared a belief in the rights of property, the philosophy of economic individualism, the value of competition; they have accepted the economic virtues of capitalist culture as necessary qualities of man... The sanctity of private property, the right of the individual to dispose of and invest it, the value of opportunity, and the natural evolution of self-interest and self-assertion, within broad legal limits, into a beneficent social order have been the staple tenets of the central faith in American political ideologies.”

Though Hofstadter’s description of conflict between “landed capital and financial or industrial capital” seems outdated in post-industrial 2011, his broad point continues to ring true. We Americans are a people of the center, as we have defined it within democratic capitalism. We battle mightily among ourselves, but within shared parameters related to political thought and economic organization.

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But, today, within those parameters, the public and its leaders in Washington are increasingly diverging from one another in their outlooks and their priorities. As a people, Americans remain centrist, more pragmatic than ideological, more focused on solving problems than seeking conflict for its own sake. But in the aftermath of November’s mid-term elections, and in a trend that has gathered momentum in recent decades, the two political parties (at least at the federal level) continue to move to the extremes, with an increasingly leftist Democratic Party doing battle with an increasingly rightist Republican Party, with each seemingly more ideological than pragmatic, more focused on seeking conflict than solving problems.

This month, Washington begins a new era of divided rule – with a politically wounded Democratic president, a new Republican-controlled House, and a Senate in which Democrats will enjoy a slimmer margin over the GOP (and in which, under the Senate’s byzantine rules, the GOP has more
than the 40 votes needed to block action on anything anyway). That sets up a fascinating dynamic. On one hand, Washington’s growing extremism should push the parties further apart, promoting gridlock. On the other hand, divided rule should bring the parties closer together to find solutions to pressing problems, simply because each party will be accountable for both the accomplishments and failures of government. The congressional lame-duck session of November and December brought both – continuing confrontation on some issues for sure, but also a surprising burst of bipartisan cooperation on tax cuts, arms control, social policy, and other issues. Whether extremism or cooperation will win out, and on what issues, will be the prevailing storyline of the coming two years.

Americans without a party

Americans have always been a moderate lot, avoiding – even at their most desperate moments – the temptations to fascism or socialism that have occasionally bedeviled Europe. In 2011, in the aftermath of deep recession and financial crisis, Americans continue to believe fervently in personal freedom and limited government, in opportunity that comes with responsibility, and in a welfare state that’s big enough to help the dispossessed but small enough to encourage a vibrant private economy. We are proud of our global leadership, but we disavow dreams of empire and tire quickly of military conflict. We worry when government gets too big and taxes go too high, and when deficits and debt grow too much (though we have grown accustomed to the benefits and services of modern government and have yet to reconcile our thirst for federal largesse, our desire for low taxes, and our distaste for red ink).

But, more and more, our political system, its players, and its incentives tilt to the extremes. State governments increasingly draw congressional districts to favor one party over the other (districts with, for instance, far more registered Democrats than Republicans), which helps incumbents get re-elected and prompts them to “play to their base” when voting in Congress rather than seek compromise with the other side.

activists on one side to business organizations, anti-tax advocates, and gun rights groups on the other), which have replaced political parties as the prime sources of campaign dollars and workers, feed one-party-ism by conditioning their support on their favored incumbents’ fealty to their positions. Cable TV news shows, which enjoy small national audiences but are watched intensely
in Washington, encourage extremism by staking out their own ideological ground and then framing all issues as either-or decisions of the left or the right.

This mismatch between the country and its leaders, between centrist and extremism, between finding solutions and maintaining conflict, is the reason why power in Washington has shifted so often between the parties in recent years. One party wins an election and seizes the moment to push policies that lie outside the American mainstream, which triggers a public backlash that sends the other party to power, which then seizes the moment in the other direction, triggering another backlash, and so on. It happened to Bill Clinton and the Democrats in the early 1990s, to George W. Bush and the Republicans in the late 2000s, and to Barack Obama and the Democrats in November.

It’s the reason why both parties are increasingly losing favor with the public, with the share of Americans identifying themselves as Democrat or Republican continuing to fall and the share of self-described “independents” continuing to rise. It’s why many political insiders think the only thing a new third party needs to compete seriously for the presidency in 2012 is a dynamic leader. It’s why nearly 1,000 people attended the December 13 launch of “No Labels,” a new organization of prominent ex-lawmakers, political insiders, academics, journalists, and others that seeks to encourage the nation’s political leaders to compromise on their hard-and-fast positions and find common ground on the problems that beset America.

This mismatch between Americans and their national political system exacerbates the normal challenge of any leader or party – to secure one’s base (for Democrats, liberal activists; for Republicans, conservative activists) while attracting enough votes in the nation’s political middle to gather a majority. It’s a challenge that will play out on a host of issues in the coming months, as Obama seeks to regain his political footing heading into his 2012 re-election campaign and congressional Republicans press forward not only to move the federal government in a dramatically different direction but also to un-do some of Obama’s signature accomplishments.

Obama’s calculation

After the mid-term elections, in which Obama admitted to taking a “shellacking,” one of Washington’s favorite parlor games was to guess how the President would respond. The most cited models were Harry Truman, who lambasted the Republican-run “do-nothing” Congress after the mid-terms of 1946 and Bill Clinton, who worked with the Republican Congress after the mid-terms of 1994. Historical knowledge is often incomplete, making historical analogies often more convenient than accurate. Truman pushed the landmark Marshall Plan through this “do-nothing” Congress, and he built bipartisan support on Capitol Hill for the Truman Doctrine, the Cold War policy of containment, and the Berlin Airlift. Clinton may be known for bipartisan cooperation and for “triangulating” between the wings of both parties, but all that came after he squared off against the GOP in a dramatic fight over budget priorities that generated two government shutdowns and presidential vetoes of Republican-drafted funding bills.
As for Obama, the size of his challenge relates closely to the growing mismatch between Washington extremism and public centrist. Obama and a Democratic Congress prevented an economic meltdown, reformed the financial system, and fulfilled the long-time hopes of liberals by reforming the health care system and providing health insurance coverage to most of the now-uninsured. And where does he find himself? Among party activists, he is an unreconstructed moderate, too quick to compromise, too willing to sacrifice a more government-run health system over the inconvenient reality that he lacked the votes on Capitol Hill – so moderate, in fact, that some leading liberal activists are actually considering whether to find a more committed liberal to mount a challenge to him in the 2012 presidential primaries. Among many average Americans, however, he is a wild-eyed lefty, too eager to impose his strident agenda on a nervous and economically insecure nation, too willing to expand the federal government through big new spending programs.

What will Obama do? Appease the base by turning left? Reassure middle America by turning to the center? Early signs suggest the latter. Less than a month after the mid-terms, Obama played to strong public anti-government sentiments by proposing a two-year pay freeze for all civilian federal workers. More tellingly, he cut a deal with Republicans in mid-December to extend President Bush’s tax cuts (which were due to expire by year-end) for two years, even the tax cuts for upper-income Americans that he and most congressional Democrats had strongly opposed. Facing a barrage of criticism from the left, he explained that he had cut the best possible deal with Republicans, sending a strong signal that deal-cutting was something he would pursue in the new Congress. Nor did he openly protest when Republicans blocked Democratic efforts to enact full-year funding measures for federal departments and agencies, forcing Congress to adopt a short-term measure that funds the government only into early March – that is, more than five months into fiscal 2011 – at which point a more Republican Congress will draft measures to fund the government for the rest of the year at lower levels than Democrats had sought. Also in December, Obama released an official review of U.S. progress in Afghanistan, making clear that, despite leftist anger over Obama’s commitment of more troops to the effort, he remains focused on making progress before drawing down troops in later years.

Politically, Obama has apparently decided that he most needs to win back the independent voters who have fled him after backing him strongly in 2008. That calculation would flow from the following reality: he can win re-election in 2012 with a relatively mollified base and a strong vote...
from independents. He cannot, however, win with a highly energized base and a weak vote from independents. There simply are not enough liberals in America to single-handedly carry him over the finish line.

Deal-cutting, of course, does not preclude progress that liberals can embrace. In December, Congress passed and Obama signed legislation that reverses the longstanding ban on gays serving openly in America’s military. In the Senate’s 65-31 vote, eight Republicans joined the Democrats, which shows that, at least on some issues, rank-and-file Republicans will split from their party. The same dynamic occurred in December with the Senate’s approval of the New START arms control treaty between the United States and Russia, which the two top Senate GOP leaders opposed but which the Senate passed with a strong bipartisan vote. Before adjourning for Christmas, the parties also came together on legislation to strengthen federal food safety oversight and cover the medical costs of rescue workers and others in New York who became sick from their work in response to the September 11 attacks. Whether the bipartisanship of late 2010 provides momentum for more in the coming year, when the issues will get thornier, remains an open question.

Health care as symbol

Nothing better symbolized inter-party differences over the size and direction of government than health reform – both in the effort to push it through Congress over the last two years and the coming Republican push to repeal or otherwise kill it in its infancy. Most Democrats long believed that the path to health reform had to involve more government, both to add more Americans to the rolls of public programs and to update federal regulations that govern such programs as well as the private market. Most Republicans believe that Washington is over-regulating health care, and many of them support efforts to scale back public programs and give Americans more power to choose private care.

Americans, however, are traditionally a steady-as-you-go people. When it comes to government programs, they don’t normally lurch from one direction to the next, from enacting a huge new domestic program and then debating whether to let it live. They enacted Social Security to provide public pensions in 1935, Medicare and Medicaid to provide federal and state health insurance in 1965, and a broad range of federal initiatives over the last half-century in education, science, food assistance, environmental protection, and many other areas. Taken together, the most remarkable thing about these programs may be their endurance – their continued presence even as America’s economy, its society, and its demography have changed dramatically over the years.
Interestingly, the notable exception of recent years has come in health care, specifically with an insurance program that President Reagan and Congress enacted in 1988 to protect senior citizens from the financial ravages of catastrophic illness but that Congress repealed a year later due to public outrage over the income-based premiums that it imposed on the elderly. A generation later, we now come to the multi-faceted GOP challenge to health reform. Republicans are challenging it in the courts, arguing, for instance, that its requirement that Americans buy health insurance is unconstitutional. They are also challenging it in Congress, promising to starve the government of the funds to enforce it and to force congressional votes to repeal parts of it that, by themselves, may not be popular. Though it may dominate public debate only at key moments, the coming struggle over whether to implement or repeal health reform will serve as a continuing backdrop to policymaking. That Washington will devote so much time to health reform’s repeal a year after it devoted so much time to its enactment highlights the mismatch between public centrism and Washington extremism.

Fiscal policy as opportunity

If health reform symbolizes political extremism and persistent combat, fiscal policy may come to represent the unlikely promise of inter-party cooperation in an era of soaring federal deficits and debt. To be sure, Republicans and Democrats are badly split over the basics, with Republicans almost united in opposition to tax increases and Democrats strongly opposed to sizable cuts to Social Security, Medicare, and Medicaid. In addition, the recent Obama-GOP tax cut deal extends Bush-era tax cuts only for two years, setting the stage for another heated debate over which ones to extend in 2012, when Obama, the full House, and a third of the Senate will face re-election. Election-year politics may make still another extension of all of the tax cuts tough for the two sides to resist.

Having said that, with the parties now sharing control of government, with budget experts increasingly warning policymakers of the risks of rising deficits and debt, and with the public expressing severe unease about the red ink, fiscal policy may become the issue on which the two parties are forced to come together before we even get to a 2012 debate over extending tax cuts. Politically and economically, the nation’s fiscal challenges do not lend themselves to endless fighting. Politically, the public wants action. Economically, soaring red ink both raises risks of a crisis (e.g., a run on the dollar) while weakening the economy over time. If policymakers do not address the problem on their own, the markets or America’s lenders eventually will step in to force discipline.

Will the parties come together before markets or lenders work their will? Most insiders and pundits don’t think so, but unlikely signs of a thaw in the inter-party fiscal freeze are emerging. On Obama’s 18-member National Commission on Fiscal Responsibility and Reform, which the President created early last year to craft a plan to address the challenge, three of the six sitting Republican lawmakers voted for a plan that included tax increases while three of the six sitting Democratic lawmakers voted for the same plan that included deep cuts in Social Security,
Medicare, and Medicaid. One of the Democratic lawmakers who voted against the plan felt compelled to offer her own alternative. Meanwhile, a bipartisan group of about 20 senators has been meeting to discuss the fiscal challenge, with the group’s leading Republican organizer telling reporters in mid-December that the correct approach to deficit cutting is to “put everything on the table” – presumably including tax increases.

When it comes to pushing an actual bipartisan plan through Congress, Republican acquiescence to significant tax hikes is probably the key prerequisite. Democrats would insist on it but, if it occurred, Democrats would probably acquiesce to significant cuts in Social Security, Medicare, and Medicaid. Republican acquiescence may depend on something else – tax reform. That is, tax reform may be the price that Congress must pay for Republicans to swallow hard and support a deficit reduction plan that includes net tax increases. The President’s fiscal commission included a proposal for dramatic tax reform in its plan. So, too, did a bipartisan task force of former White House officials, former Senators and House members, and other leading citizens that unveiled its own deficit reduction plan in mid-November.

Frankly, no one of any political persuasion doubts that America’s tax system could use a good house-cleaning. In the quarter-century since President Reagan and Congress reformed the tax code, Presidents and Congresses have added scores of credits, deductions, and other write-offs, making the code a complicated mess. Hardly anyone understands it, many people believe it’s unfair to working people who can’t afford high-priced lawyers and accountants to help them shelter their income, and experts agree that the code impedes economic growth. Tax reform is particularly appealing to Republicans because it brings the promise of lower personal and corporate tax rates and a broadening of the tax base that would force Americans to make investments based more on their economic merit than their tax implications. That Obama and Republican leaders are both talking favorably about tax reform is a welcome development and perhaps a promise of good things to come.
A final thought

Policymaking in Washington is rarely clean and uncomplicated. Reflecting the size and diversity of the country that it seeks to serve, federal policy is almost always the product of an unruly swirl of political, economic, and social factors; of a cacophony of diverse voices; of competing perspectives from people of different ages, incomes, regions, ethnicities, and cultures. So, in the coming months, as Democrats and Republicans stage battles between the branches and within Congress; as tempers flare, the combatants trade charges, and progress stalls; seasoned observers will chalk it up to the normal sights and sounds of a governmental system that, while frustrating at times, has always managed to rise to the occasion, confront crises, solve problems, and move the nation forward.

History is, thus, reassuring. But, the past does not guarantee the future. This President and this Congress face their own unique challenges, none larger than the mismatch between the extremism that politics increasingly nourishes in Washington and the centrism of the people who our leaders are supposed to represent. With divided rule, the parties each will have incentives to set aside the combat from time to time and come together. Indeed, defying the overwhelming predictions of total gridlock that followed the GOP’s sweeping victory in November, the parties came together around a spate of legislation before the Christmas holiday. The people await more, putting the onus on this generation of leaders to rise to their own occasion.

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