



THE PROMISE

President Obama, Year One

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General Overview:

From Franklin Roosevelt to Lyndon Johnson through to Ronald Reagan, American presidents have by-and-large done much of their domestic scoring in the first quarter of their first terms when their political capital is at its peak. The initiatives they push through in Year One tend to set the tone for the rest of their presidencies.

By the time Barack Obama became the 44th president of the United States on January 20, 2009, his new administration was facing two active and long-running wars, the most serious financial crisis since the Great Depression and the people's unrealistic expectations that dramatic political change was about to happen. Yet in spite of that, President Obama has managed to use a huge and underappreciated stimulus bill to kick-start the economy, navigated his way through auto bailouts and bank rescues, faced down the Pentagon, reached out to the Muslim world, advanced nuclear nonproliferation and managed the wars America was engaged in. For all that, however, he's most likely to be remembered for the health care reforms which were encapsulated in House and Senate bills which came back from the dead over and over. This was his administration's signature achievement and it is what he will be remembered for by history – for better or for worse.

* **Please Note:** This political book summary does *not* offer judgment or opinion on the book's contents. The ideas, viewpoints and arguments are presented just as the book's *author* had intended.

President-in-Waiting

It's easy to assume a President-elect can relax for a while after winning an election but for Barack Obama, the work involved began in earnest at 8 a.m. on the morning after the election. Obama had decided two weeks earlier in October Rahm Emmanuel would be his new chief of staff and how the White House would be organized in the event he won. Obama's closest political advisors – political consultant David Axelrod, family friend Valerie Jarrett and Capitol Hill veteran Pete Rouse – all agreed the incoming Obama administration should avoid the mistakes of the Clinton administration where a large group of advisors had direct access to the president. It was decided instead everything for Obama would instead be channeled through Rahm which was a more structured way to operate. Now all that was left to do was to appoint a Cabinet and fill the seven thousand or so political positions an incoming president decides on.

The highest profile cabinet appointment was that of Hillary Clinton as secretary of state. Obama's inner circle were initially against the idea until they were set straight by Obama who correctly noted: "You guys are missing the fundamental point – she's the most qualified candidate." Clinton was surprised to even be offered the job given the strong feelings which had been generated during the Democratic primaries. She resisted for a good week or so because she wanted to stay in the Senate where she would have direct involvement in health care reform, but ultimately she decided this was too good an opportunity to pass on.

While it would be nice to imagine the transition to the incoming Obama administration didn't start until the Inauguration, the reality was external events were moving too swiftly for a complete hands-off approach to problems to be viable. In fact, it's likely that never before in American history has a president-elect been required to make so many presidential-level decisions before actually being sworn in. Obama was required to sign off on the \$700 billion TARP program which was one of the largest public investments since World War II. He became actively involved in lobbying for the bank rescue bill even though technically he was a private citizen since he had resigned from the Senate shortly after the election. Fortunately, Obama acted as president-elect with a decisiveness which impressed many commentators.

As president-elect, Obama couldn't sign bills, issue executive orders or even work in the White House but for all practical purposes, the transition period was used to get up to speed so he would hit the ground running after the inauguration. Obama was announcing personnel appointments, receiving daily briefings on national security and the economy, negotiating with Congress and even holding as many as five press conferences a week as president-elect. Rahm and his other political advisors came up with a game plan for the transition: To score some quick early success and use them to work towards long-term victories. In particular, everything Obama did as president-elect was intended to (1) use victories to add to existing strengths, while avoiding distractions; (2) stimulate the economy while also making progress on long-term initiatives in health, energy, and education; and (3) bring real, not cosmetic, change to the way Washington does business. Rahm set a goal that Obama would sign the Recovery Act on his first day in office and also sign nomination papers for his thirty-four top appointees. This proved to be wildly optimistic thinking but that was the intention.

In the end, President-elect Obama locked his administration into record government spending increases before he even took the oath of office. This was quite jarring as Democrats were suddenly forced to go from having no authority to spend a dime to spending hundreds of billions of taxpayer dollars virtually overnight. By mid-December, Obama had decided on \$700 - \$800 billion in economic stimulus spending, a projected budget deficit of around 3 percent and billions more to be committed to educational reforms, development of a new power smart-grid and numerous other infrastructure project. If for nothing else, the Obama presidency was already notable for the sheer number of "not invented here" problems the incoming administration would be forced to address first hand.

The Inauguration

President-elect Obama arrived in Washington on January 5 – mainly so his two children could start at their new schools at the beginning of the second semester. Obama did however go almost immediately to the Hill to meet with the Republican leadership in order to signal a bipartisan approach to the stimulus package was needed. The Republicans made all the right noises about working with the incoming president – most likely driven by the fact they had no real alternative to suggest. Obama also met with the Democratic Senate caucus who treated him like a winning conqueror. Obama worked the phones and the fiscal stimulus package was passed by the new Senate 52-42 about five days before the inauguration.

In the lead-up to the inauguration, the enormity of the challenges facing the new administration became clear. Around 700,000 Americans were losing their jobs every month meaning around 8.5 million Americans would likely lose their jobs in 2009 alone – more than meeting any economist’s definition of a Depression. The banking system remained in crisis mode and the longtime engines of economic growth, the automobile companies, were facing bankruptcy. Whereas Bill Clinton had left office in 2001 with a \$236 billion budget surplus, Barack Obama was inheriting a \$1.3 trillion deficit from George W. Bush. Furthermore, it was clear to everyone if health care costs weren’t brought under control, there would soon be little money left for anything else. The United States was also at war in two remote countries and the nation was also waging a shadowy war against terrorism in a half-dozen more. And just to make things more interesting for the new administration, nuclear technology was on the verge of spreading to unstable regions at the same time as climate change threatened colossal disruptions across the globe. By any conceivable yardstick, it was clear the new president would need to act boldly and decisively not just for his own political future but to keep America from being absolutely swamped by its immediate challenges.

All of that was temporarily put to one side on January 20, 2009. “The founders of the United States and twelve of its president – more than one quarter of the total – had owned slaves; the Capitol where Obama would take the oath had been built mostly by slaves; the Mall where hundreds of thousands would gather was the site of slave auctions in the early nineteenth century; the District of Columbia had for generations been segregated, first by law and now by fact. For months Barack Obama had been making presidential-level decisions, but the ceremonial transfer of authority carried its own power as a symbol of the nation’s inspiring capacity for renewal.”

Inauguration day was clear but bitter cold in Washington D.C. Yet, despite a wind chill of just 17 degrees, a crowd of some one million people stretched down the National Mall as far as the eye could see. Included in Barack Obama’s inaugural speech were the thoughts: “We gather because we have chosen hope over fear, unity of purpose over conflict and discord. On this day, we come to proclaim an end to the petty grievances and false promises, the recriminations and worn-out dogmas that for too long have strangled our politics. Starting today, we must pick ourselves up, dust ourselves off and begin again the work of remaking America. The question we ask today is not whether government is too big or too small, but whether it works. This is the meaning of our liberty and our creed – why men and women and children of every race and every faith can join in a celebration across this magnificent Mall, and why a man whose father less than sixty years ago might not have been served at a local restaurant can now stand before you to take a most sacred oath.”

The inauguration day ended with nine balls around Washington which President Obama and his wife attended. There was also a reception at the White House later on for about fifty of his closest friends and supporters which ended around 2:30a.m. As Obama left the reception, he suddenly realized he didn’t know the way to the family quarters. “Where do I go now?” he asked no one in particular.

The “Honeymoon”

Barack Obama got no honeymoon from the GOP. In a sense, the Inauguration Day was more like a twenty-four-hour cease-fire. As one political observer noted, Obama’s reconciliatory extension of his hand to the Republicans was slapped away even before the Inauguration scaffolding had been taken down. Obama had come to Washington on the strength of a promise to ease the partisan wars of the previous decades but that mindset was under attack almost immediately.

Obama set three message goals for the first 100 days of his presidency (loosely patterned on how FDR operated in 1933 when he won election during the Great Depression.) Obama’s message goals were:

1. To be seen as a clean break from the past – sort of to position himself as “the un-Bush” president.
2. To have a White House which demonstrably showed its competence daily by putting “points on the board.” Obama was anxious to get some early political victories in order to build momentum. He wanted to enact the Recovery Bill by President’s Day (February 16) and to do other things which showed he was serious when he called for “action and action now.”
3. To restore public confidence – by showing that he was enjoying the job and staying optimistic, even in the face of pressing problems. Obama wanted to demonstrate beyond any doubt he was up to the job and knew exactly what was required to succeed.

To show a clean break from the Bush era, Obama signed a wad of executive orders in the first week restricting the activities of lobbyists, closing the Guantanamo Bay detention center within a year, lessening secrecy, barring ex-presidents from restricting the release of their papers and lifting the gag order on overseas abortion counseling. Obama also immediately started work on his health care reform ideas but found early progress very slow going. He was starting to understand why health care reform had eluded presidents for almost one hundred years and what the Republicans really meant when they vowed from the start they would kill any kind of reform in this area.

Despite his earlier intentions to fill all the political appointments quickly and decisively, the confirmation process soon bogged down as everything from past tax returns to sexual preferences became fair game. Nominees were asked point blank whether they had ever paid for sex, been unloyal to the United States, used illegal drugs, watched pornography online and so on. The process took months and backed up every decision that needed to get made. An early casualty was Tom Daschle who was nominated as HHS secretary and White House health czar. Daschle revealed he had recently paid \$128,000 in back taxes on a car and driver which had been provided by a Democratic donor with links to health industry clients. Daschle withdrew his nomination which handed the new administration a serious PR problem. In a refreshing break from the traditional approach where presidents on a few occasions had said that “mistakes were made”, Obama instead went on national TV and stated: “I screwed up. We can’t send a message to the American people that we have two rules, one for prominent people and another for ordinary people.” This was a great example of how Obama could defuse a political crisis by saying something that made sense to ordinary voters and Obama’s approval ratings went even higher.

In fact, Obama learned quickly one of his most potent tools was to use the pulpit to pressure other politicians. “Don’t bet against me,” he told Republican senators who were threatening to derail the stimulus bill. “When you start hearing arguments on the cable chatter, just understand a couple of things. Number one, when they say, ‘Well, why are we spending \$800 billion when we’ve got this huge deficit?’ – first of all I found this deficit when I showed up. Number two, I found this national debt, doubled, wrapped in a big bow waiting for me as I stepped into the Oval Office.” Obama was a quick study and he soon figured out how to use public pressure to move his political agenda forward.

Zen Master

One of the hardest things about serving as president of the United States is it's all too easy to "get lost in the bubble" that surrounds Washington in general and the White House in particular – to lose touch with ordinary Americans. Politicians need to have thick skins and to be unflustered but at the same time, those essential survival qualities can make them seem distant and cold. Obama has clearly shown he has an unflappable nature and optimistic temperament – which some people have compared to the character Spock of *Star Trek* fame. Obama deflects those criticisms he is out of touch in a very practical way. Every day, he has his staff select ten letters from ordinary Americans which Obama personally reads and responds to, often in handwritten notes. By doing this, he keeps in touch with what people are thinking even as he tackles all the demands which come with being the most powerful politician in the world.

One of the realities of American political service is the fact much of what an incoming president does can be classified as "cleaning up someone else's mess." President Obama found in the first year of his new administration, a frustratingly large proportion of his time and efforts had to be dedicated to the cleanup of matters left over from the Bush administration rather than initiatives of his own choice. Some of these issues were foreign policy and national security related, which everyone knew would be hard to handle. The other pressing and high profile issues were the financial system reforms and responding to the collapse of the American auto industry. President Bush had signed off on spending \$17.4 billion in TARP money on shoring up Chrysler and GM but Obama found that commitment had been made without even insisting on a realistic business plan or equity arrangement. He appointed a twelve-person task force to analyze the problem and come up with a way to move forward. Obama agreed to give GM time to go through a controlled bankruptcy process which would effectively lower the company's future break-even point and gave Chrysler the chance to put together an alliance with FIAT.

There were a couple of things which impressed people about the way Obama attacked these and other problems. First, he was always very confident in his own abilities to understand the underlying issues and then to make a decision. When the heat was on, Obama is prepared to do his homework, make a crisp decision and then get on to the next matter of business. Second, when making a decision, Obama is meticulous in getting every feasible option on the table and in hearing from those who disagree with the majority thinking. He actively seeks out dissenters and asks for their thinking so he can feel satisfied he has considered every option before making a decision. Third, Obama is a quick study. When trying to understand the complexities of the auto industry bailout, Obama set up a formal Daily Economic Briefing session where he could learn about the complexities of managing the economy and what each lever does. Obama learned all the theories and the various complexities involved so he could feel confident about the decision he was called on to make. In total, Obama has proven to be a capable decision maker who is comfortable in his own skin.

Lots of people who interact with President Obama personally have commented on his temperament. He is simultaneously relaxed but intense – very much like a professional athlete in the heat of competition. Barack Obama is intelligent but also has a cool, wry wit. His moods are never too high or too low. He has a distinctive mix of calm, confidence and curiosity which is highly impressive. When his high-wattage smile, elegant carriage and baritone voice which can make even mundane utterances sound profound are added to the mix, there is no doubt Barack Obama looks and acts the part.

President Obama is also disciplined about giving rationality and open-mindedness pride of place so he doesn't get swept away by the intense emotional currents which are always just beneath the surface in national politics. He's very good at asking probing questions, listening politely to competing views, summarizing those views better than those who expressed them and then rendering a logical and dispassionate decision.

So what does a typical work day look like for the president of the United States? Every day is different but unless there is some kind of pressing issue at hand, a normal day in the Obama White House is:

- Obama will work out in the White House gym before 6 a.m. with his wife and then helps gets the kids ready for school. He will typically read the *New York Times*, the *Washington Post*, the *Wall Street Journal* and *USA Today* over breakfast. He walks downstairs to the Oval Office around 9:15.
- At about 9:30, Obama receives the Presidential Daily Briefing on national security followed by the Economic Daily Briefing at around 10:30. In between, Obama will meet with his senior staff and his speech writer to go over the day's scheduled remarks.
- Following that, Obama will go through the ten letters from ordinary Americans who write to him. Obama then often wanders through the first floor of the White House talking with aides in what management gurus would call "management by walking around." If he has something to discuss with any of his staff, he's more likely to wander down the hall to their offices than he is to summons them to the Oval Office.
- The rest of the day is filled with a mix of public events, telephone calls, staff meetings, interviews, tapings and sessions with foreign leaders. Obama's manner has been described as brisk, low-key and with a straightforward focus on brass tacks rather than pleasantries.
- Obama's workday usually ends with a casual review of the day's events with a few senior staff and then dinner with his family at around 6 p.m. Many evenings, there will also be a reception or other event Obama drops by before going back to his study in the residence for three or four more hours of work. He will frequently call aides with questions around 10 p.m. Nighttime is generally devoted to the president's reading and regeneration.

It's not unusual for Obama to start a staff meeting by stating: "Okay guys, here's what I'm thinking." He will then give a quick statement of key points and ask: "What am I missing?" That will be the invitation for everyone to contribute to a full debate about the issue. Obama will keep things moving by prodding, probing, poking and explaining his reasoning. His approach is to drill down to the bottom of the issue at hand and then build back to a decision point. Most participants suggest Obama's style is to be a like a judge in a courtroom who peppers lawyers with questions without revealing which side of the case he will end up coming down on. He probes people, tests their convictions and carefully deliberates over complex and often contradictory advice. To survive in this kind of environment, you have to be prepared to back what you say with facts that can stand up to scrutiny. As Obama often reminds everyone, the issue at hand isn't rocket science so it's more a matter of getting to the bottom of things and figuring out what's going on that it is to deal with inherently complex issues.

One other distinctive trait about the way Obama operates is he point-blank refuses to "relitigate" past issues like the Vietnam War and the 1960s. He never tries to second guess decisions which were made in previous presidencies unless new and compelling information has come to hand. To end a meeting, it isn't uncommon for Obama to succinctly summarize each side's most logical arguments to give everyone a road map for going forward. From time to time, he will take an informal poll of everyone present to see which way they are leaning but most times, he will end a meeting with: "Okay guys, here's what I'm thinking and here's where I want to go" followed by a one-two-three enumeration of precisely what he means. He'll often add: "Let me tell you the five questions I want to address in the next session" or he might simply announce his decision straight away. For a hard call, Obama will often think things through by himself for a day or two before specifying which way he wants to go. It's clear that Obama has used his gift for running productive meetings to put his stamp on the presidency.

Health Care Reform

Obama knew from the outset reforming health care was going to be hard. He acknowledged there was a reason it hadn't gotten done in more than seventy years despite the best efforts of one president after another. He even took to referring to it as something of a "Herculean lift." And just to lengthen the odds against success a tad more, his own senior advisors – from Rahm Emmanuel to David Axelrod and even vice president Joe Biden – were entirely unenthusiastic about health reform. They felt it would be a big ask and might potentially overload the circuits but Obama rallied the troops by telling them if it didn't get done in the first year of his presidency, it wasn't going to get done in the second, third or fourth years either. In short, Obama decided early on he would bet his domestic presidency and his reelection chances on health care reform.

Why did Obama want to press on with health care reform? First and foremost, there was the moral question. The United States is the only country in the world which is prepared to bankrupt its own citizens to force them to pay for their own health care. Added to that were all the stories of callous insurance companies who made decisions based on the expense involved rather than the welfare of the patient. Obama had promised on the campaign trail he would help and he was determined to do precisely that. A secondary, more tactical reason for moving ahead was that in politics, success breeds success. Obama figured even if the economic stimulus went as well as he hoped it would, people would still be asking what-have-you-done-for-me-lately when the 2010 midterm elections and his 2012 second term election rolled around. He knew 2009 was his one-time opportunity to use his political capital to achieve something major.

To begin with, Obama read up on health care economics. He came to conclude the most feasible reform option was to offer incentives to health care providers to move from a fee-for-services model of paying doctors to a system where all doctors were on salary. Obama's strategy to make that happen was to lay out some broad principles, win support from the insurance and drug industries and use that momentum to get Congress to come up with their own versions of health care reform. Obama then planned on stepping in later in the process to get the job completed. This was the direct opposite approach to that tried by President Clinton who had developed a big plan, dropped it on the Capitol steps and then refused to bargain. Obama hoped he could lead and that the Democrat-rich Congress would follow. The reality ended up being much messier than that as Obama worked towards dragging an industry that constituted one-sixth of the American economy into the twenty-first-century.

Obama struggled initially to come up with the right way to frame his proposals for health care reforms. While the press dubbed them as "Obamacare", Obama himself started out by talking about costs. He then tried to stress improved quality but that didn't capture the public imagination either. That left the ideas of stability and security as potential selling points before Obama finally realized health care reform was really about insurance reform – about keeping the insurance companies honest.

By mid-2009, health care reform had become hopelessly bogged down. Obama had started out attempting to get it done through bipartisanship as he had espoused on the campaign trail but it was becoming increasingly obvious the Republicans weren't going to play ball. Their strategy was to try and stop health care reform dead in the water so they could pick up seats in the 2010 midterms and in that way throw a spanner in the works of the Obama presidency. Obama decided it was time to come off the bench and try to create some momentum for change to happen. He scheduled a speech for September 9, 2009 to start the ball rolling – less than two weeks after the funeral of longtime senator Ted Kennedy who was a passionate advocate for health care reform. A letter written by Ted Kennedy to President Obama just before he died would form an unforgettable part of that speech. In that letter, Kennedy described health care as "above all, a moral issue" with the "character of our country" at stake.

President Obama went on: “I’ve thought about that phrase quite a bit in recent days – the character of our country. One of the unique and wonderful things about America has always been our self-reliance, our rugged individualism, our fierce defense of freedom and our healthy skepticism of government. That large-heartedness – that concern and regard for the plight of others – is not a partisan feeling. It is not a Republican or Democratic feeling. It, too, is part of the American character. Our ability to stand in other people’s shoes. A recognition that we are all in this together, that when fortune turns against one of us, others are there to lend a helping hand. A belief that in this country, hard work and responsibility should be rewarded by some measure of security, and an acknowledgment that sometimes the government has to step in to help deliver on that promise.” He also added: “We did not come to fear the future. We came to shape it.”

Obama used the 2010 State of the Union address on January 27 to get Congress refocused on health care reform again. He went to the House Republican caucus in person to answer their questions and convened a bipartisan summit on health care to try and make the consultative process inclusive but it was clear no Republicans would cross the floor to vote for health care reform. With the death of Ted Kennedy and the surprise byelection of Republican Scott Brown to replace him, the Democrats were now one vote short of the 60 they needed to get a completely new health care reform bill through the Senate. They therefore decided the only way for health care reform would happen under the byzantine rules of Congress would be for the House to approve the previous Senate health care reform bill which had been passed just before Christmas 2009. Amendments could then be agreed to under a process called “sidecar reconciliation” if the House voted in favor of the Senate bill. Despite some concerns about whether all the Democrats would toe the party line, the House bill finally passed on March 21 and President Obama signed the bill into law on March 23, 2010.

Somewhat against the odds, Obama had managed to get health care reform done. It had ended up being a incredibly tight and fiercely fought battle to get the bill through Congress. Not a single Republican voted for health care reform and lots of side deals worth hundreds of millions in regional adjustments were required to keep all the Democrats onside but a relieved and happy president lauded the passage of the bill. The ultimate impact of health care reform still remains to be seen going forward but the undeniable fact is whatever else happens, Barack Obama was now in the company of people like Franklin Roosevelt and Lyndon Johnson who had brought about permanent and far-reaching changes in American society. Engineering the passage of health care reform was an undeniably impressive domestic achievement for the Obama administration, made even more so by the background pressures of simultaneously fighting wars, steadying a volatile economy and responding to the pressures of the midterm elections.

With health care reform to his credit, President Barack Obama has made it feasible for him to be remembered as a figure of history for reasons far beyond the color of his skin. On the last Sunday of his first year in office, the day before Martin Luther King Jr. Day, Obama spoke at the Vermont Avenue Baptist Church where King had appeared in 1956. On that occasion, Obama said: “This is a moment to pick ourselves up and dust ourselves off. There are times when I’m not so calm. There are times when the barbs sting. It’s faith that keeps me calm. It’s faith that gives me peace. The same faith that leads a single mother to work two jobs to put a roof over her head when she has doubts. The same faith that leads an unemployed father to keep on submitting job applications after he’s been rejected a hundred times. A faith in things not seen, in better days ahead, in Him who holds the future in the hollow of His hand. A faith that lets us mount up on wings like eagles; lets us run and not be weary; lets us walk and not faint.”