



THE PRICE OF POLITICS
BOB WOODWARD



OF POLITICS

Bob Woodward



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ALSO BY BOB WOODWARD

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All the President's Men

(with Carl Bernstein)

THE PRICE

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To Benjamin C. Bradlee

AUTHOR'S PERSONAL NOTE

I had two terrific people assist me full-time on this book: Rob Garver, a 20-year veteran reporter and editor, spent just six months on this project, coming to work for me in February 2012. I call him the workhorse who energized and focused me. Determined and fair-minded, he did at least two days' work in each single day. He never wasted a minute as best I can tell. His mature insights, skills and willingness to tell me "no" when it was needed kept us on track. Rob, 43, is one of the best natural editors and reporters I have ever worked with. He graduated from the University of Vermont and has a master's degree from the Georgetown Public Policy Institute. His sophisticated understanding of business, banking and policymaking guided me at every step. He quickly grasped the story we were trying to get and went after it. He is a delight in every way, enduring a long commute each day to and from Springfield, Virginia, where he lives with his two sons, Ryan and Andrew. Several mornings each week, he arrived at work by 6:30 a.m., before the newspapers. Without Rob, this book never would have been completed—not even close.

Evelyn M. Duffy, who worked with me on two previous books, *The War Within* and *Obama's Wars*, continued on this third book. I will say it again, Thank God. Now 27, she is a lady of balance and levelheadedness. She again transcribed hundreds of hours of digitally

recorded interviews with President Obama and top White House and congressional officials. Her editing skills have grown immensely. What seems a decent draft will come back to me covered in countless marks as she identifies inconsistencies, factual errors and grammatical problems. She can find any person and almost any information. Evelyn graduated from George Washington University in 2007 with a degree in English and creative writing. Her work and presence are marked by grace, kindness and integrity. She is smart, practical and knows how to enjoy a good laugh. No one I have ever worked with of any age has more common sense. I thank her with gratitude. Without her efforts and wisdom we would never have finished.

NOTE TO READERS

Nearly all the information in this book comes from interviews with key White House and congressional officials. Some provided documents, contemporaneous meeting notes, working papers, diaries, emails, transcripts and chronologies. Democrats and Republicans cooperated in about equal amounts.

This book examines the struggle between President Obama and the United States Congress to manage federal spending and tax policy for the three and one half years between 2009 and the summer of 2012. More than half the book focuses on the intense 44-day crisis in June and July 2011 when the United States came to the brink of a potentially catastrophic default on its debt.

Most interviews were conducted on “background,” meaning the information could be used in the book but none of the sources would be identified by name. Many sources were interviewed multiple times, and nearly all allowed me to digitally record our interviews. These recordings produced transcripts that run to thousands of pages. In all, more than 100 people were interviewed for this project.

Three key figures spoke to me on the record. I interviewed President Barack Obama for 1 hour and 25 minutes in the Oval Office on July 11, 2012; House Speaker John Boehner in his Capitol office on June 8, 2012, for 1 hour and 25 minutes; and Senate Minority Leader Mitch McConnell at his Capitol office for an hour on July 12, 2012.

As much as possible, I have tried to preserve the language of the main participants by quoting them directly or using their words to reflect their speech and attitudes. Verbal exchanges were checked and rechecked with participants as much as possible. No reporting can provide the equivalent of a perfect engineer's drawing of events. This is the best obtainable version, and it is impossible to do this work and not realize—and be humbled by—what you have not discovered and do not know.

Any attribution of thoughts, conclusions or feelings to a person comes from that person directly, from notes, or from a colleague whom the person told.

In the course of such an in-depth immersion in the decision making during such a crisis, the attitudes of the players become clear. Occasionally, a person said something was “off the record,” meaning it could not be used unless the information is obtained elsewhere. In many cases, I was able to get the information from others so it could be put in this book. Some people think they can lock up and prevent publication of information by declaring it “off the record” or by saying that they don't want to see it in the book. But in the White House and Congress, nearly everyone's business and attitudes become known to others. And in the course of extensive interviews with firsthand sources about key decisions, the role and goals of the major players become clear.

Bob Woodward

July 14, 2012

Washington, D.C.

CAST OF CHARACTERS

THE PRESIDENT OF THE UNITED STATES

Barack H. Obama

VICE PRESIDENT OF THE UNITED STATES

Joseph R. Biden

Ron Klain, chief of staff (to January 14, 2011)

Bruce Reed, chief of staff (January 14, 2011–present)

SECRETARY OF THE TREASURY

Timothy Geithner (January 26, 2009–present)

WHITE HOUSE ECONOMIC TEAM

Director, National Economic Council

Larry Summers (January 20, 2009–December 31, 2010)

Gene Sperling (January 20, 2011–present)

Director, Office of Management and Budget

Peter Orszag (January 20, 2009–July 30, 2010)

Jack Lew (November 18, 2010–January 27, 2012)

WHITE HOUSE STAFF**Chief of staff**

Rahm Emanuel (January 20, 2009–October 1, 2010)

William Daley (January 13, 2011–January 27, 2012)

Jack Lew (January 27, 2012–present)

Senior adviser to the president

David Plouffe

Director of legislative affairs

Rob Nabors

Director of communications

Dan Pfeiffer

Press secretary

Jay Carney

THE SENATE**Majority Leader**

Harry Reid, Democrat of Nevada

David Krone, chief of staff

Minority Leader

Mitch McConnell, Republican of Kentucky

Rohit Kumar, domestic policy director and deputy chief of staff

Senators

Max Baucus, Democrat of Montana, chairman, Finance Committee

Kent Conrad, Democrat of North Dakota, chairman, Budget Committee

Dick Durbin, Democrat of Illinois, Majority Whip

Jon Kyl, Republican of Arizona, Minority Whip

Patty Murray, Democrat of Washington State, supercommittee co-chair

THE HOUSE OF REPRESENTATIVES**Speaker of the House (to January 2011)**

Nancy Pelosi, Democrat of California

Speaker of the House (January 2011–present)

John Boehner, Republican of Ohio

Barry Jackson, chief of staff

Brett Loper, policy director

Kevin Smith, communications director

Michael Steel, press secretary

Majority leader

Steny Hoyer, Democrat of Maryland (to January 2011)

Eric Cantor, Republican of Virginia (January 2011–present)

Steven Stombres, chief of staff

Neil Bradley, policy director

Brad Dayspring, communications director

Members of the House

Dave Camp, Republican of Michigan, chairman, Ways and Means Committee (January 3, 2011–present)

Jeb Hensarling, Republican of Texas, supercommittee co–chair

Kevin McCarthy, Republican of California, Majority Whip (January 2011–present)

Paul Ryan, Republican of Wisconsin, chairman, House Budget Committee (January 3, 2011–present)

Chris Van Hollen, Democrat of Maryland, ranking member, House Budget Committee (January 3, 2011–present)

NATIONAL COMMISSION ON FISCAL RESPONSIBILITY AND REFORM**Co–chairmen**

Alan Simpson, former Republican senator from Wyoming

Erskine Bowles, Democrat, former chief of staff to President Bill Clinton

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PROLOGUE

The lavish dinner at the Capital Hilton Hotel in downtown Washington on the evening of Saturday, March 11, 2006, was about the last place you would expect to find him. But there was Barack Obama, age 44, the junior senator from Illinois for only the last 14 months, in formal white-tie with tails and very much at ease in the crowd of 600. His trademark smile, broad and infectious, dominated his face as I met him for the first time.

We were at the annual Gridiron Club dinner—a rite of passage for national political figures such as Obama. The crowd included President George W. Bush and most of the major politicians in Washington. It was one of Senator Obama’s maiden voyages into the unsavory belly of the Washington beast. Bush was to speak for the Republicans, and Obama had been selected to speak for the Democrats.

Founded in 1885, the Gridiron—named because its motto was to “sing but not burn”—had the reputation of being an old-school event of in-jokes, skits and music that seemed more fitted to a bygone era.

“You’re from Wheaton, Illinois,” Obama said to me, referring, unprompted, to the small town where I was raised in the late 1940s and ’50s. Wheaton, 25 miles west of Chicago, is home to Wheaton College, best known for its alumnus evangelist Billy Graham, whose influence permeated the town.

"I'll bet you didn't carry Wheaton," I said confidently, referring to his Senate race 16 months earlier. A bastion of Midwestern conservatism and country-club Republicans, Wheaton was the most Republican town in the country in the 1950s, or at least regarded itself that way.

"I carried DuPage County by 60 percent!" Obama responded, beaming that incandescent smile. Wheaton is the county seat of DuPage.

I said that seemed utterly impossible. That couldn't be the Wheaton or DuPage I had known.

Obama continued to smile me down. The certainty on his face was deep, giving me pause. Suddenly, I remembered that Obama's opponent for the Senate seat had been Alan Keyes, the conservative black Republican gadfly. Keyes had substituted at the last minute for the first Republican nominee, who withdrew from the race when divorce and child custody records revealed that he had taken his wife to sex clubs in New York, New Orleans and Paris.

"Well, everyone who runs for office should have Alan Keyes as their opponent," I said, trying to hold my ground.

Obama smiled some more—almost mirthful, yet unrevealing. The conversation turned to Illinois politics, and Obama ticked off the areas where he had strong support—Chicago, the labor unions—and weak support, downstate and the farm areas. He defined the categories skillfully, expanding on the state's interest groups and voting blocs. He made it clear he knew where he had work to do.

He sounded like a graceful old-fashioned pol. Though he had carried DuPage by 60 percent, he had won 70 percent of the statewide vote.

His wife, Michelle, stood by his side in a stunning gown. But the focus and the questions from people crowded around were all directed at the dazzling new star.

When he appeared at the podium several hours later, Obama stood perfectly erect, projecting radiant confidence.

"This is a true story," he said. "A friend sent me a clip about a new study by a psychologist at the University of Scotland who says sex be-