

RELEASE IN PART B6

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**From:** H

**Sent:** 11/23/2011 9:32:14 PM +00:00

**To:** Oscar Flores <

**Subject:** Fw: H: your portrait & memo. Sid

**Attachments:** wjc\_memo\_supercommittee\_111911.d ocx

B6

Pls print.

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**From:** sbwhoep[] [mailto:sbwhoep[]]  
**Sent:** Saturday, November 19, 2011 09:58 AM  
**To:** H  
**Subject:** H: your portrait & memo. Sid

Hillary: 1. Sharing memo below sent to WJC. 2. Went to the unveiling of your picture at the Portrait Gallery last night. Nice, intimate affair. Beautiful picture. Stunning, really. The event was quite funny. The people donating the picture were charming. Their son spoke about sleeping with you every night--your picture hanging above his bed. I'd say he is maybe 30 years old, slight, little scraggly beard, just your type. But bright and ironic. We all lifted a glass to you. 3. Asian tour, and Burma trip, brilliant. Clearest strategic play yet. If you want to ping that you might just mention publicly that you are reading the new biography of George Kennan by John Lewis Gaddis (supposedly tilted conservatively and does not accurately represent Kennan's later views, on Reagan, for example, but that is of little matter). That's all. When the press asks about "the new containment doctrine," brush it off, not at all: US a Pacific power a geostrategic fact, integration of the region and global economy, etc. But message would be sent and burnished. Just a small thought. Cheers, Sid

CONFIDENTIAL

November 19, 2011

For: WJC  
From: Sid  
Re: Supercommittee

1. The congressional supercommittee will almost certainly fail. It would be a shock if it did not. The reason is that the Republican leadership has decided it must fail. Tom Edsall, my former colleague at the Washington Post, now professor at Columbia and an online NY Times columnist, explains the willful strategy after speaking on background to Republican leaders. (Article below.)
2. You will be asked about the failure. The failure is due solely to the Republican strategy—a partisan political strategy rather than any economic one. The Republicans have turned down every and all reasonable negotiations, deals and compromises, even those proposed by their own members (e.g., Senator Toomey of Pennsylvania, a Club for Growth conservative who has advocated raising taxes). Instead, they are opting for the grandiose political play to topple President Obama, install a total Republican government and impose their radical program (version of the Ryan plan). (See Edsall below for their logic.)
3. The Republican rejection is the equivalent of the government shutdowns of 1995-6—same motives, same approach, same radical partisanship.
4. The Republican strategy can be encapsulated: radicalism, not recovery; partisanship, not progress; slash and burn, not success; coercion, not cooperation.

<http://campaignstops.blogs.nytimes.com/2011/11/18/capitalizing-on-collapse/#more-1651>

November 18, 2011, 7:27 PM

## Capitalizing On Collapse

By THOMAS B. EDSALL

A new political calculus is emerging on both sides of the aisle now that it looks as if the Joint Select Committee on Deficit Reduction may fail to reach an agreement by Wednesday's deadline.

Democrats, who have taken a beating since the 2010 election, are legitimately worried that Republicans will use the collapse of budget talks to pursue their own grand strategy.

Publicly, Republicans say they are determined to do everything possible to help the so-called supercommittee achieve its goals. Kevin Smith, a spokesman for House Speaker John A. Boehner, said, "Boehner recognizes we are \$15 trillion in debt, we need to deal with that right now, and he does not think we can wait until next election."

In private, however, a number of Republicans acknowledge that alternatives to action by the supercommittee look highly attractive, if risky.

Should the supercommittee fail, the wheels begin to turn on \$1.2 trillion in across-the-board cuts, known as sequestration, which split evenly between domestic and military programs.

There is bipartisan agreement that these cuts make no distinction among meat, bone and fat. The key political factor, however, is that the cuts go into effect after the 2012 election. Just as important, the "temporary" Bush tax cuts – enacted in 2001, 2002, and 2003 – terminate at the end of 2012.

Here is the Republican gamble: Intrade, the political futures market, currently puts the odds at just under three to one in favor of both a Republican takeover of the Senate and retention of the House – 74.4 to 21.5 for the Senate, 72.2 to 28 for the House.

The big question is the presidential contest. According to an ABC poll, a majority of Americans, by a margin of 55 to 37, believe that the Republican nominee will be victorious. Republican voters are overwhelmingly optimistic about their chances for the White House, 83-13. Democrats, by the far smaller margin of 58-33 percent, think President Obama will win re-election. Independents, by a 54-36 margin, believe that the Republicans will take the presidency.

The chance of all three contests going the Republicans' way is less than 50-50, but if they do, the payoff would be huge. The risk is outweighed by the benefits of winning. What's at stake? The power to further tilt the tax code in favor of the affluent and to perform progressively more radical surgery on the welfare state.

Given long-range demographic trends – the growth of the minority electorate and the increasing numbers of unmarried, Democratic-leaning voters, especially single women – the 2012 election could prove to be the last chance for the contemporary conservative movement to put a decisive stamp on the government.

As a top Republican Congressional aide put it in an interview about the supercommittee's deliberations, "Winning the trifecta – House, Senate and White House – in 2012 is a game changer. We would be in the driver's seat."

In this scenario, Republicans in the 113th Congress would swiftly enact a version of the budget proposal put forward by Paul Ryan, the chairman of the House Budget Committee, which was approved by the House, but only the House, earlier this year.

The Ryan budget, which includes making the Bush tax cuts permanent, would meet the required \$1.2 trillion in deficit reduction, eliminating the need for across-the-board cuts. The measure would be contained in budget "reconciliation" legislation so that it would not be subject to a filibuster in the Senate and could be enacted by simple majorities in both branches. A Republican president would be sure to sign it.

A central Democratic player in the supercommittee negotiations noted that "there is a lot of fear" that the failure of the supercommittee "is intentional, that the Republicans are waiting until January, 2013, after an election has taken place. Who is in control will have enormous consequence."

Capitalizing on collapse is not the exclusive terrain of the right. There are some on the left who believe that simply taking no action whatsoever before this year's November 23 and December 23 deadlines will force the expiration of the Bush tax cuts at the end of 2012. The expiration of these cuts will produce an estimated \$3.8 trillion in new

revenue between 2013 and 2022 – enough to maintain many of the key safety net programs with relatively minor tinkering.

Of course, this strategy depends either on a Democratic chief executive to veto Republican legislation extending the Bush cuts or on the less likely event of Democratic retention of the Senate or a takeover of the House.

The risks to both sides of a do-nothing-for-now strategy are arguably outweighed by the many possible advantages. The economic policy gulf between the parties has become so wide that it seems impossible, barring the use of accounting gimmicks, for them to split the difference.

The anti-tax, anti-government ideology of the right cannot be legitimately reconciled the with pro-government, high-tax commitment of the left, and vice versa. On top of that, these competing ideologies have acquired a moral dimension that makes ordinary political give-and-take intolerable.

Notions of unilateral victory, whether through Republican domination of Washington or through the expiration of the Bush tax cuts, become increasingly attractive, no matter how fanciful, if the alternative is engaging in the processes of honest bargaining, accommodation, negotiation and compromise.

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Message Headers:

[Redacted]

From: H <HDR22@clintonemail.com>  
To: Oscar Flores <[Redacted]>  
Date: Wed, 23 Nov 2011 16:32:14 -0500  
Subject: Fw: H: your portrait & memo. Sid

[Redacted]

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