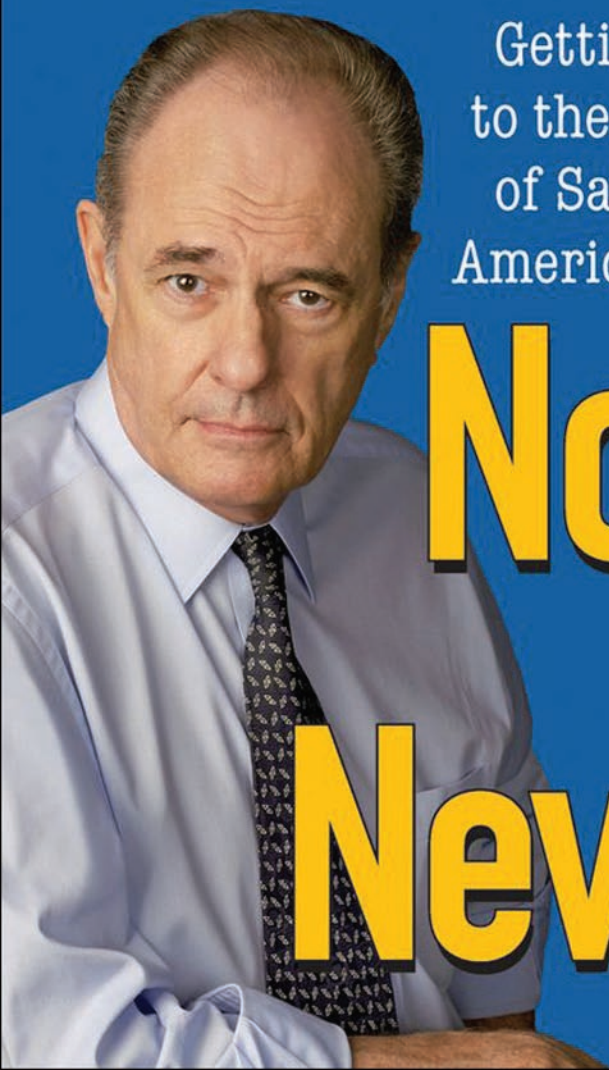


# JACK CAFFERTY

Author of the *New York Times* bestselling *It's Getting Ugly Out There*

Getting Down  
to the Business  
of Saving Our  
American Dream



# Now or Never



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Getting Down to the Business  
of Saving Our American Dream

JACK CAFFERTY



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This book is dedicated  
to my greatest source of pride:  
my daughters, Julie, Leigh, Jill, Leslie.



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# 1

## Our Last Best Hope

**I**n my 2007 book, *It's Getting Ugly Out There: The Frauds, Bunglers, Liars, and Losers Who Are Hurting America*, I went way out on a limb and wondered whether there might actually be a positive, if unintended, consequence of the otherwise miserable legacy of President George W. Bush's eight years in office. I speculated that it might come in the form of a sudden nationwide awakening near the end of the Bush era, leading to a 2008 stampede to polling places as the citizenry desperately fought to save its democratic system—a runaway train heading off a cliff into oblivion.

I had been screaming, in my way, about “broken government” for a couple of years in hundreds of “Cafferty File” segments on CNN's *The Situation Room*. But as the economic crisis seizing America became *the* story that drove the election, voters were desperately fighting to save not only their political system but also their homes, their jobs, their 401(k)s, their bank savings, and, no doubt, their sanity. And people were paying attention: my “Cafferty File” blog often got three million hits a day and as many as ten thousand e-mail replies flooding in after one of my questions of the hour.

I'm *still* screaming about what's gone wrong, and I've written it all down in *Now or Never: Getting Down to the Business of Saving Our American Dream*. The book captures our country at a crossroads unlike any we've ever faced in living memory—a momentous period of crisis, threat, challenge, choice, and change as we emerge, *finally*, into the Barack Obama era. The book also fixes its unflinching, take-no-prisoners sights on what now needs to go right in the first term of President Obama if we hope to survive as the nation we know ourselves to be before it really is too late. As *Now or Never* makes urgently clear, this is a time for change we not only need, as Obama's campaign mantra put it, but for change we will believe when we see it.

So many of the things that I suggested were wrong in my first book, *It's Getting Ugly Out There*, have proved to be quite wrong. The nation's confidence in its leaders took a huge hit during President George W. Bush's two terms in office. Warning signs that we saw a couple of years ago weren't taken seriously. With, arguably, the exception of the sharp decreases in sectarian violence and U.S. troop casualties in Iraq, we're in a lot worse shape now than we were two years ago—for a lot of the reasons that I suggested in the first book. The incompetence, dishonesty, and corruption of Washington under President Bush had come together to create the dark economic storm now raging over the Obama administration as it faces the enormous challenge of turning America around.

This book examines the issues, turning points, and personalities that shaped 2008's historic White House race and Obama's victory—notably the astonishing two-year economic slide toward the unprecedented \$700 billion bailout plan signed by Bush a month before Election Day; the treacherous new phases of the wars in Iraq and Afghanistan; and the rival characters and strategies of the Obama-Biden and McCain-Palin tickets that made the '08 campaign such an extraordinary moment in our history.

The stakes could hardly have been higher. Domestically, our sinking economy is making the new president's search for solutions—from war-zone strategies to energy and health-care reform; from funding Medicare and Social Security to securing our borders—as daunting as any since Franklin Roosevelt was elected in 1932, during the Great Depression. Globally, the new commander in chief faces escalating tensions in our dealings with Afghanistan, Pakistan, Iraq, Russia, China, North Korea, Iran, the Middle East, and India, particularly since the horrific terror attacks in Mumbai in November 2008.

Obama has eight years of George Bush to thank for the immensity of his task—and for inciting an angry American electorate to action. *Now or Never* examines the corrosive legacies of the Bush reign; they include its fiscal recklessness, its illegal surveillance and sanctioning of torture, and a sweeping agenda of secrecy, deception, and expanding executive power. Bush is gone, but damaging precedents have been set. As I wrote in *It's Getting Ugly*, my hunch was that Bush's two-term record would prove to be “so misguided, ineffective, and reckless while his political base was so egregious and arrogant in its corrupt abuse of power that Bush & Co. unwittingly woke up the American people and proved to them that their country was indeed broken and in urgent need of repair before it got too late to undo the harm they had done.”

If I was clearly on to something, I underestimated how bad things would get.

This was a year before the Treasury Department and the Federal Reserve started to commit hundreds of billions of taxpayer dollars to shore up, bail out, and seize control of giant financial and insurance institutions better known for boundless greed than for bended-knee groveling. It was months before Treasury Secretary Henry Paulson Jr. scratched out what read in parts like a three-page ransom note (“Decisions by the Secretary . . . may not be reviewed by any court of law or any administrative agency”) laying out terms of the initial \$700 billion

Troubled Asset Relief Program (TARP) to buy back worthless mortgage-backed securities from failing banks as a way to keep credit flowing. The economy was strangling itself, he said; only a massive infusion of credit between banks, and from banks to businesses, consumers, car loan seekers, home buyers, and so on, would keep it breathing.

Phrases in the air evoked the Great Depression—"a race against time," "grave threats," "bank runs," "bread lines," "Armageddon," "once-in-a-century financial crisis"—that from former Federal Reserve chairman Alan Greenspan. Former General Electric chairman Jack Welch predicted "one hell of a downturn"; Warren Buffett called the markets an "economic Pearl Harbor." Was this crisis about Wall Street extortion or Main Street extinction? Thirty-five senators and 435 congressmen were up for reelection. No one wanted to vote for a risky rescue bet that could go bad and turn 2008's electoral battlegrounds into 2009's dustbowls. This was Congress, not a casino, yet its members were under intense pressure to move fast and approve a complex, high-stakes, instant wager that would cost more than all the mountains of chips Bush had blown on his five-year war of choice in Iraq. Lawmakers worried about signing over a blank check to Treasury without any clear plan to protect taxpayers and homeowners. They required some strict oversight. Writing in the *New Yorker*, John Cassidy called Paulson's three-page proposal for the rescue "suspiciously vague and scandalously arrogant"—with virtually no mechanisms in place for oversight and regulation.

Could we trust *anyone's* judgment on the largest fiscal gamble in our history? When would we learn to say no to these people? Guys like Paulson and Federal Reserve chairman Ben Bernanke go, well, we've got to have \$700 billion to fix this mess, and we go, sure, here you go. It was absolute insanity—Monopoly money. Who knew what the fallout would be on Main Street from the fat cat bailout on Wall Street? As Joseph from Illinois wrote, "I would rather lose my job and starve to death than see one person get bailed out for their bad decisions. These idle threats of complete disaster if we do nothing are bold

face lies. Of course the Wall Street folks are going to say that so we save their ass. We will survive even if the market ‘melts down.’ Sure it will be tough, but as long as the government steps out of the way it won’t be more than one bad year.”

Stepping aside wasn’t going to happen. Bush briefly, belatedly addressed the nation to warn that “our entire economy is in danger” and that “without immediate action by Congress, America can slip into a major panic.” His grim, fearmongering tone echoed the Iraq war run-up, only now the WMD (weapons of mass destruction) were mushroom clouds of toxic subprime mortgage debt rising over our cities and towns. The Fed applied a choke hold of its own: the *New York Times* quoted Fed chairman Bernanke, a Great Depression scholar, as telling lawmakers on Capitol Hill, “If we don’t do this, we may not have an economy on Monday.” Was a bailout really the lesser of two evils, or just another looting of the little guy by the golden-parachuted masters of the universe—one final \$700 billion Bush-era bridge to nowhere?

This crisis threw congressmen, candidates, commentators, and even economists into uncharted territory. I didn’t pretend to know whether a \$700 billion or \$1 trillion bailout package would work. Pessimists suggested that if we did nothing, we’d be headed off a cliff. Granted, the markets, in time and left to their own devices, would likely self-correct. But could the country stand the pain that this would undoubtedly involve? On the other hand, to allow the federal government to, in effect, take over and/or manage some of our biggest financial institutions is to compromise our capitalism. The engines that drove our economy to be the most powerful the world has ever seen are free markets and an entrepreneurial spirit that allows those willing to take big risks to reap big rewards. You didn’t hear pundits or stock-pickers talking much about the long-term effects of messing with that.

In late September, the bipartisan House leadership assured us all weekend that an agreement and passage of a rescue plan were

at hand. As the vote on the bailout approached, Wall Street and the stock market were hinting that they wanted passage. As the votes were being tallied and approval loomed, the Dow Industrials recovered a large part of a 600-point loss—a good thing for the middle class that had stood by and watched their 401(k)s hemorrhage for months.

But in the end, politics trumped everything else. The elected leaders had lied. Again. They weren't so close to a deal, after all. Nancy Pelosi had given a partisan, Bush-bashing speech that angered some House Republicans, and, bingo, the whole project went right down the toilet. The last-minute mutiny by those Republicans sank the first vote (228 to 205) on Monday, September 29, 2008. After a later roll call, the bill bit the dust and everyday Americans bit the bullet: the Dow registered a 778-point, 7 percent drop, its largest single-day point loss in history. In one five-minute span of the roll call, the Dow Jones Industrial Average went into a 450-point death spiral. As the sun set on Black Monday, \$1.2 trillion of investor wealth had been vaporized.

At the end of the day, Bush couldn't get it done because he had zero political capital left. Nancy Pelosi couldn't get it done, and minority leader John Boehner couldn't get it done. Obama couldn't get it done. And all of this despite the efforts of Arizona senator John McCain, who impulsively “suspended” his campaign, parachuted into the Washington fray, said he'd bail out of the first debate with Obama in two days if his maverick magic was still working “across the aisle,” and anointed himself the “country first” savior of the rescue bill. The more he claimed that his intent was to transcend partisan politics, the more partisan his media-grabbing gamble seemed. As House Financial Services Committee chairman Barney Frank put it, “We're trying to rescue the economy, not the McCain campaign.” With McCain in town to save the day, he and Obama, who both urged bipartisan cooperation, were summoned by Bush to a Thursday powwow with House leaders. They didn't get it done, either.

Bottom line: the middle class had taken it once again in the shorts. “Why any of them deserve to be reelected is a mystery to me,” I said

on the air the day after Black Monday. “By the way, the market rallied [485 points] today because of talk in Washington that this idea is not dead yet. Once it is dead and buried, watch out.”

Within a week, the Senate easily passed its own rescue version (Paulson’s 3-page plan swelled to 110 pages in the House and 450 in the Senate). Its eventual passage in the House was greased, of course, by what the *New York Times* called “old-fashioned political inducements added by the Senate.” Most notably, they included \$125 billion in pork barrel sweeteners and a wide and bizarre array of tax breaks (more on these later); they also raised the limit on FDIC protection of consumer banking deposits from \$100,000 to \$250,000, put a cap on participating CEOs’ pay, and imposed tighter regulation of lenders. Pressured by everyone from Bush to fed-up blue-collar wage-earners contacting their representatives, the House passed the vote.

Bush signed the rescue package into law less than a week after Black Monday. “We’ve just performed emergency surgery,” said House majority leader Steny Hoyer of Maryland, “but unless the patient starts eating right and exercising, the problem’s coming right back.” In the six weeks that followed, the stock market fell roughly another 20 percent. Recovery would indeed be slow, not without recurring pain, and the patient’s long-term prognosis remains unclear at best.

What else was new? The government and its leadership have repeatedly failed us big time, Democrats and Republicans alike. After the September–October surprise of 2008, do we need further proof that our entire system is not only broken but hurtling beyond repair? McCain was left with egg all over his face for his impulsive, debate-week campaign gamble; Obama called his actions “erratic.” Postdebate polling had the Obama-Senator Joe Biden ticket slowly pulling away. (More later as well on McCain’s other bizarre “country first” gamble: picking running mate Governor Sarah Palin of Alaska, and her brash, if vacuous, mission to babble her way to victory and sit a heartbeat away from the presidency of the United States.) In the prevailing climate of voter fear, mistrust, and anger, I asked on the “Cafferty File” whether

the House's initial rejection of the bailout was reason enough to vote all of its incumbents out. Dave from Arizona wrote, "Now I know why revolutions happen. Our revolution must happen in November at the voting booth and get these self-serving, incompetent, and plain old dumb clowns out of office."

Long before Election Day, the housing boom made millions of people feel rich and extravagant while we as a nation were going broke and were hated around the world. Our national debt ceiling had doubled under Bush from \$5.6 trillion to \$11.3 trillion. The Iraq troop surge helped point us toward a phased pullout, possibly within three years, while a wave of attacks by Taliban and al Qaeda extremists tightened their grip on towns and cities across Afghanistan and made 2008 the deadliest year there yet for U.S. troops in a war we were told we had "won" in 2002. Now, the Treasury-draining war had finally come home to haunt the economy. Voters' attention shifted from the dusty, distant Fallujahs of Iraq to the picket-fence foreclosures next door.

We endured mounting unemployment; inflation; soaring energy, food, and health-care costs; the housing bust; the subprime mortgage meltdown; and alarming rates of foreclosures, credit card defaults, and personal and business bankruptcy filings. Forty-six million Americans live without health insurance, while twenty-eight million live on food stamps. We're still being held hostage to foreign sources of energy. In the middle of all this, the administration spent \$43 million tax dollars just to let you and me know that Bush would be sending out \$160 billion of someone else's money in the form of economic stimulus rebate checks. Those checks were barely in the bank before *stimulus* deteriorated into *rescue* and rescue into *panic*.

Small wonder the voters sent a resounding message to their elected officials: the game as you slimeballs have known it and played it is over. November 4, 2008, was arguably the most significant Election Day in the last hundred years. Bush, Cheney & Co. had seen fit to turn it into nothing less than a national referendum on our economic survival and, more fundamentally, on our future as a nation of laws



and the inalienable rights of its citizens. McCain promised change, but he had voted for Bush policies 90 percent of the time. Obama, four years into his first term as a senator from Illinois, offered a stark alternative to a virtual third Bush term under McCain-Palin. By picking the forty-four-year-old Palin, the moose-huntin', pro-life, "drill, baby, drill" oil-exploration booster and lipstick-loving pit bull of a hockey mom of five, not to mention ex-mayor of a town of six thousand now just twenty months into her term as governor, McCain won the conservative base's embrace. But it practically made a travesty of his own core attack on Obama's "inexperience."

The 2008 presidential election played out as a sometimes nasty, race-tinged, history-making drama in two acts. Act I was dominated early on by McCain's stunning comeback from oblivion to win his party's nomination and, for far longer, by the bruising, divisive fight for the Democratic nomination between the first-ever woman candidate—then New York senator Hillary Clinton and President-elect Obama's eventual pick for secretary of state—and the first-ever African American candidate from a major party. There were a number of provocative characters and plot twists featuring Bill Clinton, onetime Weather Underground founder and "unrepentant bomber" terrorist Bill Ayers, and the ranting, racist, paranoid Reverend Jeremiah Wright, Obama's longtime, now former, pastor in Chicago.

Act II was shaped at first by McCain's shocking pick of the unknown Palin, a fresh, far-right voice of blue-collar, red-state, you-betcha, darn-tootin', tax-hatin' Joe Six-Pack America. Her wow factor at the GOP convention, unloading sassy, smirking talking-point zingers scripted by a Bush speechwriter, energized the party's social conservative base, which had resisted the unpredictable, too-moderate McCain. It showered its love on Palin and family, even after news promptly broke that she was under investigation in Alaska for abusing her power, and that her unwed seventeen-year-old daughter was five months pregnant. God bless 'em, those flexible (or was it hypocritical?) enforcers of GOP family values. Then came the race to the finish line—from the

bailout drama to Palin's blathering interview sound bites, to negative (and patently misleading or false) ads by both candidates, to disturbing rabble-rousing rallies on the increasingly desperate McCain-Palin trail, as their poll numbers slid week after week.

Before McCain-Palin tried to co-opt Obama's message of hope and change in Washington, Obama campaigned as a no-strings-attached newcomer determined to raise the level of public debate, stick to the high road, and avoid smears and the politics of personal destruction. With his camp's brilliant, youth-targeted use of the Internet, he transformed the rules of political engagement and redrew the electoral map by turning some red states blue. He took the fight to McCain in places where McCain shouldn't have had to defend himself. Obama was just a once-in-a-generation candidate. His style was buoyant, graceful, and eloquent, but some backers and critics alike called him too aloof, too condescending and cerebral to connect with everyday Americans. Even his supporters worried that he couldn't summon the killer instinct or populist passion needed to counter smears and negative ads and to cut through racial or class issues that were possibly hiding beneath the polling numbers.

Obama is the son of a Kenyan father and a white American mother who bore him at age eighteen when she and Barack Sr. were University of Hawaii students. Obama grew up in Hawaii and, for several years, in Jakarta, after his parents split and his mom, Ann Dunham, married an Indonesian. (His dad went to Harvard and became an economist in Kenya; Obama rarely saw him again.) Back in Hawaii, Obama was raised largely by Ann's parents before attending Columbia University and going on to become the first African American editor of the *Harvard Law Review*. He worked for several years as a community organizer and a lawyer on Chicago's South Side, but despite his modest background and activist community legal work, his aura of cool, calm, and intellectual prowess later earned him his opponents' "elitist" rap.

Yet his message resonated with the people, especially the two-thirds of the country that, like him, wanted out of Iraq; he vowed to

raise taxes for the wealthy and cut them for 95 percent of working families; he called for racial and political unity and enlightened leadership. His ability to inspire first-time registrants, young voters, Hispanics, Catholics, and this group and that group was a testament to our appetite for change. Obama came along at the right time with the right message and the right organization—an awesome political and fundraising machine that raised an astonishing \$745 million throughout the long campaign, more than twice the amount raised by the McCain camp. It was as if fate had stepped in and said, all right, you guys have suffered enough for eight years with this jerk, so now we're going to give you somebody better. Obama spoke to the nation's craving for a leader with character, wisdom, and moral integrity—and a real-world vision and plan for restoring America's greatness at home and around the globe. Suddenly, everyone was riveted by politics. When 82 percent of the people polled in spring 2008 said we were on the wrong track, it dawned on voters that we were at a now-or-never crossroads nearing the end of the morally and fiscally bankrupt Bush era.

The primaries unleashed a tsunami of voters who racked up unprecedented registration and ballot-box numbers, particularly on the hotly contested Democratic side. In Pennsylvania, 200,000 folks registered as new Democrats; 178,000 registered Republicans switched parties just to vote in the Democratic race. North Carolina and Indiana saw close to 300,000 newly registered voters combined. In Ohio, young and first-time Democratic voters exceeded the 118,000-vote margin of victory over Senator John Kerry that clinched Bush's second term. (Obama won Ohio for the Democrats by 207,000 votes.)

Another sign that Election 2008 was itself a huge news story: constant coverage turned to ratings gold for broadcast and cable news networks alike, including CNN. *Eight million* viewers tuned in to follow the Obama-Clinton debate way back in January 2008. By late summer, thirty-eight million watched Governor Palin's convention speech at Xcel Center in St. Paul, Minnesota, just days after McCain

had plucked her from the Alaskan ozone (the one not caused by “human impacts,” as she claimed). Just as many watched Obama’s speech before eighty-four thousand people at the Democratic Convention at Denver’s Invesco Field, while an astounding forty million saw McCain’s speech at the Republican Convention, and *seventy million* viewed the Biden-Palin vice-presidential debate. These were all more like Super Bowl numbers.

Having felt ignored, abused, or deceived for years, the American electorate, too used to venting rather than actually voting, was itself now a major election-year story line. “The sleeping giant may be starting to wake up,” I said on March 25, 2008. Give Bush credit: for the lamest of lame ducks, W. rocked the vote like none other before him. The Obama “youthquake” was showing up to vote in numbers we had never seen before. “All it took,” I said one day, “was the illegal invasion of Iraq, which led to a war that’s now in its sixth year; the destruction of our civil liberties in the name of the war on terror; the quadrupling of oil prices; and the early signs of a recession that could be as bad as anything we’ve seen in a long time. And suddenly, the American voter is all ears.”

As I said during the primaries, if our worldwide reputation was shot for the first time in our history, it was because we had allowed it to happen. “By not being proactive in participating in our democracy, the forces that would exploit it and ultimately destroy it had a free rein,” I said. “But these voter registration numbers are very encouraging, because when Americans finally get up off our collective butts and decide to do something, they’re a force that’s simply unstoppable.”

We had largely abdicated the role of a vigilant citizenry, surrendering the country to the people whose self-serving agendas and more active and vested interests in working the system screw us year in, year out. It’s the lobbyists, corporations, and special interest groups that see the angles, work the loopholes (and often draft legislation), and manipulate the government (and a lazy electorate) as they amass not just money but political influence. But with an ironic assist from

W. himself, voters were fighting back—from seniors to slackers, from New Hampshire to New Mexico.

Change comes about in a democracy only when millions of ordinarily silent citizens get riled up enough to be mad as hell about the status quo that's crushing them and leaving the country teetering on the edge of economic collapse. When that poll showed more than four out of five of us feeling downright pissed off, McCain and Clinton were caught standing knee-deep in four decades of business-as-usual. Early attempts to tarnish Obama's glow by focusing on his inexperience and "extreme" liberalism and preposterous later charges that he was "palling around with terrorists," as Palin put it, reinforced his appeal as a legitimate, trustworthy advocate and change agent.

On the day that I asked what it meant when as many as 80 percent of voters showed up for the primaries, Ifeanyi from Houston wrote, "It says that the people have risen to the call for change. Win or lose, Obama has done something that he should be very proud of forever: his clarion call for change was heeded by groups that never considered voting important, and his superb organization has been galvanizing people to register and vote. This is novel and should be a blueprint for motivating Americans in all spheres." Jean from Arizona wrote, "It tells me that eighty percent of Americans are gravely concerned over the present condition of this nation and its future. The U.S. is no longer exercising leadership here at home or abroad. I worry for the future generations of Americans. They will never know the country that so many of us have known and loved."

Whether W. wants to take credit for it or not, his legacy, beyond ending voter apathy, is actually an African American political progeny named Barack Obama, who owes his astonishing triumph to Bush, Cheney, and the arrogant neocons who loyally served their imperial regime. If it's not the legacy Bush wanted, it's the one American voters felt he deserved. Obama could not have gained maximum traction without the administration's wartime record of epic misjudgment, illegal spying, torture, corruption, cronyism, tax cuts for the wealthy, and

staggering incompetence that is still stinking up the Katrina coastline three-plus years later. Bush & Co. proved you could do anything you wanted—legal or not—and nobody questioned it, but if you questioned them, *you* were unpatriotic. Nobody was held accountable, unless you count Scooter Libby, whose sentence for his perjury conviction tied to the CIA leak case was commuted by Bush. There was no price paid, *nothing*. They pulled it off, like the Brinks Gang, and they all left town, pockets bulging.

As *Now or Never* amply demonstrates, politicians all crawl out of the same slime, with few exceptions. The political establishment, lobbyists and corporations included, couldn't care less about you. No wonder voters under thirty finally got off their asses in 2008. They saw what was in store for them. They saw how these aging white people in office screwed this country up. They saw that their own American Dreams—solid, upwardly mobile careers, well-schooled kids, and affordable homes, gasoline and heating fuel, food, and health care—might soon slip beyond their reach.

Voters got it that if we don't start to do things differently, the predators, the parasites, and the blood-suckers will continue to drain and weaken us until there's nothing left. Obama's edge was that he hadn't been inside the Beltway long enough to become covered (or at least to nearly the same extent) with the special-interest barnacles, the lobbyist sores, and the slime oozing from the pores of the slithering hacks we send there for decades on end. For all their love of patriotism, small government, fiscal control, and family values, the GOP could have nominated Jesus Christ and still lost in 2008. *Shake up Washington?* Please. Not a goddamn thing would have changed in a McCain-Palin White House. *Now or Never* reflects how desperate we are to fix our fractured nation and make it work for *all of us*.

I want to believe that goal is within reach, although I may still be from the “don't hold your breath” school. Even if we're just daydreaming through our despair, we cling to some tiny sliver of hope that our country can be saved. Will Obama deliver? His smart, hopeful

advocacy for working-class and lower-income families, for energy reform, and for universal affordable health care, among many programs, may prove unrealistic in the bailout era. Six weeks before Inauguration Day, Obama was talking about a huge two-year stimulus package of up to \$775 billion that focused on infrastructure projects such as repairing roads and bridges as well as giving some \$300 billion in tax breaks for individuals and businesses. He hopes the plan will create four million new jobs. The cost of his ambitious social programs may indeed face congressional resistance. He may emerge as a transformative “black JFK” or the biggest incompetent since sliced bread. I doubt that the latter will be the case. But if Obama—possibly our last best hope—does fail in the end, then God help all of us. I don’t pretend to know what he’s ultimately capable of achieving in office, but I sensed throughout Obama’s postelection transition period this huge sigh of relief—as if people felt someone was finally there to deal with our nation’s crises, take care of us, and be our daddy.

Given all of the ways our system is stacked against the common man, it *is* hard to be optimistic. But stranger things have happened. Americans aren’t stupid. They finally got it that Bush had turned us into just another Third World country with an aging nuclear stockpile. The history of the American people is interesting. We don’t pay any attention to anything until somebody kicks us in the balls. That incites us, arouses us to action, and, all of a sudden, the citizens figure out what’s being taken away that we’ve taken for granted, what’s worth fighting for, and how we can rise up and accomplish some phenomenal things in order to protect our way of life.

If Barack Obama can wrap his arms around this stuff and translate his spirited, unifying mantra of change into a galvanizing mandate for bipartisan healing, for economic renewal, and for restoring our role and reputation in the world as a positive force for global problem solving, although I may not quite be ready to declare “Mission accomplished,” I would sure call that a very good start.

# 2

## The Primaries

It Was Their Party and They Cried  
If They Wanted To

**Y**ou have to give credit to the Democrats. When they put on a show, it is not boring. Chaotic, self-destructive at times, fraught with melodrama, you bet, but not boring—and surely unpredictable. In the beginning of the epic primary battle, it was all about the inevitability and coronation of Hillary Clinton. First-term Illinois senator Barack Obama, forty-six, was so “inexperienced” that he had not voted for the Iraq War and had yet to be painted and contaminated by the inside-the-Beltway brush. In short, a long shot.

Then came Iowa—at 94 percent white, only the North Pole is whiter—and the young black guy kicked Clinton’s butt. Suddenly, Obama, who had at times trailed by 25 points in the polls, was a player. Nothing was inevitable any longer. I kicked off a “Cafferty File” piece by quoting conservative columnist Peggy Noonan in the *Wall Street Journal*: “His takedown of Mrs. Clinton was the softest demolition in the history of falling buildings.” “Make no mistake, though,” I went on,



“a demolition it was. What we don’t know yet is whether Obama’s victory was an anomaly created by the polarizing nature of Hillary Clinton, the widespread opposition to President Bush, or whether what we saw was the start of something truly historic.”

Turned out it was all three—with the emphasis on “truly historic.”

Clinton finished 8 points behind Obama and 1 point behind North Carolina senator John Edwards in the caucus vote. No one expected Obama to win, least of all the Clintons, who with the Bushes had controlled the two most powerful political machines since World War II. Of course, these “dynasties” reflect much of what’s been wrong with our system of government, since the machinery controls the country.

Iowa marked the beginning of the end of that system.

Obama had nothing to lose, took nothing for granted. He had people on the ground in Iowa long before the caucuses, working the state, building his grass-roots organization, getting people out to these meetings in the dead of an Iowa winter. With blood, sweat, and tears—and money—he built an energized, idealistic machine, a base that became a youth-driven, Internet-age, political and fund-raising grass-roots juggernaut. Clinton assumed it would be all over the day after Super Tuesday, and she ran a fiscally piss-poor campaign. As they would do against McCain’s camp, Obama’s people outworked her, outspent her, outpoliticked her, and outsmarted her. They mastered the arcane math and party rules for accumulating delegates, maximizing the impact of both wins and losses. It’s not like the Republicans’ simpler, better, winner-take-all system—although that system delivered us John McCain.

As Obama’s high-road campaign style cracked Hillary Clinton’s veneer of invincibility, it forced her into an ugly, at times race-baiting, “kitchen sink” strategy that boosted her negatives and eroded her base. I figured she was deader than a carp between Iowa and New Hampshire, with its 45 percent of independent voters. For me and many others, the beginning of the end for Hillary was way back in the fall of 2007 during a debate in Philadelphia when the late Tim Russert asked her about then New York governor Eliot Spitzer’s idiotic plan to

issue New York State driver's licenses to illegal immigrants to "smoke them out." Having days earlier said that the plan "made sense," now she mumbled and bumbled her way to a nonanswer about the Bush administration's failure to enact sweeping immigration reform. Huh? Russert, the host of NBC's *Meet the Press*, bore in for a simple yes or no. "You know, Tim, this is where everybody plays gotcha. It makes a lot of sense. What is the governor supposed to do?" No, Hillary, wrong answer. What are voters supposed to do with a worthless hedge like that from a presidential candidate? It was horrible. Philadelphia was an early turning point when it definitely hit people: she doesn't have an answer. She's not bulletproof.

Going into New Hampshire, the polls all showed her down, headed for defeat. But then during a clearly unscripted moment in a diner, a woman asked how she was holding up under all of the strain, and Hillary's eyes teared up—a rare display of vulnerability for a fully empowered woman who has often seemed so assured, calculating, even icy. That moment resonated magically with women voters, who flocked to her and gave her a 3-point win over Obama. She was now the second Clinton "comeback kid" with a campaign-saving win in the state. As she declared to supporters, "This week I listened to you, and in the process I found my own voice."

That voice, along with her husband's, soon turned harsh and negative. Bill Clinton called Obama's record on Iraq "a fairy tale." Clinton, once hailed as the "first black president," stunned black voters with race-tinged remarks that smeared both Obama and Jesse Jackson—saying smugly that Jackson's two primary wins in South Carolina in the 1980s ended up meaning little. Obama crushed Hillary Clinton by 2 to 1 there and took about 80 percent of the black vote. The Clintons attacked Obama as too liberal, an "untested man who offers false hope," as Hillary once called him. Obama had waffled on his pro-choice stand and was often vague and short on specifics. He wouldn't be ready on national security and foreign policy issues on day one. It hardly helped when Clintonite and onetime vice-presidential

candidate Geraldine Ferraro said Obama wouldn't be where he was if he were "a white man" or "a woman of any color." (She quit her honorary post on Clinton's finance committee days later.)

The Clintons whined about a media double standard that vetted her much more closely than it did Obama. I didn't agree: there just happened to be a warehouse full of controversial Clinton-era baggage to sift through; Obama was brand new. GOP-style fearmongering came into it when Clinton ran a TV ad stating that only Hillary could answer the call when the red phone rang at 3 A.M. and you had to protect your kids. The divisiveness of what promised to be a long campaign risked weakening old Democratic alliances and snatching defeat from the jaws of victory—in an election year when Mickey Mouse could have beaten any GOP candidate, even John McCain.

The Republicans faced a Herculean assignment: nominate a candidate to run and win on the record of the most hated and failed president in modern history. The GOP race began as a demolition derby with no clear front-runners. Democratic National Committee (DNC) chairman Howard Dean said, "They all dress like the 1950s and think like the 1850s." McCain was divisive, variously casting himself as a moderate, a maverick, and a Reagan conservative. He also reached out to independents to prove his electability after being swiftboated by Bush operatives in his 2000 primary bid against Bush. They smeared McCain and his family with nasty rumors that cost him South Carolina and all but ended his run. McCain trashed his foes as "agents of intolerance."

But McCain's sometimes-abrasive "across-the-aisle" maverick rap put off the dogmatic Christian-conservative base; his one constant was flip-flopping on issues that ranged from abortion, domestic spying, the Bush tax cuts, harsh interrogation methods, offshore drilling, and immigration (he wound up opposing in 2007 his McCain-Kennedy "amnesty" reform bill, which alienated the base, over the issue of secure borders). Former senators Tom DeLay and Rick Santorum

and radio pundit Rush Limbaugh were disgusted with McCain's moderate stands on immigration and campaign finance reform, his decision to work with Joe Lieberman on global warming, and his early opposition to \$1.35 trillion in tax cuts. There was talk that McCain had approached John Kerry about being his 2004 running mate. Arkansas governor Mike Huckabee, a former Baptist preacher whose down-home evangelical likability appealed to Southern voters and social conservatives, came from nowhere and won big in Iowa. Former New York mayor Rudy Giuliani, an early front-runner in the polls, sat out the first six elections, keeping his powder dry and counting on a big Florida win on Super Tuesday (one of the biggest miscalculations in American politics, it turned out). Giuliani was a sometimes-caustic, militant, one-issue candidate—as former candidate Senator (and now Vice President) Joe Biden put it, “He’s a noun, a verb and 9/11”—whose personal life and other social views and judgments put off the GOP base. Former Massachusetts governor Mitt Romney, his net worth in \$300 million territory, offered great management and business acumen that would have played well, given the economic turmoil. His “Faith in America” speech in Texas about the role religion plays in politics was a bid by the Mormon candidate to assure evangelicals of his electability just as Huckabee was surging. It didn’t work. But when I met Romney not long ago at CNN, he struck me as a terrifically charming guy with an aura of true presidential timber. The GOP knew it was pissing into a hurricane, and any nominee would be a sacrificial lamb sent to slaughter, so why not give warhorse McCain his day in the sun? Romney may well get another shot in 2012—with or without Sarah Palin in the mix.

My feeling early on was that if this country could elect John McCain in the wake of the Bush era, then we would have lost our collective minds. McCain’s record on Bush’s tax cuts was all over the place. He had first argued that they benefited the wealthy at the expense of the middle class. In 2003, he opposed \$350 billion in new tax cuts (the base loved that!) because the cost of the Iraq War

and its aftermath was still unknown, and, while among the early Senate hawks, he opposed the management of the war. By 2006, McCain was pro-surge; by 2008, he was babbling on about “maybe” keeping security forces in Iraq for a hundred years, if needed. By mid-campaign, his revised schedule had troops home a helluva lot sooner—by 2013—corresponding, if elected, to the end of his first term. McCain now liked Bush’s tax cuts so much, he ran on “no new taxes” and making tax breaks for the rich permanent, sacrificing some \$650 billion a year, said the *Wall Street Journal*. So what if it meant deeper federal deficits (backing off his earlier, baffling promises to balance the budget). McCain warned, erroneously, that Obama would seek a “crippling” tax increase during a recession. (Obama called for higher taxes on the very few Americans earning \$250,000 or more and tax breaks for virtually everyone else.) The *Journal* said McCain’s plan would either make the deficit “explode” or require a one-third cut in all federal spending, the odds for which one expert put at “non-existent.” His ninety-five-year-old mom, Roberta, said conservatives would just have to hold their noses and take him, which they did. If they were waiting to exhale, months later, their moment came with McCain’s desperate pick of firebrand social conservative Sarah Palin as his VP running mate.

McCain’s “narrative” as a navy fighter pilot hero and a Vietnam POW resonated with many voters, though, with all due respect to his courage and patriotism, I didn’t see how that qualified him to be president forty years later. He shaped up as the least objectionable of the party’s weird field—a still remarkable turnaround for a guy who, when a lot of troops were dying in Iraq, supported a thirty-thousand-troop surge even as others, including President Bush, equivocated. But his campaign was losing staff, short on money, and close to collapse. He was toast.

McCain’s persona is like two people living inside one suit: one of them is a charming, funny guy with a great and easygoing personality; the other is a nasty, hot-headed, short-fuse guy who will verbally cut you in half in a heartbeat if you rub him the wrong way. Yes, he has

sought bipartisan support on some issues, but he could be a bristling, babbling, stumbling old fool, too—painfully uncomfortable with teleprompters and eventually rebuffing the media and awkwardly reading stump speeches from prepared talking points. In one debate, he and Romney had gone at it about Iraq and troop withdrawals; McCain came across snarky, conceited, condescending—like, “I don’t have to dirty my hands about this because I’ve got it locked up.” I found his manner unappetizing. McCain then took a swipe at Obama in his Wisconsin victory speech in late February, dismissing the Illinois senator’s lofty calls for change and unity as “empty but eloquent.” Apparently, Barack Obama had struck enough fear into the hearts of the Republican establishment that the candidate anointing himself “the Democrats’ worst nightmare” couldn’t wait for his party’s nomination to start the schoolyard name-calling, instead of, say, using his media moment to present his plans for improving our country.

“Partisanship, name-calling and gridlock are turning people’s stomachs,” I said on CNN. “Barack Obama has arrived on the scene like a breath of fresh air. And if John McCain doesn’t understand the significance of that, he has no more chance of being the next president than I do.” By early March, after winning Texas, McCain had the nomination—and Dubya’s double-edged backing. Democrats promptly nicknamed him McSame and warned voters about suffering through a third Bush term.

Still, McCain’s Straight Talk Express had a smooth ride ahead compared to the Obama train wreck known as Reverend Jeremiah Wright. The explosive issue of Obama’s ties to his former pastor at Chicago’s Trinity United Church of Christ was tailor made for cable news—CNN included. Driven by a short, vulgar, inflammatory piece of tape, the blowhard preacher boogied into the fray at a pivotal time in Obama’s high-road rumble with Clinton. The media got swept up in a tabloid frenzy, running that same vile, paranoid, hate-spewing, racially incendiary clip of some old sermon as if it were spooling on an old porn loop. The media beat Obama to death with it, as if going

to confession to atone, in a sense, for its alleged double standard—and sexist bias—favoring Obama.

But it *was* a huge story that shook Obama's campaign, dropped him in the polls, cost him some momentum, and, most critically, blew open the issue of race and electability. At some point, the media have to take responsibility and decide how much time and attention a story like this warrants. Saturation coverage, often with too little context on the shaping of Wright's view of the world, was only contributing to one of the more distasteful aspects of this society, which is the racial polarization that a man like Obama was seeking to heal. I wasn't particularly proud of my business, and I bitched and railed about it a couple of times on the air. But, admit it, we were all mesmerized by the hateful, anti-American demagoguery of this bigoted old lunatic.

The media tried their damndest to tie Obama to Wright's ravings. When the story broke, Wright had decided to step down as pastor; he was promptly cast out from Obama's African American Religious Leadership Committee. Wasn't Obama in the pews for some of those ugly sermons? Why hadn't he already quit the church? Hadn't the pastor given Louis Farrakhan a lifetime achievement award? That fueled charges of raging anti-Semitism; a lunatic 10 to 15 percent of people polled believed the smear rumors that Barack *Hussein* Obama was Muslim. When Farrakhan endorsed Obama, he wisely rejected Farrakhan's support. During one debate, Clinton chided Obama, saying *rejection* was inadequate—and not the same as *denouncing*. This was her way to cast doubt on his support of Israel, targeting potential Jewish voters. Obama didn't miss a beat and said, "Well, okay, if that makes you happy, I reject *and* denounce Louis Farrakhan's support." That got a big laugh, at her expense, and revealed him to be cool under pressure.

I go to church, but there have been plenty of times when I had very strong differences of opinion with positions taken by people in the pulpit. I don't make decisions in my daily life based on my pastor's view of the world. I go there for whatever spiritual nourishment I get from the interpretation of the scriptures, from practicing the sacraments,

and from paying attention to something besides television once a week. That said, I was never running for president. The only valid issue was whether Wright's semicoherent rants had shaped Obama's policies. I saw no evidence of that. Obama conceded that Wright's words often "express a profoundly distorted view of the country," and he claimed—implausibly, his attackers said—that he and his wife, Michelle Obama, couldn't remember sitting in church when the pastor spewed his toxic waste. Clinton made a point of saying she would have quit the church by then, and Obama would soon do just that.

Obama decided to address the Wright crisis by penning his own stirring prime-time speech on race in society. He tried to let the old man down gently. He said, basically, that while he disagreed with some things Reverend Wright said, he had known him as an old uncle for seventeen years. Wright had led Obama to Jesus, officiated at his marriage to Michelle, and baptized their two daughters. Obama could no more disown him than he could his beloved white grandmother in Hawaii, a bank worker who sacrificed for him and helped raise him, but who also confessed her fear of black men who passed her on the street and, he added, who more than once, "uttered racial or ethnic stereotypes that made me cringe."

"These people are a part of me," he said, "and they are a part of America, this country that I love." The terrific, eloquently crafted speech seized an opportunity to tear down the walls between the races, evoking the visions of racial harmony of both Martin Luther King Jr. and Bobby Kennedy. In retrospect, the speech was not just a blessing in disguise, revealing how Obama reacted when the going got tough, but an omen of how he would react to McCain's nasty, distorted character attacks as the Republican candidate's poll numbers slid. The explosive episode may have been the baptism by fire that Obama needed to seal his credentials to make his run for the presidency.

In late April 2008, Wright reemerged for a bizarre press conference at the National Press Club (NPC). He said more crazy, disgraceful



stuff. As I said on *The Situation Room*, Wright's press briefing was "the best thing that could have happened" to Obama: forget "context"; it proved that Wright *was* mired in the racial bitterness of a generation ago. "It seems like Reverend Jeremiah Wright is going out of his way to make sure the United States does not elect its first African American president," I said. "Which is strange in light of all the complaints Reverend Wright has about the way white people have done things in this country. Just as the controversy over Wright was dying down, he showed up at the National Press Club in Washington yesterday with a can of gasoline and got the fire going again. . . . Hillary Clinton should send him flowers. He may have done more damage to Obama's chances in an hour yesterday morning than she has been able to do in fifteen months of campaigning." The first time Obama denounced Wright, he opted not to throw Wright under the bus. "He can't afford to be that generous this time," I said.

Obama wasn't. A day later he trashed Wright's "divisive and destructive" NPC comments, saying they "end up giving comfort to those who prey on hate." When I asked how much damage Wright may have done to Obama's run, Paulette wrote, "I will still back Obama. We all make mistakes one time or another, but Wright is filled with hatred toward anyone whose skin is white. He is appalling to listen to." Jason wrote, "It's clear to everyone in the nation that Reverend Wright has done irreparable damage. . . . What was once the prospect of hope has become the specter of despair." When I asked another time whether the Wright episode could lead superdelegates to rethink their support for Obama, Jonathan wrote, "Why, hell no, Jack. I'm a Southern redneck white guy and if I could care less about Rev. 'Dumb-Ass,' then why should they?" Larry from Georgetown, Texas, wrote, "If the superdelegates give the nomination to Clinton because of this sick man, then we better get ready for a bloodbath in America."

Obama's handling of Wright and the politics of personal destruction that often taint campaigns revealed he could fight back with

class—that he was no elitist, too-smooth-by-half Harvard sissy boy. It wasn't just with Wright, but in dealing with his long-past connection to onetime Weather Underground anarchist William Ayers and an allegedly favorable deal on a home purchase arranged with the help of Obama donor and Chicago fixer-developer Tony Rezko, who would soon be convicted on unrelated fraud and bribery charges. Obama promptly accepted the resignation of top adviser Samantha Power after she was quoted as calling Hillary a “monster.” Obama was running one of the more civil campaigns in memory, and nobody's got a corner on the market for morons. He was also leading in delegates and in the popular vote, so he could absorb a few rookie mistakes without getting down in the Clinton gutter.

In fact, a *USA Today*/Gallup poll hinted that Bush might hurt McCain more than Wright might hurt Obama. When I asked viewers which relationship seemed more potentially damaging, Dave from Houston wrote, “Bush is the bigger albatross. Barack Obama and John McCain are running for president, not archbishop. The fact that McCain has constantly supported Bush on illegal and controversial policies is much more damning than the sermons of Wright.” Scott from Billings, Montana, wrote, “Rev. Wright gave some speeches. Bush and his cronies lied to America and the result of that lie is 4,000 dead American soldiers, plus thousands more wounded. The answer is obvious: the Wright issue is over; soldiers are still dying.” Jackson from Rome, Georgia, wrote, “At my current level of disgust for the Republican Party, I'd seriously consider voting for Reverend Wright himself before I voted for another Republican.”

Meanwhile, McCain was off meeting world leaders and taking his “Service to America” and “Time for Action” tours to the Ninth Ward of New Orleans; to Selma, Alabama; and to Inez, Kentucky—parts of the country that had never seen a Republican—while the two Democrats were busy tearing out each other's throats. McCain let folks in these “forgotten” areas know that he cared about them, despite the “sins of indifference and injustice” that may have caused them to

feel left behind. He was seventy-one, but reporters half McCain's age couldn't keep up with his fourteen-hour days. And given the unimaginable pressures of being president, it ages people in ways no other job does. As I said, "The Rolling Stones don't go on tour this often."

When I asked what McCain was accomplishing on the road, Karl from San Francisco wrote, "Making sound bites for the Democrats in the fall. It's his 'No Hope for Change' tour. . . . Keep it up, John. You are making up for the damage Hillary is currently doing to the Democrats." Terry in Hanover County, Virginia, wrote, "He's learning geography. There are thirty-seven new states since he was born. And Puerto Rico!"

The Republicans wanted Hillary Clinton in the worst way because they knew they could whack her at the polls. One GOP poll showed her to be the only candidate whose unfavorable number was higher than her likability number. She was divisive that way; 60 percent of the people didn't trust her, and there was all of that '90s Clinton-era baggage that reeked of the opposite of *change*. If the Republicans could have come up with anything else on Obama to cost him the nomination, we'd have seen it by then, was my guess.

Obama was all but bulletproof a week or so before Indiana and North Carolina, despite some polls showing him in a 45-45-10 (unsure) dead heat with Hillary in Indiana. He led in pledged delegates, he had won more states (eleven in a row after Super Tuesday), and he was leading the popular vote. His fund-raising far surpassed Clinton's as her campaign slipped into eight-figure debt. As I said during a *Situation Room* discussion, "At the risk of bursting anybody's bubble, I think we're kind of perpetuating a myth here that this race is still close. For all intents and purposes it's over." (I admit that sustaining, even sometimes exaggerating, these kinds of story lines did wonders for cable news ratings.) Hillary would have to win all remaining primaries with 60 percent. Delegates were the way you got the nomination. The Democrats were not going to defy the will of the voters and alienate their largest, most dependable constituency, African Americans, by

robbing Obama of the nomination and handing it to Clinton. “This is a lot more smoke than fire.”

Obama was hitting his stride. When McCain patronizingly urged Obama, who was then campaigning on a phased, sixteen-month pull-out of all combat brigades from Iraq—to visit Baghdad himself for a reality check (McCain had been there numerous times), my feeling was, *why*? The last time McCain toured a marketplace there, he claimed it was as calm and safe as a park stroll in small-town America—if you had Black Hawk gunships overhead, a Kevlar vest, and hundreds of U.S. troops escorting you. Obama needs to go to Iraq? Well, Mr. Senator, you went there and when you came back you lied to us about how safe things were at the time. (They did improve postsurge.)

If the economy wasn’t, as McCain admitted, his strong suit, national security and support for the war supposedly were. But McCain too often misspoke his facts on Iraq. One time he got his Sunnis confused with his Shiites, claiming that Iran was training Sunni insurgents—unlikely, given the long war Saddam waged with his Sunni Baathist loyalists against Iran’s Shia clerics. McCain said, “I have news for Senator Obama. Al Qaeda is in Iraq. And that’s why we’re fighting in Iraq and that’s why we’re succeeding in Iraq.” Obama replied, “I have some news for John McCain. And that is that there was no such thing as al Qaeda in Iraq until George Bush and John McCain decided to invade Iraq.”

McCain made an even greater primary blunder when he failed to vote on the economic stimulus package because it would force on him a tough decision. Some of his Democratic friends managed to put into the Senate version of the bill provisions that would have made twenty million seniors and two hundred fifty thousand disabled veterans eligible for rebate checks. McCain knew that if he opposed the rebates, he would have denied benefits to many Social Security recipients and to disabled veterans, in other words, Arizona constituents who needed the money. If he voted yes, he would have no doubt further alienated Bush

and the conservative base for not reining in spending (which Bush had been doing so brilliantly for seven-plus years).

It was one of those moments that reveal character. Lacking the stomach for the tough call, McCain wimped out and chose not to vote at all. Instead of representing the people in Arizona who elected him, John McCain, the pilot of the Straight Talk Express, slithered under the rug like a cockroach waiting for the lights to go out. It wasn't the first time he had failed to do his job as senator: in the previous year, McCain had missed more than half of all the votes cast in the U.S. Senate—another hypocritical, opportunistic, political jerk. By then, he enjoyed an insurmountable lead against his weak rivals. When I asked what message McCain sent by not voting, phrases like “cowardly,” and “totally out of touch and a weenie” poured in. Kathy from Stamford, Connecticut, wrote, “McCain sent a powerful message to disabled veterans. He'll trade on his status as a war hero, but the hell with the other guys. What a total hypocrite.” Joe wrote, “As a one hundred percent disabled Vet and a registered voting independent in Florida, I think Senator McCain told me not to vote for him. As a (former) member of the military, I would think he would know what ‘having one's back’ means.”

The GOP hardly had the corner on the character issue. One of the more troubling and baffling turning points that undermined Clinton was her infamous tale from the tarmac in Bosnia—the claim that she had dodged sniper fire on a 1996 goodwill trip at Tuzla Air Base. On numerous occasions, she described landing in a hail of sniper fire and being forced to “run with our heads down to get into the vehicles to get to our base.” To hear her tell it, she was lucky to escape with her life. But as I said in one segment in late March 2008, “Apparently, there was time to stop and visit at the airport with an eight-year-old girl who greeted Mrs. Clinton on the tarmac and read her a poem.” As the *Washington Post* reported, she was accompanied by daughter Chelsea, singer Sheryl Crow, and the comedian Sinbad, who, as I noted on the air, “said the scariest part of that trip to Bosnia was deciding where to eat.” Hillary Clinton's campaign said she “misspoke.”

Bill Clinton is as charismatic and charming a campaigner and political player as they come. But when he reignited this issue weeks later, as the Pennsylvania primary heated up, he whined about how Hillary had “taken ‘a beatin’” for a “misstated” comment she’d made in exhaustion at 11 P.M. The media, he said, were treating her as if “she had robbed a bank.” No, *she lied* over and over about events that never happened—and now he was lying about his wife’s lie. CBS video of the tarmac encounter proved the sniper fire never happened. See, Mr. Clinton, we had come to a place and time in our history, thanks to George W. Bush, where character and integrity in our president and commander in chief suddenly counted for something again. You don’t “forget” being shot at, dodging bullets, and running for your life. Period.

Obama came under real (media) sniper fire with his “bitter-gate” comment during the fiercely fought Pennsylvania race. At a fundraiser in San Francisco, he was quoted (on HuffingtonPost.com) as saying that small-town working-class people—a group whose support he needed to take from Clinton—were “bitter,” causing them to “cling to guns or religion.” Obama had once trailed in the battleground state by 26 points but had closed the gap to within single digits. Clinton was expected to win, but a big margin of victory would help sell the perception of her electability in November to white working-class voters and superdelegates. Already on a crusade to tear him to shreds as her hopes dimmed, Clinton ripped into this rare chunk of red meat, trashing Obama’s remarks as “demeaning,” “condescending,” and “elitist and divisive,” implying that his lofty message of hope had morphed into old-style political hype that risked alienating voters and ruining the party’s shot at winning the presidency. She would know about that. “People don’t need a president who looks down on them,” she said. “They need a president who stands up for them.” “Shame on her,” replied Obama. McCain piled on, blasting Obama for “a certain out-of-touch elitism.” “If John McCain wants to turn this election into a contest about which party is out of touch with the struggles and hopes of working America,” Obama blasted back, “that’s a debate I’m happy to have.”

The “bitter-gate” flap ratcheted up the campaign to a gloves-off smack-down, complete with pandering saloon visits and shots of whiskey with Palin-esque Joe Six-Packs. Clinton reached out to gun owners and churchgoers, telling audiences she backed the rights of hunters and, although she had never bagged a moose in Alaska, she did once shoot a duck in Arkansas. Obama took aim. “She’s talking like she’s Annie Oakley,” he said at one rally. “Hillary Clinton’s out there like she’s on a duck blind every Sunday. She’s packing a six-shooter. C’mon!” Asked at a rally when she had last handled a gun, Clinton fired a blank. “We can answer that some other time,” she said. A Clinton-Palin VP debate would have made for quite the prime-time shootout.

The whole mess expanded into attacks on each other’s health-care packages, economic programs, ties to special interests, and the like. A *New York Times* editorial called the campaign in Pennsylvania “even meaner, more vacuous, more desperate, and more filled with pandering than the mean, vacuous, desperate, pander-filled contests that preceded it. . . . It is past time for Senator Hillary Rodham Clinton to acknowledge that the negativity, for which she is mostly responsible, does nothing but harm to her, her opponent, her party and the 2008 election.” Obama expressed deep regret for his rare poor choice of words and clarified what he meant, but he was sticking, if not quite clinging, to his guns.

That was the right call: when, in April 2008, I asked how harmful “bitter-gate” might prove, I got three thousand e-mails in about an hour. The bitter truth for Clinton was that the vast majority of those e-mails were from folks who understood exactly what Obama meant: the middle and lower-middle classes in this country, including workers in hardscrabble western Pennsylvania, feel betrayed; they get lied to every time there’s an election. Their promises are never kept. Jobs get shipped overseas and immigrants pour in, pricing American workers out, while we give tax cuts to the rich and use what’s left of our money borrowed from China to wage war in Iraq and buy oil from OPEC.

Obama's message resonated with the very people whom Clinton was trying to suggest were somehow offended by what he said.

Clinton took Pennsylvania by a shade under 10 points, a much smaller margin than she had hoped for. Obama had outspent her 3 to 1, but the loss cost him only a dozen delegates, which he would win back in North Carolina. Clinton, still in it to spin it, saw her win as a sign that the tide was turning and about to float her boat all the way back to Pennsylvania Avenue. She claimed that she led in the popular vote, but only if you counted Florida and Michigan, which didn't count because their primaries were illegal. (Obama wasn't even on the Michigan ballot. The votes and the delegates had been discounted by DNC rules when the states moved up the dates of their primaries.) She was just making up story lines to sell the deluded notion that she was on the brink of victory. Meanwhile, Obama was awash in campaign funds. In March 2008, he raised \$41 million, double Clinton's haul and nearly three times McCain's \$15 million. He had tapped into a never-ending flow of bucks from a million and a half small donors sending \$200 or less.

Clinton roared out of Pennsylvania with a ton of coal in her locomotive, ready to roar through Indiana and North Carolina two weeks later. A big Indiana win and a strong showing among blacks in North Carolina would put her right back in the game—that was the narrative, anyway. But a funny thing happened on the way to those May 6 primaries. A Democrat won big in a special election to replace a retiring GOP representative in a Louisiana Republican stronghold district the GOP had held for thirty years. This was two months after a Democrat picked up retired former House Speaker Dennis Hastert's seat in an Illinois district that Bush had carried with 55 percent of the vote in 2004. A third crucial GOP House seat, in a conservative Mississippi district, would also soon go Democrat in a special run-off. Moreover, both in the Louisiana district and in North Carolina, the GOP flooded the airwaves with attack ads dragging back Reverend Wright's ties to Obama and questioning Obama's patriotism. John McCain called the



North Carolina ads objectionable for their race-baiting and negativity, but he didn't manage to get the party to take them down.

Clinton edged Obama by barely 2 points in the Indiana cliffhanger, giving Obama a moral and tactical win. He crushed Clinton in North Carolina, despite the nasty ads, winning by two hundred thousand votes; the more his lead in pledged delegates stretched out of reach, the more her campaign drifted out of touch. Reports had her loaning \$10 million of her own money (the Clintons earned \$109 million during the previous three years) to her campaign. Pro-Obama Missouri senator Claire McCaskill told the *New York Times* that the "big, big night" for Obama proved that the race-card ads weren't swaying voters and "shows he can take major blows and kind of rise above it. I think there was a sense that she had some momentum, and I think it has just ground to a screeching halt tonight." That night was the watershed moment when Tim Russert on NBC, as well as *Time*, started to say what I had been calling for a month: we now know who the nominee is.

It was like watching a fish gasping for air on a pier. How long she would continue to flop, and how ugly she would let it get before bowing out was anyone's guess. In one last racially tinged gasp before West Virginia, she told *USA Today*, "Obama's support among working, hard-working Americans, white Americans, is weakening again, and whites [in Indiana and North Carolina] who had not completed college were supporting me." Not even her 41-point West Virginia blowout had much impact. The next day Obama locked up the crucial endorsement from former rival John Edwards (before revelations of his extramarital affair). Edwards's masterful timing and appearance at an Obama rally in Michigan wiped Clinton's victory off the media map. Edwards's core issue of "poverty and the plight of working people" helped quiet the voices saying Obama couldn't win working-class, blue-collar voters. Obama also secured the six hundred thousand-strong United Steelworkers, another blow for Clinton, as well as three key superdelegates, notably Henry Waxman, the chairman of the House

Committee on Oversight and Reform. As former NFL quarterback and *Monday Night Football* broadcaster Don Meredith used to warble at the end of a blowout, “Turn out the lights, the party’s over.”

At no time were the differences between Obama and McCain more starkly evident than the night Obama captured the delegates he needed to go over the top. Earlier on, McCain gave a speech in a New Orleans suburb that was absolutely pathetic, even painful to watch, as he read it off a teleprompter before an awful green backdrop for maybe three hundred people. It seemed contrived, awkward, not to mention insubstantial and hackneyed, broken up by ignorant pauses, “my friends,” forced smiles, and his flat, poorly chosen, overused take-off on Obama—“*that’s* not change we can believe in.”

A bit later, it might have been hard for McCain to believe what he was seeing when Obama stood triumphantly at the Xcel Energy Center in St. Paul, Minnesota, the site of the upcoming GOP convention—another political masterstroke—with seventeen thousand people screaming inside and another fifteen thousand outside who couldn’t get in. No wonder McCain challenged Obama to ten town hall meetings. It was more his kind of venue, and, besides, why not bask in the reflected limelight of Barack the rock star?

Meanwhile, Obama had bigger short-term issues to handle than John McCain. One of the more distasteful things Hillary Clinton did as she “suspended” her campaign was to float her selection as vice president—as if it were like going down to the unemployment office and signing up. No, the nominee calls *you*, you don’t call him. Or, as I said on the air about her nonconcession speech in New York City, “Anybody who thought Hillary Clinton would admit defeat and then graciously make her exit to begin healing the party just wasn’t paying attention last night. If Obama wants a hint of what it’ll be like if she’s the vice president, last night ought to give him a pretty good idea. Refusing to concede, she chose instead to try to steal the spotlight from him on one of the most historic nights in our history, barely acknowledging his accomplishment. She went on in her speech at

Baruch College like nothing had changed. It was beyond pathetic. . . . You would think that her advisers and supporters would start to be embarrassed by her behavior at some point, at a time when our country should be celebrating a quantum leap forward and healing our racial divisions. Hillary Clinton is ruining the party, a spoiled child who refuses to go to bed when she's told it's bedtime."

As the superdelegates started to break for Obama all day, I caught some of the coverage as I headed to my office. It stopped me dead in my tracks, and I suppose I went from jaded to jolted: we had all gotten so wrapped up in covering the eighteen-month ordeal that the momentousness of what we had been witnessing—the first black candidate from a major party, the first woman candidate—dropped below the radar, another story line in the endless, sometimes numbing and manufactured narratives of the campaign. This was different. There have been a handful of memorable moments that meant something beyond another daily newspaper front-page story to wrap fish in. JFK and November 22, 1963. Neil Armstrong and the 1969 lunar landing. Dr. King's "I Have a Dream" speech. Reagan's 1981 inauguration on the day the hostages were released in Tehran (I happened to be covering the inauguration). The horror of watching the *Challenger* explode in 1986. As I listened to Barack Obama's speech in his hour of triumph, it hit me: Wow, isn't this *something*. No matter how it would play out, that night would unquestionably live on as one of those rare unforgettable events of our time.

Still, the question lingered: would the Clintons remain bad losers? Would Bill stay bitter about his role in the primaries? Had it tarnished his legacy? He issued a dull statement saying he would "obviously" work for Obama's bid—hardly a golden photo op, standing side by side in triumph. By late June, Obama and Hillary had staged some feel-good rallies—notably, in Unity, New Hampshire. She praised him before two of her key interest groups; they met with his major donors to brainstorm paying down her \$25 million debt; Obama hailed Clinton and her backers, and both he and his wife, Michelle, wrote out checks for the maximum \$2,300.

Yet I wondered how close-knit this reportedly “slowly thawing” bond truly was. Obama needed Clinton to convince her “army” of eighteen million not to misplace their anger and disillusionment by voting what would become McCain-Palin; Clinton needed help retiring her debt, plus reassurances that she would be treated as a top surrogate at the convention, which she clearly received. She would do even better a few weeks after the election when President-elect Obama picked her to be his secretary of state. But in the immediate wake of the often combative campaign, a high-powered Washington attorney was hired, essentially, for postprimary couples counseling. Bill, perhaps still pouting over Hillary’s defeat, hadn’t reached out to Obama since it had all ended three weeks earlier.

In fact, the *Telegraph* of London ran a piece referring to Clinton’s “lingering fury” about the campaign and quoted “a senior Democrat who worked for Clinton”—a remark Clinton neither confirmed nor denied—as having heard from a friend that Clinton had said that if Obama wanted the ex-prez’s support for his campaign, he would have to “kiss my ass.”

# 3

## **As the Iraqis Stand Up, It's Time for the United States to Clear Out**

**I**n late July 2008, when Barack Obama traveled to Baghdad, Kabul, the Middle East, and Europe, the stakes were enormous. The “inexperienced” candidate, who had long been calling for a phased sixteen-month pullout of troops from Iraq, subject to conditions on the ground, needed to convince voters that he had the foreign policy chops to serve as commander in chief. A recent poll had shown that 48 percent of people felt he did, but a much larger 72 percent felt that way about John McCain.

McCain had badgered Obama for weeks about visiting Baghdad (McCain was keeping tabs: Obama hadn't been there in nine hundred days), to prove Obama could hold his own among war-zone commanders and heads of state. McCain had pushed hard for invading and been to Baghdad many times in steadfast support of the war, arguably the biggest foreign policy blunder in our nation's history. McCain staked his entire run for the White House on his fierce defense of a thirty-thousand-troop surge and on achieving “victory,” whatever that

meant, even if took a hundred years—or until the end of his first term. Now McCain was saying that Obama, who had a plan to quit Iraq but who wouldn't admit that the surge worked or wouldn't utter the word *victory*, hadn't been to Iraq. McCain kept saying Obama needed to go to Iraq and get in the trenches.

I find it wonderfully ironic that McCain can now file his overseas travel suggestions for Obama in the folder marked: BE CAREFUL WHAT YOU WISH FOR.

Talk about bonus miles: Obama's trip coincided with a coalescing of opinion at the time that in the wake of the surge, it finally seemed time to start packing up and getting the hell out of Iraq. Prime Minister Nouri al-Maliki, the Iraqi and the American people, George Bush, and even then Commanding General David Petraeus had all come to the same conclusion: the six-month surge was the turning point in the long war, significantly improving overall security, while getting a lid on violent attacks on Iraqis and on our soldiers, resulting in much lower troop casualty figures. "Barack Obama's overseas trip was almost flawless," I said on the air one day. "It's the first time in eight years an American politician was greeted so enthusiastically overseas. We saw foreign citizens waving American flags instead of burning them or having the host country's military holding back angry protesters. And while Barack, who had opposed the surge primarily because it would further strain already war-weary U.S. troops, was shoring up his foreign policy credentials overseas, the trip turned out to be devastating for John McCain."

McCain spent the week stumbling around the United States, strolling and golf-carting with former president George H. W. Bush, kicking bricks, pissing and moaning, making a moron out of himself, whining about the media's "love affair" with Obama, meeting cash-strapped shoppers in supermarkets, making gaffes about foreign policy, and saying things like Obama would rather lose a war than an election. We heard him confuse Somalia with Sudan and refer twice to Czechoslovakia, a country that ceased existence in 1993, and to "President Putin of Germany." We heard him confuse Shiite with Sunni, and we heard

him several times claim that Iran was training the Sunni insurgent group al Qaeda in Iraq. (To avoid further embarrassment, McCain's pal, Connecticut senator Joe Lieberman, once had to whisper into McCain's ear before a group of reporters that he ought to be saying that Iran, whose state religion is Shia Islam, was actually training "extremists" and not Sunni insurgents. McCain promptly corrected himself.)

But this was new. As I said, "We heard McCain refer to the nonexistent 'Iraq-Pakistan border,' he got his timing wrong on the surge and the Sunni Awakening movement against al Qaeda, and he called Iraq 'the first major conflict since 9/11.' I guess Afghanistan doesn't count. And, are you ready? McCain acknowledged that sixteen months for a U.S. troop withdrawal from Iraq is, quote, 'a pretty good timetable.'"

McCain had been forced to react to a bit of perfect media timing that rolled Obama's way: on the day Obama was in Baghdad, al-Maliki was quoted in Germany's *Der Spiegel* as saying that he'd like to see U.S. troops out "as soon as possible" and that Obama's sixteen-month plan, ending in 2010, "would be the right time frame for a withdrawal." Sitting down with al-Maliki, and al-Maliki saying this guy's got it right, was *huge* in the history of this war. The White House went apeshit, jumping up and down screaming that the quote wasn't translated right. The magazine said, Go to hell, not only was it translated right, here's the recording.

Here was McCain trying to sell his whole run for the White House on his experience and readiness to be commander in chief and he was making one mistake after another. If Obama came close to tossing a no-hitter, he was an eyelash short of brilliant: he did take some heat in a negative ad (parts of which were not backed by the facts) by McCain's camp. The ad ripped Obama for finding time to go to the gym but not to visit wounded troops at a U.S. base in Germany because the Pentagon denied media access. Obama had planned to visit but cited complex Pentagon protocol for deciding not to go. Whatever his explanations, he should have gone.

More important, Obama's newly won credibility on foreign policy dealt a heavy body blow to Bush and McCain. Bush, in his increasingly

testy negotiations with al-Maliki over a new, long-term security agreement to replace the UN Security Council Resolution expiring at the end of 2008, had recently agreed to a “general time horizon” for getting out. And this was on the heels of a capitulation by Bush when he sent an envoy to join negotiations between Iran and Britain, France, Germany, Russia, and China about Iran’s uranium-enrichment program, having refused for years to talk to Tehran. (Obama had long called for direct, unconditional talks with our enemies, which Bush once denounced as tantamount to “appeasement.”)

Overall, Obama’s trip was a breathtaking game-changer. His timing could not have been better after seven years of our war on terror. Iraq appeared to be winding down, spurred by the success of the surge and the Sunni Awakening—a grass-roots revolt numbering, by some accounts, a hundred thousand violence-weary ex-insurgents who turned on their al Qaeda allies to drive them from their neighborhoods. There was also the eight-month cease-fire, from August 2006 through March 2007, imposed by radical anti-U.S. cleric Muqtada al-Sadr on his Mahdi Militia; and the seeming improvement by the Iraqi Security Forces and the national police in tightening security in Baghdad and around the country. By early 2008, Iraqi forces controlled, with U.S. assistance, half of Iraq’s eighteen provinces. By September, thirteen provinces were under Iraqi control, including the once notoriously violent Anbar Province.

But Afghanistan was now on fire with escalating violence, due to the alarming resurgence of the brutal Taliban extremists across the country—they were the ruling group we drove out when we invaded Afghanistan in the weeks after 9/11. After Obama met with our man in Kabul, President Hamid Karzai, he came home calling Afghanistan “the central front in the war against terrorism.” Obama added that the rapidly deteriorating situation required ten thousand more U.S. troops and \$1 billion in nonmilitary aid to help the impoverished, corrupt nation. General Petraeus hinted that al Qaeda, too, was shifting its focus from Iraq and Pakistan, where the Taliban had fled



and regrouped, to Afghanistan, where the Taliban tribes along their lawless border offered al Qaeda safe haven. Commanders were also requesting more troops to bolster U.S. and NATO combat forces, but with 150,000 postsurge forces still in Iraq, run ragged by multiple fifteen-month tours of duty (since reduced to a year) at great cost to the minds and bodies of the men and the women serving tour after tour in combat zones, we didn't exactly have a bunch of spare troops sitting around. In fact, a battalion of 1,250 marines training Afghan security forces was ordered to stay on an extra month, the second such extension of summer 2008. Then, in mid-September, President Bush, acting on the recommendations of Petraeus and senior political and military advisers, said 8,000 troops would leave Iraq by early 2009. Bush also said 4,500 troops would be heading for Afghanistan. Senate majority leader Harry Reid told the Associated Press that he was "stunned" that so few troops would be withdrawn, with "so few resources" deployed to Afghanistan. But as regional security worsened throughout the year, Joint Chiefs of Staff chairman Admiral Mike Mullen announced in December that nearly 6,000 U.S. troops would be deployed to Afghanistan in early 2009. An additional surge of as many as 30,000 U.S. troops was expected to be on the ground there by midyear—doubling the 32,000-troop presence already in Afghanistan.

The long-awaited endgame for one national nightmare was now inextricably tied to raising troop levels to quell a renewed nightmare in Afghanistan—and the issues from both fronts were breaking for Obama. The flood of stage-crafted visuals from his trip—effortlessly sinking a 3-pointer at a gym as soldiers looked on, his rousing speech before two hundred thousand people at the Victory Column in Berlin's Tiergarten park, photo ops with heads of state—led me to ask viewers whether the trip would help Obama win. Susie from Washington wrote, "The commotion overseas is indicative of what is going on at home: Obama is a fad, hyped up, by the media. He has yet to prove any real substance, just rah-rah talk of 'change' and 'hope.' I am leaning toward voting for him, only to see if he can actually deliver

on any of these ephemeral promises.” Tony in San Diego wrote, “He will have accomplished more this week than Bush did in two terms.”

There is little doubt that the surge, first announced in January 2007, helped create a more secure country for the al-Maliki government to inch toward political conciliation and negotiate a security agreement with Bush that would define our future military presence in Iraq. Bush had warned in a May 2008 interview with Politico.com that the Democratic candidates’ calls for withdrawing troops abruptly could “eventually lead to another attack on the United States.” We’d heard that message before. Weeks later, Joint Chiefs chairman Mullen said that a specific timetable could have “dangerous consequences,” while the general time horizon reflected “healthy negotiations for a burgeoning democracy.” The administration claimed that the new status of forces agreement (SOFA) would not create fifty-eight permanent U.S. bases in Iraq, as the Iraqis claimed; set terms for troop levels; pledge the United States to protect Iraq if it was invaded; or tie the hands of future presidents. The administration also wanted immunity from Iraqi law for all troops. In fact, since Bush insisted on calling the deal an “executive order,” rather than a treaty, the Senate wouldn’t even have to read it or vote on it—in keeping with the arrogance of his “unitary executive” style of conducting of business for eight years. Angry Democrats in Congress proposed legislation that would make any agreement null and void without Senate approval. Given their overwhelming lack of success in stopping President Bush from doing anything else, I wasn’t holding my breath. Why should the American people have anything to say about any of this?

Meanwhile, the Iraqi government was making its voice heard, and it wasn’t the message the White House wanted. In June 2008, thirty Iraqi lawmakers representing the Shiite majority in Parliament sent a letter to Congress announcing they would reject any agreement that was “not linked to clear mechanisms” for a U.S. troop withdrawal “with a declared timetable and without leaving behind any military bases, soldiers, or hired fighters.”

After five and a half years—forty-two hundred troop deaths, tens of thousands more wounded for life, hundreds of thousands of Iraqi dead, as many as four million more displaced, and the U.S. taxpayer stuck with a dual-war bill already at about \$800 billion, basically flushed down the drain—the Iraqis wanted us gone, period. Having refused a firm troop timetable, Bush had nonetheless said he would go along with Baghdad's sovereign wishes, having, after all, sold both nations on the idea of building a democracy over there. Understandably, Iraq stood its ground, with polls showing 72 percent of Iraqis opposing the presence of U.S. forces—a finding Prime Minister al-Maliki could scarcely ignore (unlike Bush and Cheney, who ignored for years the 67 percent of Americans who opposed our presence there). Some experts said al-Maliki might have been trying to show voters before the January 2009 provincial elections that he could face down the United States. He didn't want to lose popular support to his political nemesis al-Sadr. Al-Maliki's position—no timetable, no deal—might also have been meant for his soul mate, Iranian president Mahmoud Ahmadinejad, who had warned al-Maliki not to enter into any long-term deals, figuring the United States could then use Iraq as a launching pad to attack Iran.

Finally, in early December 2008, a new security agreement calling for the withdrawal of all U.S. combat troops by the end of 2011 was approved by Iraq's three-member Presidency Council. The new pact also calls for our troops to leave Iraqi cities by the end of 2009. The U.S. military is now required to "coordinate and execute" operations with the Iraqi government's approval, the Associated Press reported, and Iraq now has "strict oversight" over U.S. troops (a concession by President Bush). That point in particular marked "a shift," the AP noted, "from the sense of frustration and humiliation that many Iraqis have felt at the presence of American troops on their soil for so many years" toward full sovereignty.

Those feelings were, literally, aimed at our beloved president during a mid-December 2008 press conference in Baghdad when an

Iraqi reporter for an Egyptian TV network flung his shoes straight at Bush's head as Bush stood alongside Prime Minister al-Maliki. The act was meant as a direct insult: for Muslims, sitting with the soles of your shoes facing someone or hurling your shoes at them is a sign of contempt. The reporter, Muntader al-Zaidi, yelled in Arabic, "This is a farewell kiss, you dog"—part of a rant laced, as it were, with antiwar venom. Bush deftly ducked both incoming shoes before al-Zaidi was tackled to the floor and jailed. Iraqi law dictates that he could face seven years in prison if found guilty of assaulting a head of state.

Whether you agree with the Iraq War or not, it probably saved this man's life: if al-Zaidi, a Shiite, had thrown his shoes while Sunni Baathist Saddam Hussein was in power, he likely would have been executed on the spot. Instead, thousands of Iraqis, many of them Shiites, took to the streets to hail al-Zaidi as a hero and rally for his release, while an Egyptian man proudly offered the shoe thrower his willing twenty-year-old daughter in marriage. Bush wasn't a heel about the bizarre incident, noting that it was an interesting form of expression that's now part of the free society emerging in Iraq. When I asked what punishment al-Zaidi deserved, Earle from Woodstock, Vermont, wrote, "Chop off his feet and have them bronzed for Bush." Charles from Lansing, Michigan, wrote, "Sainthood isn't good enough."

SOFA provoked often bitterly divisive debate within the al-Maliki government, and it is subject to approval by Iraqi voters in a nationwide referendum scheduled for July 2009. Here at home, SOFA gives President Obama perfect cover to end the war, enabling him to say, why don't we start packing up our stuff now and begin drawing down our troops? Who knows what's going to happen by 2011? At least we know this damned thing will be over for us at some point. Of course, there was a rash of deadly bombings all over Iraq as SOFA headed toward passage. I don't honestly think for a minute that we'll absolutely be out of there by January 1, 2012. For one thing, there's too much oil in Iraq, and, for another, Iran is sitting there knocking at the door. But the deal gives Obama some framework to start bringing our soldiers

home. As 2008 drew to a close, at least Iraq was not the cauldron it used to be. But you never know what might happen in the future.

The issue of the surge and the Sunni Awakening, beyond vexing McCain when he misstated its timeline in an interview with CBS *Evening News* anchor Katie Couric, had a broader potential impact on a post-U.S. Iraq. A day didn't go by that McCain didn't remind us that he was right and Obama wrong—and that the surge had saved Iraq. Messing up the Surge Awakening time frame shook people's confidence. In fact, the so-called Sunni, or Anbar, "awakening councils" (named for the province where such "Sons of Iraq" councils first took hold) had begun months earlier and proved a big success in driving out al Qaeda and Shiite militias from their neighborhoods. Our former brutal enemies had simply seen too many of their own kids and wives killed in the ongoing tribal warfare. They were essentially bribed to change sides and repel al Qaeda, aiding the Iraqi military and police in patrolling their neighborhoods. The Sunnis were also awakened by the idea of receiving three hundred American greenbacks per month. Shooting, then shopping! It made for strange bedfellows, but the Awakening was working for Anbar before the five U.S. combat brigades arrived for the surge. So, yes, the surge worked, but it wasn't exclusively because George Bush had a midnight vision from the archangel that thirty thousand troops were the answer to everybody's prayers.

When Couric, in her McCain interview, said Obama hinted that security might have improved anyway *without* the surge, McCain, who blasted the defeatocrats for downplaying the military's role in the surge, bristled, saying, "I don't know how you respond to something that is as such a false depiction of what actually happened. Colonel [Sean] MacFarland was contacted by one of the major Sunni sheikhs. Because of the surge we were able to go out and protect that sheikh and others and it began the Anbar Awakening. That's just a matter of history."

"Wrong again, Senator," I said on the air. "The Sunni Awakening in Anbar happened before President Bush announced the surge in January 2007. In fact, the now General Sean MacFarland briefed the

media in September 2006 about tribal leaders who were cooperating with Iraqi security forces against al Qaeda. Several news organizations reported on the Anbar Awakening taking place months before the surge.” It was an opening for Obama to cite a glaring error on the breakthrough event that now seemed likely to liberate us from Bush’s war to nowhere. “But,” I added, “if your campaign is built on your assertion that you are the most qualified to be commander in chief, then shouldn’t you at least be able to accurately cite the recent history of the war that you’re asking the voters to put you in charge of?”

Whatever the time frame and the mix of factors—give Bush and Petraeus this—the bloodshed dropped dramatically: May through September 2008, with, respectively, 19, 29, 13, 12, and 8 hostile troop deaths, had the lowest monthly casualty figures since February 2004. U.S. troop deaths remained very low, with 8 reported in November 2008, while extremist attacks in Iraq had dropped to their lowest monthly level since the 2003 invasion, as one top U.S. commander cited an 80 percent decline in attacks around the country between March and November 2008.

Yet even Petraeus had called the surge impact potentially “fleeting” and said that despite being a “dramatically changed” place, Iraq still faced “innumerable challenges.” It was still a little premature to break out the champagne. Roadside bombings and sectarian attacks continued to kill people all across the country through 2008. Tribal warfare trumps everything in that part of the world, and there probably will be sectarian bloodshed forever until they get another Saddam Hussein to kill everybody who jaywalks.

Then there was—and remains—the lingering question of the Iraqi forces’ battle-readiness, a subject General Petraeus didn’t likely want to discuss in his progress report to Congress in April 2008. In the first major operation planned and executed by the Iraqi army, Iraqi forces attempted to drive out al-Sadr’s Mahdi army (post-truce) from the oil-rich southern city of Basra, with British and U.S. air and artillery support. The Brits, who had been in Basra since the invasion,

had spent six months in 2007 trying to pacify the city, but they were undermanned against the Mahdi army and withdrew to their nearby bases. Once the Battle of Basra began in late March, more than one thousand mostly Shiite Iraqi soldiers from the 14th Division refused to fight al-Sadr's Shiite army. Said one senior military official, "They put down their arms, walked away, deserted, whatever you want to call it." "Deserted" works. They ran for the hills. More than a dozen Iraqi national police, by one account, stripped off their uniforms, kept their rifles, and switched sides (their disloyalty made easier since they had, like many others, already infiltrated the militia). Al-Maliki went to Plan B, hastily recruiting ten thousand Shia into the army. That further pissed off the Sunnis because Baghdad had not delivered on its pledge to hire them for the permanent security jobs they demanded for joining the Awakening. Only the arrival of nearly one thousand U.S. troops sent from central Iraq to shore up the shaky Iraqi forces kept them from waving the surrender flag. (The Iraqis eventually regained control of the city.)

My question that day was, What's the U.S. future in Iraq if a thousand Iraqi soldiers refused to fight in Basra? F. in Las Vegas wrote, "We can train their Army, but we cannot insert a backbone where there is no room for one. The same goes for the corrupt government we support there." Ralph from New York wrote, "It is plain to see that Iraq wants us to do all the fighting and dying for them. If their troops will not fight for their own country after all the help we give them, the people do not want stability under their own elected leaders." Sunae from Jacksonville wrote, "Iraq has no future. We need to pull our troops out and bring them home. . . . If they want a civil war, then let them have at it. We have more important issues to deal with here at home. Iraq has done nothing but cost us trillions of dollars."

As long as we protected the Iraqis, coddled their dysfunctional government, and paid all of their bills, why should they do anything? We simply had to tell al-Maliki, forget those eighteen benchmarks, here are some non-negotiable deadlines to pull our troops. Iraq's fractured

Parliament left for a long vacation in August without passing, among others, a key election law that jeopardized the crucial upcoming provincial races. (It was later passed.) Sunni council members and al-Sadr supporters had been counting on the elections to increase their political clout.

Bush hailed the coalition-Iraqi action in Basra as a “defining moment in the history of a free Iraq.” But the question remains: are the Iraqi forces anywhere near ready to truly go it alone? An August 2008 piece in the *New York Times* that focused on Diyala Province said the army had made huge leaps forward and “could hold its own in battles with the insurgency with little or no American support.” But the forces needed artillery units, armored divisions, air support, and “more reliable battlefield equipment,” the *Times* noted. Said one officer, “We are too many years behind other countries. We need the coalition forces until 2015.” Days later, Diyala’s provincial governor survived a suicide bomb attack on his convoy. Peace in the provinces still seemed a long way from breaking out.

A month or so later, there was, in fact, more hopeful news on the security front in Iraq when the United States ceded control of Anbar Province, once one of the deadliest places in the country, to the Iraqi military. Now, U.S. combat forces had pulled out of the cities in thirteen of eighteen provinces under Iraq’s control; the situation had progressed from the darkest days when millions of Iraqis became refugees, estimates of hundreds of thousands were killed, political stability was unimaginable, and U.S. casualties sometimes exceeded one hundred a month. Things were looking up.

The risk all along has been that if the Iraqi forces prove unprepared to stand up (and not run) once we stand down, there will be blood. The security vacuum created by our departure could reignite tribal wars; they’ll kill one another with great glee and abandon, making Darfur look like a parlor game. After all, Saddam’s secular Sunni regime (Sunnis make up about 20 percent of the population) brutalized, persecuted, tortured, raped, and massacred the Shia (60 percent)



while also marginalizing them economically. It was payback time for the U.S.-backed regime.

Small wonder that the Sunnis who turned on al Qaeda to recapture their neighborhoods deeply resented Baghdad for not giving them regular jobs and thus sought a place at the political table in the provincial elections as more than just hired guns. General Petraeus told ABC News in December 2007 that 20 to 30 percent of Sunni fighters would get jobs with the Iraqi police or the army. But by September, only 15 percent of these “Sons of Iraq” had been hired. Fearing they might switch sides once again and resume the tribal bloodshed, Iraqi police began rounding up Sunni Awakening leaders, while al-Maliki’s allies called for disbanding the councils, the AP reported. By fall 2008, the Iraqis were to take over from the United States the Sunnis’ salaries in Baghdad and, by year’s end, all council members. If the government falls short on jobs or payouts, watch for security to erode. As ABC’s John Hendren reported, the Shiite-led government had been dragging its feet on promises of government security jobs. “They fear a civil war, in which taxpayer-armed Sunni gunmen will one day array themselves against the central government,” he said. “The U.S. worries that leaving thousands of Sunni fighters jobless will achieve the same end.”

Does that grim scenario have a vaguely familiar ring to it? Think back to the Coalition Provisional Authority’s epic idiocy in disbanding Saddam’s army of 350,000 mostly Sunni troops (who kept their weapons) and outlawing his Baathist Party after regime change in 2003. Angry and jobless, untold thousands of Sunnis joined the insurgency that caused alarming casualty figures, trapped our soldiers in the crossfire of sectarian horror, and forced us to wage war “with the Army we have”—undermanned, underarmored—designed by ex-defense secretary Donald Rumsfeld. His legacy of “war on the cheap” now cost \$10 billion a month, while we were bribing our onetime Sunni assassins with greenbacks loaned by China.

I did a piece in August 2008 that began, “While you’re buying \$4 a gallon gasoline, think about this”: Iraq was on pace to end 2008

with an \$80 billion *budget surplus*, thanks to \$156 billion in oil export revenues gushing since 2005, said the *New York Times*. The doubling of oil prices in the previous year alone would likely account for \$50 billion of that surplus. “Eighty billion,” I repeated. “Remember how the neocons told us Iraq’s oil money would pay for the war? We’ve spent more than \$700 billion, including almost \$50 billion to rebuild Iraq, and we haven’t seen a dime of their oil money for our efforts. Meanwhile, we continue to pour money into Iraq for reconstruction, repairs to their oil infrastructure, electricity, water, and security. And, yes, some of that’s fair. We did blow a lot of it up. But how much has Iraq spent repairing its own stuff in the last three years? Well, that would be less than four billion. Senator Carl Levin says it’s inexcusable for U.S. taxpayers to foot the bill for projects the Iraqis could well afford to fund themselves. Of course, Congress continues to approve one spending bill after another for Bush’s war, despite the Democrats’ posturing to shut off war funding in 2006. Carl Levin is one of those Democrats. Here’s the bureaucratic explanation for the screwing the American taxpayer is getting. The Treasury Department says the U.S. is working with the Iraqis to fix the issue, and they believe ‘progress is being made.’ Progress is Iraq writing the U.S. Treasury a check. That’s progress, if not quite a bailout.”

What to do with Iraq’s potential \$80 billion oil surplus? I asked. Paul wrote, “Jack, we cannot touch that money! As soon as we do, we have proven every extremist Muslim correct: we were only in Iraq for the oil. We went and destroyed their country and asking them to pay for it would do more for jihadist sentiments than all our years of support for Israel combined.” Mark from Arizona wrote, “They should spend the eighty billion on no-bid contracts to rebuild America. All of our bridges are in disrepair and ready to fall down. Maybe it would help promote democracy in America.”

We built ourselves a \$700 million embassy compound over there, the largest in the world, flushed down a manhole tens of billions in contracts, and wound up getting media reports and congressional

testimony about colossal waste, cost overruns, fraud, incompetence, and war profiteering by firms not unfriendly to the now-departed Bush-Cheney cabal. In August 2008, the *New York Times*, citing a Congressional Budget Office report, said that by the end of 2008, the United States would surpass \$100 billion spent on contractors alone in Iraq. Yet hundreds of projects were never completed; many that were remain uninhabitable, crumbling, abandoned: symbols of what may well stand as the worst foreign policy disaster in our nation's history—the one John McCain bet his 2008 campaign on. Referring to the decrepit, stench-filled \$75 million Baghdad Police Academy and barracks, Henry Waxman, the chairman of the House Oversight Committee, said, “[It] was supposed to be a showcase project, but it now epitomizes wasteful spending and incompetent oversight. The administration said this mess would be cleaned up, but once again the money was squandered and no one was held accountable.”

Least of all the Iraqis. “This is interesting,” I said on *The Situation Room* in late 2007. “Iraq is the third most corrupt country in the world, according to a recent ranking of 180 nations.” (Myanmar and Somalia took the gold and the silver.) Citing a *New York Times* piece, I noted how “unemployed men pay \$500 bribes to join the police. Families build houses illegally on government land. And almost everything the government buys or sells, from painkillers for cancer to third grade textbooks, is turning up on the black market. There’s a growing sense in Iraq that even as security has improved, the country has slipped to new depths of lawlessness. Some U.S. officials estimate that as much as one-third of what they spend on Iraqi contracts and grants winds up missing or stolen.”

Reconstruction was one of the greatest robberies ever committed in the history of mankind. Remember the \$9 billion in cash that vanished; the forklift bales of cash flown over in C-130s to fund the reconstruction; the 190,000 missing AK-47s and pistols given to Iraqi security forces, which may have been moved on the black market and used on our own troops by insurgents? What about the hundreds of

soldiers killed by armor-piercing improvised explosive devices (IEDs) because Marine Corps bean counters rejected an urgent 2005 request from commanders for up-armored, blast-resistant vehicles (MRAPs) as too costly, as the AP reported in May 2008?

The grotesque waste and profiteering provoked in me yet another surge of outrage. “The Iraqi government is keeping thousands of dead, injured, and missing soldiers and policemen on the payroll,” I said in April. “Let me just run that by you again. The Iraqi government is using your money to pay thousands of dead, injured, and missing soldiers and policemen as a way of compensating or caring for their families. This completely outrageous news comes from a report by the Special Inspector General for Iraq Reconstruction. It also says Iraqis have a shortage of officers and still rely on coalition forces for substantial logistical support. The Iraq army was supposed to be able to stand on its own two years ago. We’re now being told they might get around to it by September of 2009. This program to train Iraqi soldiers—and continue to pay the dead and missing ones—is costing American taxpayers \$20 billion.” As the *New York Times* reported in November 2008, the Iraqi government has been “systematically dismissing” corrupt officials charged with overseeing graft in its ministries. One Iraqi former investigator of corruption, the *Times* reported, told Congress that \$13 billion in reconstruction funds “has been lost to fraud, embezzlement, theft and waste by Iraqi government officials.”

The treasure squandered for Iraq leaves the new administration facing a 2009 budget deficit projection of some \$1.2 trillion, plus the \$80 billion in war costs conveniently not included in the deficit math. And that also doesn’t include the fiscal carnage on the bailout battle zone. It’s sinful the amount of money we threw away in Iraq. Bush told the *Times* of London in June 2008 that he regretted using combative phrases after 9/11 like “bring ’em on” and “wanted dead or alive” because, as I put it during a “Cafferty File” segment, “it made him seem anxious for war in the eyes of the world. The president says that in retrospect, he could have used a different tone from the

cowboy rhetoric that sent the message that he wasn't a man of peace. Now he figures that out."

As for his Iraq legacy, a number of people have come to regard Bush as more war criminal than man of peace. Did top officials, including Bush, Dick Cheney, and Rumsfeld, in fact, commit war crimes, as has been suggested—notably by journalist Jane Mayer in her July 2008 book *The Dark Side*? Also, in his August 2008 bestseller *The Way of the World*, Pulitzer Prize-winning journalist Ron Suskind claimed President Bush committed an impeachable offense by ordering the CIA to forge a letter to bolster his case for war in Iraq. The stunning charges, based on interviews with U.S. intelligence officials, included that when Bush was informed in January 2003 that Hussein did not have WMD, his response was, "F— it. We're going in." Suskind also claimed that the White House called on the CIA to concoct a forged letter from Iraq's intelligence chief to Hussein, *backdated* to July 2001, indicating that 9/11 hijacker Mohammed Atta had trained for his mission in Iraq. The bogus letter was designed to prove a nonexistent link between Hussein and al Qaeda. The intel chief allegedly told his U.K. intelligence sources that Iraq had no active nuclear, chemical, or biological weapons and no WMD. He was "resettled" in Jordan with CIA help and paid \$5 million in hush money, wrote Suskind. The White House pushed back, trashing Suskind's "gutter journalism" and "wild allegations that no one can verify." Former CIA director George Tenet called the forgery claim "a complete fabrication." Suskind called Bush's actions "one of the greatest lies in modern American political history, constituting a crime worse than Watergate."

Whether anyone will ultimately be indicted, let alone prosecuted and convicted of any crimes, remains an open question. Congress spent nearly eight years choosing to look the other way. Was Iraq worth it? Who knows? Our kids were killed. We drained our treasury. We blew it in Afghanistan. It's time to redirect our attention—and resources—to some urgent nation rebuilding at home after the economic seizures of the last two years.

We could do worse than to start with making sure we tend to the needs of our veterans from Iraq and Afghanistan. We have neglected veterans in this country forever—a source of national shame. The lengthy exposure to combat due to extended tours and numerous rotations took a devastating toll on those post-9/11 soldiers who survived. The finest military force the world has ever known is being stretched thin and destroyed. For decades, we've known how much combat exposure troops can stand. These guys went back for three and four combat tours stretching from twelve to fifteen months. The war has refocused our attention on the plight of returning soldiers. As troops from the Iraq theater come home, the new administration must find ways to address the physical and emotional scarring that hundreds of thousands bring with them—having limbs blown off, catastrophic brain injuries, post-traumatic stress disorder, drug and alcohol dependency, homelessness, and getting their civilian lives back on track. Vets from all wars account for more than a quarter—some two hundred thousand—of our homeless population. One official said he expects a “tsunami” of younger vets from Iraq and Afghanistan will find their way into shelters and soup kitchens. At the rate things were going toward the end of 2008, they may well encounter civilian refugees from the middle class there as well.

The mental health toll of this war has been profound, beginning with a record number and rate of suicides among active soldiers. A Rand Corporation study in mid-2008 estimated about 320,000 U.S. troops in Iraq and Afghanistan suffered traumatic brain injuries—primarily due to bomb attacks—while 300,000 suffer symptoms of post-traumatic stress disorder or major depression. Bush granted legal immunity to people who tortured detainees and spied on Americans. We can't let the quality of treatment our veterans receive become another national disgrace. How we care for them and what kind of gratitude we show them for the sacrifices they made for the rest of us must be something that makes us proud. The \$162 billion war-funding bill signed by President Bush in June 2008 included a new G.I.

benefits package, which, among other things, doubles college tuition benefits. It's a good start. Obama voted for the bill; war hero/ex-POW and veterans' advocate McCain didn't bother to vote.

Would there be a final resolution, some worthwhile peace dividend as we awaken from the nightmare of Iraq? Maybe not, unless you were a contractor or you wanted to count the no-bid short-term service contracts under negotiation with five major Western oil companies as of mid-2008, when gas was headed to the moon and oil was above \$140 a barrel (before its 70 percent slide by the end of 2008). Shocking, isn't it? Who would have ever thought that might be the outcome of all this? Can you connect the dots? The *New York Times* reported in late June 2008 that the Bush administration played a key role in drawing up no-bid contracts between Baghdad and five Western oil companies (ExxonMobil, British Petroleum, Total, Shell, and Chevron) to boost production at some of the largest working oil fields in Iraq, hoping to raise production from 2.5 million barrels a day to 3 million. Critics accused the administration of assuring these companies of gaining a foothold in Iraq's oil-rich sand for vastly more lucrative future deals. It is believed that Iraq's oil fields, with 115 billion barrels of oil, are tied with Iran behind Saudi Arabia as the second richest in the world.

It's reasonable to expect that if a country that still doesn't have electricity in a lot of places for more than six hours a day wants to develop its only natural resource, it would turn to the companies with the expertise and the technology to get this stuff out of the ground, and put some money in their pockets to do it. Yet top oil firms from Russia, China, and India, among others, with experience in Iraq, were initially cut out of this action. But then while negotiations for the West's one-year service deals ground on, the Iraqis signed a \$3 billion twenty-year service contract with the China National Petroleum Corporation to develop a southern oil field. And the *New York Times* reported Iraqi Cabinet approval of a deal for Shell to process natural gas in the south. By mid-September, the Iraqis called off the controversial one-year deals with the Western oil firms because,

as talks dragged on, the companies were running out of time to complete their work. But they would remain eligible to compete in open bidding for future, long-term deals. Of course they would.

“When it comes to the real reason for the Iraq War,” I said to lead off a segment on June 30, 2008, “we’ve pretty much heard it all. First, it was WMD, then it was about the war on terror and removing Saddam Hussein. Then it was about spreading democracy. But it was never about the oil.” But we weren’t waging war there to import sand. No, from day one it was, “Let’s go over there and steal their oil.” Now, it seems, we have reason to believe that. The White House denied steering the Iraqis toward any decisions on oil contracts with its Big Oil friends. But four of the five original partners in the Iraq Petroleum Company, kicked out of there in 1972 by a young, rising tyrant named Saddam Hussein, were back in the game for Iraqi black gold.

When I asked viewers whether they felt the war in Iraq was, in fact, all about the oil, Ryan in Champaign, Illinois, wrote, “The war in Iraq has been based on selling our treasure and lives to corporate America, while destabilizing the Mideast, for the sake of greed and power. Oil was just the lubricant for this process. . . . I served in the Marine Corps for two tours in Iraq. Even though the missions were always under the heading Operation Iraqi Freedom (OIF), we would always call it Operation Iraqi Liberation (OIL). Does that answer your question?”

What about Operation OBL—short for Osama bin Laden? The one sure thing that can be said about the disgraceful legacy of Bush’s war on terror and his decision to invade Iraq is this: had Bush committed a fraction of the resources to continuing to hunt down Osama bin Laden in Afghanistan in the caves of Tora Bora in December 2001 that he squandered in Iraq, a nation with no ties to 9/11 or to al Qaeda, this story would have had a whole different ending and it would have been written a long while ago.

Instead, nearly eight years after 9/11, as we begin to extricate from Iraq and escalate in Afghanistan, capturing or killing Osama bin Laden is now Obama’s job.



# 4

## China

### The Global Superpower Goes for the Gold . . . Ours

In the early spring of 2008, all of the cable networks, including CNN, carried widespread, often riveting coverage of the journey of the Olympic torch as it arrived in San Francisco, one leg of the torch's twenty-three-city international tour intended to draw attention to the upcoming Beijing summer games in August. On that score, the Olympic flame blazed quite a trail through the complex, emotionally charged economic, political, and strategic ties between the United States and China. Even I got singed by the flame all the way across the country at my desk in *The Situation Room*.

"Controversy sprinkled with violence and ill will is accompanying the Olympic torch," I said on the air April 8. Stops in London and Paris had touched off demonstrations protesting China's human rights record in general and, more urgently, the violent, deadly crackdowns against rioting Tibetans, which included Buddhist monks protesting China's harsh rule and oppression in Tibet. Some reports had 150

people killed in the rioting, although the Chinese claimed far fewer casualties. Images of violent clashes spreading across the globe were not what the Chinese, let alone their image-conscious Beijing Games corporate sponsors, needed. For damage control, the regime and its supporters blamed the Dalai Lama, the Buddhists' spiritual leader living in exile in India, for fomenting the riots.

Anticipating large, unruly demonstrations by both human rights activists who had long opposed awarding the games to China by the International Olympic Committee, as well as by pro-Chinese groups who felt that media coverage of the rioting and of China was biased, the torch route's six-mile itinerary around San Francisco was altered and kept ultra-secret. Brazen protesters scaled the Golden Gate Bridge, unfurling banners that called for a "free Tibet." The flame, I noted, "is being kept in an undisclosed location for security reasons. Possibly Dick Cheney's house."

Pressure mounted on President Bush to boycott the games' opening ceremony as a powerful, symbolic rebuke to the Communists, as British prime minister Gordon Brown and German chancellor Angela Merkel had pledged to do. Bush condemned the violence in Tibet but wasn't quite ready to scalp his VIP tickets to the games. Meanwhile, officials for the games promised that the long goodwill tour would run its course. "In fact," I said, "the vice president of the organizing committee insisted the Olympic torch has been, quote, 'warmly welcomed by the local people in each city.'" Yeah, right. Then, making a reference to Saddam Hussein's comically deluded onetime minister of information, I added, "Communist China's version of Baghdad Bob."

A day later, I joined in on a *Situation Room* discussion on the delicate melding of global athletics and politics, especially when the host nation not only owns a trillion dollars of our national debt but also has one of the darkest human rights records on earth. The show's host, Wolf Blitzer, noted how "pro-China elements" often claim that China is a totally different beast from the one of decades past. Today,

he said, they're "almost a capitalist regime. They're a huge economic superpower, and [we] have a lot at stake in maintaining this economic relationship with China."

I couldn't have known it then, but I was about to fan the Olympic flame. "Well," I said, "I don't know if China is any different, but our relationship with China is certainly different. We're in hock to the Chinese up to our eyeballs because of the war in Iraq, for one thing. They're holding hundreds of billions of dollars worth of our paper. We are also running hundreds of billions of dollars worth of trade deficits with them, as we continue to import their junk with the lead paint on them [*sic*] and the poisoned pet food, and export jobs to places where you can pay workers a dollar a month to turn out the stuff that we're buying from Wal-Mart. So," I went on, "I think our relationship with China has changed. I think they're basically the same bunch of goons and thugs they've been for the last fifty years."

My colleagues had a laugh over my rant, but it wasn't long before I found myself in a media firestorm—more on that later—that, in its own small way, exemplifies the tangled, volatile dynamics between the United States and the Chinese as they emerge as the next military-industrial and economic global superpower.

The fact is that China, with its permanent member UN Security Council veto and proximity to North Korea, has become a friend, an enemy, and a sometime strategic ally in Asia, despite its atrocious human rights record and its support of Sudan by shipping significant arms and oil to Darfur. Historically, however, we've done business with lots of dictators, including Saddam Hussein in the 1980s while supporting Iraq in its long war against Iran. But that was nothing compared to the scale of business we're doing with China, for better or worse. Fortune 500 companies are not lining up to get into Iran, North Korea, Zimbabwe, or Sudan today, but they are lining up to do business in Beijing and Shanghai.

But times have changed, even in China, a country whose economy has been just awash in money. But with some 40 percent of its overall

growth tied to exports, China's economy was hit hard through 2008 as Western and global markets for Chinese products decreased sharply. Economic growth, which in 2007 was nearly 12 percent, was expected to slip to 9 percent for 2008. Some analysts predict China's flagging rate of growth in 2009 could slump to 6 percent, according to the AP. Faced with thousands of factory closings and widespread job losses, the Chinese government announced in November 2008 its own \$586 billion, two-year economic stimulus package, a plan focusing on massive spending for infrastructure—building roads, subways, rail lines, hospitals, low-income housing, and water systems—as well as a fifth interest rate cut in the second half of 2008 to encourage spending by Chinese businesses and consumers and the creation of millions of construction jobs. In a statement, the State Council (similar to our Cabinet) said, “Over the past two months, the global financial crisis has been intensifying daily. In expanding our investment we must be fast and heavy-handed.” As the *New York Times* noted, “The stimulus plan, though driven by domestic concerns, represents a fresh commitment by China to keep from adding to the economic and financial woes of the United States and Europe.”

The global economic crisis has shown just how entwined our economies have become. Our debt is sold all over the world, but I would imagine China has probably got more of it than anybody else. One reason for our gargantuan trade deficit with China is its currency, the yuan. A congressional report in spring 2008 cited the “substantial undervaluation” of the yuan as tilting the trade deficit at an ever-steepier angle. Some reports say it is 40 percent undervalued against the dollar, although it has appreciated some 18 percent since 2005, and the dollar strengthened through mid-2008. The Bush administration doesn't like to accuse the Chinese of manipulating their currency, but a combination of the People's Bank of China's printing cheap yuan and China buying up our dollars (especially when the dollar was recently weaker) has kept prices low for stuff they ship here and high for stuff we send there—while China is facing inflationary spikes.

There's no question that long before the summer Olympics, American and global corporate muscle was jockeying for a piece of the action in China, the biggest potential market in the world with 1.3 billion people. The Chinese buy government securities, Treasury bills here; we borrow money there. In 2007, our trade deficit with China soared to a single-country record \$256 billion; through November 2008, our \$246.5 billion trade deficit with China was a third of our \$751 billion global trade deficit. That's apart from the obligations they hold of ours in Treasury securities. Meanwhile, the liberal Economic Policy Institute issued a report a week before the games, claiming that partly as a result of currency manipulation, China was responsible since 2001 for 2.3 million jobs being lost in the United States, more than two-thirds of them in manufacturing.

Because the Chinese don't float their currency, the fluctuation of the yuan against the dollar is a huge issue going forward. According to the *New York Times* in May 2008, our Treasury Department urged the Chinese in the same congressional report to let markets, not the government, set the yuan's foreign exchange rate. We're in a more vulnerable spot than ever, given the profound turmoil in our own financial industry. If we don't start paying a little better attention to how we're minding our own house here, fiscally, at least, the Chinese will be in a position to start calling the shots. And when that day comes, there won't be a whole lot we'll be able to do about it. They won't even have to fire a shot.

The U.S. economy has historically been a stronger, generally safe, if not bulletproof, investment haven. Countries with money to invest like to invest in the United States. The dollar is considered one of the safer global bets, although it has lost as much as half of its value in recent years. The Chinese acquisition of a trillion dollars of our debt has created for them enormous leverage for political or any other agendas. In a sense, the United States has become codependent with the Chinese. That's one reason they can get away with getting their shorts in a big knot about how the media and the world see the Olympic Games or the images of Buddhist monks being hauled off

in handcuffs. Do we have any real leverage with them? The answer is no—beyond buying tons of their stuff. Militarily, I suppose we have an edge for the moment, but I don't know how much longer that's going to last as they relentlessly ramp up their defense spending.

The Olympics were shaping up as the perfect moment for China to emerge and flex its superpower muscles before a world riveted by the games. The fortunes of global communities rise and fall periodically, based on many factors—war, peace, energy and natural resources, the health of the economies that do business with you. The Japanese were in somewhat the same position a few years ago. They're back on the rise right now and we're not. India is another major developing country in ascendance, along with some of the South American countries. Russia has seen a flight of several billion dollars since its invasion of Georgia in August 2008, but they are on the way back as a global power because of their huge oil and natural gas reserves.

The games, in their sheer scale and efficiency and gargantuan infrastructure, proved that China's time has come. Small wonder the riots in 2008 became their worst nightmare after a year or more of upbeat, impressive hype—mixed in with the stories of suffocating pollution, frightening product recalls, and mind-bending traffic and congestion, and articles detailing China's increasing military spending, space program, and the apparent reported reach of its computer espionage programs.

When House Speaker Nancy Pelosi headed a congressional delegation to the Dalai Lama's community of exiled Tibetans in Dharamsala, India, she said that the Tibetan riots had become "a challenge to the conscience of the world." She added that "if freedom-loving people throughout the world do not speak out against China's oppression in China and Tibet, we have lost all moral authority to speak on behalf of human rights anywhere in the world."

Unfortunately, it's not so simple. The political reality of dealing with China—given the Bush-era scorecard on war, torture, illegal detentions,

spying, and so on—is that our moral ground at the time was far from rock solid in standing up to our Communist creditors. Times were different back in 1980 when President Jimmy Carter withdrew from the Moscow Games to protest the Soviet war in Afghanistan. A boycott was out of the question. Bush stressed that he and Chinese president Hu Jintao could deal more directly with China's rights abuses at the games. For eight years, Bush failed as leader of the free world to make this country a symbol of human rights when we needed it most, during a global war on terrorism. I did a number of pieces on the issue of boycotting as a way to lodge a human rights protest with the entire world watching. As I once said, it might be hard to keep borrowing billions from the Chinese, "if the U.S. called them out for being nothing more than barbaric savages in their treatment of one of the most peaceful peoples on earth, the Tibetans." "Opening fire on hundreds of monks and nuns is not a good way to make friends in the global community," I noted. When I asked whether a boycott made sense, Jeff from Carmel, New York, wrote, "It's a travesty. We stomp around the world fighting for freedom except when the offender is someone like China, whose money we desperately need. The world should rise up and boycott everything Chinese until the people of Tibet regain their freedom." Keith wrote, "George doesn't have the guts . . . especially when his rich buddies are getting richer with the Chinese government deals, while our Bush-led government continues to mortgage our children and grandchildren's future with Chinese loans."

As the games approached, another question worth asking was: would you *want* to go to the Beijing Games? There were reports of broad crackdowns of dissidents and provocateurs—many jailed without being charged—as a precaution against rioting during the games. The Chinese worked hard to improve air quality for athletes and visitors alike. Bans on millions of cars and factory closings were expanded to clear choking, hazy smog—just what world-class sprinters and long-distance runners needed. Foreign-owned hotels were

forced by the Communist Chinese government to install software that could spy on hotel guests and monitor their Web-browsing habits, or the hotels would face “severe retaliation,” which included being banned from operating in China. The State Department warned business executives of possible espionage efforts to obtain trade secrets and proprietary information from computers, cell phones, and other electronic devices. As the memo from State warned, “Assume all electronic communications are being monitored.” The government reportedly detained journalists and bloggers and shut down certain Web sites altogether. Amnesty International accused China of using the Olympics as a pretext to tighten its grip on dissidents. China cried foul, calling Amnesty’s report biased and unfair.

Even if you’ve never had a political idea in your life, you still couldn’t wave a banner or a national flag, blow a whistle, or gamble. No sit-ins, no demonstrations, and no soft drink containers, musical instruments, cameras, or radios. No streaking, no getting drunk. As if all this wasn’t harsh enough, dog meat was ordered removed from every official Olympic restaurant. When I asked viewers whether they’d go if they had the chance, Karl from California wrote, “Never. My lungs could probably take it, but my conscience couldn’t. . . . Any country that can’t welcome worldwide tourism without oppressive restrictions isn’t worth acknowledging.” Eileen wrote, “No. Sounds like it’s being run by Dick Cheney and the Republican Party.” Hugh from New York wrote, “No dog meat! No streaking! No way!”

President Bush attended the opening ceremonies and several events, using his Asian trip to heap praise on China’s formidable modernization and market reforms, while finding common cause in politics, economics, and global security. But during a pregames stop in Bangkok, he declared, “We speak out for a free press, freedom of assembly, and labor rights not to antagonize China’s leaders, but because trusting its people with greater freedom is the only way for China to develop its full potential” (although at the time their economy had for years been chugging along just fine at double-digit growth without all of those



alien democratic safeguards in place). Bolder in Bangkok than he'd be in Beijing, Bush added, "America stands in firm opposition to China's detention of political dissidents, human rights advocates, and religious advocates." But he softened his attack by adding, "America and our partners are realistic and we are prepared for any possibility. . . . Change in China will arrive on its own terms and in keeping with its own history and traditions. Yet change will arrive."

Once Bush arrived in Beijing, he met with President Hu and vowed to "continue to be candid about our belief that all people should have the freedom to say what they think and worship as they choose. We tend to believe societies which allow the free expression of ideas tend to be the most prosperous and the most peaceful." The government's official response proved Bush's point that China will discover democratic ways on its own terms: basically, they said, *butt out*. As their Foreign Ministry spokesman put it, "We firmly oppose any words or acts that interfere in other countries' internal affairs." By Bush's speaking out in Bangkok and not in Beijing, and for his meeting with exiled Chinese dissidents in Washington—instead of drawing more direct attention to dissidents in prison—Human Rights Watch advocate Sophie Richardson blasted "this administration's peculiar combination of cowardice and ineptitude in raising these issues directly and effectively with the Chinese leadership," as she was quoted in the *New York Times*.

We didn't just lose our moral high ground with China. We gave it away. We surrendered it. You can't run rendition prisons, abuse and illegally hold detainees at Gitmo, spy on your own citizens without court-ordered warrants, *and* expect to serve as some sort of beacon for human rights and freedom around the world. That might be one of the reasons that President Bush didn't feel comfortable boycotting the games' opening, because, pardon me, what excuse do you use for not going? The British and the Germans weren't water boarding detainees or invading sovereign nations. If I were Bush or one of his advisers, I might have said, "Look, not only do we have a huge business interest

in relationship with them, but if we get up on our hind legs over human rights abuses, it's going to maybe ring just a little hollow."

Now it's President Obama's turn to reset our moral compass around the world, flex our own muscles for Chinese trade and economic issues, *and* forcefully confront their unacceptable human rights abuses. It will require a fiscal and multidisciplinary strategy that includes spending within our means and readdressing trade agreements that benefit our own workforce. China depends on us as a marketplace; that's leverage they understand, whether we (or they) are in a deep, lasting recession or not. But long before the trillion-dollar Wall Street bailouts began, our economy needed urgent regulation and reform. We're going broke, with liabilities ahead we can't meet, a weakening economy crushing our middle class, and, until the latter half of 2008, spiking gas and home heating oil prices we couldn't afford.

A piece by the Associated Press back in June 2008 illustrated what we have been up against. The AP covered a rare 5–0 International Trade Commission vote to impose penalty tariffs of 99 to 700 percent—on skyrocketing imports (or “dumping”) of government-subsidized circular welded steel pipe made in China. The case, filed on behalf of a half-dozen U.S. pipe makers and the Steelworkers Union, marked the first time an American industry had won a ruling to impose such a tariff. Circular pipe “dumped” here kept import prices so low that the U.S. industry had lost a quarter of its workforce throughout thirteen states as imports soared from 10,000 tons in 2002 to 750,000 tons in 2007, according to the AP. The piece quoted Steelworkers Union's president Leo Gerard as saying, “China is a trade cheat. They undermine the market, depress prices, and destroy jobs.”

Such so-called free trade agreements, often championed by pro-big business Republicans, boost corporate bottom lines by relying on cheap-labor manufacture of products overseas, with little or no attention paid to the wages or work conditions of Chinese factory workers. Importation is exponentially accelerated by very low tariffs, and there's virtually no oversight from our own Consumer Product

Safety Commission (CPSC), which has no direct jurisdiction abroad. And profits soar. Everyone wins—except the unionized blue-collar workers priced out of the U.S. workforce.

We've had an ongoing economic and philosophical debate in the United States about whether free trade or protectionism is the right way to go. In a perfect world, free trade is, but you've got to keep some protections for American workers. Our unions have atrophied, with millions of manufacturing jobs sent overseas. That's why wages are going down here; products sold here are being manufactured by outsourced workers who get a hell of a lot less money than American workers do, weakening the bargaining clout of the American labor union. Not to mention kicking up the anxiety level of the already struggling U.S. consumer when news breaks of another shoddy, toxic, or deadly product from China's churning, choking factories.

Some of their junk is no bargain, at any price. When they're manufacturing poisoned pet food or medication and sending it over here, the products are banned and we eventually stop buying their pet food. We have end-user leverage, meaning kids and consumers usually have to get injured or poisoned or die before their junk makes the news cycles. So it's in their interest to quit making poisoned pet food and make edible pet food so that we'll continue to buy the stuff. China's global ascendancy aside, the flow of defective or deadly products shipped here has been steady—reportedly from tires to tainted seafood, to toy wooden trains with lead-based paint, to toothpaste laced with an industrial solvent found in paint and antifreeze. The list goes on: defective baby car seats, collapsing kitchen stools and cribs, a couple hundred thousand tomato planter racks hawked on a home shopping network that fell down after you hung them up. One newsworthy 2008 recall involved twenty million Barbie dolls and Polly Pocket dolls and accessories. The deadly pet food made in China that killed hundreds, possibly thousands, of dogs and cats here contained wheat gluten and was contaminated with the chemical melamine, which is used to make plastic and fertilizer. Since September 2008, six infants have died and, by one account,

some three hundred thousand babies suffered kidney and urinary problems from baby formula and milk deliberately contaminated by melamine. (In late December 2008, the former chairwoman of one of China's largest dairy producers, several of whose executives also faced trial, pleaded guilty to selling the tainted milk powder.) A major 2008 public health scare involved the blood thinner Heparin, a life-saving drug used by kidney dialysis patients—another wave of pregames global news the Chinese didn't need.

In April 2008, just as the Tibetan riots were quelling, it was discovered that Heparin shipments to eleven countries, including the United States, were contaminated. The Food and Drug Administration and the Chinese were investigating charges that the contamination at a particular factory might have been deliberate. The FDA said that as many as eighty-six deaths and another eight hundred adverse reactions were possibly linked to the adulterated drug. When it comes to these massive product recalls, there may be very little we can realistically do beyond banning their import from China until their own manufacturing standards and oversight improve. Massive boycotting of cheaper consumer products in a seriously slumping economy here is unlikely.

The CPSC can issue ad hoc recalls and temporarily halt dangerous imports. There has been talk in Congress of establishing a CPSC liaison in China to do oversight earlier in the export chain. But it's unrealistic to think we can bring in as much stuff as we do from China and have all of it pass muster. As it is, the Chinese have their own way to deal with lapses in quality control. As the *International Herald-Tribune* reported in July 2007, China executed the former head of its State Food and Drug Administration "for taking bribes to approve untested medicine, as the Beijing leadership scrambled to show that it was serious about improving the safety of Chinese products." They take their scrambling seriously there. The Chinese do seem prone to overdoing due process. Suffice it to say that if you're killing Tibetan monks, you're probably a little more aggressive than maybe you need

to be. The message is clear: they don't fuck around. Step out of line, it's a wrap. China did rank number one in executions for 2007, with 470 reported. (Scorekeeper Amnesty International tallied forty-two in the United States.)

One unnerving trend tied to China's global impact is that their political model is catching on in developing nations. In fall 2007, I did a piece about a report from the advocacy group Freedom House, which found that China, along with Russia and Iran, showed fundamental gaps in the way they govern, which further complicates other issues these countries are facing, whether environmental catastrophes, export scandals, or, as in Iran and Russia, corruption. Perhaps more troubling, I went on, was that developing states like Libya, Tunisia, and Algeria were emulating China's and Russia's model—a different kind of beacon in the world from ours—by linking economic expansion to human rights repression.

In March 2008, the State Department, in its annual report on China's human rights record, called out China for sweeping abuses. The AP story on the survey said the report described China as “an authoritarian nation that denies its people basic human rights and freedoms, harasses journalists and foreign aid workers, and tortures prisoners.” The piece described the report's “chilling account of alleged torture, including use of electric shocks, beatings, shackles, and other forms of abuse.” The government has also cracked down hard on members of ethnic and religious sects, including Christians, according to reports from human rights groups. In addition, the government keeps rigid control over the flow of information and opinion over the Internet. Amnesty recently found that more than two dozen journalists have been thrown into prison for speaking their minds on the Web. The State Department report, issued on the eve of the rioting in and around Tibet (and with the games only five months away), cited “tightened restrictions on freedom of speech and the domestic press. The government continued to monitor, harass, detain, arrest, and imprison journalists, Internet writers, and bloggers.”

Two months before the spectacular opening ceremonies, the organizers got into the true Olympic spirit of bringing nations together by issuing fifty-seven no-nonsense warnings to visitors: arriving with tickets did not guarantee a visa to stay in-country; anything smacking of “subversion” got you barred; many regions of China were off-limits; the police could search anyone at any time; and foreigners had to register with local precincts. Wave an “insulting” banner and get your ass locked up somewhere. Oh, and people found to have mental illness, sexually transmitted diseases, or a taste for prostitution would be banned.

The Chinese zeal for law and order makes a nice fit with their years-long commitment to ramp up their military. They’ve definitely gotten the Pentagon’s attention, with the *New York Times* reporting a “further sharp increase in military spending.” The jump was announced just after our own military warned China about its secrecy surrounding the massive buildup of its armed forces. The *Times* said that China’s defense budget shot up nearly 18 percent for the second year in a row, following double-digit defense growth for two decades. All of this arming up has transformed China, the *Times* added, into “a major military power and the country most capable of challenging American dominance in East Asia.”

When commander in chief Howdy Doody vowed to return to the moon and put a man on Mars, he was reacting to, among other factors, China’s rapidly advancing space program: three astronauts participated in China’s first spacewalk in September 2008. This no doubt has got the Pentagon’s attention as well. Whatever happens with their economy, the Chinese most likely will continue to have the cash to do what they want for defense and space exploration. Our new administration can ignore all of this at its own peril. In its annual report on Chinese defense, the Pentagon said that the accelerating defense ramp-up “poses risks to stability by increasing the potential for misunderstanding and miscalculation.”

One catch in taking the moral high ground with China is that we share a common strategic and diplomatic interest in reining in North Korea’s nuclear designs. It is not in China’s interest to have a bunch

of nukes in Kim Jong Il's hands on its east coast. Similarly, China was a U.S. ally of sorts when they hated the Cold War-era Soviet nuclear menace to the north. China's leverage stems not just from its military and industrial might, but from periodic sanctions such as suspending or cutting crucial energy and food shipments to North Korea. Kim Jong Il presides over a nation that is as economically feeble as it is militarily deluded. As *Time* reported in May 2008, North Korea is potentially "on the brink" of another famine. In the 1990s, after its ally, the USSR, collapsed, food relief from the Kremlin dwindled, and an estimated three million Koreans starved to death.

China has been a key influential member of the six-party talks on North Korea's nuclear ambitions that led the Jong Il regime, in a dramatic breakthrough, to halt its nuclear weapons program in 2008 and to verify how extensive its uranium and plutonium enrichment has been. Apparently, after a yearlong boycott of the talks, China reportedly brought the Koreans and the United States together for informal talks that got the Koreans back in the negotiating mood—a rare coup in the era of cowboy diplomacy. China's membership in the UN Security Council could also exert strategic influence, as the AP reported in 2008, in dealing with Myanmar's military junta and Tehran's uranium-enrichment program. Today's diplomatic ally is tomorrow's invasion target. Those kinds of relationships can be quite fluid, as events and alliances dictate.

Such ties with part-time "ally" Russia, as well as with China, are often fraught: the Chinese, like the Russians of the Cold War, also have an elaborate spying network in our midst. As CNN reported in mid-2007, the United States loses more than \$60 billion a year in intellectual property theft alone by Chinese spies and computer hackers. As CNN's Brian Todd put it, "the Chinese have a huge infiltration network tapping American business and military assets." Much of the dirty work is reportedly done by People's Liberation Army computer hackers. The piece quoted a former National Security Council member as saying, "The PLA and other organs of the Chinese government see cyberspace as a battlefield in the event of conflict with

the U.S., Japan, or any other country.” Congressman Randy Forbes of the Congressional China Caucus says the Chinese have created thousands of front companies, even recruiting students, businessmen, and tourists to gather information, as our *Situation Room* piece said. A congressional commission report cited in our piece found that “Chinese espionage is the single greatest threat to American military and business technology, and is straining U.S. counterintelligence.”

Other reports claim Chinese spies copied the laptop hard drive of Bush administration Commerce secretary Carlos Gutierrez during an official visit, enabling them to hack into Commerce’s network. Another report claimed that an unclassified Pentagon e-mail system had been hacked, allegedly by Chinese agents. In 2007, the AP reported that two House members said their laptops, with files on political dissidents around the world, had been hacked by Chinese operatives, while the *Financial Times* said that army hackers had breached the U.S. Defense Department network, partially crashing Secretary Robert Gates’s office system. In 2008, *National Journal* ran a piece titled “China’s Cyber-Militia,” in which it speculated that People’s Liberation Army “cyberspies” may have triggered a local power outage in Florida and, possibly, played a part in the massive 2003 blackout across the northeast. The story quoted a senior U.S. counterintelligence official, Joel Brenner, as saying, “What makes the Chinese stand out is the pervasive and relentless nature of the attacks that are coming from China.” The Chinese tend to dismiss these claims as baseless, paranoid fantasies—kind of like a Cold War hangover.

If the Tibet rioting broke the spell of fierce nationalistic pregames hype, it also proved that not even the Chinese can manufacture and export enough spin to change the debate on human rights when the entire world is keeping score. Of all of the things that I go on the air and piss and moan about, day after day, month after month, year after year, an almost accidental, casual discussion about U.S.-Chinese



relations provoked an international incident and noisy protests in cities around the United States and in Beijing. The broader context of my “goons and thugs” remark was the belief among Chinese people all over the world, including Chinese Americans, that the Western media were guilty of biased and distorted reporting, or, as Reuters put it, of “demonizing” China and its regime at every turn. What happened immediately after my remarks confirmed the kind of fever-pitch nationalism China’s leadership has whipped up for decades, if not the effects of brainwashing its own citizens.

CHINA DEMANDS CNN APOLOGY FOR “GOONS COMMENT,” read one Reuters headline. It was the lead editorial in the Chinese *People’s Daily* and was talked about on Beijing’s national nightly news. “We are shocked at, and strongly condemn the evil attack by the CNN anchor on the Chinese people,” said Chinese Foreign Ministry spokesperson Jiang Yu at a Beijing press briefing. “Cafferty used the microphone in his hand to slander China and the Chinese people, and seriously violated reporting ethics.” She went on: “We solemnly demand that CNN and Cafferty himself take back his vile remarks and apologize to the whole Chinese people.” Ms. Yu also said my remarks “reflected his arrogance, ignorance and hostility towards the Chinese people, ignited indignation of Chinese at home and abroad, and will be condemned by those who safeguard justice around the world.” (This from the regime that brought you the 1989 Tiananmen Square massacre in which Red Army tanks and troops crushed pro-democracy demonstrations by unarmed students, teachers, workers, and others, killing some two thousand people.)

A flood of antimedia traffic surged across social-networking sites, blogs, YouTube, and the like, including [www.anti-CNN.com](http://www.anti-CNN.com), a Web site dedicated to tracking perceived Western media bias coming out of China. One California-based Chinese American group, the Legal Immigrant Association, sent out an online petition calling my views “racist” and “despicable” and demanding that CNN not only apologize but “discipline” me as well. There were some unnerving moments, namely, seeing video of ten thousand demonstrators in

California outside our CNN offices, as well as protests at our Atlanta headquarters and outside CNN at the TimeWarner Center in New York. For several days, angry demonstrators were marching and carrying signs, as cars drove around the building with large signs bearing my name. I had to be smuggled in and out of the building through the underground garage for several days by our security people. I also got a strange phone call at 1 A.M. from some guy out in Washington State who said he was Chinese and wanted to “have a discussion” with me. Those things do get your attention and make you anxious.

The network issued a statement saying that my comments reflected my “strongly held” opinion of the Chinese government, not of the Chinese people: “It was not Mr. Cafferty’s nor CNN’s intent to cause offense to the Chinese people, and we would apologize to anyone who has interpreted the comments in this way.”

CNN explained that beyond its balanced reportage, it also “employ[s] commentators who provide robust opinions that generate debate. . . . It should be noted,” CNN added, “that over many years, Mr. Cafferty has expressed critical comments on many governments, including the U.S. government and its leaders.” Not to mention that with the exception of my subjective characterization of the government’s “goons and thugs,” every other comment I made was fact-based. A few days later, I did go on the air to clarify that, as I put it, “I was referring to the Chinese government and not the Chinese people or to Chinese Americans.”

That didn’t quite do the trick. A *Washington Post* piece reported that Ms. Yu had dismissed my apology as “inadequate” and added that it “took aim at the Chinese people, attempting to sow dissension between the Chinese government and the people.” At one point, CNN’s bureau chief was summoned to the Foreign Ministry amid murmurings that our correspondents there were having trouble getting visas.

Within days, the state-run press stepped in to temper its people’s assaults on the Western media, urging the Chinese to chill out. *China Daily* ran an editorial asking people to remain “rational.” “As the

country becomes the locomotive of the world economy and plays a bigger part in global affairs,” the editorial read, “it draws more attention from the rest of the world.” Chinese citizens “should be ready for criticism.” Another Foreign Ministry spokesman may not have read the paper that day. He issued a statement in which he rejected our apology, “solemnly” urged CNN and me to withdraw my “vile remarks,” and demanded a “sincere apology” to all Chinese people. He also said I had “maliciously” attacked the Chinese people and “seriously violated the professional ethics of journalism.”

The opinions among viewers about the International Olympic Committee’s handling of the post-San Francisco torch relay were every bit as robust as my own. As Paul in Toronto noted (accurately), “The torch tour has nothing to do with Olympic tradition. It was invented by the Nazis as political propaganda to advertise the Berlin Olympics of 1936.” (It was there that pioneering black American sprinter Jesse Owens spoiled the stunned Führer’s fun when he raced to three gold medals and long-jumped to a fourth.) Brian in Moscow, Idaho, wrote, “Jack, I don’t know, but I’d advise them to extinguish [the torch] before it gets to Beijing—I hear the air there is flammable.”

A little more than a month after my contretemps with the Communists, a devastating earthquake killed an estimated seventy thousand people in Sichuan Province. In the rescue effort that ensued, a story in the *Washington Post* told how National Public Radio’s Melissa Block and Paul Siegal, cohosts of *All Things Considered*, happened to be in the provincial capital of Chengdu for a report on China when the quake struck. They sent back vivid live dispatches on desperate relief-and-rescue operations. The pair told the *Post* that some local residents were suspicious of them, even hostile, owing, in part, they sensed, to CNN’s Tibet coverage. As *Post* writer Paul Farhi quoted Siegal, “It’s been said that everyone in China can quote Jack Cafferty.”

I was, frankly, surprised at the intensity of the whole thing as it was unfolding. For a couple of weeks, the Chinese regime certainly had CNN’s attention. I suppose I was an easy target. I had said something that they could latch onto and they did. Thankfully, it wasn’t long

before the Chinese people had their sights set on a new target of opportunity. Actress Sharon Stone happened to be gliding along the red carpet at the Cannes International Film Festival when, in answer to a question, she unburdened herself of her view that the Sichuan earthquake was bad karma for China's abusive treatment of the Tibetans. It was an insensitive remark that understandably further outraged the Chinese. Stone quickly apologized, admitted she "misspoke," and offered to assist the earthquake relief effort.

The Chinese, surrendering to their own basic instinct to lash out at us when we exercise our distinctly American, inalienable right of free speech, barred her from appearing at the upcoming Shanghai International Film Festival, while the owner of one of China's top cinema chains reportedly banned her films from his theaters. Fortunately, we can count on Hollywood celebrities to periodically say stupid things. Sharon Stone rode to my rescue, and, while the Beijing Olympic torch continued to burn brightly as the games approached, she did manage to take the heat off me, God bless her. Looking back, the "goons and thugs" incident was like a bright star that burned for a short period of time and then went out.

Now one billion pissed-off Chinese can quote Sharon Stone.

# 5

## **The Family's a Corporation Where I Hold All the Voting Shares**

**I**'m no Dr. Spock and would be the last person to tell anyone else how to raise children. But I'm old school: kids want boundaries. They want limits. They want to know where their fence lines are. Call it tough love, but they want to know how their parents will react if and when they test those limits. Knowing rules and respecting authority will make their decision making much simpler.

I have four terrific daughters—Julie and Jill, born, respectively, in 1966 and 1967, to my first wife, Judy; and Leslie and Leigh, born, respectively, in 1981 and 1985, to my wife Carol, whom I married in 1973. The two older girls went through a broken home, their mom's second divorce and moves around the country, and long-distance fathering. There was also the fact that I was drinking through it all. Leslie and Leigh grew up in a more stable suburban New Jersey home, with an extraordinarily strong mother. I didn't get sober until 1989, and it took me some time to come off going cold turkey before life settled down nicely for us.

But despite really being two different fathers in two different eras, I had clear and consistent instincts from day one. I was dead-set on creating a stable, cohesive home life for my children—that is, everything I was denied growing up—and on being a far more hands-on, emotionally connected presence in their lives, even during a long-distance call, than my dad had been in mine. There are just so many ways these days for kids to go haywire. There always were, I suppose. I feel I've beaten some rather imposing odds, and I could not be prouder of all of my daughters. The credit is largely their own. Maybe, as shrinks will have us believe, we all try to re-create as adults some of the key stuff that we lacked as kids. If that's the case, let's start with a solid, consistent set of boundaries, which was all but nonexistent for me—a fact of early life that unquestionably messed me up big time.

If I wasn't treading on eggshells around Tom and Jean Cafferty during my Reno, Nevada, childhood, I was navigating scary emotional land mines, wondering how long it would be before Dad had too much to drink, igniting the tension and toxic emotional and verbal abuse he was capable of then. I was often left to fend for myself and to create (or erase) my own boundaries. It wasn't always easy.

My parents were dysfunctional, self-destructing alcoholics. I worked constantly as a teenager, which included making my radio debut as a DJ in my senior year of high school, to help cover the grocery bills for my mom, whose gradual addiction to prescription drugs and alcohol eventually rendered her unemployable and at times deeply depressed. My dad married and divorced eight times (my mom married three times); living large and planning small, he blew a small fortune on booze and big tips for his enablers tending bar, but when it was time to pay for college, he came up short. Having no money forced me to quit the University of Nevada at Reno after three years and ditch my dream of becoming a surgeon.

How do you set boundaries for your sons when you're taking them with you on custodial visits to saloons all over town and soon cruising for broads together? By the time I was twelve, my brother, Terry, and

I were along for the ride to bars with my dad, a popular, provocative, opinionated radio and TV personality around Reno, with his western suits, cowboy hats, and new Cadillacs every year or two. He'd hold court at the bar while Terry and I sat at a nearby table and nursed Cokes. It was right out of a *Father Knows Best* episode.

When I could drive, my dad and I would sometimes meet and have a drink, then go cruising in one car. One night we were at the Eagle Bar on California Avenue, right off Virginia Street's main drag, and we met two young ladies. He was a smooth talker who did the wrangling. We wound up driving off with these gals sitting together in the backseat of my car and Tom Cafferty riding shotgun. My '58 Chevy hardtop was quite a hot machine, tricked out with a floor shift, a big engine, and a four-barrel carburetor, that would "get after it," as they said, along with my Smith & Wesson .22 pistol, which I always kept in the glove box. How I was never arrested for DUI is one of the great unsolved mysteries of the modern world because I used to drive drunk all the time. In fact, at Reno High School my buddies and I would sometimes leave during the noon hour, go out and kill a six-pack in the car real quick, and return to class and try to stay awake through the last period.

My dad and I were driving to the motel or the apartment where these girls were living. I was half loaded and had no idea where I was going. It's a good bet that I was also checking out the legs in the rearview mirror just at the moment the driver in front of me stopped short to make a left turn. I hit him pretty hard. As loaded as my dad was, he snapped into action. "Switch seats with me fast before the cops get here, and I'll convince them I was driving," he said. The police were there in a flash, but Tom Cafferty pulled it off, avoiding arrest for DUI for both us. The Chevy, its front wrecked, was towed to the impound lot.

It wasn't until I awoke with a huge hangover that it hit me: if the cops hadn't already found it, my .22 was still in the car. I called a buddy and told him, "You gotta stand lookout while I break into the police impound lot and get my .22 back."

"You're insane," he said, "and thanks a lot, while you're at it. I'll be looking forward to a long stretch in prison if this screws up." We waited till the middle of the night and headed over. As he stood look-out, I hustled up and over the fence and got into this yard. I broke into my own car, busted open the glove compartment, grabbed my pistol, dashed back, and hopped back over the fence before making a clean getaway. I couldn't afford to repair the Chevy, and it was, sadly, eventually repo'd.

I didn't learn that my dad packed his own piece under his front seat until the night we stopped at a light on South Virginia and a car full of four or five punks rolled up alongside. Wasted and aggressive, they recognized my dad and started in with some in-your-face trash talk. Public profile or no, my dad couldn't have cared less, and he got right into it with them. You just did not mess with my old man, period.

"If you're looking for trouble, you found some," he growled back at these idiots. "Just follow me and I'll be glad to discuss this with you further." And I'm going, *What, are you crazy? Can't you count? There's five of them, two of us—you're out of your fuckin' mind.* But I didn't say that. Better that he be pissed at them than at me. I still remembered the brutal, bloodying backhand slash across the left side of my face with his turquoise ring when I confessed to him in his car about smoking at age thirteen. These kids were stirring up a world of trouble.

The light turned, my dad sped off, and the goons fell in behind us. My dad went a few blocks before pulling into an empty parking lot behind a big drugstore. "There's a hammer under your seat," he said. "You better get it, you might need it." I'm thinking, *We're gonna die here. This is crazy.* When he slammed on the brakes, he reached under his seat and pulled out his own .32 special. The other car came screeching up next to us, and my dad's door flew open. He stepped out, yanked open their passenger door, grabbed the kid riding shotgun by the scruff of his neck, and jammed the barrel of the .32 against the



kid's forehead as he cocked the hammer back. "Now, *how much* god-damn trouble do you want?"

My guess is the kid shit his pants. Suddenly, his pals thought twice about getting out of the car. "Get back in there and go on about your business," my dad said, "because you've just got yourselves into a lot more trouble than you can handle." They cowered back into the car and drove off. That was the end of it—another bonding moment with Dad that left me absolutely shaken and terrified.

One of the highlights of my turbulent youth was an annual trip on a Greyhound bus to Las Vegas to visit my uncle, Jack Duffy. He was my dad's older brother—another larger-than-life character for me. He grew up in the gambling business and made his way from shift boss to casino manager at the Golden Nugget. I loved visiting Uncle Jack because he'd let his security people know I was around and just give me the run of the place when I was underage. I'd sit in the bar and watch Hank Thompson and Wanda Jackson and all of these great country-and-western acts perform live. I'd drink my Cokes, go to the restaurant, eat my sandwiches, go wander, and watch people gamble. It was like being cock of the walk, all the more exciting because it was against the law for me to be in there.

Uncle Jack was a hunting and gun enthusiast who had turned one of his bedrooms into an ammunition room, where he hand-loaded his own rounds for his rifles, pistols, shotguns, and handguns. He was quite the expert at it. He'd tweak the loads and make them hotter or softer with heavier-grain bullets or lighter-grain bullets to increase the muzzle velocity and the foot pounds of energy and all that. At one point, he even built his own homemade seventeen-caliber rifle with amazing velocity. It shot a little tiny bullet out of the barrel at some ungodly speed, which traveled great distances with very little vertical drop. I was in awe.

We didn't have an ammunition room in the modest rental house where we lived in Reno with our mom—probably a good thing. One

night Terry and I were home alone watching some scary movie on TV. I figured it was also a good time to clean my own shotgun, thinking maybe I'd feel better with it in my hands because of the scary movie. I liked guns, having often gone hunting with my dad, Uncle Jack, and their hunting buddies. I brought my sleek Ithaca Featherlight 20-gauge into the living room, took it apart, cleaned it, oiled it, and put it back together as we watched the movie.

Playing around, I pumped the pump action once, raised the shotgun up to my shoulder, aimed at the wall, and harmlessly squeezed the trigger. The shotgun went off. Somehow, a round was still in the chamber. The blast blew a ten-inch hole through the living room wall. We were lucky. My little brother had stood and walked from the chair into the kitchen two seconds before I pulled the trigger. I could have easily blown his head clear off as he got up. How do you explain away a gaping hole that wide in the wall when your mother comes home later? Lightning? Practicing my golf swing? There's no way. I copped to it. "I blew a hole in the living room wall with my shotgun, Mom." Just what the poor woman needed—it's no wonder she drank.

By the time I was a young father of two in my mid-twenties, I had no blueprints or owner's manuals on parenting, just the guidance that resonated from my chaotic childhood about what to *avoid*. I was sure about one thing: my own kids were going to have it very differently than I had had it, and I was going to try my damndest to do a better job at it than my old man ever did. As my kids all attest to this day, I was more of the black-and-white school. Without firm limits and reference points for how to behave, kids are just out there drifting, susceptible to other people's theories and influences. Sit a kid down and say, Look, here are the rules. You can't do this and you can't do that. Memorize this list, stick to it, and don't do the stuff I say you can't do, and we're all going to get along fine. Those reference points shape and reinforce their own recipes for what life is supposed to be about.

I used to tell the girls to think of the family as a corporation where I hold all the voting shares. We can have discussions and you can air

your views and I will listen, but at the end of the day I'll make the decision I think is best for you until you're twenty-five. For now, you're free to tell me to go to hell, too, but I'm going to drive the boat around here until we either hit a reef or get to the island we set sail for.

My theory seems to go against the seemingly prevailing trend we see everywhere we go these days, namely, that kids can do no wrong; they're in charge because they're perfect; they're too gifted and special to be reined in by discipline; and they're entitled to do what they want.

I was still living in Reno when my first wife, the former Judy Walker, and I had Julie and Jill. I was barely twenty-five. At the time, there was no money to speak of and no reason to believe there was going to be any money in the family to speak of; what I lacked in parental philosophy I made up for with determination and will to make this family unit thrive and endure. We both very much wanted to start a family. Like anyone, I was affected by the immensity of it all. This was big stuff. The days those babies came into the world, I was rocked to my very foundation. Suddenly, you realize it is up to you to protect them, care for and provide for them, do the right things by them.

We felt our way through. How much philosophy can you have with two young kids and a wife, while you're trying to eke out a living? Judy and I were more than financially challenged. *Broke* would be the operative word, despite our attempt to emulate and live inside that Norman Rockwell picture on the wall. Besides, the more immediate challenges I faced as a parent were not philosophical but chemical. I was drinking up a storm when the kids came along.

Broke and boozing are not a great combo. One day I somehow talked the local bank in Reno into loaning us three hundred dollars to pay bills or whatever. Though we really needed this little bailout, I picked up the money in the afternoon and met a friend of mine and started drinking martinis in some saloon. Forget putting away the money; I put away the martinis and walked into the only casino in Reno that I knew to be crooked. In my enhanced state, I figured I'd just play 21 and run this three hundred bucks into three thousand real quick and

then everything will be fine. I ended up losing the three hundred in a crooked card game.

I knew the games were no good because a buddy of mine dealt cards there. That's not to say all games are crooked because most of them aren't, and Nevada couldn't have the thriving casino industry that it does if they ran crooked games all the time. But this one joint had a reputation: if you were going to make a bet, you didn't make it there. But I played because gin makes you smart and juniper berries get your brain going.

I got home at some ungodly hour. Judy was waiting for me and was not happy. "I'm drunk," I said, "I'm tired, and I lost the three-hundred-dollar bank loan in a crooked card game. Nothing that you can say to me at this point is going to make me feel any worse than I already do. So if you'll excuse me, I'm going to sleep."

In late 1968, my air force reserve unit in Reno was called up and we were jerked out of Reno to Richards-Gebaur AFB outside Kansas City. After my stint in the service, I got a broadcasting job at Kansas City's WDAF-TV. As hard as it was to pay the bills, I made things far tougher all around: I wouldn't go home after work. I was hanging out in rough-and-tumble after-hours joints around Kansas City. You tended not to read about these places on the society page. They were full of hardcore, brawling, drinking jackasses and mob types. And when the bars closed in Missouri at 1 A.M., I went across the river to Kansas City, Kansas, and continued on until the bars closed at three.

It was, looking back, probably only a matter of time before the marriage fell apart in Kansas City, which it did around 1970. The realization that I had failed at this was devastating. Splitting up shattered, for the time, any hopes I had of ever achieving some sort of decent, cohesive, and stable home life. Maybe I just wasn't cut out for it. The divorce brought me right back to those fears rooted in Reno.

The paradox, of course, was that alcohol, which had clearly caused my share and more of our marital troubles, had already ruined my own early family life. This was becoming a generational saga. My parents

had failed me, and it felt as if I was somehow now failing Julie and Jill. Naturally, I never wanted them to experience the deep sense of uncertainty and turbulence about their parents that I experienced about mine. No matter what else was going on or where the kids lived, I tried to provide consistency and a foundation so that they knew where and who their dad was. And they were absolutely clear about what my expectations of them were.

I wasn't proud that I had this problem, but it was crucial to keep the drinking under control around the girls. Booze knocks down inhibitions—taking patience and understanding with them. When you're drinking, you become more judgmental, less patient, and more of a pain in the ass to the people around you. It's just the nature of the disease. (It was the same with my second wife, Carol, and our daughters, Leslie and Leigh, although I managed to get sober when the girls were still very young.) Still, as hard as I tried to keep things halfway sane, an alcoholic is simply incapable of being a responsible, nurturing, connected dad.

The girls were barely in grade school when the marriage ended. I moved to an apartment on the west side of town, and they came and stayed with me for weekends. I never kept much of the stuff in my home, and I never walked around drunk when I was with Julie and Jill, but both of the older girls do recall my stopping off somewhere to grab a six-pack when they came over, and that's bad enough. I was fighting the urge, and with the kids visiting, the emotional stakes were so much higher for me to get the upper hand on my demons. I was always good fun, though, given my own past. I was maybe not the best "let's play Barbies" kind of dad, but I did get them a dollhouse and tried to do things with them that they enjoyed. I delighted in all of the normal father-daughter stuff with them: hanging out and playing in the parks, letting them run around the TV studio, getting something to eat with them, going to see a kids' movie with them. Whenever we were driving around with the kids in the backseat, it was always important for me to reach back and hold their hands or pat them on

the knees—a silent gesture affirming my presence and feeling of happiness that we were all together. Julie and Jill have always taken care to let me know that this feeling came through to them. As an absentee dad, I tried to be on my best behavior and relished that special time.

Drinking certainly never got in the way of protecting my kids when they needed it. Right after we split up, Judy and the girls lived in a suburban duplex in Overland Park. The other half of the duplex was occupied by this cranky old coot and his wife, and he didn't seem to appreciate the intrinsic value of my well-behaved, lovable daughters. He'd bitch at them about damn near everything—and they were never brats raising hell in local restaurants, trust me. Judy was aware that this guy had mouthed off at the girls before, but she hadn't ever bothered me about it until the day the kids were splashing around in a little inflatable rubber pool out in the driveway. Out of nowhere comes this mean old lunatic, who wanders over and starts yelling at them for splashing water on his driveway, apparently just being a nasty jerk. The kids were scared enough of this creep to run inside to tell their mom about him.

Judy called me at my office at the station and told me what was going on. "I don't know what to do," she said. I knew what to do. It was the middle of the day. I walked out of the station, drove to their place, walked up to the man's door, and knocked. When this turd came to the door, I said, "Do you have a couple of minutes? I'm the father of those two girls next door. Mind if I come in?" Before he could say much of anything, I walked right past him and went inside. He closed the door. I didn't wait for any phony pleasantries.

"Let me tell you something, you prick," I said. "If you ever open your fucking mouth to my kids again, I'm coming back out here and I promise you will enjoy the next visit even less than you're probably enjoying this one. If you have a problem with those kids, you talk to their mother or you talk to me. But you do not *ever* speak to them again. Am I making myself clear enough here? Are we getting this?" He just looked at me and mumbled that he wouldn't cause any more

trouble. "I am telling you this only once: do not under any circumstances talk to my girls." He just stood there and shook his head. "Now you can go back to whatever it is you do here, I'm going back to work." And I walked out.

The kids, who to this day remember my rant, went back into the pool now that I was around. I walked over, gave them each a kiss, assured them that the problem was taken care of, and I returned to work. The miserable crank never spoke to them again.

If my kids didn't want to be on the receiving end of my temper, keeping their grades up at school was one sure way to keep the peace and make me proud. I know they all look back and say I was a "fanatic," "obsessed," "scary," "totally terrifying," "universally intimidating"—to borrow words they use affectionately when remembering how much fun school really was for them. They were never told they had to get straight As *or else*; I expected them to work to capacity. If you're a C student getting Cs, then Cs are okay. If you're a B student getting Cs, then maybe you're grounded until you kick it up a notch. There were no cash bribes for excellence and no negotiations for underperformance. School matters, I told them, and it will matter for the rest of your lives. As one of my girls once put it, sensing my disappointment if they underachieved felt almost worse than being grounded. The message was that unlike grownups, children didn't go to work, but they did go to school to learn something about the world they live in as a way to equip themselves to make a contribution in life later on. *School* was their job.

All of them accepted that responsibility and did very well in that regard, although the first two kids struggled through a lot of upheaval in their early teens. Their mom had moved them to Topeka, putting me at a greater distance from their lives. She got remarried there and eventually got divorced there. On my end, I'd left Kansas City in 1974 for a better-paying job as news anchor, reporter, and news director at WHO-TV in Des Moines, Iowa. Three years later, I headed to New York City to work at WNBC's *Live at Five*. Then, around 1981, when

Julie was fourteen in her sophomore year, and Jill was thirteen and a freshman, Judy left Topeka for Phoenix to pursue a job opportunity with her company (and a new relationship). The girls, naturally, pitched huge fits; they refused to uproot and leave their pals and their active school lives behind for this. In her desire to placate the girls, Judy opted to go out there on her own, hiring in haste a twenty-seven-year-old “nanny” (actually, the girls told me, their mother’s colleague from work) to move in and keep an eye on the girls for the remainder of the school year. For a variety of reasons, one of which included her not being around much and drinking, she turned out to be worthless.

Julie, meanwhile, could now start driving at fifteen. She was out partying and having friends over, and I was sending child support every month without any idea that all of this was going on, partially because I was still drinking a lot. The girls were basically home alone. When I found out, I was appalled; their mother’s decision to leave them in Topeka put the girls in a terrible situation. Julie was asked to do a lot of things that she was probably not ready to do: stay behind, complete the school year, and get out of Dodge with her own stellar report card intact, while also looking after her younger sister. She was expected to grow up pretty fast. It was unfair to both of them, and they wound up getting knocked around emotionally with all that upheaval.

When Julie and Jill rejoined their mother in Phoenix, each one acted out her anger and rebelliousness against their mom’s actions in her own way. Julie’s new social life went in a direction I did not approve of. Jill’s brief phase of snarky teen rebellion—sassy, dissing back talk to her mom and hanging up on me on the phone (delayed reactions, no doubt, to being left alone in Topeka and then force-marched to Phoenix)—all became so flagrant that Judy called me and asked what she should do. As readers of my first book might recall, I warned Jill in no uncertain terms that if she didn’t get her act together at home, I would fly out, escort her back east, and drive her up to a lovely all-girls military academy in subfreezing New England. That turned



her on a dime. Indeed, that nugget of family folklore, passed down to my younger girls years later, helped keep them in line as well, since they figured that if I could even *threaten* Jill with that kind of stunt, I must be one mean, bad-ass dad.

My four kids all knew that to “do the right thing” was part of the bedrock foundation of my values as a father. If they didn’t do the right thing, they got my attention and they heard from me. The good thing about my kids is that they all went through their ups and downs, like most kids, but their downs didn’t involve drug abuse, unwanted pregnancies, marriages when they weren’t ready, or rebellious, obnoxious behavior that warranted getting tossed out of school or landing them in trouble with the law. Even if I threw a fit about schoolwork or something they did that they shouldn’t have been doing, they knew I loved them and would always be there for them.

Julie happened to be a straight-A kid, meaning she was a tough act for Jill to follow when they had to call me at report-card time. It was always a toss-up who would get on the phone first. Jill remembers it wasn’t easy watching Julie gloat on the phone about her perfect 4.0 and then getting on the horn to break the news about a couple of Bs and a C. Jill always says that even if their mom didn’t zero in on grades and higher education as much as I did, the message came through long-distance and loud and clear that “education” ends with four years of college and a degree. In their minds, grades always dictated the level of freedom and social life all of my girls they enjoyed. It was a major incentive, especially because they knew I would never waver in my view that education is the most important tool for success in life, whatever you choose to do after college. It was just ingrained in them that hanging out and aimlessly working part time after high school was simply not an option. It was my responsibility—parentally, financially—to make sure they made the best of their educational opportunities. Besides doing the right thing, all of my daughters embraced my other cardinal rule, which went beyond mere achievement in school: take care of yourself so that you are never forced to rely on anyone else in this world.

As Julie once put it: briefcase first, and then worry about finding a man second. She has done exceedingly well on both counts.

It wasn't until very recently that Jill made a rather extraordinary admission. She was once so terrified of telling me by phone that she had gotten a D in math for her first quarter of tenth grade that she actually changed the teacher's handwritten grade on the report card. Pretty brazen for a kid, even by the standards of my wilder days (never busted for DUI, I *was* caught shoplifting once from a drugstore). Being out West, they knew that mailing photocopies to me back in New Jersey was all part of the education drill. She just could not bear to call in the D, so she meticulously managed to turn that D into a B on the original; by the time she copied and sent it to me, it looked like a solid B to me. In Jill's defense, if I had been in her shoes and weighed the prospect of sending a report card to me with a D on it, I would have forged a B, too. It was definitely worth the risk.

One amusing story that has morphed a bit through the years is about Julie's first big love out in Phoenix. It started in her junior year—part of that horrible time of transition for her. Back in Topeka, Julie had been active in the school band and tennis and with her network of friends. Now she didn't know anyone at the new school, she hadn't made good new friends, and she missed her old ones. The mid-teens is a tough time to uproot a kid anyway. Instead of being involved in school activities, she was working part time (I was fine with that) as a waitress at a national chain restaurant. But that's where, I learned, she met and began dating a head fry cook we'll call J.D. J.D. was about six years older than Julie, long gone from high school but not quite ready for the college track. Waitress meets fry cook—*destiny*, if there ever was such a thing.

In his spare time, J.D. was also a stoner. He lavished his attentions on Julie when she was vulnerable and enamored of the fact that some older guy was paying attention to her. Understandable, maybe; unacceptable, absolutely. Ain't gonna go anywhere, was my position. The longer it went on, though, the more concern I heard from her mom.

We were both worried that this dead-end relationship was taking on a life of its own and consuming a huge chunk of Julie's time. As every parent learns, however, I had to be careful not to voice too much disapproval, lest Julie want all the more to be part of J.D.'s world.

Of all their boyfriends, he was the only one I ever got up on my hind legs about—the clown who wanted to smoke dope and fry steaks for the rest of his life. It wasn't an elitist thing. I had no problem with kids who worked at McDonald's or fried steaks, looking to go to junior college and become mechanics—if they were decent kids. J.D. just didn't seem to have much direction or ambition or anything else going for him. And Julie was, in my opinion, too young for a serious relationship. She was a kid with the potential and the smarts to go places.

One night she called to let me know—in her conscience she was doing the right thing, which was wonderful on her end—that things with J.D. were such that she had decided to go on birth control pills. This was a first for her. I didn't say a lot, didn't freak out or go nuts. I just dealt with it. Her mom couldn't bear to break the news to me, so Julie took it upon herself to act responsibly, something that I've always been most proud of. Maybe she was testing her boundaries—and respecting my authority—if not quite seeking my approval. She could tell I didn't agree with her decision, but I told her, "If that's what you've decided, I'm glad you're being responsible and feel like you can tell me."

A year and a half into this love story, Julie called me to share more happy news: her boyfriend had just given her a "promise ring" for Christmas. Talk about silent night. I said nothing. Congratulations were not in order. I hung up and called Judy. She suggested we let the relationship run its course. "I'm open to that idea," I said, "provided that the course happens reasonably quickly." But I did suggest that if it *didn't* soon run its course, I would go out there and have a chat with J.D. that would wrap things up in a hurry. The chat, I said, would go something like this: "This is really not a good idea for you: find somebody else."

When Julie got to Arizona State University, she had her “*What am I thinking?*” epiphany and dumped J.D. Then lightning—not grease splatter—struck. She started dating a handsome student named Scott Klewer, a straight-A, pre-med whiz who, by all accounts reaching me back East, was the real deal. No Christmas promise rings from Scott: Julie called with great news. “Scott and I are engaged. I’d love for you to come out and meet him sometime.”

“Hell, I’d love to come out. I’m thrilled for you. What does he like to do?”

“Well,” she said, “he’s on the school golf team.”

“That’s perfect. Tell him to set up a golf game.” Four or five hours on the golf course is a terrific way to get to know somebody. You play a round of golf with someone, you know pretty much everything there is to know about them by the eighteenth hole: whether they cheat or lie, how they react to success and failure, and everything in between. It’s a good little quick-take clinical laboratory setting.

I flew out to Phoenix and got ready for my round of golf with the new and improved love of Julie’s life. Scott and I obviously shared a more than passing interest in golf, although I hadn’t bothered to take my own clubs or golf shoes with spikes. I rented clubs at the course and planned to play in tennis shoes. Out in Reno, when there weren’t any guns around, there was golf. I could sling my clubs on my shoulder, get on my bicycle, and pedal out to the public courses in fifteen minutes. For me, it was part of my survival kit: walk the fairways, find some solitude and peace while nobody bothered me, and clear my head. Or blow my stack. I was once playing in a tournament in Reno and shanked a wedge into a creek that ran alongside the fairway. I was so disgusted I just flung the club as far as I could. It spun in the air, went way up into a tree, and lodged there. I got to play the rest of the tournament without a pitching wedge. I probably had eight cents to my name then, but in order to play golf you’ve got to have a wedge. So I had to go buy a new one. Suffice it to say that I never threw another golf club after that. So you get these little life lessons on the golf

course that are pretty important, and I've developed a tremendous love and respect for the game along the way. I'm also competitive by nature and that would probably come out during my eighteen holes with Scott—if not before.

On the first tee, I suggested to Scott that we have a friendly little bet . . . just to keep things interesting. "Here's the deal," I said. "We'll play eighteen holes, total strokes. If you win, I'll buy you and Julie a new home as a wedding gift. But if I win, I want you to go away and never speak to my daughter again for the rest of your goddamn life. Now, you're up, go ahead."

He took his first swing and drove the ball out of bounds. He hit the second one off in the rough someplace. The first hole and already it was just a nightmare for him. By the third hole, aware that he was dying a thousand deaths, I asked him, "Are you nervous?" Here was this straight-A, pre-med genius getting absolutely rattled, shaking like a bowl of jelly. I had never had more fun in my life.

Scott settled down and got on his game—and got the girl. More immediately, Julie called me at the hotel an hour or so after we finished and shouted into the phone, "What the hell did you do to Scott, you son of a bitch?" It was all in good fun, of course.

Despite all of the craziness and pressure that Julie coped with in Topeka after their mom left them behind for a few months, she kept up her grades at ASU, got her degree, and went to work at a Big 8 accounting firm. Not long ago, she and another partner set up their own very successful CPA firm with a solid reputation in Tucson, Arizona. After she and Scott got married, he proved to be a first-class husband, father, and physician, becoming head of pediatric cardiology and a faculty member at University of Arizona Hospital and medical school; they've now got two terrific teenage sons.

Jill also went to ASU and after college began to work in politics. She worked for the mayor of Phoenix for a while, as well as for Republican senator Jon Kyl of Arizona. Her husband, Mike Matchinsky, owns a printing company with offices in Tempe, Albuquerque, and

Denver, which is near where they live. They were planning to name their first child, if a boy, Michael John (in part after me), but when he was born a little earlier than expected, on my birthday, December 14, they switched the baby's name in my honor to John Michael. After the baby was born, I was the first person Jill called, with her mom and Julie nearby in the waiting room. When Jill told me, "Dad, we had a boy, we're naming him John Michael and we're going to call him Jack," I was at a friend's Christmas party back in New Jersey. Even in a public place, I got pretty choked up and teary-eyed with pride and joy. Michael comes from a large, tightly knit Polish family, and they could have named that baby after fifty people on his side. To this day, I remain deeply moved by their decision. They have a great life, too: they ski, Jill has taken up golf, and she works part time at her kids' school. They've got a daughter now, and Jill's just a terrific mom who has made a wonderful home for her family.

Back when Julie and Scott got married in Arizona, my brother, Terry, came in from California. By then, Carol and I were raising Leslie and Leigh and living in New Jersey. Terry and I hadn't been close for a number of years, so it was a rare and moving moment for us all to come together as a family. At the rehearsal dinner, I sensed that Terry was witnessing something far removed from his own life as an adult, owing to how badly damaged he had been by experiences in our childhood. He simply never had the confidence that this kind of family life could work for him—the same terrifying feelings I had to overcome after my own first marriage ended and I was drinking heavily.

"Do you have any idea," he asked me at one point, "what you've accomplished here? It's nothing short of amazing."

It was a remarkable and touching moment of recognition for both of us. Looking around the room, I realized that I had come a long way, baby.

# 6

## The Bush Legacy

### Imperial Reign, Impeachable Ruin

**U**p until George Bush decided that he was the decider,” I said one day for a piece about the Democratic Congress’s failure to stand up to his flagrant abuses of executive power, “the president of the United States didn’t have the power to spy on Americans without a warrant. Didn’t have the power to operate secret prisons around the world. Didn’t have the power to suspend due process for people classified as enemy combatants or torture them. Didn’t have the power to hide the conduct of the government from the public and from Congress.

“We used to have something called oversight,” I went on. “Remember that? It’s not like anybody gave President Bush any of these powers. He took them, as a brain-dead Congress just stood there and watched. And while this new Congress, the one we have now, promised they were going to do something about an executive branch run amok, well, the fact of the matter is, they’ve done nothing. The wars go on, the abuses go on, and the whining about why the Democrats

just can't seem to find their elusive backbones to keep their campaign promises, well, that goes on, too." That hour's "Cafferty File" question was, What powers should the new president be willing to surrender? Bill in Idaho wrote, "It's the American people who have given up their power. Remember the '60s? Well, they're back. Only this time it's not a decade. It's the age on our driver's licenses. Let's start another revolution, but this time we won't be starry-eyed hippies. We'll be cranky senior citizens with nothing to lose. It's time to overthrow the government."

You can argue that the voters did just that last November. But choosing the chief executive is just the beginning. There's overthrow and there's *oversight*. To whatever degree the new administration can undo the harm done by President Bush's dark legacy, it's vitally important to ensure that Congress and the courts assert their constitutional duties to impose checks and balances on the executive branch.

Our lawmakers' bipartisan failure to rein in the president helps explain Congress's rock-bottom approval ratings. It's no coincidence that the precedents that Bush's administration set with its illegal domestic surveillance and "enhanced" interrogation methods, among others, grew through our system of government like a cancer. We've been changed forever. Before September 11, 2001, we used to stand for a lot of things that are no longer worth the paper they're written on, starting with the Constitution and the Geneva Conventions. Bush threw the traditions of this country as a nation of laws into the garbage by authorizing domestic surveillance and torture; by the illegal, indefinite detention of "enemy combatants" not charged with any crimes; by relying on once-obscure presidential signing statements more than eight hundred times—more than all of his predecessors *combined*—to ignore, interpret, or defy legislation as he saw fit; and by asserting executive privilege to shield cronies from congressional oversight when it was applied.

Bush created and thrived in his bubble of zero accountability. Issue a subpoena to former Bush adviser Karl Rove—as a House Judiciary



subcommittee did in July 2008—to get him to testify about whether the White House played a direct role in politicizing the Department of Justice (DOJ), and he basically flipped them the bird. Rove wasn't alone. The strategy was always the same. Bush just laughed out loud and ignored Congress as if its members were unruly children acting up to get attention. This most secretive administration did whatever the hell it wanted, and our lawmakers were as guilty as Bush was for failing to provide checks and balances, to issue and enforce subpoenas and contempt citations, and to punish those who flouted the law.

In September 2007, a convoy of heavily armed security guards for defense contractor Blackwater Worldwide opened fire with automatic rifles and grenade launchers in Baghdad's crowded Nisour Square, killing seventeen unarmed Iraqi civilians in cold blood, some of them women and children, and injuring twenty others. An Iraqi government investigation concluded that the attack was unprovoked, as witnesses had claimed; Blackwater, usually assigned to protect U.S. officials and diplomats, maintained that its guards believed a slow-moving driver in the traffic circle might be a suicide bomber and that they were ambushed by insurgents. The firm initially claimed the guards had acted "heroically." Not long after, the State Department, which employed Blackwater, the largest security contractor in Iraq, granted the guards partial legal immunity in exchange for sworn statements. Nothing was done, but an FBI investigation got under way. The incident sparked international outrage as the Iraqis demanded that Blackwater, which had snared \$1 billion in contracts since 2001, go home. The firm was suspended for three months while its ex-Navy Seal CEO Erik Prince went on a damage-control media tour to spin the firm's image. Before you knew it, they were back in business with a new government contract in Iraq. It was all about making your own rules, full speed ahead.

But in December 2008, in the final weeks of the Bush administration, five Blackwater guards were charged with fourteen counts of manslaughter and twenty counts of attempted manslaughter in

connection with the 2007 killings. A sixth guard pleaded guilty to manslaughter and, as the AP reported, “turned on his colleagues” in cooperating with the investigation. Announcing the indictments, FBI assistant director Joseph Persichini called the Nisour Square attack “shocking and a violation of basic human rights.” An attorney for one of the guards called the case “a politically motivated prosecution to appease the Iraqi government.” In January 2009, the five guards, all decorated vets, pleaded not guilty to all charges.

The indictments came just as the United States and Iraq had agreed to a long-term security pact under which U.S. troops would leave Iraq by the end of 2011. The deal also strips private contractors in Iraq of legal immunity from Iraqi law. We’ll see how the Blackwater case plays out—and how the new status of forces agreement affects the estimated 170,000 contractors in Iraq.

Blackwater was like a bumper sticker for other Bush-era abuses. In early July 2008, the Democratic-controlled Congress handed the president one of his greatest legislative triumphs when it approved an expanded version of the Foreign Intelligence Surveillance Act of 1978. The new FISA bill broadened the government’s spying powers on Americans here and abroad. It also granted retroactive legal immunity to the telecommunications companies—a core sticking point during months of tough negotiations between Democrats and the White House—for cooperating with the National Security Agency’s (NSA’s) electronic wiretapping program launched by Bush after 9/11.

The revised law effectively wiped out forty suits against AT&T, Verizon, and other telecoms that charged them with spying on citizens without first getting warrants from the secret court established by FISA in 1978. That law *existed* to prevent just this kind of abuse. Bush had lobbied hard for immunity, without which, he warned, the telecoms “won’t participate, they won’t help us.” Lawsuits alleging telecoms violated FISA as well as customer privacy policies exposed them to the risk of bankruptcy, he told us. “Liability protection is critical to securing the private sector’s cooperation with our intelligence efforts. Our government

told them their participation was necessary. And it was, and still is, and that what we had asked them to do was legal. And now they're getting sued for billions of dollars. And it's not fair." (Just because they were *told* their actions were legal didn't make them so.)

Bush threatened to veto any version of a new FISA bill that didn't shield the telecoms. When House Democrats did their job for a change and defied Bush at one point, Republicans walked out in protest. But in the end the Democrats bowed to King George, passing a new law saying it's against the law to eavesdrop on Americans and crowing about how they saved the Republic—without going after anyone who might have violated the first law. Ray Charles could have seen through that smokescreen.

When the bill finally passed in July 2008, House Speaker Nancy Pelosi almost broke her arm patting herself on the back. She said Congress had won a "concession" in establishing FISA, and not the White House or the DOJ, as the sole arbiter of what is legal or not. No, Madame Speaker, for thirty years the law against eavesdropping was clear; FISA courts were set up to do *just that* and they were repeatedly ignored. It wasn't as if warrants were tough to come by: FISA courts had denied about *five* requests out of nearly nineteen thousand as of 2004. Even in national security emergencies, surveillance could be initiated and the DOJ still had seventy-two hours (a review extended by the new law to as many as 120 days) after the fact to seek a warrant. That wasn't good enough for Bush. In America, you don't just subvert the judiciary and act as if the courts don't exist. Bush decided to cooperate with FISA courts in January 2007, only after his party lost control of both houses of Congress.

Senator Russ Feingold of Wisconsin, who opposed the new law, trashed the "compromise" spin and called its passage an election year "capitulation" by Democrats afraid of looking soft on national security. One ex-Justice lawyer who was now defending several telecoms—how unusual!—hailed the big win for his private sector clients. "The thing that's so dramatic about this," he told the *Times*, "is that you've removed the court review. There may be some checks after the fact,

but the administration is picking the targets.” It didn’t get much better than that!

The FISA flap impacted the campaigns. Barack Obama had earlier in his primary battle vowed to filibuster against the bill to oppose immunity. In the end he voted for it, a move toward the political center that left many in his liberal base angry and disillusioned. He called the legislation “imperfect,” hammered out, as it was, under pressure because a temporary FISA extension with immunity provisions was about to expire. No immunity, no telecoms, Bush warned, and any resulting “gaps in intelligence gathering” could bring, you guessed it, a major terror attack. Obama had to do what he had to do to get elected. If he were the second coming of JFK—the savior of democracy in our time—he couldn’t save the nation if he lost to McCain.

McCain flip-flopped, too. As the primaries loomed and his campaign struggled in December 2007, he told then *Boston Globe* reporter Charlie Savage, “I think that presidents have the obligation to obey and enforce laws that are passed by Congress and signed into law by the president, no matter what the situation is.” Depending, of course, on what the situation is. His own situation was that he needed the GOP’s conservative base, and so the McCain Web site then declared that he was, in fact, entirely *in favor* of asking telecoms for help in wiretapping citizens without FISA court warrants. In this reversal based in political expedience, the president has extralegal wartime powers that supersede judicial oversight. Sound familiar? They didn’t call him McSame for nothing.

The intense lobbying effort for immunity by the telecoms was understandable, although in my view they were complicit in a domestic spying operation that was patently illegal. As I saw it, the federal government likely squeezed the telecoms and said, “Look, we’ve been attacked, you’ve got to cooperate in this national emergency.” Seeing as how their own corporate agendas are subject to federal regulation, they’d tend to comply. But they demanded assurances in writing that what they were asked to do was legal, and that by assisting the NSA

their top dogs weren't all going to wind up in Leavenworth. My guess, too, is that the administration wanted to avoid lawsuits for fear that we would learn more about who they were listening in on, what kind of intelligence they were getting, and how crucial the intel was for our national security.

We have no way of knowing whether the NSA program is the reason we haven't been attacked, but this entire basketful of secret programs was justified under the guise of protecting America and fighting terror. Maybe it has done this, but it also served as a convenient cover for violating civil liberties, granting immunity to possible lawbreakers, and stretching, if not ripping, the Constitution. As it turned out, a pair of whistle-blowing Arab-language linguists working for the NSA claimed in October 2008 that they frequently "recorded and transcribed" private calls of American citizens with zero ties to terrorism. Their claims were made in a book on the spy program, *The Shadow Factory*, by James Bamford and reported by ABC News. Linguist Adrienne Kinne said many hundreds of calls by U.S. military officers, American journalists, and Red Cross and other aid workers were "routinely" intercepted and transcribed—although the calls were what Salon.com called "highly personal and intimate conversations and even phone sex." Kinne said these were Americans "who are not in any way, shape, or form associated with anything having anything to do with terrorism." When one colleague complained to a supervisor, she said the superior replied, "My orders were to transcribe everything."

As for Bush's promise that only "known al Qaeda suspects" would be targeted, Kinne told ABC's Brian Ross, "I would call it a lie—because we knew we were definitely listening to Americans who had nothing to do with terrorism." Such a waste of resources only enlarged the terror haystack. "You're hurting our ability to effectively protect our national security," said Kinne. It was good to see our tax money being used to listen in on everyone from wannabe bombers to heavy breathers.

I wanted to know whether our viewers had any hang-ups about the telecoms helping the NSA. Mary wrote, “I think it’s a great idea for these companies to turn over phone records. It could save lives. All it would take is another disaster like 9/11, and we’d have people wondering why our government hasn’t done more to protect us.” Craig wrote, “This sounds exactly like the stuff I heard in grade school in the 1950s, except that back then we were talking about what the Soviet Union did to its citizens behind their backs.”

Given the climate in the country after 9/11 and the mysterious culture of mosques and “Islamic charities” in and around our cities, it’s easy to muster some support for the government’s case. Before Afghanistan erupted again in 2008, some of the secret ops along the Afghan-Pakistan border regions had been effective—tracking insurgents, guiding unmanned weaponized drones, bombing the hell out of suspected safe havens (though no doubt taking out herds of sheep and some tribesmen and women and children, along with the Taliban and al Qaeda). Some mosques in our cities were hotbeds of radical Islam. I don’t have a problem if the government wants to go eavesdrop on Mullah Omar’s mosque in New Jersey. Knock yourself out. Just don’t be listening in on my phone calls. Whether I’ve got anything to hide doesn’t matter. I’m still very reluctant to support an argument for continuing to trample on civil liberties and the rule of law in *this* country. We fought a couple of world wars without getting too carried away with fascist power grabs that drag innocent U.S. citizens into Big Brother’s fishing expeditions.

The truth is that we can look back and blame Bush all we want. But on any given day, the American people are not likely to get up in arms about domestic spying or “enhanced” interrogations or, for that matter, deficit spending or millions of “lost” or destroyed White House e-mails. Foreclose a house down the street, and they’ll snap on the cable TV money pundits. Kick gas up to four bucks a gallon or deny them a car loan because credit is frozen, and they’ll write their congressman. But for years they ignored this slow, insidious creep of executive power designed to get a death grip on democracy as we knew it.

It wasn't until those gruesomely shocking photos from Abu Ghraib in 2004, a year after we toppled Saddam, that people finally went, *Oh my God, what are we becoming here?* Bush had early on authorized extreme methods of interrogation that many say qualify as torture because Congress voted to give Bush the "use of force" against terrorists and to invade Iraq. Like the spying authorization, these harsh interrogation methods were, said Bush, "another vital tool in the war on terror." A bunch of kids who took dirty pictures at Abu Ghraib got punished, but no one up the political or military chain of command was held accountable.

The story eventually faded. How are you going to prosecute and punish and hold up to public ridicule the people who were allowing those disgusting photos at Abu Ghraib when the president, the vice president, then Secretary of Defense Donald Rumsfeld, CIA and DOJ lawyers, and a whole lot of other folks were sanctioning brutal interrogation methods that were not seen fit for inclusion in the army's field manual or the Geneva Conventions?

In July 2008, the *New York Times* reported that in 2002 military trainers at Guantanamo Bay relied—perhaps unwittingly—on charts listing coercive techniques that were designed by the Communist Chinese regime in the 1950s to interrogate U.S. prisoners captured in North Korea (apparently, to coerce false confessions from them). I found that story astounding, since, as the *Times's* Scott Shane wrote, use of the chart to guide military and CIA interrogators "is the latest and most vivid evidence of the way Communist interrogation methods that the United States long described as torture became the basis" for interrogations at Gitmo.

The legacy of torture lingers on. In March 2008, Bush vetoed legislation that would have banned the CIA from using water boarding and other extreme interrogation methods. This wasn't long after we learned—only by virtue of strong investigative reporting—that the CIA destroyed hundreds of videotapes the agency had made showing interrogators water boarding two al Qaeda suspects in 2002. (The tapes were destroyed in 2005.) In 2002, as reported in a 2007 *New York Times*

piece, the DOJ issued a secret opinion authorizing the use of the harshest interrogation techniques ever used by the CIA on terror suspects—head-slapping, freezing temperatures, simulated drownings (water boarding), and so on. Never in the history of this country had the government authorized such treatment of suspects. The memorandum was approved by then Attorney General Alberto (“I can’t remember much of anything”) Gonzales over the objections of deputy AG James Comey, who reportedly told colleagues, including Gonzales, that they would all feel ashamed when the world learned about this. (The White House denied the story.)

Bush kept insisting that we not only don’t spy on Americans, we don’t torture. Yet in April 2008, ABC News reported that Dick Cheney, CIA director George Tenet, Secretary of State Colin Powell, then Attorney General John Ashcroft, and other officials held numerous meetings and signed off on water boarding and enhanced interrogation tactics after 9/11 and on getting legal cover in a then secret DOJ memo. A second DOJ memo, written the same day as the first by the same assistant attorney general, Jay S. Bybee, came to light, in which he assured the CIA that its interrogators could legally use water boarding and other extreme techniques that may have violated anti-torture laws if they believed “in good faith” and possessed an “honest belief” that such techniques would not cause prisoners “prolonged mental harm.” “The absence of specific intent negates the charge of torture,” the memo argued.

As reported by the *Washington Post*, one of the memos argued that torture “must be equivalent in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death.” As Tom Malinowski of Human Rights Watch told the *Post*, “It is by leaps and bounds the worst thing I’ve seen since this whole Abu Ghraib scandal broke. It appears that what they were contemplating was the commission of war crimes and looking for ways to avoid legal accountability. The effect is to throw out years of military doctrine and standards on interrogations.” In other



words, as the *Post* put it, “domestic and international laws prohibiting torture could be trumped by the president’s wartime authority and any directives he issued.”

How had we come to this? Cut to late 2007: if Michael Mukasey had admitted during his confirmation hearings that water boarding amounted to torture, then the attorney general might have had to prosecute the people who inflicted it. That wasn’t going to fly at 1600 Pennsylvania Avenue. Bush had pushed for and won retroactive immunity for anyone who may have tortured a terror suspect going back to 9/11, with the Military Commissions Act of 2006. CIA director Michael Hayden has defended the *possible* use of water boarding, and so on, because intelligence interrogations are often more intense than military ones.

That may be, but this is still America, and the CIA tapes were destroyed without being turned over to Congress, the courts, or the 9/11 Commission. The CIA said it needed to protect the identities of interrogators from al Qaeda retribution. The *New York Times* reported that CIA lawyers gave advance written approval to destroy the tapes, although they could have been sought as evidence in a terror trial. Furious Democrats and a number of Republicans in Congress demanded a DOJ probe to determine whether the CIA broke any laws. Besides congressional and CIA investigations, Mukasey appointed a prosecutor to launch a criminal investigation. As I say, don’t hold your breath. Senator Richard Durbin of Illinois called the tapes story “startling” and added, “the United States of America, the nation where the rule of law is venerated, has now been in the business of destroying evidence.”

Would you believe that Bush had “no recollection of being made aware of the tapes or their destruction,” as White House spinners insisted? Extreme interrogation methods were legal and saved lives, they noted (unless it was your organs that were failing). But if the methods were legal, why were the tapes destroyed just as lawmakers debated the legality of CIA torture? As for protecting the interrogators’

IDs, I found that “so lame and bogus,” as I said on the air. “They weren’t too concerned about Valerie Plame, were they, when they let that out?”

The CIA said that it stopped water boarding in 2003. The military says it ruled it out, along with other “enhanced” interrogation methods, in 2006. Water boarding is not included in the army’s field manual, which bars hooding of prisoners, beating, sexually humiliating acts, and the like. Don’t buy it? You’re not alone. In a preface for a June 2008 report titled, “Broken Laws, Broken Lives,” released by the group Physicians for Human Rights, retired army major-general Anthony Taguba, who led the 2004 investigation into detainee abuse at Abu Ghraib, wrote, “After years of disclosures by government investigations, media accounts, and reports from human rights organizations, there is no longer any doubt as to whether the current administration has committed war crimes. The only question that remains to be answered is whether those who ordered the use of torture will be held to account.”

Taguba, who was reportedly forced to retire for his findings, had called the abuse “systemic and illegal” in his report. The group had examined eleven former detainees held without being charged at Abu Ghraib and Gitmo and in Afghanistan. Taguba added, “In order for these individuals to suffer the wanton cruelty to which they were subjected, a government policy was promulgated to the field whereby the Geneva Conventions and the Uniform Code of Military Justice were disregarded. The UN Convention Against Torture was indiscriminately ignored.”

Does anybody remember the Nuremberg war crimes trials? By 2007, it was hard to know what resonated more with the American public: torture or subprime teaser rates. It was as if the success of the troop surge and the tactical strikes against al Qaeda suddenly made this stuff *all right* because the tide had turned.

I’m no expert in psychological warfare and enhanced interrogation techniques. But there is a whole school of thought that says you

can get as far in interrogations of people by being nice to them as you can by torturing them. The idea is that if you torture people long enough, eventually they'll say anything—that the moon is made of green cheese, that black is white, whatever it is they think you want to hear—however inaccurate or worthless. I did a segment a day after the first CIA tapes story broke in early December 2007, about a former CIA officer, John Kiriakou, who had participated in the capture and questioning of Abu Zubaydah, the first al Qaeda suspect who was water boarded. Kiriakou didn't witness the water boarding but described the suspect as defiant and uncooperative until the simulated drowning began. As I noted, after thirty-five seconds, "the terror suspect broke down and the next day told his American captors he'd tell them whatever they wanted." Kiriakou had told the *Washington Post* that the technique probably disrupted "dozens" of planned al Qaeda attacks and indirectly led to the capture of Khalid Sheikh Muhammed, among others. I got to the point where I didn't accept on face value *anything* that George Bush's government told me. If his claim was true, great. But does the end justify the means? If you are a signatory to something like the Geneva Conventions, can you simply disregard its rules? Doing so violates the agreement and wrecks your credibility in any number of ways. My feeling is that if our country subscribed to the Geneva Conventions, then we've got to play by the rules.

Was water boarding ever justifiable? Gerry from San Diego wrote, "There is no circumstance when our country should engage in water boarding or any other kind of torture. To do so changes us from being the shining example to the world to being a banana republic." Cliff from Monroe, Connecticut, wrote, "I watched as both planes slammed into the Twin Towers on 9/11. If it stops an attack on us again, yes!" Another day, when I asked what lasting damage is done to this country when the government secretly authorizes torturing people for the first time in our history, Scott in Florida wrote, "The fact we approved torture is a plus. For too long, the U.S. has been acting like a grade school child, taught by liberals, who believes that

one plays by the rules in a fight. We have all learned that if you're in a fight, the purpose is to win." From Oregon, Larry wrote, "'Not all the king's horses or all the king's men can put our honor back together again.' The children of the greatest generation have repudiated the very things they believed in, fought for, and many, many died for."

Even with the tortured logic behind its legal cover for torture, the White House mania for secrecy and deception would lead to claims of executive privilege as a last resort to prevent Congress from determining whether laws were being violated. Remember Congress trying to find out how much influence executives from Big Oil and the Enron crowd might have had in shaping Dick Cheney's national energy task force in the first weeks of Bush's first term? Cheney's refusal to tell us went all the way to the Supreme Court—and we never found out, did we? That episode set the bar for secrecy for the next eight years.

In late 2007, House Democrats, led by Judiciary Committee chairman John Conyers of Michigan, submitted a 102-page report to the House clerk charging former White House counsel (and Bush Supreme Court nominee) Harriet Miers and White House chief of staff Joshua Bolten with contempt of Congress. They were refusing to answer subpoenas from the House Judiciary Committee about the DOJ dismissals of nine federal prosecutors around the country. The committee wanted documents and testimony from them to determine whether the White House had directed the firings (and the hiring criteria) for political reasons, a violation of DOJ policy. Conyers sent nine letters to the Bush administration seeking its cooperation, as well as that of former White House deputy chief of staff Karl Rove and other White House officials. The White House was just saying, "Screw 'em, tell Congress to go to hell, ignore their subpoenas, just don't show up." In my view, Alberto Gonzales should have gone to jail over this issue because everyone assumed he was lying (when not forgetting) before Congress.

"The White House calls Conyers's efforts a waste of Congress's time, and predicts it won't go anywhere," I said on the air. "They have

said this information is off-limits to lawmakers, because of executive privilege. Isn't everything? It's like Bush was wearing skirts and they all ran and hid behind Mommy's dress. Instead, the White House offered to make officials and documents available to committee members behind closed doors—off the record and not under oath. Isn't that how democracy is supposed to work? I think it is." Mike in Arlington wrote, "As public servants, it is [Miers's and Bolten's] patriotic duty to testify if the Constitution and law have been violated. If that means dragging them into court or to Congress to a hearing in custody wearing handcuffs, so be it. Miers and the lot of them have made their White House beds, and now it's time for them to lie in them. Executive privilege has been perverted to the point that it's now become obstruction of justice."

White House counsel Fred Fielding said Miers and Bolten would refuse to comply with the House subpoenas, citing executive privilege. Attorney General Mukasey refused to enforce them. In February, the House filed contempt citations in a 223 to 32 vote. Most Republicans walked out in protest. The Judiciary Committee then sued Miers and Bolton in federal court, stating they were not protected, respectively, from testifying and from presenting documents withheld by the White House. The suit argued that if Bush wasn't involved with the DOJ scandal, as the White House had repeatedly insisted, then executive privilege wouldn't apply, since it can only be invoked to protect the confidentiality of exchanges between the president and his advisers. Well, that got the attention of U.S. District Judge John Bates, who ruled that Bush's three amigos would have to testify before Congress—although they could assert executive privilege during their testimony. A week after the election, the AP reported that once in office, President Obama would "likely broker a compromise" with the Democratic Congress over whether to compel Bolten and Miers to testify before lawmakers or simply turn over documents related to the 2006 DOJ firings.

In summer 2008, House Oversight Committee chairman Henry Waxman, who often seemed to be the lone champion of oversight,

having doggedly issued dozens of subpoenas through 2008, was contemplating filing a contempt citation against Michael Mukasey. Waxman wanted access to transcripts of interviews conducted by special counsel Patrick J. Fitzgerald with Bush and Cheney about their role, if any, in the CIA leak case of former agent Valerie Plame (the leak that led to Scooter Libby's perjury conviction). Mukasey had urged Bush to invoke executive privilege. Waxman did get redacted DOJ notes from interviews done with Rove and Libby. In July, Bush, having vowed to fire "anyone in this administration" involved in that leak, asserted executive privilege to keep Mukasey from complying with the House subpoena, the AP reported. This was getting worse than Watergate.

In 1996, Susan McDougal was cited for civil contempt because she refused to answer three questions about Bill Clinton's testimony in Kenneth Starr's Whitewater witch hunt before a grand jury. She spent *eighteen months* in prison. That's what ought to happen if people refuse to cooperate in a congressional investigation, but not under Bush. (Clinton pardoned McDougal at the end of his second term.)

In May 2008, we learned that more than *ten million* White House e-mails had either gone missing or been destroyed. A good chunk of them—it later came out that up to 225 days of e-mails were believed lost—spanned the politically critical months beginning in early 2003 and would have focused on the run-up to the Iraqi invasion, the early occupation, and the reconstruction; the beginning of the criminal probe of the CIA leak; the Abu Ghraib prison scandal; and the intensifying violence and rising U.S. troop deaths in Iraq. Many of Karl Rove's e-mails apparently vanished. The White House claimed in a federal court that rather than being deliberately purged, a "primitive" backup archiving system malfunctioned. Dozens of White House officials, including Rove, were also reportedly using off-site e-mail servers, courtesy of the Republican National Committee, that bypassed the ordinary archiving system, which, if true, would also possibly be against the law.

The loss and/or destruction of the e-mails may have violated both the Federal Records Act and the Presidential Records Act, which require that all political or policy-related White House and presidential communications be safeguarded and preserved. The National Security Archive at George Washington University and Citizens for Responsibility and Ethics in Washington had sued for access to the missing e-mails. This is serious stuff. Everywhere you look, there's a law against what these people did.

By June 2008, John Conyers sent a letter to Rove's attorney to get Rove to testify under oath before the Judiciary Committee about, most specifically, "the politicization of the Justice Department" tied to the DOJ firings. In late July 2008, Rove refused to testify. That same month, a Justice Department report concluded that politics and ideology had indeed influenced the hiring of prosecutors and immigration judges, violating federal law and DOJ policy. Two close aides to Alberto Gonzales—White House liaison Monica Goodling and former Gonzales chief of staff D. Kyle Sampson—were cited in the report but not charged with any crimes. Gonzales had incredibly told Congress that he was somehow unaware of his senior aides' hiring decisions that favored conservative candidates over more liberal ones. As the AP reported, Goodling rejected one experienced terror prosecutor to work on counterterrorism issues at DOJ headquarters "because of his wife's political affiliations." Conyers told the *New York Times*, "It appears the politicization at Justice was so pervasive that even interns had to pass a partisan litmus test."

Attorney General Mukasey said he was "of course disturbed" by the report, adding that those involved would be leaving their jobs amid "substantial negative publicity" (and, no doubt, barraged by lucrative job offers as lobbyists or corporate counsel). The *Times* called Mukasey's reaction "disgracefully lukewarm. If he hopes to leave office with any sort of reputation for integrity, he needs to get serious about punishing this sort of wrongdoing. . . . The strength of American democracy depends on our ability to be shocked by abuses

like these—and to punish them appropriately.” Mukasey first opted not to prosecute anyone at DOJ, but after the release of a more scathing and thorough internal Justice report on the scandal in autumn 2008, Mukasey assigned a special prosecutor to look into possible criminal wrongdoing by his predecessor, Alberto Gonzales, among other DOJ officials tied to the firings.

The Bush legacy of spying and “alternative” interrogation tactics was hardly the only affront to our own moral bearing under George Bush. In June 2008, the Supreme Court dealt the Bush administration a harsh blow with its 5 to 4 ruling that the nearly three hundred remaining “unlawful enemy combatants” at Gitmo were being held illegally and were thus constitutionally entitled to challenge their indefinite confinement before a judge in federal courts. The court also ruled that the military tribunals established to hear the cases, most immediately, of four or five alleged 9/11 plotters, stripped away due process guarantees such as the right to counsel and the right to show the court the very evidence that could prove a defendant’s innocence. Some detainees had been at Gitmo for six years—incommunicado, with no access, no charges filed against them, no legal redress—and we didn’t know whether they were guilty of anything. The Constitution requires a rebellion or an invasion before the government can suspend habeas corpus.

Justice Anthony Kennedy wrote in the ruling that despite the war on terror, “The laws and the Constitution are designed to survive, and remain in force, in extraordinary times.” In his dissent, Justice Antonin Scalia ominously warned that the decision “will almost certainly cause more Americans to be killed.” Bush said he was “disappointed” by the ruling and expressed concern about the possibly hundreds of challenges heading to federal courts. A legal nightmare, a tort reformist like Bush might argue, but better than the *illegal* nightmare of suspension of habeas corpus.

Some detainees may prove to be guilty of terror-related crimes, but there are time-tested mechanisms to adjudicate their cases that



form the bedrock of our criminal justice system. You don't just throw people into a gulag as a Hitler or a Stalin would do. I wasn't surprised by the high court's decision. It was the third time the court had repudiated Bush on illegal detention. The previous times he lobbied hard for legislation that got around both prior rulings. What did surprise me was that nobody had done anything in seven and a half years to rein this guy in.

Would impeachment have worked? We all sat here like the people in Europe did during Hitler's rise to power and wrung our hands and said, "Isn't this terrible?" and it just went right on happening and nobody did a goddamn thing about it. Impeachment had already been in the air when Nancy Pelosi took it "off the table" in late 2006. Had God come to her in a visitation and said, "I'm empowering you to take impeachment off the table"? Who did she think she was? The Democrats took high crimes and misdemeanors out of play and began electioneering for 2008 the minute they had won midterm majorities in the House and the Senate, instead of doing the things they promised to do for the good of the country. But we know by now that there is virtually no issue more important to our lawmakers than getting reelected.

In June 2008, I did a "Cafferty File" piece on why Congress wouldn't consider impeaching President Bush. If you couldn't impeach Bush, who could you ever impeach? He should have been impeached or put on trial, with some other officials thrown in jail, a long time ago. Congressman Dennis Kucinich had just introduced thirty-five articles of impeachment—covering Iraq, torture, Bush's handling of Hurricane Katrina, and so on, "But Congress apparently didn't want to hear it," I said on the air. Voting along party lines—255 to 166—lawmakers sent the resolution to the House Judiciary Committee, as it did Kucinich's 2007 impeachment effort against Dick Cheney. "We have a president," I said, "who has abused the power of his office over and over again." That's what earned the Democrats majorities in Congress in 2006. Every member of the House was up for reelection

in November 2008. Before the bailouts and the deepening economic meltdown, the Democrats were no doubt fretting about how it would look to voters if they spent time on impeachment. They all should have been voted out of office.

Obama may try to enlist the help of Congress to roll some of this stuff back, but I wonder whether he or Congress will have the appetite, the budget, or the stomach to start taking apart the Bush administration and prosecuting and imprisoning those who deserve it. Besides, the economy has overwhelmed everything, it seems. A week after the election, I did a “Cafferty File” segment about a *New York Times* piece reporting that congressional Democrats were, in fact, planning to move forward with investigations of the Bush administration after the president left office. As I said, “That could prove to be quite a task. Where to begin?” In my view, the sins Bush & Co. committed were pretty bad; the sin of ignoring them is even bigger on the part of the people charged with the oversight of the executive branch. The only hope the country has going forward is that Obama possesses the political will, the moral fiber, and the strong leadership to restore some decency and goodness to the social and national fabric that was torn apart under George Bush. If Obama succeeds, it will be because of those things, not because we’ve convened a thousand grand juries and conducted ten thousand criminal trials. But if the Democrats get the bit in their teeth and decide to be the same kind of abusive, arrogant jerks that the Republicans were, then it could all just continue to unravel. I asked that day whether it was a good idea for the new Democratic Congress to begin investigations of the Bush administration. Gary in High Point wrote, “Yep. It would be nice to finally know the truth of the last eight years.” Lisa in Ashford, Alabama, wrote, “Hold politicians accountable for their actions, other than cheating on their wife? How novel. I’ll go a step further, once convicted imprison them at Guantanamo.” Pat from Michigan wrote, “No, not now. There is real work to get done and no time to waste. These types

of investigations seem to drive a wedge between the parties and this is not the time for that.”

Without relief from the courts, Congress can try to legislate this stuff out of existence, since the Constitution wasn’t a strong-enough document to prevent it from happening. Sadly, many things we never had the appetite to do throughout our history have now become coin of the realm. The Democrats now enjoy sizable House and Senate majorities—225 seats in the House and 58 Senate seats. (A recount in Minnesota’s Senate race gave Democrat Al Franken an apparent 225-vote win over GOP incumbent Norm Coleman in early January 2009, though Coleman filed a lawsuit challenging the result.) But the Democrats might check their rearview mirrors and remember what the GOP did when they had absolute control: they damn near ruined the country. Even without a filibuster-proof senate supermajority of 60 seats, the Democrats could suffer the same fate in 2010 and 2012 as the GOP did in ’06 and ’08 if they come up short on oversight. The people are finally awake.

In my more hopeful moments, I’m reminded of how we reacted when the Japanese attacked Pearl Harbor. They couldn’t have had any *idea* what they were getting themselves into. All of a sudden, America woke up, and in less than four years we were dropping atomic bombs on their cities, saying, “Had enough yet, you bastards?” That’s one curious part of our character. We go along, a peaceful, fairly tolerant people who are reasonably easy to get along with. We put up with a lot of crap. But there comes a point where Americans say, “That’s it, you’re done. Screw you. You are not going to do this to us anymore.” The history of America is a lot like that.

I sure hope the immediate future of America is like that as well.

# 7

## Time to Raise Our Grades in Education, Immigration, and Energy

**S**even hundred billion dollars a year move from the United States to our suppliers of imported oil, the largest transfer of wealth from one place to another in the history of the world. Throw in another seven hundred billion dollars of war funding, and you've got nearly a trillion and half dollars out the door, boys and girls. Imagine if that money could be redirected to address three of our most pressing social and political issues: failing schools, open borders, and a sane, long-range energy policy that would break our Middle East oil habit. Each of these crises deeply affects our quality of life, and each needs urgent, sweeping reform, guided by bold innovation from the White House and, for a welcome change, bipartisan support from Congress.

### Education: When Schools Get the Fs, It's Our Kids Who Drop Out

Call it another piece of evidence that this once-great nation of ours is crumbling: half of us believe our schools deserve a C or a D for the job they do preparing kids for higher education and making a go of it as grownups in the workforce. So said an Associated Press survey in summer 2008. The AP reported that U.S. kids are scoring in the bottom half of the pack when measured against kids from other nations. The new president's Department of Education (DOE) brain trust has their homework cut out for them if they plan on boosting the grades our schools earn while educating our kids.

Getting our kids through school has become a challenging, complex job that most folks say must begin at home with discipline, parental guidance, and closer attention to our kids' needs. Obama said it simply in his final debate with John McCain: unplug those video games, mom and dad, put other distractions away, and *get down to work* with your kids. Here's a guy who had no father around, basically; who was raised by a single white mother (helped by his grandmother), sometimes on food stamps; and who became a star at Harvard Law School. So it can be done. We've witnessed the decline of the importance of schooling in far too many homes. Learning must be a top priority for parents. But in today's brutal economy, breadwinners are forced to work two jobs, two parents sweat to keep their jobs and homes, and the kids are left unsupervised. They go online, text their pals, stare at the tube (or YouTube), and play video games. They're not dashing out to the public library to research renewable fuels or Renaissance history.

The education crisis has especially deteriorated in our urban cultures, where the family unit most often leaves a single mother to raise the family. Urban kids are also up against a street mentality in some neighborhoods that says if you strive for good grades, you're trying to

be white—a twisted peer pressure that stigmatizes achievement as some sort of mainstream sellout. We're not producing scientists and engineers the way we used to. The kids who come out of our schools are often dumber than rocks. Education is declining at a rate that will soon become disastrous.

One major bone of contention among parents and educators was Bush's 2001 No Child Left Behind (NCLB) Act, whose focus was squarely on standardized, multiple-choice test scores in math and English, rather than on the quality (and a deeper grasp by the student) of the curriculum. Plus, there were sanctions, which included school shutdowns and disruptive administrative changes, imposed on "failing" schools. Soon Congress was seeking authorization to pay bonuses up to \$10,000 to reward outstanding teachers whose students excel—one incentive to stem the flight of top teachers from our schools. Even in grades one through three, Bush's NCLB got into trouble. Reading First, the much-touted \$1 billion-a-year reading program and NCLB cornerstone for 1.5 million kids in 5,200 schools, proved ineffective. An internal DOE study of 40,000 first- to third-graders between 2004 and 2006, released in April 2008, concluded that "reading comprehension test scores were not significantly different" from those of nonprogram kids.

Worse, in 2006, the DOE's inspector general found that several top program advisers benefited financially by steering states and school districts to certain tests and texts tied to Reading First materials. A Justice Department investigation was pending. Senator Ted Kennedy, the chairman of the Senate Education Committee, said the Bush administration had "put cronyism first and reading skills of our children last. . . . Instead of awarding scarce education dollars to reading programs that make a difference for our children, the administration chose to reward its friends instead." The result: Congress slashed Reading First's \$1 billion funding in 2007 to \$400 million. Our kids paid quite a price for that mess.

I did an April 2008 "Cafferty File" piece that began, "The education crisis in America's largest cities is assuming frightening proportions.

Only about half of all students who attend the main school systems in the fifty largest cities actually graduate from high school.” It was a “coin toss,” according to the nonprofit Editorial Projects in Education (EPE) Research Center. Nationally, the figure for dropouts was nearly one in three. The group’s founding chairman, former secretary of state Colin Powell, called the situation — 1.2 million dropouts a year — “not just a crisis, but a catastrophe.” The 52 percent graduation rate was far below the national graduation rate of 70 percent. Main school districts in Detroit, Indianapolis, Cleveland, and Baltimore all had graduation averages below 40 percent, Detroit’s being 25 percent. Not surprisingly, the EPE reported a sharp, alarming contrast between city and suburban figures: in Baltimore’s suburbs, 82 percent of kids graduated; downtown, 35 percent.

“Officials,” I added, “say more community involvement is needed, and leaders of business and faith-based groups are being urged to make graduation a priority when they talk with students.” Congress suggested greater emphasis on graduation rates: setting progress goals and imposing sanctions on schools that miss their graduation numbers. The real threat to the United States, I said in another piece on “dropout factories,” where less than 60 percent graduate (one in ten schools qualifies), is that our kids can’t cut it against kids schooled in today’s emerging economies. How *can* they compete globally, I asked, when barely half of the kids in our largest cities even graduate? Mike from Syracuse wrote, “We’ll continue to fill our colleges and universities with foreign students, who appreciate the value of education. Many stay in this country after school, and provide the continuing influx of new engineers, doctors, and scientists that we need to function as a society. Native born Americans who drop out will be washing the cars of people from other countries, who still believe in the American Dream.” David from San Bernardino, California, wrote, “We can’t. Teachers are not allowed to teach at all. Everything they do is written out for them and all they can do is teach to the [NCLB] test. The alleged students have no interest in learning and are only

there to socialize and make sure that no one else gets an education.” Aron from Toronto wrote, “You’re kidding, right? That ship has sailed. As one who traveled 200,000 miles on business last year, I can tell you for certain that the world places no hope, no weight upon America’s youth making even a future ripple in the global waters. . . . Having visited the top public schools in India and China, I can assure you that the future for America’s youth is much bleaker than even the greatest skeptics could imagine.”

One underlying problem in public education is that the system has morphed into this giant government bureaucracy that sucks up billions and billions of dollars for everything except teaching children reading, writing, and arithmetic (and the sciences). We pay school administrators hundreds of thousands of dollars to preside over these failed enterprises that produce their share of functional illiterates. There’s plenty of politically correct, socially conscious curriculum manipulation, too. The teachers often have strong unions and contracts; the parents work too hard to attend teacher conferences. Who’s home to make kids do their homework? Many colleges and companies complain that high school graduates need remedial English and math and training because they’re not qualified for higher education or for their jobs. I spent \$20,000 a year to put my younger daughters through private school. I figured it was the only shot they had at an education that would equip them to get into a decent college or university and become educated human beings. However many millions Detroit spends on its schools, a quarter of its kids don’t graduate on time. These kids are a precious national resource for the twenty-first century, not to be failed by substandard school programs.

Beyond imposing some learning-related discipline at home, parents might also seize the initiative by getting more involved: serving on the school board; volunteering, time permitting, to work at the local school with kids who need extra help. When that mind-set of involvement spreads through the populace, change is more likely. Unfortunately, a great many parents are stressed out and preoccupied



with staying afloat financially; they figure, Okay, if the kids are in there on their cell phones, iPods, and video games, they're not in my face while I'm figuring out how to sock away some tuition money and avoid defaulting on the mortgage.

Not surprisingly, "school choice" emerged as a campaign issue. Both candidates, while taking different tacks, favored increased options for parents. Barack Obama, a critic of school vouchers—federal funds allowing parents to take their kids out of failing neighborhood schools and send them to private schools—changed gears in the primary campaign and said he'd consider vouchers. As he told the *Milwaukee Journal Sentinel* in early 2008, "I will not let my predispositions stand in the way of making sure that our kids learn. We're losing several generations of kids and something has to be done." (His objection to vouchers was that they siphon federal money from public education.) He planned to double—to some \$400 million—public funding for independently run charter schools. Those schools that succeeded would stay open for business; those that failed would close ("I want experimentation, but I also want accountability"). He vowed to commit \$500 million for enhancements in classroom technology. He proposed a bold \$4,000 college tuition credit in exchange for one year of national service.

Both Obama and McCain favored improving, not scrapping, NCLB, as well as merit bonuses tied to teacher performance. McCain backed voucher programs, especially for Washington, D.C., and campaigned on "school choice for all who want it," whether public, private, or charter. He vowed to spend some \$750 million to create virtual charter schools and expanded online courses. As McCain told the 99th NAACP Convention, "Parents ask only for schools that are safe, teachers who are competent, and diplomas that open doors of opportunity."

Sadly, that may be asking a lot today. I've asked many "Cafferty File" questions (all drawn from the news) about our schools that never fail to trigger intense viewer concern: Birth control pills and maternity leave for pregnant girls? Steroid tests for high school jocks? A ban on all school junk food? Mandatory Breathalyzer tests at school

dances? In that instance, a New Jersey superintendant said recent events had left him no choice. His program's zero-tolerance message about alcohol was a way to improve the atmosphere for education. As Mark from Philadelphia wrote, "Having just been a high school student less than a year ago, I can tell you how rampant the alcohol and drug problem among our youth is. I can literally only name one peer of mine who has not done marijuana, and not one who has not drunk alcohol. This is just one necessary step in reforming our schools." Johnny wrote, "As a former public school teacher I have personally witnessed the decline in the active and diligent involvement [of parents] in their children's lives. Schools are consistently being asked to do everything but teach. Deal with manners, ethics, hygiene, respect, sociological issues, sexual orientation. While I don't relish the idea of Breathalyzers in schools, I certainly can't blame the schools for having to pick up where the parents have left off."

One "File" piece was inspired by a Chicago district that allowed the U.S. Marine Corps to run one of its high schools. Outrageous? Not to my viewers. Thomas in Florida wrote, "A high school where the students are required to be respectful of authority, that fosters an environment of personal discipline, academic and physical achievement—sounds preposterous to me. You must be kidding. Why, before you know it, our nation might be churning out mannered, intelligent young adults again. Madison Avenue, Hollywood, and Wal-Mart would never stand for that." Greg in California wrote, "My daughter starts high school next year. Can they build one out here in Southern California by then?"

### **Illegal Immigration: Time for Lawmakers to Stop Sitting on the Fence**

The Democrats wanted illegal immigrants to vote for them, if they could figure out a way to make that happen, and the Republicans wanted illegal immigrants to work for them. So you and I and the rest

of the middle-class taxpayers are left at the back door. Hispanics, who were trending back toward the Democrats in the primaries, are the largest and fastest-growing U.S. minority, with 9 percent of the vote—even more in some battleground states. Immigration was definitely back-burnered during the campaign. Given the torrents of economic news raining down on John Q. Citizen's head, the fate of Mexican migrant workers wasn't always on his radar. But the issue remained emotional and polarizing enough to impact some swing states. Everyone wanted the Hispanic vote, so despite whatever speechmaking candidates did—about reform, sealing our borders, amnesty, detention and deportation, and the recent surge in crackdowns, especially in “sanctuary cities”—nothing concrete was going to get done.

We've got a crazy patchwork of overlapping federal laws and tough state and local statutes pitting amnesty activists against restrictionists, with no new immigration laws to use as a template for enforcement. When it comes to rounding up illegals and detaining, charging, or deporting them, it's still the federal government's jurisdiction—and much more of that kind of thing has happened in the last two years. One Iowa raid in May 2008, the largest of its kind in U.S. history, bagged nearly four hundred illegal workers at the world's largest kosher meatpacking plant. Most were charged with using fake IDs and bad Social Security numbers. (Beyond the impact on the 175 local families tied to the roundup, the firm faced a number of criminal investigations involving violations of child labor laws.) The federal government's failure to enforce existing laws against illegal immigration, leaving states and municipalities to do its job and thus inviting jurisdictional challenges, has been a stunning betrayal.

The candidates held forth on the war on terror abroad, but our own sovereign borders remain porous. “Homeland Security” has almost become an oxymoron. They've got priests, rabbis, nuns, seniors, and babies on a terror watch list that by late 2007 had close to a million names. It can take forty-five days to get off the list—the amount of time it takes 135,000 illegals to cross the border. Then you've got some 600,000 felons here illegally and nearly 20 million illegals.

True, we have not been attacked, but some reports claim national security has not improved significantly since 9/11. The Department of Homeland Security (DHS) isn't meshing with the FBI and other agencies, and we've seen security breaches and malfunctions all over the place—another massive, ineffectual waste of money.

In spring 2006, as the midterm campaign season kicked in, immigration was a huge story. A million people packed the streets and brought traffic to a standstill in towns and cities across the country. Congress was pushing for a comprehensive immigration reform, which “maverick” McCain cosponsored with Ted Kennedy. Many Democrats backed visas and amnesty for illegals, as well as other reforms to placate immigration activists; the conservative Republican “base” railed against amnesty, united families, and pathways to citizenship in favor of a deport-them-all, build-the-fence, secure-the-borders-first agenda. The polarizing fight got everyone's attention. Even McCain, needing the base for his primary run, backed off his own bill, saying that he favored closing borders first.

The compromise bill died in summer 2007, and by fall, coverage of the primaries, the U.S. troop surge in Iraq, and the gathering economic storm pushed immigration off the public's (and the media's) radar. By May 2008, barely five hundred people came out to protest in Phoenix and in Tucson (compared to twelve thousand there in May 2007). In L.A., a few thousand showed—*nada*, next to the five hundred thousand who had come out in 2006. Some said crackdowns, raids on businesses, and fears of surging deportation kept people home. The government, in fact, deported some three hundred thousand people in 2007, a 44 percent spike over 2006. Others said that after the reform failed, advocates shifted from winning amnesty to voter registration. Not a bad idea. Everyone wanted the Hispanic vote in 2008, and true to form, in summer 2008, as the *New Republic* reported, McCain told the influential League of United Latino American Citizens that he “favored comprehensive reform after all.” But that was before the GOP Convention platform *opposed* comprehensive reform—a topic

McCain sidestepped altogether in his speech. Obama's priority was securing the borders with added patrols and improved infrastructure and technology, particularly at points of entry. He favored crackdowns on U.S. employers who hire illegals, but he also favored keeping families united and offering illegals "in good standing" a place at the back of the line for citizenship, once they pay fines and learn English.

I did a piece in May 2008 asking why immigration had faded so fast. Linda wrote, "Let's see, 1. Food prices up at least fifty percent. 2. Gasoline at \$3.65 a gallon. 3. [Federal] deficits that my great-grandchildren will be paying off. 4. Children and grandchildren of my friends dying for nothing in Iraq. Immigration of any stripe does not even make the list. My biggest concern is whether we will be able to return the village idiot to Crawford, Texas, before the damage he does is totally irreversible." Brian from Cincinnati wrote, "Our economy is getting to be so bad that it's not worth it anymore for a lot of illegals to remain here. After paying for their living expenses here, there isn't enough to send home to be worth it, so many are self-deporting. The irony is the border may very well be sealed up at the rate things are going. Not by us, but by Mexico and Canada. To keep us out."

One thing you can count on in 2009: open borders. "President Bush once called it 'the most technologically advanced border security initiative in American history,'" I said in April 2008 for a piece about the much-hyped, high-tech \$20 million "virtual fence," using radar and surveillance cameras atop hundred-foot-high unmanned towers to catch people—including drug smugglers in vehicles—trying to enter the United States illegally along a twenty-eight-mile stretch of the Arizona-Mexico border south of Tucson. "Trouble is," I noted, "it doesn't work." The software couldn't adequately process massive sensor data, and space-age, high-resolution cameras failed, among other glitches. The government scrapped the costly Boeing system not long after Homeland Security secretary Michael Chertoff approved it. The virtual fence was a vaunted piece of Bush's program to revamp his immigration policy. Then again, when the fencing that lined

an often-violent five-mile stretch of border between San Diego and Tijuana was topped with razor-sharp concertina wire, in part to protect agents from attacks by drug smugglers, such attacks and illegal entries decreased by half. Of course, immigrant rights groups quoted in the *L.A. Times* blasted the fencing as “a move toward border militarization.” Too bad, I say.

Illegals have fought back with torches, hacksaws, ladders, and bungee cords to come right through holes along miles of border fencing. Border agents in Texas, Arizona, and California often spend our tax dollars and their energies plugging up the same sections of the same fence daily. When I asked (again) why the government hadn’t managed to secure our borders, Mike S. from New Orleans wrote, “The only thing our government has secured has been Halliburton’s foothold in the Middle East. . . . If secured borders meant higher profits for the oil conglomerates, they’d be secure by now.” Ron K in San Diego wrote, “The Border Patrol doesn’t have the resources to make it better. Maybe China will sell us ‘The Great Wall.’ We buy everything else from them.”

Since local governments have passed their own ordinances to penalize employers who hire, and landlords who rent to, illegals, a *New York Times* article said “the tide has shifted” in the courts. A spate of recent rulings has upheld tough local laws and strict record-keeping requirements for employers. *Amnesty* had been the reform buzzword, but the reality is that security trumped amnesty. The public said, “Until you secure our borders, screw these people. Close the borders, then deal with amnesty, guest workers, family unity, driver’s licenses, the path to citizenship, and so on. Otherwise, no dice.” The failed reform package was a major defeat for Bush and, indirectly, for flip-flopper McCain. After the bill died, Senator Diane Feinstein of California told CNN, “I listened to talk-show hosts drumming up the opposition by using this word *amnesty* over and over and over again and essentially raising the roil of Americans to the extent that in my fifteen years I’ve never received more hate or more racist phone calls and threats.” Said Bush,

“It’s not an amnesty bill. That’s empty political rhetoric trying to frighten our fellow citizens.” Imagine that! Bush must have thought he had the empty-rhetoric, “be very afraid” market all to himself.

Everyone except the government and businesses requiring cheap labor, apparently, has gotten fed up with the influx of illegals. We’re still fighting terrorists in two war zones. You want into this country? Easy. Fly to Mexico, walk right in. A record 10.3 million immigrants—we’ve now got the highest level of immigrants here since 1920—arrived on George Bush’s watch, and more than half arrived illegally. Shifting tides notwithstanding, “Some federal judges seem bound and determined to prevent the enforcement of this nation’s laws against illegal immigration,” I said one day. One judge in northern California struck down enforcement of a law against hiring illegals. The construction of a fence along the Arizona border was temporarily delayed because another federal judge said the government environmental study didn’t examine closely enough, I pointed out on *The Situation Room*, “how that fence might affect the lizards and other things that live along the border. The Sierra Club and Defenders of Wildlife petitioned for this delay. You can’t make this stuff up, boys and girls.

“I wonder if any of those activists had gone to the border areas and seen what the illegal crossing of hundreds of thousands of aliens has done to the environment along our southern border—including leaving tons of trash and damaging wildlife in their wake. Of course, there is the effect of tens of millions of illegal aliens already in the United States on our environment here.”

The good news, I added, was that DHS secretary Chertoff had the right to waive all environmental laws to get the border fences built, and he planned to do just that. I asked whether it was worth keeping our borders open to protect lizards. Dave wrote, “Once again the far left environmentalists have completely lost their mind. They are willing to jeopardize our nation’s security and hinder the ongoing efforts to secure our borders by creating an absurd argument

that makes them a laughingstock.” Angelique in Nevada wrote, “No. Illegal immigrants are already ruining the environmental landscape all over the U.S. with graffiti, garbage, and a primitive way of life in which some of these people live. Here in Nevada, we are facing a huge water shortage due to growth. So although I like the lizards, I dislike the influx of these immigrants more.”

Record numbers of illegal aliens were being detained around the country. The *Los Angeles Times* reported a jump of some 50 percent—to nearly thirty thousand—in the detainee population, a report, I noted, “from the file labeled IT’S ABOUT TIME.” One reason for the spike, I said, was the government’s sensible decision to end its catch-and-release program. “Officials say detention is the only way to make sure these illegal aliens actually leave the country when their deportation is ordered.” Increased detentions in turn led to speedier deportations. In 2006 and 2007, deportations soared near 50 percent, to more than 260,000. Restrictionists praised the surge. Immigrant advocates cited harsh, crowded conditions in some of the jails and limited access to medical care. “Forgive me if I don’t break out the violin,” I said on the air. After asking how serious the government had become about finally enforcing our immigration laws, I said to *Situation Room* host Wolf Blitzer, “Only 12,850,000 to go . . . but they’ve taken a step in the right direction.” A number of viewers replied, “Too little, too late.” Michael from Florida wrote, “Raids on a few meatpacking plants and laundromats in a few small towns don’t rise to the level of a comprehensive, federally-enforced state-supported crackdown that needs to occur in all fifty states.” Patrick in North Carolina wrote, “As long as the corporations that need cheap labor are the same guys funding our political candidates, the government will not get serious about dealing with illegal immigration.”

The social and economic impact of immigration remains one of the most complex policy challenges for the new president. A late 2007 *Los Angeles Times*/Bloomberg poll found that one-third of Americans said illegals should be denied *all* social services. Fewer than half said



they should be entitled to emergency medical care. Sixty percent felt that illegals' kids shouldn't be entitled to attend our public schools, 18 percent said they should receive food stamps, and only 22 percent said they should be issued driver's licenses.

But even hard-liners aren't all heartless: a bipartisan 60 percent said citizenship for illegals should be a goal if they have not committed any crimes, if they pay any fines due, and if they learn English, among other requirements. Stuart in Florida wrote, "To punish children in public schools for their parents' wrongdoing is not the American way. They should have the same opportunity as children whose parents have committed crimes." Thaddeus in Sterling Heights, Michigan, wrote, "Rewarding those who come here illegally is a slap in the face to those, like my parents, who came here legally, and relegates those still waiting to come here legally to sucker status." Jay in Tampa wrote, "I'm sick and tired of standing in line at Super Wal-Mart with illegal parents buying eight gallons of milk for their seven children with my tax dollars while I struggle to pay the bills. I am checking out with one gallon of milk and paying with a credit card. What's wrong with this picture, and is anyone in our government ever going to do anything about it?"

### **Fueling the Energy Debate: We Need a Power Surge Right Here at Home**

Could you tell it was an election year when, in June 2008, President Bush, backed by John McCain, lifted the twenty-seven-year executive ban on offshore drilling for oil and natural gas? (Congress would first need to repeal the ban for drilling to occur.) They may as well have said to hell with the environment and to hell with the tourism industries. Seven years without a coherent energy policy, gas hits \$4 a gallon, and Republicans blame the Democrats and toss their principles out the window. Bush and McCain promoted oil and gas exploration as

if it could pass for a comprehensive energy policy that would cut gas prices in time for the July 4th weekend.

As McSame (as I'm clearly fond of calling McCain) hailed the president's call for lifting the drilling ban, House Speaker Nancy Pelosi said, "Once again, the oil man in the White House is echoing the demands of Big Oil. The Bush plan is a hoax. It will neither reduce gas prices nor increase energy independence." The debate was pretty silly, given that the oil companies already had sixty-eight million acres under offshore lease that they haven't yet developed. Still, seven in ten folks polled favored offshore drilling; it's an election year and voters were mad about gas prices. John McCain's choice of then unknown Alaska governor Sarah Palin soon had conservatives gushing over her gung-ho "Drill, baby, drill!" mantra; her position not only became part of their campaign rhetoric but went even beyond McCain's and Obama's plans by including the pristine Arctic National Wildlife Refuge. Palin was an energy hawk, not convinced that global warming was a man-made crisis and calling for polar bears to be kept off the endangered species list in a *New York Times* op-ed piece written before her selection. But she had the Dems rattled.

Her impact on the inflammatory campaign issue even prompted House Speaker Pelosi to abandon her fierce opposition to offshore (at least fifty miles or more) Atlantic and Gulf Coast drilling *if* the oil companies gave up \$13 billion in tax breaks and paid back billions in long-overdue royalties for deep-water drilling leases. The money, Pelosi insisted, would subsidize solar, wind, and other renewable energy initiatives. I asked on the air one day whether Congress should join Bush's call to lift the ban. Tony wrote, "No. I have put a windmill on the top of my car and it takes only four hours for me to get to work, about two miles away. The other day I stuffed a bushel of corn into my gas tank and that worked just fine, too. Tomorrow, I plan to look into other alternative fuels and will let you know how I do. Let the oil stay in the ground, and let the environmental lobbyists keep paying

off those in Congress. They need more money to pay for their planes and limos.”

Gasoline had already gotten both candidates great campaign mileage. McCain ran a negative ad blaming Obama for four- and five-dollar gallons of the stuff. No to drilling, the ad charged. No to independence from foreign oil. “Who can you thank for rising prices at the pump?” Then chants of “Obama! Obama!” McCain, of course, opposed offshore drilling before he was in favor of it. The minute McCain said he favored drilling, he got \$2 million in contributions from oil interests; his camp said Obama got \$400,000 from them. McCain then called Obama the Dr. No of energy.

Here was a forty-six-year-old guy, in the Senate three years, being blamed for high gas prices by a guy who’s been on the public dole since he graduated from Annapolis five places from the bottom of his class of 869. This was beyond ludicrous. “Obama’s also responsible for the pollution at the Olympic Games in Beijing and for global warming,” I said on the air, laughing out loud, “and as soon as he gets back from his trip, he’s going to be brought up on charges on all three. Excuse me, John McCain has been a member of the United States Senate for twenty-two years, during which time we’ve had no energy policy. Where the hell have you been, Senator? You’ve come up as empty as everybody else. How come he’s not running an ad about suspending that gas tax for ninety days?”

McCain and Hillary Clinton had both proposed a summer holiday repeal of the gasoline tax, a meaningless, desperate bumper sticker disguised as energy policy. “They’d like to buy your vote for between twenty-eight dollars and seventy dollars for the summer,” I said in May, “which is how much you’d save if their idea ever happens, which it won’t. If it does, I will eat an Exxon station.” Obama saw their idiocy as a gimmick that would also siphon \$10 billion to \$12 billion from state funds earmarked for road and bridge projects and, of course, *boost* gas consumption by giddy bargain hunters.

Obama did some summer flip-flops himself on the energy issue. At one point, he had said that he'd *consider* lifting the ban on offshore exploration only if it created short-term relief for drivers, which it wouldn't. Then Obama, addressing Florida voters, stressed his intention to keep the moratorium in place to protect their precious coastline. But in the pre-Palin days of August, after blasting McCain's lift-the-ban plan as "a strategy designed to get politicians through an election," Obama conceded that he'd compromise on additional offshore drilling if it were part of a comprehensive, sweeping, good-faith energy policy leading to greater fuel efficiency, renewable sources of energy, and lower fuel prices. He praised a bipartisan Senate plan that would combine alternative and nuclear energy with limited offshore drilling.

Another grandstanding measure was legislation in May 2008 to require President Bush to suspend shipments of about 76,000 barrels of oil a day into the 700-million-barrel Strategic Petroleum Reserve stored in underground salt caves along the Gulf Coast. The SPR, created in 1975, was an excellent idea that grew out of the 1973–1974 Arab oil embargo and the only ongoing commitment we have made to do something about our dependence on Middle East oil. Bush sensibly opposed the plan, saying that limiting supplies to the reserve could have national security consequences after a natural disaster or a terrorist attack. (It was tapped for the first Gulf War and after Hurricane Katrina.) Bush also reckoned that the extra fuel would cut prices by maybe a nickel per gallon, but our lawmakers have absolutely no vision beyond Election Day—never have, never will. The House voted 385 to 25 and the Senate voted 97 to 1 (both veto-proof) to suspend shipments to the SPR through 2008, provided that crude oil stayed above \$75 a barrel. (By mid-October, the price for a barrel of crude oil had fallen below \$75.)

In August, Obama flip-flopped again. Having likened the SPR plan to the gas-tax "gimmick" with little short-term price impact, now he was proposing that the government sell off seventy million barrels of our stockpile. He reconsidered because "Americans are suffering."

Then it turned out that Obama had a gas-pump gimmick of his own: using tire-pressure gauges to keep tires inflated, a known gas-mileage booster. McCain promptly tried to let the air out of Obama's plan when McCain staffers mockingly handed out tire gauges at a rally. But the idea got traction: Republican California governor Arnold Schwarzenegger urged people to get pumped up at the air hose, as did the AAA, while NASCAR's Web site gave its visitors the same tip.

What was impossible to gauge was whose poll numbers would inflate or deflate from all of this petro-pandering, with Congress posturing and proselytizing and doing nothing. You knew November wasn't too far off when forty GOP House members delayed their August recess to hammer away at their energy talking points. As I noted on the air, "These same Republicans controlled Congress for six years, from 2000 to 2006, and did nothing about energy. It's an election year and now all of a sudden all of the members of the House and a third of the Senate are up for election, and so suddenly those people, who might feel threatened if the cushy little lifetime jobs they enjoy in Washington are threatened, are hearing a lot about four-dollar gasoline and getting a lot of nasty e-mail from their constituents. There's nothing genuine about this. It's an election year."

I'm all for any legitimate effort to come up with a coherent energy policy to free ourselves of the Middle Eastern oil sheikhs. If it takes the threat of getting thrown out of office to get our lawmakers on the stick, so be it.

Suddenly, the air was heavy with lofty goals and promises. McCain called for reducing carbon emissions 60 percent below 1990 levels by 2050 and spending \$2 billion a year for fifteen years for clean coal technology. McCain opposed a windfall profits tax on oil companies, while simultaneously vowing a 10 percent corporate income tax cut. Beyond flip-flopping on offshore drilling, he called for construction of some forty-five nuclear power plants by 2030, but he didn't say where he would dump all of that nuclear waste. Yucca Mountain in Nevada was out of the question since Senate majority leader Harry Reid, for

one, wouldn't get reelected. McCain proposed a \$300 million award to the inventor of a battery to advance hybrid and electric car technology. (McCain, as Thomas Friedman noted in the *Times*, had missed eight votes in 2008 on a Senate bill extending tax credits for solar, wind, and other renewable energy sources.)

Obama missed one such vote in July but had voted yea three times.

Now, beyond supporting offshore drilling as part of a larger energy strategy, Obama would require 10 percent of our energy to come from renewable sources by the end of his first term. He called on Americans to reduce their use of electricity. Obama stuck to his pledge to raise corporate taxes and impose windfall profit taxes on oil companies; he berated McCain, even pre-Palin, for posturing on climate change. Not only had McCain missed those eight Senate votes on clean energy; when he did vote, he opposed virtually every effort to invest in clean energy, Obama charged. He said McCain's corporate tax cuts would hand Big Oil \$4 billion, which he called "not just irresponsible, but outrageous." Obama called for an 80 percent cut in carbon emissions by 2050; emergency fuel-cost rebates of up to \$1,000 per household for millions of families, paid for by windfall profit taxes; and a million hybrids rolling within six years, their sales accelerated by giving U.S. automakers \$4 billion to develop the plug-ins and consumers \$7,000 apiece in tax credits to buy them. Obama envisioned a \$150 billion investment in biofuels and other clean energy sources over ten years, with billions more from the private sector, to usher in a "new-energy economy" that would create five million new jobs. "In ten years," he said, "we will eliminate the need for oil from the entire Middle East and Venezuela."

It's all good. But I don't measure my own carbon footprint, and until someone tells me my car can run on carrots, I'm sticking to gasoline. However practical any of these proposals ultimately prove, the new administration must act now and effectively on energy policy, bailouts and all. Fuel prices, when they were burning 6 percent or more of our disposable income, transformed life as we knew it and wreaked havoc on the automotive and airline industries. We've long

needed some form of coercion to force the automakers to design cars like those windup toys they've had in Europe for decades that get forty to sixty miles a gallon. Charging four bucks for a gallon of gas was coercive enough: Americans stopped buying Detroit's gas-guzzlers. The truth is we have to end our OPEC hostage situation. Sixty percent of the twenty-one million barrels of oil we consume a day is imported, and surging increases in global demand for oil in places like India, China, and Brazil keep crude oil prices high. Bush pleaded with his Saudi pals to boost production and was rebuffed. Two months later, Bush sent bad-cop Dick Cheney, of all people, to go back and ask again. "We'll pause here to give you a chance to stop laughing," I said on *The Situation Room*.

Americans would've stolen from their mothers to get two-buck gas then. The government says we drove eleven billion fewer miles in March 2008 than in March 2007, the first such drop in three decades. People were canceling vacations, consolidating errands, carpooling, discovering the joys of mass transit, biking to get places, relocating from suburbs to cities as the cost of commuting and heating and cooling homes crushed family budgets, shopping online instead of at the malls, and no doubt feeling squeezed, literally, by their new smaller cars.

While Big Oil profits were setting records (\$150 billion in 2007), the automotive and airline industries imploded through 2008. In July, Ford posted a record \$8.7 billion loss in its worst-ever quarter. It planned to overhaul three U.S. plants and transition from once-booming sport utility vehicles to smaller, more fuel-efficient cars, as well as produce six new European-style car models for the U.S. market. Said CEO Alan Mulally, "We don't have a sustainable company if we don't do this." Ford's F-series pickup trucks, the best-selling wheels in the United States for twenty-six years, fell in mid-2008 behind four Japanese sedans. GM's 2007 loss of \$38.7 billion was the industry's largest ever, and by mid-2008 its stock price closed below ten dollars for the first time since 1954—and this was before it reported a \$15.5 billion loss for the second quarter. By late July 2008, Toyota zipped past GM as the world's largest automaker—it sold three

hundred thousand more vehicles in the first half of 2008—ending the U.S. corporate icon’s supremacy after seventy-seven years.

When gas was at \$4 a gallon in mid-2008, you couldn’t give a Hummer away, but there were six-month waits for Prius hybrids that hummed along on gas and electricity. The first hydrogen-powered cars were tested in 2008. Inexpensively running a car on a renewable fuel like hydrogen would help get us—and Detroit—back on track.

When talk turned to slower ground speeds and a national speed limit reduced to a fuel-saving fifty-five miles per hour (imposed in the 1970s, lifted in 1995), Carol from Little River, South Carolina, wrote, “I coast up to red lights, drive the speed limit or less, and attempt to not drive two or more days a week. Of course, we are retired and it is easier. However, we expected to be enjoying those ‘Golden Years,’ but it would seem that those ‘Golden Years’ are Exxon’s, not ours.”

Meanwhile, the automakers began to pass around the tin cup on Capitol Hill as sales—and share prices—hit new lows. In July 2008, General Motors approached Ford about a merger, but Ford broke off those talks in September. Then, in October, GM and Chrysler were reportedly discussing a merger while their sales for October cratered 45 and 35 percent, respectively. By November, GM’s sales over the previous twelve months were down 41 percent, Ford’s 31 percent. Even Toyota’s and Honda’s year-over-year sales sank more than 30 percent, with the industry’s slide continuing through December. The CEOs of Detroit’s Big 3 went to Capitol Hill in October all but begging for a \$25 billion bridge loan just to stay in business through 2008. It turned out that Democratic leaders wanted to know exactly what they were planning to do with that cash before pushing through any further rescue legislation. Imagine! Congress suddenly wanted *detailed* plans. After they had forked over \$700 billion for the financial institutions, there was virtually no congressional oversight on what was done with that money.

All three CEOs—Ford’s Mulally, Chrysler’s Robert Nardelli, and General Motors’ Rick Wagoner—flew into town in corporate jets, a



fact that honked off lawmakers and taxpayers and served up red meat for the media. (ABC News reported that Wagoner's roundtrip in GM's \$36 million G4 set his company back \$20,000.) That initial quest for a bailout was shot down. When I asked what the automakers must do to get federal aid, Festus in Montana wrote, "Next time arrive in Washington on a convoy of mopeds instead of private jets to let them know they're serious." When the chief execs returned in December to ask for \$34 billion, this time vowing to make drastic cuts and take \$1 salaries, the Detroit-based CEOs traveled the five-hundred-mile route in high-mileage hybrids.

The irony—and transparency—of their road trip was hard to miss. The Big 3 have been tone-deaf to the market for thirty-five years or more. They have sat on their hands and made Hummers while Toyota made Priuses. And so now these hypocritical snobs fly off to Washington in their corporate jets to beg Congress, saying, Just give us \$25 billion or \$34 billion and we'll clean up our act. Why should anybody believe them? Sure, the Big 3 need cash. And, sure, they provide jobs to 355,000 workers, plus an additional 4.5 million jobs in related industries. If GM were to go belly-up, the impact on the economy would be profound—10 percent unemployment, the likely failure of literally thousands of smaller companies that sell their products to General Motors, the risk of our country sliding even closer toward a depression. House Speaker Nancy Pelosi, who in 2006 famously took the possibility of impeaching George Bush "off the table," said bankruptcy was not an option. The money, she said, would come from a loan or from the \$700 billion already approved to rescue banks. As I said on the air, "I must have missed the part where they put Nancy Pelosi in charge of all this." There were real questions about whether we would be throwing good money after bad. Detroit has simply chosen not to keep up with and adjust to a changing industry for thirty years despite the handwriting put on the wall by Toyota and Honda, which continue to eat the Big 3 for lunch. American cars come with legacy costs (like pension and health-care plans) unrivaled in the

industry. Congress was grappling with whether the cure was worse than the disease. Either way, taxpayers are on the hook. We'll have to cover everything from lost tax revenues and higher unemployment costs to GM's hefty pension obligations.

In December 2008, one day after the House approved a \$14 billion bailout bill for GM and Chrysler, the rescue plan died in the Senate. One deal breaker: Senate Republicans demanded that the United Auto Workers accept a lower pay and benefits package—more in line with what workers make at U.S. factories that produce Japanese cars. Unwilling to comply, the UAW walked out of last-ditch negotiations. Then, a week before Christmas, President Bush announced emergency loans of \$17.4 billion to GM and Chrysler to prevent their collapse. Days later, the Treasury added \$1 billion in more aid to GM and \$5 billion to bolster its auto-financing arm, GMAC. Some of those funds were tied to the release—set in motion just days before Obama's inauguration—of the remaining \$350 billion of the \$700 billion recovery plan for financial institutions. The automakers' "lifeline from the taxpayers," as the *New York Times* called it, set target goals like cuts in executive pay and severance "parachutes"; debt reductions; a halt to shareholder dividends while loans were repaid; concessions from the UAW, car dealers, and suppliers; and sweeping reorganization plans for profitability.

The automakers only had until March 31, 2009, to show they meant business: President Obama would then decide whether their plans were viable—or if they would face bankruptcy. As Obama stressed at the time, "The American people's patience is running out." He urged the Big 3 firms and their execs to "seize on this opportunity over the next several weeks and months to come up with a plan that is sustainable. That means they're going to have to make some very hard choices."

When I asked whether GM was worth saving, many viewers wrote back saying yes—the ripple effect could be catastrophic. Yet a number of them said no. As John in Rohnert Park, California, wrote, "We are not buying their cars for good reason. How would temporarily bailing them out help? We're not going to buy [their cars] next fiscal quarter

either for the same reasons. They need to learn to win in the marketplace as the foreign cars are doing and sell cars that people want.”

The airline industry had been reeling as well, particularly as a result of 70 percent jet fuel hikes through the middle of 2008. Airlines cut flights, eliminated routes, laid off thousands, slowed air speeds to conserve fuel, increased fares, and tacked on charges for online reservations and second carry-ons. As JetBlue CEO David Barger told the *New York Times*, “It’s not for the faint of heart.” Nor the stiff of neck: his airline began charging seven bucks for in-flight blankets and pillows.

In yet another “Cafferty File” segment on how gas was driving us crazy, I asked whether fuel costs would alter people’s 2008 Memorial Day Weekend plans. Kevin in Massachusetts wrote, “It will be burgers and hot dogs instead of steak and lobster. The motor home will be parked in our backyard instead of in the campground. We will all sit and watch the Travel Channel for that vacation experience.” Mike in New Orleans wrote, “We’re staying home. We looked at our leisure budget and we figured whiskey is cheaper than gas.”

Oil drilling offshore is potentially a way to tap an additional estimated eighteen billion barrels of oil, but I wasn’t holding my breath for the “drill, baby, drill” energy revolution. It wasn’t Bush’s call, and, as of Election Day, it wasn’t going to be John McCain and Sarah Palin’s call, either. Offshore drilling has been against the law since 1981. But once President Bush lifted the executive ban, Congress followed soon afterward, opening up offshore and other once-off-limits areas to oil and natural gas leases. Expect to see affected states like Florida and California get involved in politically charged debates about environmental and tourism impact. Think they’ll want drilling along their coasts? Ask people in Galveston how much fun they’ve had with offshore drilling. The beaches down there are so polluted and ruined, they’ve had to create artificial beaches for people to visit and spend their tourism and vacation money. Clearly, drilling off the coastlines and in other pristine areas incites environmentalists aligned against Big Oil. Maybe if they ever have to pay six bucks a gallon, they’ll have a different view, or as Mark from Oklahoma City put it, “For us

to allow the environmentalists to force us into an economic collapse to save caribou and a few other forms of sea life is absurd.”

Besides, if exploration started today, you wouldn’t pump oil from the coastal areas or Alaska into your gas tank for a decade. Whatever Governor Sarah Palin told us, it’s ludicrous to think we can drill our way out of this mess. It was a sideshow to convince voters that drilling will cut gas to two dollars a gallon and imports of foreign oil will drop from 70 to 10 percent. In addition, there’s a serious shortage of refining capacity here, and refineries are churning 24/7. Construction of the first new refinery in thirty years was only recently approved. If we suddenly had millions of barrels of new crude, they’d be shipped overseas and sold to somebody else. As it worked out, by late December 2008, global market forces and cash-strapped American consumers had done their part to drive down the price of a gallon of gas to a national average of about \$1.70. If you couldn’t splurge on the gift giving, at least you could afford to drive and go visit your relatives for the holidays.

We need bold policy initiatives from the new Congress and from the Obama White House. We need to make significant advances in developing clean coal. We have larger coal reserves in this country than anywhere else on earth—enough to satisfy our energy needs for close to three centuries. As it is, coal supplies about half of the nation’s electricity, but it is also responsible for more than a third of our carbon dioxide pollution, which is most often blamed for global warming. The good news is that oil is extractable from coal, so that’s another possible source of gasoline.

The honeymoon with ethanol as a biofuel panacea is over. Ethanol production requires as much as a quarter of our corn stock, raising food prices all over the world. Plus, flooding in the corn-rich Midwest in summer 2008 drove ethanol prices up, revealing how vulnerable we are to a heavy reliance on ethanol as a component in fuel tanks. Using corn-based ethanol means dealing with commodity prices and a surging demand for food on the global market, not to mention worrying whether Mother Nature will lay some floods on the Midwest. With solar, wind, nuclear, and some form of clean carbon technology,

plus additional domestic oil and ethanol, pieces of an energy policy come together. We can't just go from pillar to post, trying to stay one step ahead of the next crisis.

In December 2007, Bush signed the ambitious Energy Independence and Security Act. It called for, among other measures, developing advanced biofuels that will reduce greenhouse gas emissions but won't impact the global food supply. These more efficient energy sources will make up two-thirds of the thirty-six billion gallons of biofuels projected for 2022. The energy act also calls for the design of battery- and hydrogen-fueled vehicles, lowering fossil fuel emissions, and increasing ethanol output by five times. It sounded great, yet Bush, having long denied that global warming even exists, pulled us out of the Kyoto Protocol. It's a Republican dodge to avoid slapping antipollution regulations on their big corporate friends, part of another dark Bush-Cheney legacy: an advocacy group survey of Environmental Protection Agency scientists found that nearly nine hundred of those who responded complained that they had been victims of political interference and pressure from superiors to skew their research findings during the last five years. This is scary stuff.

Just before the energy bill's passage, I did a piece about one of the bill's core provisions, which mandated the first major increase in fuel economy standards in more than thirty years. Automakers were required to raise their "corporate average fuel economy" (CAFE) standard by 40 percent to thirty-five miles per gallon by 2020, saving more than a million barrels of oil a day. All good. Now, I said, "Enter the lobbyists for Big Oil and car companies. They are working overtime to kill the bill. The White House is threatening to veto it. The *New York Times* says President Bush is echoing a position taken by the auto manufacturers and a coalition of industry groups, including the oil companies. They say they're concerned about who would regulate the new thirty-five-miles-per-gallon standard. How hollow does that sound?" The government can create massive, ineffective bureaucracies at the drop of a hat. Ever heard of the Department of Homeland Security? Bush would kill the first meaningful energy bill in thirty

years because no one knew who would *enforce* its CAFE standards? “Our dependence on Middle East oil is at the heart of so many of our current problems,” I said, “but, like everything else, the big corporations have a stranglehold on the federal government.” In the hard-fought compromise package, the Democrats failed to win subsidies for wind, solar, geothermal, and other alternative sources of fuel subsidized by—can you guess?—increased taxes on oil companies.

When times are this tough, it’s hard to focus on global warming (which will probably eventually destroy the planet), melting glaciers, the ozone layer, the polar bears’ survival, wind farms, and biofuels. Crude cost \$30 a barrel and a gallon of gas about \$1.28 when George W. Bush took office in 2001. We’ve lived way beyond our means, driven big cars and trucks for decades, and we’re still slaves to foreign fuel.

“The country’s energy crisis is ‘more important and threatening to America’s future than terrorism,’” I said one day to open a segment. I was quoting former Republican congressman John Peterson of Pennsylvania, one of the lawmakers then leading a bipartisan House energy panel. (He retired after his last term.) I asked viewers whether they agreed that the energy crisis has become a bigger threat than terrorism. Dave from Oskaloosa, Kansas, was thinking global, acting local: “The terrorist threat is extremely important in the long run, but right now I’m staring at a gas pump, credit card in hand, wondering how in the hell I’m going to pay it off at the end of the month.” Tom from Tennessee wrote, “If America doesn’t get a grasp on its energy needs, the harm will be greater than anything done by any radical group, including bin Laden.”

As it turns out, Osama bin Laden was the one guy who saw all of this coming ten years ago when he called for \$140-per-barrel oil as a way to inflict massive hurt on the United States. The terrorists may try to kill more people, but they technically don’t have to fire another shot. Their job is essentially done—we’re bleeding to death. It’s as if we’ve opened an artery, while sitting in a bathtub, and until our leaders can figure out something to save us, it’s just a question of how long before the life fluids run out of us.

# 8

## Are We Safer Yet?

### A World of Foreign Policy Troubles Left Behind

I hope President Obama has brought a big shovel with him to the Oval Office, because it's going to take him a while to muck out the Bush barn. A top concern of many Americans: our image and effectiveness in dealing with some disastrous foreign policy failures since 2001. According to one Gallup poll, since early 2002 the public's dissatisfaction with our position in the world more than doubled. That figure, then at 27 percent, began to rise once it became clear that the push for war in Iraq had been founded on a batch of lies. By mid-2008, dissatisfaction with our conduct of world affairs had soared to 68 percent, the highest level Gallup has ever recorded.

Bush earned the superlative negatives by leaving behind a nearly unqualified string of foreign policy failures. You could start with ignoring the explicit bin Laden threat to attack the United States a month before 9/11; the war of choice in Iraq and the failure to secure

Afghanistan, where the war on terror began, rages still, and could well have ended in victory years ago. Bush alienated long-standing allies and for most of his two terms refused to negotiate with our enemies, forcing the new president to face a number of crises in what no one could reasonably call a safer world.

Here's just a sample of the more urgent threats to our national security in 2009. Let the shoveling begin.

### **Afghanistan: Is It Sliding into Another Terrorist Quagmire?**

Iraq winds down, Afghanistan ramps up, Pakistan deteriorates. The Taliban is coming on strong and al Qaeda remains a global enterprise, with Bush warning us in mid-2008 that they're as determined as ever to attack the United States. Or was he just recycling that presidential daily briefing he got on August 6, 2001, while vacationing in Crawford, Texas—you know, the one that warned, "Bin Laden Determined to Strike in U.S."? That was when Taliban Muslim extremists ruled Afghanistan, harboring al Qaeda and letting them operate their training camps and hatch terrorist plots. In Bush's June 2008 interview with the *Times* of London, he said he wanted to capture or kill bin Laden before leaving office—this from the same president who in 2003 shrugged him off: "I don't know where bin Laden is. I have no idea and really don't care. It's not our priority." Now bin Laden was, and Bush reportedly enlisted the help of U.K. Special Forces to get the job done.

"Of course, no one knows where bin Laden is," I said on the air. "He has eluded capture now for almost seven years. Some think he's dying of kidney disease or dead. Some experts think he's in the autonomous tribal areas of northwest Pakistan along the mountainous Afghan border where tribal leaders rule. One Pentagon source says that U.S. forces were trying to push al Qaeda toward the Afghan border for a better shot at him." But, I added, that sort of military



action wasn't sitting well with the Pakistanis, who had been outraged days earlier when a U.S. air strike targeting insurgents hit a border post that killed eleven of its troops. The United States said it was "not exactly clear" what had gone wrong.

That could be a bumper sticker for the Bush era. When I asked how important it was for Bush to get bin Laden, K. from the United Kingdom wrote, "Forget capturing or killing bin Laden. George Bush would be able to claim that he left the world a better and safer place by standing down as president of the United States . . . today!"

Bush is gone, but the Taliban and al Qaeda aren't. President Obama faces a rapidly escalating war against the same terrorists we handily routed in 2001. By late summer 2008, the United States had some 32,000 troops in Afghanistan, 15,000 assigned to the NATO mission, in addition to thousands more under U.S. command. In August 2008, defense secretary Robert Gates called for an urgent \$20 billion five-year plan to expand, train, and equip the Afghan army; indeed, by September 2008, Bush announced plans to double the size of the Afghan national army to 120,000 troops. Gates also asked for 4,500 more U.S. troops, which General Petraeus said in his September assessment would arrive in early 2009. (Commanders on the ground had requested about twice that number, but deployments of up to 10,000 troops weren't expected in Afghanistan until forces began to leave Iraq.) Late in 2008, Gates announced that as many as 30,000 troops—"a surge of forces"—might be gradually deployed to Afghanistan in time to help keep the peace for that country's fall elections.

Even Bush, whose idea of wartime sacrifice was to give up playing golf temporarily to show his solidarity with families of troops lost in combat, hinted at the epic failure of his misplaced obsession with Saddam. In May 2008, he said, "I wish we had completely eliminated the radicals who kill innocent people to achieve objectives, but that hasn't happened yet. And so I think it's very much in our interest to continue helping the young [Afghan] democracy. And we will." Sounds like a plan—just like the one in Iraq that has worked out so nicely.

Three years after we finished chasing the Taliban into Pakistan and the Pentagon declared al Qaeda's top leadership "decapitated," that head apparently grew back. As determined as ever, insurgents launched more than a hundred suicide attacks in 2007, killing eight thousand people, including eighty-seven U.S. troops. In one two-day period in April 2008, militants killed forty people, including seventeen road-building workers in a remote area where building new roads is a key to reconstruction. In fact, as the *New York Times* reported in August, the north-south Kabul-Kandahar highway, once a proud symbol of Afghan rebirth and a vital supply route linking the largest military bases in-country, has become "a gauntlet of mines, and attacks from insurgents and criminals, pocked with bomb craters and blown-up bridges." In one well-orchestrated insurgent ambush on a U.S. post in July, nine soldiers were killed, the deadliest incident in several years. Suicide bombings, IEDs (improvised explosive devices), and RPG (rocket-propelled grenade) attacks against Afghan and U.S.-NATO forces had spiked 40 percent in the eastern provinces, prompting "alarm among senior Pentagon officials," the *Los Angeles Times* reported in June. In August, three Western female aid workers and their Afghan driver were gunned down near Kabul. The Taliban destroyed a minibus near Peshawar, killing more than a dozen Pakistani air force soldiers; ten French troops assigned to NATO forces were killed in a barrage of small arms, rocket fire, and mortar attacks by Taliban insurgents in eastern Afghanistan. In October, Taliban militants stopped a bus on the nation's main highway near Kandahar, a particularly dangerous area, and slaughtered thirty people, five of whom were beheaded.

By mid-September 2008, with ground forces stretched thin, greater U.S. reliance on air strikes was leading to scores of reported civilian deaths in Afghanistan that angered citizens and government officials alike. They recalled all too well the huge civilian toll in the endless war against the Soviets. U.S. forces were now conducting cross-border attacks against the Taliban just within the Pakistan border, causing

civilian deaths there and infuriating Pakistani officials as well. In one highly charged incident in August 2008, thirty-three civilians, almost half of them women and children, died in a nighttime assault by a U.S. AC-130 gunship on a location in the village of Azizabad, where thirty Taliban and a top commander were meeting. In October, about thirty civilians, mostly women and children, were killed in a coalition attack in violent Helmand Province—further stoking Afghans’ anger toward the United States. Back in Washington, navy admiral Mike Mullen, the chairman of the Joint Chiefs of Staff, was telling the House Armed Services Committee, “I’m not convinced we are winning it in Afghanistan. I am convinced we can.” But a dire assessment by the sixteen intelligence agencies in October 2008 warned that Afghanistan was on a “downward spiral.” More immediately, in light of the bolder, larger-scale attacks by militants in both countries, improved coordination with Pakistan was essential in battling insurgents in the tribal border areas. Without it, Mullen warned, the United States would soon be “running out of time” in this “complex difficult struggle.” This is especially true given Afghanistan’s vast poverty, severe drought, and narcotics trade, not to mention Pakistan’s political instability and its anger over the U.S. military’s raids on suspected extremist safe havens within its borders. The *New York Times* quoted some analysts as saying that even with “the best strategy, it could take another five to ten years to stabilize Afghanistan.”

By September 11, the seventh anniversary of the 9/11 attacks, 2008 had already become the deadliest year yet for U.S. troops in Afghanistan, when the combat deaths of two soldiers brought the year’s total to 113. By year’s end, that figure had risen to 151.

The Bush administration arguably sowed the seeds of the extremists’ fierce comeback when it took its eye off the ball in Afghanistan to wander into Iraq in search of whatever. Senate Democrats warned the administration in an April 2008 letter, quoted by the AP, that we were dangerously shorting the Afghans in troops and aid, and added, “The negligent policies of the last half-decade have permitted al Qaeda

and the Taliban to regenerate and to pose a greater threat to the national security of the United States than at any point since Sept. 11, 2001.”

Despite field commanders’ and then-candidate Obama’s call for between 7,500 and 10,000 troops, our war-weary forces weren’t exactly sitting around with nothing to do. As the *New York Times* put it in a February 2008 editorial, “Nearly everything about President Bush’s botched war of choice in Iraq has made it much harder to win Afghanistan’s war of necessity.” Moreover, said the *Times*, intense opposition to the Iraq War and Europe’s “deeply casualty-averse” citizens had made it tough for defense secretary Gates to sell Germany, France, Italy, and Spain on committing more NATO forces. One ominous milestone may have helped explain why: in May and June 2008, just as the Iraq troop surge was winding down, more troops died in Afghanistan than in Iraq.

No one is even sure anymore how much of his country President Hamid Karzai controls beyond Kabul. Some put estimates at about one-third, with the Taliban and tribal warlords running the rest. I asked on the air what the United States should do if more than half of Afghanistan was under Taliban rule seven years after we chased them out. Many said, “Come home.” Tracy wrote, “My son is currently in Afghanistan and to hear these statistics makes me want to throw up.”

When we enlisted Pakistan’s then military chief and president General Pervez Musharraf—whose name Bush didn’t even know in 2001—as a staunch ally after 9/11, he may have been the only ticket in town. We gave him \$11 billion to root out the terrorists we had chased into the mountainous Pakistani border areas east of Afghanistan. He deployed his paramilitary Frontier Forces to this notoriously pro-Taliban and al Qaeda safe haven. Those tribal areas are a no-man’s-land, where Islamabad has about as much sway with what goes on as the Queen of England does. It’s Pakistan’s Wild West, where sympathetic Pashtun tribal warlords leave Islamic extremists alone. It’s likely some of our greenbacks went to these tribesmen, who were just pretending they were going to chase bin Laden up a tree and skin him.

Bush's reliance on Musharraf backfired because of Islamabad's ties to the warlords who control the remote, autonomous regions. There, the terrorists were free to regroup, recruit local and foreign fighters, operate new training camps, and launch cross-border attacks on U.S.-NATO international forces in Afghanistan's east and south, where they were concentrated. Politicians representing the tribal regions pressured Musharraf to rein in his Frontier Forces. Religious conservatives opposed his U.S.-backed crusade against Islamic extremists. Musharraf stunned Washington in 2006 when he brokered what the *New York Times* called a "disastrous" cease-fire between his paramilitary forces, the tribal warlords on the Pakistani side, and the pro-Taliban warlords. His troops would limit the Taliban's actions in the tribal regions if the insurgents agreed not to attack army posts. As the *Times* reported, tribal leaders enforcing the truces received millions in financial aid: "The Musharraf government has tried to bludgeon, buy off, and appease militants in the tribal areas, sometimes sacrificing Pakistani troops, and other times negotiating deals with some of the feared militant commanders." The paper cited "a growing recognition among senior officials that the Bush administration for years did not take the al Qaeda threat in Pakistan seriously enough and relied on [Musharraf] to dismantle networks of militants there."

Washington eventually came to see that these deals were deadly sell-outs. The truces would collapse when Pakistani forces attacked insurgents, led by the powerful, swaggering Pakistani Taliban commander Baitullah Mehsud. The furious Bush administration failed to move Islamabad to arrest Mehsud or rein him in. Mehsud was believed by both American and Pakistani officials to have orchestrated Benazir Bhutto's assassination, while also launching ever-deadlier suicide bombings and attacks within Pakistan and across the Afghan border.

We had made a deal with the devil, a dictator who seized power in 1999 in a bloodless coup and who served as both army chief and president. He fired sixty judges, suspended Pakistan's chief justice for

political motives in March 2007 as he prepared for a bid to run for another five-year term, suspended the Constitution after imposing a state of emergency in late 2007, and delayed legislative elections after Bhutto's death until early 2008. (He was reelected in October 2007.) In February 2008, voters handed a huge victory to his political foes, and Musharraf, facing impeachment from the new ruling coalition for his actions under emergency rule, resigned in mid-August. Condoleezza Rice hailed Musharraf as "one of the world's most committed partners in the war against terrorism and extremism."

But Pakistani officials expressed relief, saying he had been a U.S. ally, as one put it, "in words only, not by actions," and blaming him for failing to crack down on the growing Taliban insurgency in the tribal border areas. Musharraf was succeeded by Bhutto's widower, Asif Ali Zardari, in a September landslide victory. It hardly helped that Pakistan was entering the shaky post-Musharraf era as a volatile nuclear nation facing economic chaos (Pakistan went looking for a bailout, too), widespread power outages (China agreed in late 2008 to build Pakistan two nuclear energy plants), and terrorist attacks shifting from the border areas into the cities.

Indeed, the spiraling violence in both Afghanistan and Pakistan had led Barack Obama to begin calling for more aggressive tactics—resisted by the Bush administration—toward our sovereign, if unreliable, "ally." During the first presidential debate at the University of Mississippi on September 26, 2008, Obama said, "If the United States has al Qaeda, bin Laden, [or] top-level lieutenants in our sights, and Pakistan is unable or unwilling to act, then we should take them out." In fact, as the *New York Times* reported in September, President Bush had in July secretly authorized U.S. Special Forces to conduct ground assaults against Taliban and al Qaeda militants without Islamabad's prior approval. This marked a dramatic strategic change for the United States that helped explain Islamabad's anger over what they called the United States' disregard for Pakistan's sovereignty. Just days after Pakistan's army authorized its forces to fire on U.S. ground troops

crossing the Afghan border to raid militant sites, Pakistani troops reportedly fired warning shots at U.S. military helicopters as they flew across the border, forcing them to turn back to Afghanistan.

It didn't help that Karzai and Musharraf weren't exactly the Roosevelt and Churchill of the war on terror. Karzai accused Pakistan of being too lax in flushing the Taliban from tribal areas, and Musharraf's top intelligence service, the ISI, was believed to be tied to the Indian embassy bombing in Kabul. And after looking into our generous counterterrorism funding in Pakistan, House Oversight and Government Reform Subcommittee chairman John Tierney told a hearing he was "troubled: first, in terms of waste, fraud, and abuse of a huge amount of U.S. taxpayer funds; second, about the program's failure to achieve vital U.S. security objectives."

Even after the formation of a new coalition government and despite a warning from deputy secretary of state John Negroponte, the coalition struck its own deal with tribal elders. The tribesmen would keep the peace around Peshawar, a major northwest hub, and would keep open a supply road if they could prevail on insurgents to halt attacks on government outposts. As the AP reported, this deal was but "the latest manifestation of the new Pakistani government's preferred and much-criticized, approach to ending extremism: negotiations." More deals with warlords meant more deadly attacks on our troops. As the Taliban turned the Kabul-Kandahar route into a highway to hell, they even planned bombings and attacks targeting Kabul restaurants that catered to Westerners. By August 2008, the body count for U.S. troops in Afghanistan, Pakistan, and Uzbekistan reached 500 . . . and by the end of December had shot up 25 percent, to 625.

The regional war on Islamic extremists had further deteriorated in late September 2008, when a massive suicide truck bomb—packing an estimated half ton of explosives—demolished the luxury Marriott Hotel in Islamabad, killing at least 60 people and injuring 250 more. And in the most ambitious attack along the key military supply line from Pakistan into Afghanistan, militants burned 160 trucks and other

vehicles, including dozens of Humvees, being shipped to U.S. and coalition forces deployed in Afghanistan. The early December attack occurred at a staging area in Peshawar, in northwest Pakistan about forty miles from the Afghanistan border, and was reported to have involved some two hundred militants. A week earlier, ten gun-wielding terrorists killed some 170 people in coordinated attacks around India's financial capital of Mumbai (Bombay). There was increasing evidence that the Islamic militant group involved, Lashkar-e-Tayyiba, was based and trained in Pakistan, though with no proven ties to the government. Still, it was another sign that our ally in the war on terror was a long way from getting the job done—and a reminder from the guys in Mumbai that, Hey, we're still around and how are things at New York's Penn Station?

Just as we were escalating our war effort in Afghanistan, the last thing anyone needed was to see nuclear-armed Pakistan and India spoiling for a confrontation of their own. The world is awash in potential nuclear weapons. Tensions between India and Pakistan have been on the rise since the Mumbai massacre—adding to the already daunting array of problems facing our new president. In late December, Pakistan reportedly began moving thousands of troops—at least one army division, according to AP—from its border with Afghanistan, where they were battling al Qaeda and Taliban extremists, to the Indian border region. God forbid the collective wisdom of Afghanistan and Pakistan leads to a nuclear showdown. I assume calmer heads will prevail, and I'm not losing any sleep over a nuclear war over Mumbai, no.

But Afghanistan is shaping up as our next potential quagmire. The reality and the tragedy is that the people of Afghanistan *were* liberated. Hamid Karzai is not the Taliban. Afghans have held open elections. They've built roads and schools and provided health care and individual freedoms (including education for girls) that many young Afghans never knew under the Taliban's fanatical *shariya* law. For a few years, the savages were no longer staging executions of women shrouded in burqas in soccer stadiums on a June evening, and while you're at it, bring the picnic lunch and the kids and let's



cut off a few people's heads. But the barbarians are back, showcasing for cheering supporters and terrorized citizens alike their medieval system of justice. As one Pakistani source told a reporter, after an impromptu street-corner execution of two women charged with running a brothel, "If the Taliban prosecute, they execute." Even Karzai barely escaped a 2008 assassination attempt by the Taliban.

Afghan officials dismiss claims that the Taliban controls half of the country as an exaggeration, but it would be impossible to exaggerate how desperate the country is overall and how urgently President Obama needs to act to save it. Farmers earn up to ten times more money growing poppies than they earn growing legal crops. "Afghanistan is in misery," I said in an August 2008 piece. That was the assessment of retired four-star army general Barry McCaffrey, who had just spent a week visiting NATO headquarters and Afghanistan. He reported on a truly dismal state of affairs: Almost 70 percent of Afghanistan's people have never known peace. The life expectancy is only forty-four years, and the country has the second-highest maternal mortality rate in the world: one in six pregnant Afghan women dies during childbirth.

"The government," I said, "is mostly dysfunctional and corrupt. Unemployment is at 40 percent and rising. Although an overwhelming majority of the Afghan people rejects the Taliban, they have little faith in the government to provide basic services and security." General McCaffrey insists we can't win this war solely with military might, and he stresses the need for a larger Afghan army and police force, in addition to more U.S. troops. He believes we also need to help fix the Afghan agricultural system and to enlist the international community to eradicate the drug crops. Afghanistan is a narco-state. The Taliban and al Qaeda are mostly funded by an estimated \$100 million a year from the \$4 billion opium and cannabis industry, which employs more than three million workers and accounts for about half of the nation's economy. Hundreds of thousands of Afghans are heroin addicts. The booming heroin trade also generates more than enough cash to corrupt the government and the justice system; within Afghanistan, there have been suspicions for years that Karzai's own brother is tied to the

heroin trade, a claim Ahmed Ali Karzai denied to the *New York Times* in October 2008.

My question on the air that day was, What should be done to save Afghanistan? Rasmus wrote from Denmark, “The foremost priority should be to disable the heroin industry. It finances terrorism, a lot of it being shipped to the U.S. and corrupting much of the population.” Ron in San Diego wrote, “A U.S.-allied military occupation of that country. It is the only way to keep a guard on terrorist activity.” A. Kraft in Naples, Florida, wrote, “Not a damn thing, it is hopeless . . . get out now.”

### **North Korea: Is Kim Jong Il Finally Ready to Quit the Axis of Evil?**

Maybe President Bush should have turned Saddam Hussein into a pen pal. If North Korea seems to be playing ball with their nukes program, it may be because Kim got mail—from George Bush. “It looks like his recent letter to North Korea’s Kim Jong Il might have been a strike of diplomacy,” I said on the air in late 2007, perhaps prematurely, as it turned out. Addressed to “Mr. Chairman,” the president’s note said that a “critical juncture” had been reached in the six-party talks aimed at denuclearizing the Korean Peninsula. Bush urged Pyongyang to follow through on the agreement and to declare and dismantle its nuclear weapons program.

North Korea replied that they planned to hold up their end of the bargain, while expecting the United States to do the same. As Bush told reporters, “I got his attention with a letter and he can get my attention by fully disclosing his programs.”

Progress was made through summer 2008, as North Korea let a little Bush-era diplomacy go a long way toward getting the economic aid it desperately needs and moving to end its deepening global isolation. North Korea had agreed to start disabling its plutonium-producing

reactor in Yongbyon in fall 2007. In exchange, the United States agreed to move toward normalizing relations with North Korea and to remove the country from a list of terror-sponsoring states and trade-sanctions blacklists. Millions of its people are starving; they need food and fuel. Given Bush's usual brush-off to sit-downs with our enemies, this was a positive move toward defusing a standoff with an unpredictable, reclusive creep whom Bush once claimed to "loathe." Even if this diplomatic coup in the six-party talks proved symbolic, who am I to denigrate whatever progress Bush can rightfully claim? My fear was that maybe there was less there than met the eye. There's still a hell of a lot more we *don't* know about their nukes program than what we do know. North Korea remains the world's most heavily sanctioned country. Progress, yes; a major, durable breakthrough, not yet.

When I asked viewers whether the Kim-Bush correspondence might change anything, Mike in Annapolis wrote, "Yeah, a lot will change. We can now show the reclusive North Koreans how to out-source jobs, in-source illegals, import low quality crap and how to hate our elected officials. When we get through normalizing relations with the North Koreans, they will wish they never ever met us."

Since a similar agreement in 2005, North Korea had refused for two years to turn over a detailed "declaration" of its weapons programs. In late 2006, it tested an underground nuclear device and was believed to be building a nuclear reactor in Syria, which Israel bombed in September 2007. The nuke the North Koreans tested was a very-low-yield device, or even a failed "fizzle."

By June 2008, the North Koreans finally turned over to Chinese envoys—key mediators in the talks—a sixty-page inventory detailing nuclear facilities and various phases of plutonium production at their Yongbyon reactor, where North Korea admitted producing enough weapons-grade plutonium (about forty kilograms) for six or seven bombs. The day after handing over their declaration, North Korea, as agreed, blew up its sixty-five-foot central water cooling tower at Yongbyon, where plutonium was extracted for weaponizing. The tower had been

the grim brick symbol of everything we didn't know about Kim Jong Il's arsenal. Even with the cooling tower down, Bush took heat from wary neocon hardliners who felt that he'd gone too soft on the deal. The United States had eased its demands that North Korea come clean about secretly developing highly enriched uranium and about supplying Syria with nuclear technology—"sticking points," reported CNN, that stalled talks for months. And North Korea's declaration failed to tally its arsenal of existing nuclear bombs or indicate whether they would actually give them up. A forty-five-day verification period followed.

President Bush struck a cautiously hopeful tone. "The United States has no illusions about the regime in Pyongyang," he said. "We remain deeply concerned about North Korea's human rights abuses, uranium enrichment activities, nuclear testing and proliferation, ballistic missile programs, and the threat it continues to impose to South Korea and its neighbors." He called the tower's demolition a "moment of opportunity" that could go either way. "If North Korea makes the wrong choices the United States and our partners in the six-party talks will respond accordingly." Both presidential candidates hailed the tentative progress toward a goal they shared, which John McCain called "the full, permanent, and verifiable denuclearization of the Korean Peninsula."

The Koreans made the wrong choices. After the United States accused the Koreans of refusing to verify the agreement's nuclear declaration, the administration refused to de-list North Korea as a state sponsor of terrorism. By fall 2008, Kim Jong Il was reportedly gravely ill, and the six-party agreement appeared to be collapsing. The Koreans barred UN atomic energy inspectors from Yongbyon and were reported to be reactivating the plutonium-processing plant there. It seemed to be yet another Bush foreign policy flop. North Korea declared that it "will go its own way."

But in late October 2008, the crisis flipped again: Kim was apparently well enough after his stroke to be photographed brushing his teeth. The North Koreans again agreed to dismantle Yongbyon, and the United States removed the regime from its terror list. By Election Day here, it seemed that Bush's "Axis of Evil" had lost another member.

But in December, after four days of talks in Beijing, North Korea again balked at allowing verification that it had halted its nuclear programs—even refusing, the *New York Times* reported, to let soil and air samples around its nuke facilities be tested overseas. Bush’s “breakthrough” had proved illusory, leaving it to President Obama to get the Kim Jong Il regime to dismantle its nuke programs. As one foreign policy expert told the *Times*, “We now know the North Koreans tricked us.”

### Iran: Bomb, Bomb, Bomb—or Talk, Talk, Talk?

“Time is apparently running out to do something about Iran’s nuclear program.” That was how I kicked off a “Cafferty File” on one of the most dismal and complex foreign policy and security failures President Bush endured in his final year in office. Time seemed to be running out for us all over the place. How dangerous is Iran’s scary, polarizing President Mahmoud Ahmadinejad? I quoted a retired head of the Israeli intelligence agency, Mossad, arguably the finest intelligence-gathering agency in the world, who told London’s *Sunday Telegraph* that Iran may have a nuclear weapon by mid-2009. “And he said there’s no doubt Iran intends to use it once it gets it. He said time is getting shorter for Israel to act.

“Unlike the U.S.,” I went on, “which has spent seven years looking for Osama bin Laden and invading Iraq and not succeeding at either, the Israelis tend not to mess around.” In 1981, Israel bombed a nuclear reactor in Osirak, near Baghdad, believing that Saddam was making nukes to destroy Israel. In 2007, Israeli warplanes destroyed that Korean-designed reactor in Syria. Israel gets the job done. “While the international community, led by President Bush, continues to bluster and sanction and threaten, Iran continues its relentless march toward nuclear weapons. There’s a lot of stuff the civilized world doesn’t want to deal with. Iran having nuclear weapons would be somewhere near the very top of the list. Unless they have a change of heart, it looks more and more like Iran is going all in, and it’s going to be up to somebody in the West to decide whether or not to call.”

This is one issue you'd hate to be wrong about. But getting it right wasn't easy. The 2007 National Intelligence Estimate (NIE)—the consensus view of all sixteen spy agencies—concluded that Iran had shut down its nuclear-weapons programs in 2003. So were Bush & Cheney ignoring the intel all along, ratcheting up the stakes with the usual fearmongering? Iran was, the report said, still enriching uranium for civilian energy, not to, say, wipe Israel off the map. But the 2005 NIE report said that Iran *did* have a secret arms program to enrich raw material and build a nuclear weapon. So by 2006, Bush was warning that a nuked-up nutcase like Ahmadinejad could lead us all into World War III, and he stuck to that story. Then again, the 2002 NIE said that Iraq had chemical and biological WMD and was looking to go nuclear. We know how *that* one played out.

Iran has been busy doing *something* besides defying UN Security Council demands that it halt uranium enrichment, while enduring three sets of stringent economic and trade sanctions. In April 2008, Ahmadinejad announced that six thousand new centrifuges were to be installed at their underground nuke complex in Natanz, adding to the three thousand we knew about. Their goal is to get fifty-four thousand of these going. Centrifuges spin uranium gas into an enriched form that is used to produce fuel for both “peaceful” reactors (meaning power for turning the lights on at home) or, at higher levels of enrichment, fuel to be packed into nuclear warheads (which means lights out for entire nations like Israel). Meanwhile, negotiations between Iran and the United States, Russia, China, Britain, France, and Germany repeatedly went nowhere. Though Iran was offered incentives to help it develop its civilian nuclear program, it steadfastly refused to suspend uranium enrichment as a precondition to any meaningful deal making.

Israel has insisted it will not tolerate a nuclear Iran. Our military brass has been worried for more than a year that Israel might bomb Iran once it had three thousand centrifuges going. Although the stated U.S. policy is to “negotiate” and the Pentagon has been reluctant to

take military action, you don't mess with Israel or Mossad. But Iran, the second-largest oil-producing OPEC member, with an output of four million barrels a day, holds a fistful of aces. If Israel whacks Iran, Iran has threatened to choke off the Strait of Hormuz, through which some 20 percent of all Middle East oil reaches the rest of the world. The price of a barrel of oil, having dropped from \$147 in July to under \$40 by late December 2008, could also hit \$250 overnight if supplies were shut off. Stakes are high: if Israel gets attacked, we'd get dragged into it, and there's no way we can wage a third war.

That didn't stop all of the bullying rhetoric from Bush and Cheney, stating that Iran was training and arming Iraqi Shiite militias, supplying powerful rockets to blast the Green Zone, and so on, and there was some concern that Ahmadinejad could provoke an incident and turn the Middle East into a fireball along Bush's road to peace. Everybody said, "This is very dangerous," after Iran's little rubber boats ran up against our missile cruisers, which could wipe out the entire continent of Europe. I said on the air something like, "Why indulge these jokers with their little boats? Just tell them, 'Don't do this stuff anymore.' Next time, we'll just blow three of them the hell out of the water and let them know that to the degree that you had a twelve-boat navy, you now have nine, and next time you'll have six—and then we'll start taking out some other stuff."

Bush critics charged that the administration exaggerated its claims of Iran's tactical influence in Iraq to provoke an incident with Iran. Maybe so, but there was no denying that Iran has been calling a lot of the shots in Iraq for its Shiite friends. In April 2008, General David Petraeus told the *New York Times* that Iranian-backed militias could "pose the greatest long-term threat to the viability of a democratic Iraq." Nouri al-Maliki's their man, too. This is the country we liberated, and they're in bed with the Shiites next door, who are getting ready to build atomic bombs. It's a goddamn joke.

The issue of negotiating with the enemy set off a brushfire of controversy on the campaign trail. Obama had long called for direct

talks with Iran without the main precondition imposed for years by the Bush administration, in other words, that Iran first halt its uranium enrichment. After Iran launched nine medium- and long-range missiles in a test, Obama declared, “The threat from Iran’s nuclear program is real and it is grave. As president I will do everything in my power to eliminate that threat, and that must begin with direct, aggressive, and sustained diplomacy”—backed, he has said, by pressuring Iran with “big sticks and big carrots” to further squeeze and isolate it economically. John McCain called for tougher sanctions from European nations (even without support from the Russians and the Chinese, who oppose harsher sanctions) and the long-negotiated antiballistic missile shield, part of it to be built in Poland and the Czech Republic.

Obama’s position led Bush, during a speech at Israel’s Knesset marking Israel’s sixtieth anniversary, to break with protocol and delve into partisan politics on foreign soil. “We have heard this foolish delusion before,” Bush said. “As Nazi tanks crossed into Poland in 1939, a U.S. senator declared, ‘Lord, if I could only have talked to Hitler, all this might have been avoided.’ We have an obligation to call this what it is—the false comfort of appeasement, which has been discredited by history.” Imagine, someone with a law degree from Harvard says we should convene a Middle East conference and discuss the overriding issues that affect not just our national interests but the interests of all of the people in that region—geez, what a crude, senseless strategy that would be! Obama called Bush’s tactic “dishonest, divisive,” and he and McCain each called the other’s approach naïve and irresponsible. Obama attacked Bush and McCain for their “hypocrisy, fear peddling, fearmongering.” Obama has also said he would sit down and talk to Syria, Venezuela, Cuba, and North Korea.

In July 2008, as Obama went overseas, Bush softened his position on Iran, sending a senior diplomat to join the ongoing six-party Iran talks in Geneva. The talks ended with Iran getting a two-week deadline



to accept a package of incentives (with no further sanctions) to help them develop civilian nuclear power, provided they first halted uranium enrichment. Iran ignored the uranium precondition and defied the deadline. Unfazed by tougher UN sanctions, Ahmadinejad vowed to push ahead with Iran's peaceful nuclear energy programs. "Whatever they do, Iran will continue its activities," he said. "Sanctions are not important. The era of such threats is over." He may be right. In late November 2008, the International Atomic Energy Agency issued a report saying that Iran had continued to increase its stockpile of uranium to the point where it now has enough nuclear fuel to make a single atom bomb. On Inauguration Day, Barack Obama got the "football." Not the one that the quarterback throws downfield, but the small, leather-bound metal briefcase that contains the United States' nuclear launch codes. It was handed off to Obama at his swearing-in, and from that moment on it has gone everywhere with him. Think of it as Armageddon in a box. President Obama has said he's not looking to use the football but stick instead to his ground game of negotiation. Now it's up to him to use his diplomatic touch to disarm this potentially destabilizing bundle of nerves.

### **Israel and Palestine: The Peace Agreement to Continue to Disagree**

President Bush went to the tinderbox that is the Middle East in January 2008 vowing to nail down a peace agreement before his term ended. His administration's policy in the Middle East has been nothing short of a disaster. His war in Iraq has strengthened terrorist groups, and there have been no consequences for him, of course, for all of the problems he has caused there. Instead, he left office and left the Middle East to the new administration, despite his empty, nonsensical

rhetoric about brokering a peace deal, particularly between Israel and the Palestinian Authority and its moderate president Mahmoud Abbas. Remember, the Bush administration urged the Palestinians to hold elections—pitting Abbas’s unpopular Fatah, which had ruled Palestine for forty years, against the radical Islamic group Hamas.

There can never be a peace deal with Hamas. The people elected Hamas, a powerful force, in legitimate, democratic elections. But we wouldn’t deal with Hamas, voted into power at our urging in 2006, because they’re a terrorist organization. “There’s going to be a peace agreement before I leave office,” Bush said, and after everybody stopped laughing out loud, they realized how ludicrous that was. When I asked whether peace was at hand, Joe wrote, “Peace in the Middle East is not within George Bush’s grasp. It has eluded far more capable American and world leaders for almost sixty years.” Karen wrote, “Bush, yet again, is off in la-la land! He will make sure there is no peace deal in the Mideast as evidenced by his ongoing saber rattling with Iran. How can he expect ancient enemies to resolve their issues while he discusses war with their neighbor? The man has no business traveling abroad . . . it’s embarrassing.”

Bush was proposing what he has called a “two-state” solution—“a democratic Palestine based on law and justice that will live in peace and security alongside a democratic Israel.” In January 2008, he called for an end to Israel’s “occupation” of Palestinian lands dating back to 1967. A peace deal, he said, would have to establish Palestine as a homeland for the Palestinian people. Bush also asked Palestinians and President Abbas to confront terrorists and urged Arab states to “reach out to Israel.” Meanwhile, Israel controls Gaza’s borders; a corruption scandal led to Prime Minister Ehud Olmert’s eventual resignation; and before a six-month cease-fire took effect in June 2008, continued fighting and shelling by Israel had killed hundreds of Gazans while Israelis were getting barraged daily by Hamas rocket fire. How can you forge a peace agreement if you won’t negotiate with the duly elected representatives of the Palestinian people?

The peace agreement initiative struck me as a late grab at a legacy that didn't have much else going for it. Bush paid no attention to the peace process between Israelis and Palestinians for seven years, and all of a sudden, how ironic was it that the only country that was waging not one but two wars in the Middle East—that would be the United States (one of those wars an unprovoked act of naked aggression)—hosts a 2008 Middle East peace summit with forty nations? I thought it was as transparent as that plastic wrap the Homeland Security folks told us to put around our houses when there was a new terror alert. But, hey, we were in an election cycle and Bush was hoping to burnish his legacy a bit—if not just burn it. As I said on the air, “Suffice it to say, anything substantial coming out of this summit would border on the miraculous.” Bush didn't push for even minimum concessions to ease tension there. The *New York Times* said in an editorial, “The Israelis need to halt all settlement activity. The Palestinians need to do more to end attacks on Israel. The United States needs to press compromise proposals, something President Bush and his secretary of state, Condoleezza Rice, show little interest in doing.” Bush also refused to talk to Hamas, Syria, or Lebanon because of their support of Hezbollah. As for Secretary Rice, you could count her successes on one hand without using your thumb and several fingers. This was a photo-op secretary of state who accomplished virtually nothing in three years, save some partial, flimsy agreement with the little kook in North Korea to halt his nuclear program.

Obama got trashed by McCain and Bush for proposing direct negotiation. McCain attacked Obama to illustrate his “weakness on national defense” in handling foreign policy and national security crises. “It shows naiveté and inexperience and lack of judgment,” McCain said, “to say that he wants to sit down across the table from an individual who leads a country that says Israel is a ‘stinking corpse,’ and that is dedicated to the extinction of the state of Israel.” In McCain's view, “It is reckless to suggest that unconditional meetings will advance our interests.” Bad news for McCain: amid all his tough

talk about not talking to our foes, a Gallup poll found that nearly 60 percent of Americans backed Obama. The point was clear: the American people were sick and tired of cowboy diplomacy and its effects on our quest for national security, our strong reliable allies, and the war on terror.

Obama exploited McCain's close links to Bush's bankrupt foreign policies. "It is time to turn the page on eight years of policies that have strengthened Iran and failed to secure America or our ally Israel," Obama said at one point. "Instead of tough talk and no action, we need to do what [Presidents] Kennedy, Nixon, and Reagan did and use all the elements of American power—including tough, principled, and direct diplomacy—to pressure countries like Iran and Syria." Both candidates rejected talks with Hamas until they "abandon their terrorism and their advocacy of the extermination of the state of Israel," as Obama put it.

Israeli-Palestinian tensions exploded three weeks before Obama took office and after a months-long truce was broken, Israel and the United States said, by Hamas rocket fire into Israel. A week of massive retaliatory air strikes on Hamas security sites, homes of key Hamas militants, government buildings, and at least one mosque killed 430 Palestinians and wounded 1,700 more as Israel's defense minister vowed "war to the bitter end." As 2009 began, Israeli troops, backed by tanks and helicopter gunships, attacked deep inside Gaza, Hamas continued firing rockets, the death toll exceeded 1,000, and world leaders pressed for a cease-fire. The era of cowboy diplomacy was ending and peace in the region was nowhere on the horizon.

### **Georgia and Russia: A Cold War Heating Up—or Does Putin Just Have Georgia on His Mind?**

I can't get inside Russian prime minister Vladimir Putin's head, nor can I see into his soul because I have never looked into his eyes. And I can't claim to see Russia from the roof of my home in New Jersey.

But George Bush looked into Putin's eyes, and he liked what he saw in Putin's soul. Maybe he should have looked a little deeper.

In August 2008, just as the two leaders were sharing some laughs and no doubt swapping Beijing souvenir pins at the opening ceremonies, Russian tanks were rolling over the top of the military in the former Soviet republic of Georgia like bacon through a goose. The Georgia episode exemplified the end-stage futility of Bush's foreign policies. Bush went back home to vacation at his ranch; the Russians did whatever they wanted, while we stomped our feet and warned them to go home—or else. And they didn't. Putin stuck it to Bush and made him look like the total flop of a leader he is.

The pro-U.S. state of Georgia on Russia's southern border (whose military we helped train) provoked the invasion with troop and rocket attacks in an effort to recapture its separatist, pro-Russian enclave of South Ossetia. The Russian bear got up on its hind legs and roared, claiming hundreds of Ossetians, and some Russian peacekeepers died. Soon Putin's tanks rumbled through South Ossetia into Georgia. Air strikes hit port cities and military installations and destroyed Georgia's negligible navy. Troops occupied the key city of Gori and shut down a major east-west transport route. After this absurd five-day mismatch, the two nations signed a cease-fire brokered by French president Nicolas Sarkozy.

President Bush and Dick Cheney denounced the invasion and demanded that Russia withdraw its troops. Instead, the Russians drove deeper into Georgia and defiantly parked Red Army tanks thirty miles from the capital, Tbilisi. They deployed short-range rocket launchers, refused to pull their troops out of Gori, and carried out training missions over the Black Sea. Sure, they overreacted, but Georgia's dim-witted president, Mikheil Saakashvili, had given Prime Minister Putin a pretext to go in, and by the time U.S. troops began to coordinate a vast humanitarian mission out of Tbilisi, they were awfully close to those Russian tanks.

It was like Old Timer's Day for cold warriors—except you had war-hero candidate John McCain sounding more like a '60s peacenik in,

well, flip-flops. “In the twenty-first century, nations don’t invade other nations,” he declared. The ex-POW hypocritically denounced “the extent and degree” of Russia’s aggression in the guise of a true friend of national sovereignty (“We’re all Georgians”).

“Say what?” I asked one day on *The Situation Room*. “The United States invaded the sovereign nation of Iraq more than five years ago and you, Senator McCain, were all for the idea. You voted for the war, remember? . . . Since then, McCain has remained steadfast in his support of arguably the biggest foreign policy blunder in the history of the country.” Sure, the candidate whose strong suit was national defense capitalized on the invasion, an event squarely in his wheelhouse. Both candidates had called for a cease-fire and for Russian troops to clear out. Does the Kremlin have expansionist designs on Ukraine, Belarus, energy-rich Azerbaijan, and Georgia? It could use Georgia’s warm-water ports along its Black Sea coastline, and the economically challenged Russians need energy from the Caspian Sea region as well.

Saakashvili was elected president in 2004 after a rigged election that was won by President Eduard Shevardnadze led to a revolt—the “Rose revolution”—within his own party. A leader of the revolt, he soon became the Bush poster boy for pro-Western democracy in the former Soviet sphere of influence—notably, volatile, energy-rich Central Asia. When Bush visited Tbilisi in 2005, he proclaimed, “The path of freedom you have chosen is not easy, but you will not travel it alone. Americans respect your courageous choice for liberty.” (Georgia sent two thousand troops to fight with coalition forces in Iraq until they were recalled after the Russian invasion.)

Georgia didn’t want the secessionists of either South Ossetia or Abkhazia schmoozing with Putin, although they’re made up mostly of ethnic Russians who have wanted out for years. Saakashvili was on U.S. TV every day decrying the Russians’ actions, but, hey, if you’re going to start a fight, you fight to win. The Russians blamed U.S. and European military aid to Georgia for emboldening Saakashvili, and Putin accused the United States of using giant C-130s, air force jets,

and warships to deliver weapons, not water, tents, food, blankets, and powdered milk. When a U.S. warship sailed into Poti, Putin snarled, "Why is it necessary to deliver humanitarian aid on naval vessels armed with the newest rocket systems?" Soon, his handpicked successor as president, Dmitry Medvedev, ratcheted up tensions by calling Saakashvili a "political corpse," boasting that Russia has no fear "of anything, including . . . a new cold war," and calling Russia a nation "to be reckoned with from now on."

Saber-rattler-in-chief Dick Cheney opted out of the GOP Convention to visit U.S. allies in Azerbaijan, Ukraine, and Georgia. He denounced Russia's "illegitimate, unilateral" invasion and, in Kiev, attacked Russia's "threat of tyranny, economic blackmail, and military invasion or intimidation." Cheney urged a vote on NATO membership for Georgia and Ukraine (as had McCain), a stance known to further piss Putin off. Cheney also condemned Russia's formal recognition of the breakaway provinces as "irrational" and added that the United States would use its UN Security Council veto to render the Russian move "dead on arrival." The Cheney trip coincided with a U.S. pledge of \$1 billion in reconstruction aid for Georgia.

It's possible Putin may try to gain control of Georgia or Ukraine. Russian pipelines carry natural gas through Ukraine to Europe and to a naval base at a Black Sea port. As it was, the invasion likely expedited, after eighteen months, a U.S. agreement with Poland to construct by 2012 a ballistic missile-defense shield there, with tracking radar to be built in the Czech Republic. The shield, the *New York Times* reported, would be "oriented toward Russia," while the deal obliged the United States to defend Poland if attacked. The *Times* quoted a Russian defense official as saying the deal "can not go unpunished." The White House press secretary denied tilting it toward Russia; the intercepting missiles were intended to shield European allies "from any rogue threats, such as a missile from Iran." That spin was for the birds. At the time, Iran didn't have the capacity to reach those countries with anything but carrier pigeons.

Make no mistake: this is a new, resurgent Russia. President Obama must enlist international cooperation and, as McCain rightly said, make it clear that this stuff won't fly if Russia wishes to remain a member of the civilized community of nations (or of the G8 club of industrialized nations). We've needed Russia's help in nuclear nonproliferation and with Iran. We have a thicket of trade, technological, and even nuclear-energy agreements, and, as Sarah Palin once said, we've got to keep an eye on that guy Putin when he rears his head and gets into Alaskan air space. They are building a trans-Siberian pipeline to China, and Putin's power grabs may threaten the vital eleven-hundred-mile-long Baku-Tbilisi-Ceyhan pipeline, completed in 2005, that pumps 850,000 barrels of Caspian Sea oil west from Azerbaijan through central Georgia and down through Turkey before it gets shipped to Europe and the United States. The \$4 billion "BTC," backed by Western money, was designed to bypass Russia and get oil flowing out of the Central Asian regions of the former USSR.

I frankly didn't see World War III breaking out over Georgia just to make the world safe for Saakashvili. But I did see Bush's missile shield system turning into a *déjà vu* of handy-dandy giveaways to defense contractors just as Iraq was winding down—huge contracts, breathtaking cost overruns, and billions spent, lost, and wasted on business as usual for the corporate-military-industrial complex.



# 9

## Marriage and Fatherhood Work Best as Sobering Experiences

I never presumed to have any more answers about being a parent than anybody else. There are no perfect parents, perfect kids, perfect families—only degrees of dysfunction. You get up in the morning and do the best you can. At the end of the day you say, “Okay, that wasn’t so bad, let’s try it again tomorrow.” Some of my instincts were pretty good and some of them were awful. I did stay engaged and didn’t say to hell with being a father when my first marriage ended. With the younger girls, I eventually made the choice to clean up my alcoholism before I pushed things to the point of no return. But most of the credit goes to my second wife, Carol; to the girls; and to God Almighty. Ultimately, I’ve just been very fortunate.

I don’t know the status of parenting in America. But I know a little about the status of education in America. Parents’ growing inability to impose manners and limits on their kids when the kids are in school is reflected in record dropout rates, as well as teen drug and alcohol

abuse, teen sex, and unwed pregnancies. Maybe it's parenting that's on the decline, more than the schools.

Exhibit A: My wife and I have just been seated for dinner when the maître d' walks over and seats a young family at the table next to us and the kids start carrying on like orangutans on a leash. The parents are going, "Timmy, that's not nice, don't throw your food, stop stuffing your mashed potatoes up your nose." Are mom and dad having fun yet, picking food up off the floor, apologizing to people like us, and wiping food flung across the table off their faces? Some parents *still* have this attitude that their kids are too special to be burdened by discipline. And the rest of us are supposed to put up with their little mutants. That attitude really pisses me off.

I hate to break it to them, but the kids aren't special, and I don't have to put up with their behavior. If you can't control your obnoxious little brats, leave them at home. They don't belong out in public, annoying other people, period. I don't remember a generation of kids ever being so indulged and enabled to behave so badly. What's going on? I remember that as a kid, I was expected to behave myself out in public or suffer the wrath of one very angry father. And of all the things that used to piss him off, those expectations didn't seem unreasonable. Something's gone terribly wrong here. My guess is it has to do with the breakdown of authority, the collapse of a strong family structure, and the abdication of parental responsibility, dictated in part by the necessity that both parents work. Plus, we have a whole generation of Baby Boomers who are too busy feeling entitled to prolong their own self-indulgent, self-absorbed adolescences to rein in their own kids. Just a theory.

As much as I loved and adored my two younger girls when I had a second life as a new dad in the 1980s with Carol, I never treated Leslie and Leigh as if they were perfect and incapable of wrongdoing. They knew me better than that. Their mother and I still held all of the voting shares in this family corporation, and they heard from me when they crossed the line. I was still drinking when they were young, so

they saw way more of my scabs and warts than even Julie and Jill had. Leslie and Leigh are now both single, successful, secure women in their twenties who live and work in New York City.

Carol and I agreed on the big parental themes: Sunday school, attending church, working hard to accomplish something in school, learning self-respect. When it came to how the girls spent their free time, Carol was a voice of moderation who gave them more latitude, as long as they weren't doing things that might lead them into big trouble in their lives—drugs, booze, hanging out with the wrong crowd. I, on the other hand, fueled by a compulsive need to preserve order, instead of the chaos of my youth, was too shrill, too judgmental, overly critical, and probably too quick to voice my disappointment with my kids if they ever fell short in my view. Kids can make you crazy and push your buttons, and I could lash out at them and come down pretty hard. I'm not proud of that. Carol was less inclined than I was to say clean up your room, make your bed, do your chores, and so on. I was more intense, absolute, and controlling. And when I was drinking, I tended to claim that I knew everything and Carol knew nothing. Actually, it was just the opposite.

Carol was an only child, whose parents, Leslie (“Woody”) and Kathryn Everett, raised her in the tiny square-mile town of Stewartville, Missouri (population 1,100). They spoiled and pampered her, but in a social, rather than a materialistic, sense. Her bed was made for her and she wasn't asked to wash dishes and take out the garbage. She was expected to do well in school, go to church, and be a good person. She was a product of the Protestant work ethic and a Midwestern Christian upbringing, where you work hard, don't complain much, do your best, and things will probably turn out okay.

Carol's entire community in rural northwest Missouri embraced simple, rock-solid values—consistency, trust, honesty, neighborliness. I grew up fighting emotional quicksand; Carol's values and reference points were embedded in granite. I became so comforted by that small-town life that while we were still living in Kansas City, and even

after the older girls moved to Topeka, we often spent my visitation weekends and Christmases with the Everetts. Judy would drop off Julie and Jill in Atchison, Kansas, about halfway there, and we'd drive to Carol's folks. Both sets of my daughters became aware at an early age of the intrinsic goodness in such people and of the virtues of a strong, close-knit community spirit. I absolutely believe that their exposure to that way of life has served them well throughout their entire lives.

Those forays into "fly-over" heartland country in Stewartsville and Gower, Missouri, were everything Reno had never been: roll up the (few) sidewalks at sundown, get up at sunrise, go to church on Sunday. In my own turmoil back then, I felt myself decompress when I was around their community, Carol's family, and her beliefs, her rules, and the rest of it. These plain-spoken, God-fearing folk read their Bibles, lived by the stuff they read, and didn't wear their hearts on their sleeves, either. People popped in unannounced, bringing food and good cheer for sharing impromptu dinners in neighbors' homes. You'd turn around, and there'd be somebody new in the kitchen. Those moments and perceptions not only helped shape my own adult life, but played a part in forming my views on what's happened to our country these last eight years.

I sometimes wonder what Woody Everett would have said to that. He was one of the millions of kids without much formal education who came off the farms out of the Depression when his country called. He went through boot camp and basic training, then got shipped off to Asia to do his part in World War II. He fits the classic portrait of Tom Brokaw's "Greatest Generation." After the war (which he never talked about), he delivered diesel fuel to farmers all over Buchanan County for their machinery. He always kept a sack of hard candies in the cab of his truck, tossing out treats to the kids who'd come running up when they heard his truck driving down the country roads. Like my uncle Jack, he was the most unassuming, self-effacing guy you'd ever want to meet.

Carol's mom died two years after Leslie was born and before Leigh came along. Woody became a terrific and doting grandparent to both girls, just as he and Kathryn had been to Julie and Jill. My daughters never got any of that kind of nurturing from my folks. One of the trickier issues in the early years of my second marriage was the "blended family" routine. Carol and I put off having a family until we had the financial security to do so, given that I had child-support payments and for years worked for chump change. In the meantime, she understandably didn't have a great deal of interest in playing stepmom to two kids who weren't hers.

Once our two girls came along, Christmases at Woody's with Santa (who had to box and ship this stuff to Missouri and then rebox and reship it all back to New Jersey) and the gifts under the tree became a big deal for us. Still, I didn't handle a blended family as well as I could have. It's hard not to ruffle the feathers of the one who runs the nest. For the longest time, I felt torn between respect for Carol's point of view and the fact that Julie and Jill were a part of me that she needed to accept. I'd sometimes go visit them on my own in Arizona. One wife, one ex-wife, four daughters—that's a lot of estrogen for one man to handle, okay? But there were reasons all of this meant so much to me: (1) I was absolutely determined not to fail again at marriage, and (2) I wanted the girls, despite their gaps in age, to understand that each had three other sisters in the world who gave a damn about what happened to them. It was important to get that bridge built between the two pairs of half-sisters, however long it took.

For years, the most complex and stressful situation Carol Cafferty had to cope with was my drinking problem. When I got up in the morning, I immediately wondered, *What kind of mood is she in and how soon can I start drinking today? How do I get all the booze I want, and get myself half or three-quarters fucked up without winding up in divorce court?* On weekends, I wanted to get to drinking right away. I knew that she would be watching to see how early I went to the

fridge and reached for that first beer. If we got up on Saturday and Carol went out someplace to, say, get her hair done, that was my green light to have a few extra ones. If I held off till three or four in the afternoon, we had a much better day, but I was suffering.

This is where she proved how tough she was, stronger than any man I have ever known. I still don't know how the hell she did it. I'd have told me to go fuck myself long before I quit drinking. I had her walking on eggshells, just as my parents had done to me. Now it was Carol who constantly had to be on guard, wondering what mood I was going to be in, how much I'd been drinking, how it would affect the emotional tenor in the home with the girls around. I *knew* this was hard on her and worried her to death, but like all addicts who have earned their PhD's in denial, I figured, *I can finesse all this shit* and keep an even keel, addictions and all. But no one finessees it indefinitely unless the spouse/partner becomes an enabling doormat and says, "Okay, I'll pretend this isn't happening or I'll excuse it this one last time."

That wasn't Carol's style, and our marriage was seriously tested and threatened. We didn't have a lot of knock-down, drag-out fights, but we had our share of loud, explosive arguments. Ugly things were said and threats made—I'm getting a divorce, I'm going to do this or do that. Sometimes, to be sure, Carol could overlook what I threatened and ignore me. Other times, she was provoked beyond her limits and fired back, and we got into shouting matches. I have no doubt that the girls heard their share of screaming and yelling and profanity. If I had enough booze in me, I could have found fault with Jesus Christ. The interesting thing is that as an alcoholic, I knew all of this was happening and it didn't matter. Afterward, I felt like an idiot and made amends to keep more precipitous things from happening. I'm ashamed to say I probably taught Carol how to fight, yell, and confront people. I don't know that she had ever raised her voice to anybody before she met me. How the hell she survived and why she stayed I don't know, but I am so grateful she did.

There was a relentless, unspoken tension between us caused by the chemical I was addicted to. Eventually, your personality splits apart; you're living a lie and a scary double life. It requires tremendous mental energy to stay in that game and keep living that lie, all the more so with two young kids in the house bearing witness to the worst of it. You know you're not fooling anyone, least of all your spouse. And as my ability to handle the booze diminished over time, I needed more of it, and it began to consume me. I just wanted to walk through my career and do the drinking; do the marriage and do the drinking; do the parenting and do the drinking. How many drinks do you have at dinner when you go out? Do you drink at home *before* you go out and have more drinks at dinner? What about after dinner?

It finally came crashing down on me when Leslie and Leigh were eight and four, respectively. The handwriting wasn't *on* the wall; it completely *covered* the wall—and it said, Game over, Charlie. You pushed this to the extreme and if you keep going, your life, your marriage, your health, your relationship with your kids, and your career are all going to disappear.

I was forty-five years old when I decided to turn my life around. I had watched my parents grow old with their addictions and die broke and alone. I was at a fork in the road. For inspiration I drew on the courageous example of my uncle Jack, who went cold turkey the morning after a scary, booze-fueled incident nearly got him into some serious trouble. I wondered whether I had the stones to go through with it—the determination, the guts, the will to make this change. Fortunately, I did. I'm very lucky that I made the decision in time and gave myself and my family a shot at living a healthy, decent, stable, good life.

I also sat both of my younger daughters down and told them, basically, "Alcoholism is in your genes, in your DNA on my side. Your grandparents were drunks, I was a drunk, your great-uncle Jack was a drunk. And so you've got to be careful, because if you get to playing around with this stuff, you don't have the same tolerance that your

buddies might have. When you're out at the bars, just keep in the back of your mind that you're playing with hand grenades." I had many discussions with them about it. I never flat-out said, "Don't drink," because I knew it wouldn't make any difference and they'd check it out anyway. My relationship with the older girls was different. I wasn't around them seven days a week, but I did make them aware that drinking posed a potential problem. If they drink at all now, all four of the kids have been fine with it, knock on wood.

Once you remove booze from the equation of your life, everything else finally has a chance to flourish. The possibilities for contentment are amazing. Do the math. You don't have a habit anymore. You're focused on what you want to do. My whole life began to improve when that part of it was taken away, a natural consequence of the behavioral and chemical change. My energy was no longer being consumed by my need to keep feeding my habit, and Carol, the kids, and I eventually built much stronger, closer relationships.

Drinking was also keeping me down in my career. It's obvious to me now. Look at what's happened to my career since 1989, when I kicked booze and left WNBC's *Live at Five*. A half-dozen years later, I was finally out of New York-area local news and making the move to network cable TV. That led to starting *American Morning* with Paula Zahn and Anderson Cooper, which in turn brought me into *The Situation Room* in 2005. It's been quite a dramatic turnaround. I've even written my second book.

In the mid-1990s, I was at channel 11 in New York, and by then I was sick and tired of doing what they called local news. It wasn't. Their idea of local news was doing yesterday's *New York Post*. A contract beef with the station was all it took for me to quit local news for good after three decades. A few months later, Lou Dobbs hired me to come work at CNN, where I got to host my own early-morning business-news show for CNNfn (which no longer exists) to go up against CNBC's dominant *Squawk Box*. Back in that roaring bull market, CEOs were covered like rock stars. Ratings aside, this was a



great gig because not only was I home by early afternoon, but I could also do pretty much as I pleased on the air. When I first asked my new boss what he wanted me to do, he told me, “Do whatever the hell you want. Nobody’s watching anyway.”

So I often did whatever I wanted. I used the show’s freer format to share my opinions and observations on things—apparently striking a chord with those folks who were watching. It was, looking back, an early form of today’s “Cafferty File” segments. I often took things well beyond our financial-news format, and the results seemed to amuse people. One morning my wife, Carol, called me at the station to tell me she had taken the dog’s heartworm pill by mistake. She called the hospital and the poison control hotline people. So I did this whole thing where I said something along the lines of, “You think Wall Street is all that matters? I just got a call from my wife, who took our dog’s heartworm pill by mistake and she’s wondering if it’s going to kill her or not. So I want to be sure to get out of here on time today because I’ve got to get home and take her for a walk.” That just broke people up. I did a piece about the time my then-college-age daughter, Leslie, used diesel fuel instead of regular for her sports car at a self-serve pump on her way home for a visit from Lehigh University in Pennsylvania. When she drove up to the house with blue smoke billowing out of the back of her snazzy red wheels, I asked, “What’s the matter with the car?” “Nothing,” she said. “But I think I put diesel in the tank.” I was stunned. “How the hell did you get diesel fuel in that gas tank? There’s no way a nozzle for diesel fits your car.” She said, “I just held it up over the opening of my gas tank and squirted it in.” Trust me, they weren’t covering that kind of stuff on CNBC—little slices of life that caught people’s attention.

The other upside of my new CNNfn adventure was that I got to enjoy what Leigh calls my “Mr. Mom” era. Carol was working part time, so after I got home it was my job to pick up the girls after school or after cheerleading practice and generally run the show through the afternoons with them. Leslie, who is four years older, was, even

before she left home for Lehigh, more on her own by then; but I used to drive Leigh to her dance classes up in Fair Lawn, New Jersey, about a half-hour away, and to other activities.

These were great times to catch up and connect one-on-one about her day and whatever happened at school and get a glimpse inside her head. I introduced Leigh to my favorite country-and-western music artists—Merle Haggard, Ronnie Milsap, Waylon Jennings, and Johnny Cash. Leigh seemed to get into it. She and I shared some wonderful father-daughter time that I never had on a daily basis with the older two girls after the divorce, although Julie and Jill did get fed a steady diet of Elvis and '50s rock and roll when I was around. When Julie got married, she picked an Elvis tune, “Memories,” for us to dance to.

Leslie and Leigh both attended a private high school nearby that set me back twenty grand per kid per year. I was delighted we could afford to send them. They mostly kept on the straight and narrow and often made the honor roll. That's not to say they didn't have their moments. Leslie came cruising in with a girlfriend of hers one afternoon on the same day report cards came home. She got a C in something, and the shit hit the fan. I went crazy. I told the friend to go home, sent Leslie to her room, and didn't talk to her for a couple of days. Finally, we spoke. “This is absolutely, completely unacceptable nonsense,” I said. “I do everything for you, and your job is to get good grades. If you're not going to do your job, then I'm not obligated to do mine. If I have to lock you inside your room with your school books and push food under the door, you're going to get straightened out here.”

Leslie was grounded for a time. She could go to drama practice, cheerleading, and ballet lessons after school, but there was no hanging out at friends' houses on weekends anymore. I gave her the semester to get it together—this was sophomore year—or I would take her out of all those other activities as well. Tough love worked: she pulled straight As next time out.

While Leigh was still in high school, she missed a curfew—one of the cardinal rules in the Cafferty home. Carol and I knew where she had gone, and we tried to call her but couldn't reach her. Eventually, we got in the car to go looking for her. We were terrified something had happened. Every parent knows the feeling. We went by this girl's house and the car wasn't there. We drove around—nothing.

She was at home when we got back. She was also in big trouble. She got her ass chewed out pretty good. "There is no excuse," I said, "for making your mother frantic," and she knew it. I would have been reluctant to admit it to them, but I understood perfectly why they did some of the stuff that got them in trouble because I did a shit pot full of it when I was a kid.

When Leigh was getting ready for college, I told her she could go anywhere within a five-hour driving range of home. She picked Tulane—two days away by car. Carol and I said yes because Tulane's an excellent school and New Orleans' an extraordinary city. We'd always loved the spirit and attitude of New Orleans ever since we took a great vacation trip there years earlier. The Big Easy soon worked its own magic on Leigh. Probably the most rational of the girls, Leigh started to party and act a tad rebelliously. While not close to busting out, she just wasn't getting it done. Her 3.5 GPA was slipping.

When she got home that summer, I told her that I would pull her out of there in a heartbeat if she didn't straighten things out. "If I'm going to spend fifty grand a year for you to sit in some saloon on Bourbon Street till four in the morning and flunk out of school, I do not need this crap," I said. "You can go to some community college in northern New Jersey for three grand a year and go sit at Pizza Hut and watch the dough rise. I am not having it. You're still in school and the rules about school still apply, so get off your ass and hold up your end of this deal."

She did. As she has noted, she "was a damned angel that summer." We were very lucky with Leigh in 2005 when she spent that summer at home with us before heading straight to Italy for a semester of study.

She was not on campus in late August and early September when Hurricane Katrina ripped apart the city and the Gulf Coast. A lot of her friends transferred to other schools. It's a credit to Leigh that she returned to Tulane to complete college.

Like all parents, Carol and I endured our moments of worry, especially once the kids got their driver's licenses. Leslie was my favorite when it came to driving. Call it her Richard Petty period—and this was long before her diesel fuel fiasco. When she got her license, I ordered her a sporty little Mercury Cougar. The car didn't arrive in time for her birthday, so Carol and I let her drive Carol's Buick in the meantime. Leslie's license hadn't been valid two days before she drove her mom's car to take her SATs on a Saturday morning. Coming out of the test site parking lot, she pulled straight into the path of an oncoming car. Wreck number one. Nobody got hurt. Carol's car was a mess. Leslie called in tears, and I went and brought her home. I tried to strike a tone of tolerance, while also letting her know, "Well, now you've learned your lesson."

Wrong. A couple of weeks later, we took delivery of Leslie's beautiful, candy-apple-red sports car, a hot, steamin' set of wheels like nothing else on the streets of northern New Jersey. Less than a week later—wreck number two. She ran into a parked car. How do you do that? I mean, it's a parked car. It's not moving. She wasn't injured, but I was getting pissed. When I had her Cougar in for repairs, I told the guy in the body shop, "Put it in the back of the shop and don't touch it for four months." Leslie spent that summer wheel-less. And although it didn't cure the problem, it did get her attention. I just kept telling her, "Well, they're very busy. I don't know when the car will be fixed."

Flash ahead about four years. When Leslie graduated from Lehigh, I bought her another new car as a graduation gift. She announced plans to live in Washington, D.C.; share a place with some college buddies; and contemplate going to law school. We said fine. Within a week or two of getting there, wreck number three. She nearly totaled her new

Acura. Again, she had pulled out into the path of a much bigger car. A few inches here, a slightly different angle there, and she could have been killed. In the big scheme of things, we were incredibly lucky. Leslie walked away from all three crashes, but these kinds of things are profoundly unsettling in any parent's life. It's a real catch-22. On one hand, you don't have to drive them around anymore. On the other hand, you worry your ass off every time they're behind the wheel.

There are some things, though, that you can't worry about for your children. When they told me someone was mean to them, I said, "Ninety-nine percent of all the people in the world suck. So get over it." To paraphrase, "Life's a bitch and then you die." Okay, that's an exaggeration, but I was never one to sugarcoat things for my younger girls. That said, I *was* determined to protect them to the degree that I could from some of those people who *do* suck. I was fiercely intolerant of boyfriends who behaved badly. Leslie and Leigh knew enough to tell any guy they brought home that there was an overprotective, scary dad looming in the background, rather than a pushover who didn't care who they hung out with. I provided another layer of solid insulation from the jerks of the world. There was a zero tolerance policy with boys: if he doesn't treat you the way you deserve, don't bring him home. Leigh says she came to feel that I worshipped the ground her mother walked on for tolerating me at my lowest points (she's absolutely right), and because of that, perhaps the younger girls may have developed very high expectations when it came to men. After I nursed Leigh through an episode of heartbreak, she wrote to a friend, "Despite his harsh attitude and sports-watching, former beer-drinking ways, my dad is more in tune than any other man I know. He's never been ashamed to wear his emotions on his sleeve . . . and it is exactly for that reason that God gave him four girls to raise in the world."

I tended to take Leslie's and Leigh's side because they are not, nor have they ever been, inclined to be deceitful and manipulative. For example, when Leslie's drama club was putting on a play, she mentioned that some of the kids—herself included—were getting little or

no time in the show. When I went to school to pick Leslie up one day, I got a little dramatic myself with the drama teacher. "This is a high school play," I said. "Make some room for these kids and let 'em all have a shot at their fifteen minutes in the spotlight. You're not exactly running Dance Theater of Harlem here."

I wouldn't necessarily defend them against all odds if they had made a mistake. Once Leslie and her high school Spanish teacher had a run-in. Leslie cursed him out, saying, as I heard it, "Fuck you." Leslie never mentioned it . . . but the teacher did and he called me. "Mr. Cafferty?" he said. "I had a problem at school today with your daughter Leslie." He told me what had happened and I said, "Excuse me?" I was stunned.

"Yes, it's true," he said. "This is not acceptable."

He got that right. I said, "Allow me to apologize on her behalf, but tomorrow she will apologize to you in front of the whole class."

When she got home that afternoon, I broke the news to her that her Spanish teacher had called. I watched the blood drain from her face. "What is this? Did you do this?" She said yes. "Well," I said, "here's what you're going to do tomorrow. You're going to go to class and when everybody's in the room and the bell has rung and it all comes to order, you are going to raise your hand and you are going to say, 'Mr. \_\_\_\_\_, I'd like to speak to you and the class.' And you are going to stand up and walk to the front of the classroom and you are going to say, 'Yesterday, I conducted myself like a moron and said some things I shouldn't have said. I want to apologize to you, and I want to apologize to my classmates, and I want to assure you that it will never, ever happen again.'" And she did exactly that.

Kids are relieved and secure knowing that someone who cares is looking out for what's best for them. My tough love caused my younger kids to sweat things and wonder, *How am I ever gonna explain this to my dad?* I'll take that, if it produces the kind of young women they've become. Whether they behaved as they did out of love, fear, intimidation, or simply not wanting to disappoint me, the ends justified the means for me.

Leslie “Crash” Cafferty lives and works in New York City and doesn’t have to drive much, unless she comes out to see me in the suburbs. She works in corporate communications for Barry Diller’s media firm, IAC Interactive. Coincidentally, Leigh works in the same building for author/editor Tina Brown. Leigh is artistic and she can write.

I didn’t realize how well until I asked her to write a eulogy for her beloved granddad Woody Everett when he passed away in 2007, at age ninety-four. She scratched it out on the flight to the service, which was held in a tiny funeral home in Gower, Missouri. There were a couple hundred friends, relatives, and farmers from all over the county who came to pay their respects to this much-beloved war veteran.

Leigh was twenty-one. Watching her stand at the podium and deliver her tribute as tears rolled down her angelic face rocked me to the core of my being. I was just torn to ribbons and in tears myself. I was watching a child who had touched and embraced all that Woody and that community had to offer. I remember thinking, *This is just so beyond cool*. She spoke of being spoiled every morning when Grandpa served the girls “the sugary cereals that Mom wouldn’t let us eat at home.” Then the girls would spend all day “riding our bikes and Grandpa would sit outside with us for hours and act impressed and amazed at all of our tedious tricks that he had seen us perform a hundred times before.” She recalled how he let them drive his big John Deere tractor and at nighttime made them his famous black-and-white milkshakes. “My last time with Grandpa,” she said, “was equally memorable and special. Though sick and bedridden, he was nothing but smiles and stories for us. As my sister and I left for the last time, he said that he loved us a bushel and a peck, and he told us to make sure that Mommy would take care of us. We shared some ice cream, and we spoke of the flavors we would be having next time.” At the end, she said, “He is my hero—humble, hardworking, and caring. He led an upstanding and meaningful life. He never dictated, but exemplified patience, tolerance, and the ability to influence by example. I know that in heaven, he continues to watch over me, and I will continue to try and make him the proudest of all grandfathers.”

My twenty-one-year-old “baby” had captured and done great honor to what Woody’s life was all about—and, perhaps, without quite knowing it, done honor to the passing of an entire generation of heroes and hardworking heartland Americans, the likes of which we may never see again. Her tribute hit me like an oncoming freight train and remains one of my all-time-proudest moments as a dad.

Short of funerals and memorials, nothing tends to tighten family bonds like a medical scare. A few years ago, I was diagnosed with prostate cancer, something not uncommon in middle-aged men. My best friend, Dr. Allen Yanoff, found it early and set me up with probably the finest radiation oncologist in the country, Dr. Michael Zelefsky at Memorial Sloan-Kettering Cancer Center in New York. Cancer gets everyone’s attention. My dad had died of prostate cancer, which went undetected and untreated until it had metastasized to his bones.

My family’s response was profoundly touching and reassuring, though I hated to see them so upset on my account. I tried not to get hysterical before there was good reason for it. I was still only in my late fifties. “This is treatable, even curable,” I reassured everyone. “We’re going to beat this thing, so let’s try to keep this in perspective.”

Dr. Zelefsky assured me that my cancer could be cured and opted for implanting radioactive seeds into the parts of the prostate where the cancer was growing. It worked, and I’ve been cancer free ever since.

Dr. Yanoff was at our house for a Christmas dinner a while later. We were joking about the procedure. I said, “You know what they charged to put those seeds in my prostate? The bill was like *eighteen thousand* dollars—a three-hour outpatient thing!” Dr. Yanoff came back with one of the funniest things I ever heard. “Well, I guess he could have just handed them to you and told you to put them in yourself.”

My lungs figured in another Cafferty health moment in 2007. I had a collapsed lung (my second), which was a bit of an emergency that got me to Mountainside Hospital in Montclair, New Jersey. Besides the collapsed lung, I also needed emergency surgery to repair what’s called a pulmonary bleb, a small blister filled with air. A medical



“two-fer.” Despite being in and out of ORs and whacked out on medications, I instructed everyone to stand down and await further orders. To Julie and Jill, I said, “You guys all have lives, you have kids, families, jobs. It’s not worth dropping all that to come racing back here. You’re not going to be able to do anything anyway except stand around the hospital bed and go, ‘How ya feelin’?” I can tell you how I’m feeling over the phone. If it takes a turn for the worse and it’s time to panic, Carol and I will let you know.” I told Leigh to stay at Tulane. Leslie, who was out of Lehigh and working in the city, became the point person for Team Cafferty, on the computer and the phone with her sisters and Carol, offering updates and keeping everyone in the loop. Meanwhile, she was fielding everyone’s various well-meaning suggestions about how to proceed with my care.

As much as I had always hoped to see my four daughters closely bonded, I can’t say radioactive prostate pellets or emergency lung surgery were part of my “blended family” daydreams. But I was delighted that my little health crises helped all of that along. In fact, in summer 2008 the girls all got together for a long weekend out West, which was most gratifying for me. I ain’t always going to be around, and it’s important for the girls to know that if one of them gets into trouble, she can reach out to the other three.

The best part of all this is thinking that maybe in the not-too-distant future when I’m sitting in a rocking chair drooling on my shirt in some nursing home, one of them might stop around once in awhile with a box of candy . . . or a cold beer?

# 10

## Debt and Revival

**T**he American Dream was always about owning a home, right? Remember President George Bush babbling on about ours being “an ownership society,” when more of us than ever, thanks largely to those subprime mortgages, owned our homes? Not anymore. These days, the federal government owns—or plans to own—more than a trillion dollars of worthless mortgage-backed securities in the wake of the mortgage meltdown, the housing bust, record foreclosures, the frozen-credit crisis, and the demise of a mind-boggling list of Wall Street institutions that had made fortunes in the housing boom. You may still have a roof over your head, but it’s impossible not to feel the financial ground beneath your feet sinking a little deeper every day.

“Is the American Dream dead,” I asked on the air one day, “or is it just wounded . . . or becoming more of a mirage?” The primaries—that eighteen-month telethon without a disease—had given voters a choice between radically different presidential candidates (who then picked radically different running mates) just as a perfect storm of ominous, Category 5 fiscal forces gathered momentum and made landfall across

the political landscape. Forget troop pullouts from Iraq and deployments to Afghanistan. By September 2008, the economy was the scariest (and costliest) green zone on voters' minds—a treacherous trillion-dollar minefield wired from Washington to Wall Street and across the McCain and Obama campaign trails.

Even before the controversial \$700 billion bailout legislation passed, the government had been forced to shore up investment bank Bear Stearns (\$29 billion) before its takeover by JP Morgan Chase & Co., bail out government-sponsored mortgage finance giants Fannie Mae and Freddie Mac (\$200 billion), and lend AIG, the nation's largest insurance firm, \$123 billion to keep its doors open in exchange for an 80 percent stake. Regional banks were going under. Washington Mutual, the sixth-largest U.S. bank, was seized by federal regulators before JP Morgan Chase acquired the giant mortgage lender and credit-card issuer at a fire-sale \$1.9 billion—the largest bank failure in U.S. history. Lehman Brothers wasn't so lucky. After the Fed denied the 158-year-old investment firm a bailout, the Wall Street giant filed for bankruptcy. Bank of America acquired Merrill Lynch, and Morgan Stanley and Goldman Sachs became bank-holding companies regulated by the Federal Reserve. Wells Fargo fought Citigroup for the right to acquire Wachovia. (By fall 2008, the government was looking to bail out Citigroup with a rescue plan costing some \$300 billion.)

You betcha these seismic jolts on Wall Street had Main Street soccer moms quaking in fear along the sidelines and their Joe Six-Pack husbands reaching for something a little harder to get through all of this endless economic angst and uncertainty. If nothing else, the ever-worsening U.S. and global recession exposed the lie to John McCain's compulsively upbeat sound bites (nearly two dozen, by some counts) about the economy's strong fundamentals. It proved that millions of scared, queasy Americans who had routinely sweated out 300- and 400-point stock market swings weren't just "a nation of whiners" trapped in a "mental recession." That was the condescendingly

out-of-touch diss from former Texas senator Phil Gramm, then McCain's campaign cochairman and senior economic adviser.

Gramm's remark triggered tons of e-mails from real-world folks who visit us daily in "Cafferty File" country. Alison wrote, "I guess a mental recession is when you have a nightmare that your 401(k) is disappearing before your eyes. A real recession is when you wake up and you realize you were not dreaming at all." Michael Smith of New Orleans wrote, "A mental recession is what the aristocrats think the little people are going through these days. A real recession is what President Bush's policies created for our children and grandchildren to pay for while he sits on his rocking chair in Crawford, Texas." Or, as Derrick put it, "A mental recession is something the rich experience when they're out of Grey Poupon. The other is for everyday Americans."

Multimillionaires don't have a clue about the struggles average people confront daily just to work at a job, keep a roof over their family's heads, and get the kids through school. Gramm's remarks would seem to suggest that he would not be among those struggling. Back in the 1980s, Gramm had been McCain's early Senate mentor, and, like his protégé, he was a longtime booster of the 1990s banking deregulation legislation that helped pave the way for predatory lending. Gramm left office in 2002 to become—are you sitting down?—vice chairman of UBS Warburg, the investment-banking arm of Switzerland's biggest bank and a high-roller in the subprime mortgage casino. By 2004, Gramm began to lobby for UBS on Capitol Hill. Imagine, another conservative lawmaker-turned-lobbyist success story! Once he became McCain's top economic strategist, Gramm was in line for a top McCain cabinet post. Then his insensitive gaffe in July 2008 cost Gramm his cochairman's gig. But his comments reverberated throughout McCain's campaign as the economy became the issue driving the election. Long before Bush and Treasury secretary Henry Paulson Jr. lobbied for the bailout using taxpayer money, tens of millions of ordinary folks knew we were in serious trouble. They had

been squeezed, if not crushed, by the *actual* recession that was maybe *making* them mental. Who could blame them? From the end of the 2001 recession through last year, average household income actually dropped almost every year. Real wages were down by \$1,000 per family; health care, food, fuel, and other costs were up almost \$5,000. For the first time since World War II, the typical family was worse off at the end of an economic expansion than at the beginning.

A Pew poll in April 2008 found that 54 percent of people described themselves as “middle class,” yet more than half of this country said they were no better off than they were five years earlier—the worst outlook in more than forty years. “The term ‘American Dream’ was born during the Depression,” I said on the air. “Economists now refer to the period from 1945 to 1973 as the ‘golden age’ when both the rich and poor prospered. Not anymore. These days it’s almost always been the rich who benefit from economic growth. One expert says the top 1 percent of American families—those earning more than \$382,000—benefited from about three-quarters of the nation’s overall growth from 2002 to 2006. This suggests that the other 99 percent of the country may no longer be able to count on the idea of better times ahead. And if that’s the case, we are in big, big trouble.”

Indeed we are. Remember how we got here? George Bush, who came into office with a half-billion-dollar trade surplus, cut taxes for the wealthy, waged two wars costing \$750 billion, and raised the national debt ceiling seven times until he had doubled it—from \$5.7 trillion to \$11.3 trillion. He accumulated more debt in eight years than all forty-two preceding presidents combined did in 230 years. Now we’re going broke. Bush was on pace to leave the new president a record deficit of some \$1.2 trillion—not counting \$80 billion in war funds and the short-term effects of bailouts tied to mortgage securities. In the year beginning October 7, 2007, when the Dow was above 14,000, investors had lost \$8.3 trillion from pensions, college savings plans, 401(k)s, and other investments, the AP reported. That’s a lot of tragically cracked nest eggs, boys and girls.

In the final quarter of 2007, the economy had “nearly stalled,” as the AP put it, posting a feeble .6 percent growth rate. In 2008, we saw spiking commodity prices, declining wages and corporate earnings, and a jump in the May jobless rate of a half-point to 5.5 percent, the largest May increase in twenty-two years. After the economy lost an alarming 159,000 jobs in September, the ninth straight month of job loss and the worst month since 2003, unemployment hit 6.1 percent, a five-year high. The numbers soon became more frightening as credit got tighter: September’s and October’s job loss figures were revised upward, respectively, to 284,000 and 320,000; in November, another 533,000 jobs were lost, the largest one-month loss since December 1974, when we were in a severe recession. The total for 2008 accelerated to 2.6 million—the most jobs lost in any year since 1945—as unemployment surged through December from 6.8 to 7.2 percent. By January 2009, more than 11 million people were unemployed. President-elect Obama talked about enacting in his first days in office an economic recovery plan spread over two years, which would cost as much as \$775 billion and save or create four million jobs.

If help was on the way, it was too late to keep record numbers of folks from filing for bankruptcy. Despite a 2005 law that made bankruptcies more difficult and expensive to file, personal and small business bankruptcy filings under Chapter 7 (wiping out debt) and Chapter 13 (reorganizing it) soared by nearly one million in the year that ended June 30, 2008. More than a million homes were in foreclosure by mid-2008, a staggering figure that is sure to go much higher through 2009. As Election Day neared, frozen credit suppressed bank lending and consumer spending. Six million home owners were in default on mortgage payments, and the rate of foreclosures hit a thirty-year high. California, Nevada, Arizona, and key swing state Florida accounted for 90 percent of new home foreclosures, due to sharply lower prices and a glut of homes built during the sunny housing boom. Crucial battleground states Ohio and Michigan took major hits due to rising job losses, particularly in the teetering automotive sector.

We are nearing \$2 trillion in lost home-equity assets, even before the housing market hits a bottom that's still nowhere in sight. One key housing market index showed that prices dropped 14.2 percent and 15.4 percent, respectively, in the first two quarters of 2008, both record dips over the first half of 2007. By November, new home construction hit its slowest pace since 1991, driven by a 21 percent drop in the Northeast, where construction of single-family units reached an all-time low. The AP reported that as of September 2008, a record 10 percent of American home owners were either at least a month behind on mortgage payments or in foreclosure.

Small wonder that consumer confidence hit a sixteen-year low in mid-2008, while inflation for July hit a seventeen-year high at 5.6 percent, fueled by soaring gas and food prices. Oil hit a summer peak of \$145 a barrel and then dropped to below \$40 before Christmas, as once-surging global demand plummeted. Fuel prices had shot up, too, because the debt-burdened dollar had declined by as much as 50 percent against the euro. Economists cited lots of reasons for all of this bad news, from millions of jobs lost, to outsourcing, to global competition, to the country's transformation from a manufacturing to a service economy. There's also been growing demand for skilled workers when the typical American worker has fewer years of education. And we've seen the weakening and greater irrelevancy of labor unions as they battle layoffs, stagnating wages, and stingier health and benefits packages—once carved in steel—that cut deeper into paychecks. That was before outsourcing, when huge unions had a more powerful hold on corporate America.

The news wasn't *all* bad: CEO compensation among S&P 500 firms for 2007 rose \$300,000 from 2006, to a median pay package of \$8.4 million. Our ten best-paid CEOs earned a total \$500 million, "yet half the members of this stratospheric club," the AP noted, "were leading companies whose profits shrank dramatically." Slipping into the Christmas '07 spirit, I felt that a segment on Wall Street gift-giving was in order. "Bonus checks at the big investment banking

firms are up 14 percent this year,” I said. “Four of the biggest banks alone—Goldman Sachs, Morgan Stanley, Lehman Brothers, and Bear Stearns—will pay out \$30 billion in bonuses. Average Americans who invested in these banks paying out these bonuses are probably scratching their heads. If they held stock in most of these companies, they saw their values plunge up to forty-five percent.”

As the 2008 holiday season approached, the Senate Banking Committee held a hearing at which representatives from banks receiving bailout funding were asked where the money was going. A general counsel at Goldman Sachs said compensation “will be down very significantly this year across the firm, particularly at senior levels . . . We get it.” They get it? What does “down very significantly” mean on Wall Street? The Bloomberg financial news network reported that Goldman Sachs had set aside nearly \$7 billion for year-end bonuses and Morgan Stanley \$6.4 billion. Those figures were down from Goldman’s record-setting \$12.1 billion paid out in 2007 and the \$10 billion Morgan Stanley doled out. Even cut in half, those are mind-boggling amounts—and both firms were taking about \$10 billion in taxpayers’ money from the bailout package. I don’t know that we’ll be able to legislate away these excesses. Maybe we should create an environment where these lavish bonuses become unacceptable, make it where the executives are a little ashamed to show their faces in public. Like these auto execs flying down in their corporate Gulfstreams to beg for our tax dollars. That was a pretty big object lesson.

I asked viewers what it meant that these two rescue-plan recipients were handing out \$13.2 billion in year-end bonuses to their top dogs. John from Fort Collins wrote, “It is unbelievable that in today’s dire economic environment any financial institution would pull such an in-your-face stunt.” Liz from Towson, Maryland, wrote, “It means the companies’ executives have no souls, no consciences, no common decency, and an overwhelming amount of greed.” Greg from Frankfort, Kentucky, wrote, “It means that all systems are ‘go’ for the continual looting of the U.S. Treasury (or what’s left of it). As usual,



the only people asked to sacrifice significantly are the ones who can least afford it.” John from Marlborough, Massachusetts, wrote, “What brain-dead big shot negotiated this mess? [Treasury secretary] Paulson came from Wall Street and knew full well that his cohorts get monster bonuses. Curious that he wasn’t insightful enough to negotiate their elimination.”

Despite a brief spring 2008 retail bounce from the tax rebate checks, a midsummer easing of gas (and crude oil) prices, and a bump in the dollar’s value, a *USA Today*/Gallup poll found that 55 percent of those surveyed said their families were worse off than they had been a year earlier, the highest such figure since the poll first asked the question three decades ago. Even among folks earning more than \$75,000, nearly half felt worse off compared to the year before. “The only major group of people,” I said on the air, “who say they’re better off are — surprise — Republicans.”

Yet for one well-heeled happy warrior of the Grand Old Party, the economy did present daunting challenges. Historically, when voters are down on their financial situation, they turn against the party in the White House—hence 1976, 1980, and 1992. James Carville didn’t famously say, “It’s the economy, stupid,” during Bill Clinton’s 1992 presidential campaign for nothing. One of the most reliable rules of politics is that a bad economy creates an appetite for change, and 2008 demanded bedrock-level changes and improvements in the mechanics of government, as well as in how we live as a society—and this was before the September Surprise and Black Monday. Obama and McCain both had to sell their messages to the 82 percent (later, 93 percent) of Americans who saw their country on the wrong track. Advantage: Obama.

We’re a materialistic society, victims of our own prolonged success, excess, prosperity, technological ingenuity, and deep sense of entitlement. By the end of 2007, Americans were carrying more than \$900 billion of credit card debt, their rate of savings having sunk from 10 percent in 1984 to negative territory of late. The Federal Reserve

could cut interest rates to ease the credit squeeze, but cuts drive down the value of the dollar, which in turn drives up the price of oil and gold and other commodities, not to mention priming the inflation pump. Balancing the forces of recession and inflation can be the Fed's worst nightmare, and no one was setting off alarms about the coming mortgage meltdown. It wasn't until January 2008 that Bush even admitted that the economy he had been chirping about being so strong for the previous six months was in trouble. In fact, the financial sector was veering toward disaster. Had he not heard that the Chinese had invested billions to boost Morgan Stanley, Bear Stearns, and the elite Blackstone private equity firm? Or that Citigroup had just sold a \$7.5 billion stake to Abu Dhabi to raise capital? In February, Bush insisted we weren't headed for a recession; no, he assured us, the stimulus proved "we've acted robustly," sharing what the AP called an outlook "decidedly rosier than that of many economists who say the country is nearing recession territory or may already be there."

We didn't learn from the National Bureau of Economic Research until December 2008 that we were not only officially *in* a recession but that it had actually begun a year earlier. Any American could have told you we've been in a recession at least since the beginning of 2008. According to an analysis of documents by the AP, the Bush administration was warned of the coming financial crisis and mortgage meltdown years before it happened. But the administration, according to the AP, "backed off proposed crackdowns on no-money-down, interest-only mortgages years before the economy collapsed" under aggressive lobbying and promises of stability from some of the same financial institutions that ultimately failed. The government under George Bush was great. "Expect fallout, expect foreclosures, expect horror stories," one California mortgage lender wrote to U.S. regulators in 2006. Some bank regulators proposed capping risky mortgages and providing clearer explanations of what mortgage-backed securities were. Meanwhile, the lenders and the financial institutions were making their fortunes hand over fist. The lobbyists were up to their

eyebrows in trying to blunt any sort of momentum toward oversight, regulation, or new rules for this stuff because everyone was getting rich and fat from it.

But the regulators delayed putting new rules in place for the mortgage industry until later that year. It was too late. The mortgage meltdown was well under way. The point of the AP analysis was that, owing to the lack of attention to everything that was happening on the part of the idiot in the White House and all of his conservative market-driven buddies (many in Congress included) who trust the markets to correct on their own, we're now witness to the largest government intervention in the economy since the Great Depression.

The \$168 billion in rebate checks sent to 130 million Americans was a stopgap measure at best, but reason enough for Congress to bicker and drag it out anyway. Where was the urgency? Majority leader Harry Reid said the Senate would sit on its hands until the House came up with something. He said they'd get a bill to Bush in three and a half weeks. "What are you busy with, Harry?" I asked in a "Cafferty File" piece. I noted how in one recent three-week stretch, the stock market had lost 1,000 points. Since then, we've seen *weekly* gyrations that huge.

Eventually, Congress reached a rare bipartisan consensus that immediate action was needed. They passed a fiscal shot in the arm that initially did more to boost congressional egos than it did the economy. Lawmakers couldn't get over themselves for acting with what must have felt like blazing urgency. The same folks in Congress whose laziness and poor oversight helped create the economic problems they were now trying to fix were ready to declare a national holiday for helping out the middle class. As I said on the air, "The only other time they move this quickly is when they're voting for their own pay raise. The housing crisis, the subprime meltdown—this stuff has been coming at us for months." It was as if they were all reading *My Pet Goat* while the country was sinking into a recession and the value of people's portfolios, pensions, and homes was getting flushed down the toilet.

When I asked how viewers would spend their checks—\$300 for low-income individuals; \$600 for individuals earning under \$75,000; \$1,200 for couples earning up to \$150,000—it was clear that people were hurting and angry and more inclined to pay down debt and bank the cash than splurge at the mall. Some of what they shared of their economic hardships was touching, some of it biting and humorous. You ask yourself, How do these folks, especially seniors, make it from day to day? They’ve lived and worked all their lives and now they’re on the brink because of these jokers we keep sending back to Washington. It seems criminal. Cathy from Baltimore said the rebates were “like throwing a life raft to someone drowning under fifty feet of water who can’t reach the surface.” JD wrote, “Giving us more cash in the face of inflated prices is like pouring gas on the fire.” Paul from Nashville wrote, “I’ll use it to pay my bankruptcy lawyer.” Tina wrote, “Pay my credit card bill that went towards my federal income tax for 2007.” Dick wrote (before oil prices tanked), “I am using my rebate to buy 150 gallons of gasoline. In a short time, I can resell it for double. Then I will use that money to buy Euros and in a short time, I can sell them for double the dollars they cost. So by next year, I expect my rebate to net me \$2,400. I will then go to the grocery and buy a pound of potatoes.”

We have always had plenty of affordable food to feed us. The United States is known as “the breadbasket of the world” (or, as one blogger put it, the “rust-bucket”). Those days are over. By mid-2008, food inflation was at its worst in seventeen years, eating into millions of middle-class household budgets. Delis and bakeries were left to explain to customers steep price rises for basics. Food prices had increased an average 2.5 percent for fifteen years before hitting 4 percent in 2007, with 2008 estimates even higher. The rising cost of everything—milk, grains, eggs, chicken—was especially hurting the poor.

We now have at least twenty-eight million people on food stamps, the highest level since the program began in the 1960s, the *New York Times* reported. Forty states saw their food stamp recipients increase,

some by 10 percent or more. Food inflation was caused by, among other things, surging fuel prices that led to higher transport costs passed along to consumers. There was also the rise in commodity prices for wheat, corn, soybeans, and milk. Then in mid-2008, Mother Nature flooded vast areas across the Midwest, ravaging two million acres of corn and soybean fields at a cost to farmers of \$1 billion. Global grain prices shot skyward. The growing use of ethanol for biofuels also caused corn prices to soar. Some estimates had bushels of corn doubling in price over the previous year, which, coupled with surging demand in Asia, led to food shortages and grim predictions by the United Nations of a hundred million people going hungry in Bangladesh, India, Pakistan, and Egypt. Back in our own land of plenty, Sam's Club and Costco in some areas reportedly set limits on purchases of certain kinds of rice, flour, and cooking oil.

Poor people on the edge had to choose either eating or shelter, since there wasn't enough money to have both. This caused some of the poorest Americans to go hungry, according to the Food Bank of New Jersey. Not even the maximum \$542 a month in food stamps for a family of four (with an income under \$27,000) stretched thirty days. One director of an Illinois hunger advocacy group got to the meat of the matter, telling the AP, "The level of desperation is just frightening. People are calling, saying they have no idea what they are going to do." One day I asked how viewers were coping. Jack wrote, "The first question I would ask is how many of the 28 million are in this country illegally? They need to go." Scott wrote, "It's hard when you can't afford the gas to get the food. Less meats and more canned food. Less entertainment and more dry goods. Less air conditioning, etc." Michael from Stone Mountain, Georgia, wrote, "Let's stop trying to figure out how to cram an ear of corn into a Lexus." Ed Reed agreed, "We should all be worried as food shortages will make the world more unstable, and biofuels only exacerbate the problem. The amount of grain it takes for one fill-up of our SUVs would feed a person for a year." Ann from Newton, New Jersey, wrote, "I am over 70 years of

age, unable to live on Social Security and still have to work to keep my head above water. With gas prices over three dollars a gallon, food and heating rising, having to pay supplement health and prescription insurance, higher taxes—the water is now rising past my lips. I hope I don't drown too soon."

By March 2008, even premier financial institutions were under water as the subprime tsunami rolled in. Bear Stearns needed its \$29 billion loan from the Fed to stave off a bank run and to allow JP Morgan Chase to take it over. In July, police helped control a bank run at IndyMac in Pasadena, California, as federal regulators seized control of the failed bank, the second-largest bank blowout in U.S. history. What was going on? To oversimplify: so-called teaser or trick mortgages, marketed below the prime interest rate, got sold and bundled into complex investment instruments that were traded like stocks as mortgage-backed securities. In a housing boom, they're a gold mine. In a housing bust, they're a mountain of dirt and debt. People default, houses foreclose, and the value of the securities evaporates.

Bush had assured us that "the United States is on top of the situation." He likened fiscal policy to driving "a car in a rough patch . . . you know full well that it's important not to overcorrect." Bush actually tended to undercorrect, always sounding somewhere between upbeat and delusional about everything that had failed on his watch. By April, he admitted we were in "very difficult times" ("If there was a magic wand to wave, I'd be waving it," he said about soaring gas prices). Instead, he was finger-pointing, blaming Democrats for failing to come up with legislation to help folks survive the crisis.

The 2008 stimulus package did briefly goose up midyear consumer spending, but it mostly did what it had to do: keep the economy from going over a cliff. The back side of it, of course, was that all of those rebates equaled more debt. It was Chinese money, and it helped to push the federal deficit to a record \$166 billion in May and more than double that of May 2007—"money that will someday have to be repaid," I said on the air, "probably by our children or grandchildren."

The interest alone on what was then our \$10 trillion national debt was \$200 billion a year. Forget the principal. The idea that we'd always leave the place better for our kids than it was for us is fading fast. We were witnessing the beginning of the decline of the standard of living in the greatest democracy the world has ever known. For the first time in American history, we can expect a downward adjustment in the quality of life for the next generation, and that's just a fact.

Interest and principal were, predictably, thrust into the campaign debate late. Subprime mortgages were drawn up for huge numbers of people who had no business getting the loans they got. Lenders failed to check credit histories and often had no idea whether the people walking in the door had change for a quarter in their pockets or not. Thanks in large part to the synergy of deregulation and zero oversight, predatory lenders could offer rates below prime. Gathering people in a room who are greedy, stupid, gullible, or deluded made it easy to lure customers with low- and no-down-payment mortgages at no-brainer interest rates. John Q. Public, unable to think beyond "Gee, we can get this really nice house," took the bait, despite the no doubt fine-print provisions for those interest rates to eventually start ballooning.

It's stunning when you look back at the greed and avarice that inflated the housing bubble. How else could venerable Lehman Brothers, for one, wind up with \$60 billion in bad mortgage paper that was *never* viable and from day one at risk for default and foreclosure? Plenty of experts in banking and government saw this wave of sorrow cresting for years. You can't allow these greedy buzzards at the banks and the hedge funds to bundle up all of this stuff—including tens of trillions in high-risk (and, for most folks, incomprehensible) "credit-debt swaps" to insure securities whose true value no one ever *really* knew—before peddling them at a premium out the back door as an investment tool. How could those chickens not come home to roost?

Bear Stearns, like others, amassed a fortune in mortgage-backed securities, but it faced imminent collapse in early 2008 after those investments tanked with the housing collapse. The fear was that with

the gold rush over, panicky bank runs could bring down other banks. When the government starts bailing out savings and investment banks and an insurance giant like AIG, watch out: the cascading effect of bank run panic led to the Great Depression. The Fed's \$29 billion Bear Stearns bailout came at the taxpayer's expense, but the ramifications of widespread bank failures are catastrophic. When the Fed proposed a potential \$200 billion rescue plan for other banks, Wall Street got its nuts off and the stock market saw its biggest one-day rally in six years. After the \$700 billion bailout failed to boost confidence and loosen credit, the markets nosedived. Treasury's Plan B was to mainline \$250 billion in cash into nine major banks. The markets kept tanking and a severe recession seemed likely as Election Day loomed. We were nearing the edge of something very bad.

While Wall Street sought to avoid Depression-era scenarios, Main Street saw home equity erode to just below 50 percent for the first time since World War II. In October 2008, the *Wall Street Journal*, citing Moody's Economy.com figures, reported that "roughly 12 million households, or 16 percent" of the country's 75.5 million home-owning households, carried mortgage balances equal to or greater than the value of their property. The *Journal* noted that "most mortgages in default" dated from 2006 to 2007, a golden era of sorts for easy lending and peaking housing values. Home equity had been declining for several years, in part due to the trick mortgages, a surge in home equity lines of credit, and easy refinances. Once predatory lenders drew the long-overdue scrutiny of bank regulators and lawmakers, credit tightened. The notion of taxpayers rescuing the greedy, golden-parachuted barons of banking felt to millions of people like punishment for their own fiscal responsibility. As Ben from Delaware put it, "I took out a \$150,000 mortgage in 2003, 30-year fixed rate, nine percent. I knew exactly how much money I had to spend. Now they're telling me that my neighbor will get federal help from my tax dollars to bail him out of his mortgage choices. It seems I made the bad choice in paying all that extra interest up front rather than taking the adjustable rate loan."



Blame the lenders for sucking a lot of people in through the front door. Blame naïve, irresponsible, impulsive consumers. Blame government for failing to more closely monitor lending and for ignoring early warning signs from some sectors in Congress about the risks posed by Fannie and Freddie in a deregulated and ever-more-complex banking industry. Then there was the landmark 1999 legislation that broke down protective Depression-era barriers between commercial banks, investment banks, and insurance companies. One cosponsor of the Gramm-Leach-Bliley Act, often cited as a root cause of today's fiscal apocalypse: Phil "you're a nation of whiners" Gramm, McCain's former campaign cochair. McCain voted yes on the bill.

The lenders got slick when real estate was surging 15 to 20 percent or more a year. Suddenly, you saw a bank on every corner. There were twenty-five of them in my town of twelve thousand people. Lenders made hay off these "exotic" mortgages. But then, burdened with not-so-exotic spikes in gas and grocery bills and tight credit, people started defaulting on monthly payments once those adjustable rates shot up and housing prices headed down. Home owners could no longer use the value of their homes as an ATM to get an equity loan or a line of credit, and, almost overnight, these mortgage investments weren't worth the paper they were written on. Game over.

Suddenly, two million mortgages squirreled away inside these vast securities weren't performing, which triggered billion-dollar bank and hedge fund losses—even at the government-sponsored, shareholder-owned mortgage finance giants Fannie Mae and Freddie Mac, which then held nearly \$6 trillion (half of all U.S. mortgages) of housing loans. Their share prices were 90 percent gone in summer 2008. By September, the Fed moved for a \$200 billion bailout and a takeover of Fannie and Freddie, wiping out shareholders and burdening taxpayers with another crushing bill. This move followed Bush's signing of a \$300 billion lifeline to four hundred thousand drowning home owners by providing affordable refinancing and other mortgage relief.

“In case you’re wondering why our economy is in the toilet,” I said in July, “President Bush had the explanation at a closed Republican fund-raiser in Houston last week: ‘Wall Street got drunk.’ The depth of intellect at the very top of our nation’s government is staggering, isn’t it? Quite an assessment coming from a reformed alcoholic.” The White House grabbed brooms and “immediately began sweeping up after him. They say Mr. Bush was referring to the fact that ‘the markets were using very complex financial instruments that had grown up over the years, and when confronted with the shock of this housing downturn, they did not fully understand what the consequences were going to be.’ Problem is, that doesn’t sound at all like the president saying ‘Wall Street got drunk.’” “Yeah,” said Fred from Surfside Beach, South Carolina, “but not half as drunk as I got after I watched my 401(k) go straight into the toilet.”

At what point do you take some responsibility for your actions? In our lovely society, we feel entitled to live large and then blame everyone else for turning us into victims. No one takes responsibility. The government needs to impose more stringent regulation of both mortgage banks and major credit card issuers. The guys who were raising interest rates to as high as 30 percent with little notice to cardholders when their credit scores dipped. That abusive practice has already drawn regulatory scrutiny, but the sobering truth is, nobody *forces* you to get sucked into a trick mortgage. You walk in off the street and sign on the dotted line. If it’s a deal you can’t live with, whose fault is that?

Our collective failure to pay our bills and run our economic house responsibly is threatening to take this country down. Our Treasury’s already drained from the wars in Iraq and Afghanistan, a \$10 billion monthly tab that could hit \$3 trillion when we include all of our wounded veterans’ medical bills. That’s enough to give every kid in this country a college education, fund a universal health-care program, bail out millions of defaulting home owners, develop renewable energy sources to kick our OPEC habit, help fund a long-term fix

for Social Security or Medicare, and rebuild every crumbling road, bridge, hospital, and school. The dollar declined against all major currencies for six or seven years. It was hard to miss the signs: hordes of bargain-crazy European vacationers; Americans numbed by sticker shock all across Europe; foreigners snapping up high-end housing in our cities; a Belgian firm buying Anheuser-Busch, the largest U.S. brewer.

The weakened dollar helped gas hit \$4 a gallon because oil is traded in dollars. Even if you didn't own a car, you were paying for it in transporting everything by truck to wherever you live. Some stores in New York began accepting euros. But there was Bush in summer 2008 still saying things like "We're strong-dollar people in this administration." Really, Mr. President? You've presided over the most precipitous drop in the value in our currency in our nation's history.

The reality check is that taxes are going up or the country's going under. We need to do some sacrificing, and, this being America, we don't like that. Of course, Joe the Plumber didn't want to hear about higher taxes, decreased benefits, and the nation springing leaks and going broke. Too bad. There are only two ways out: raise taxes or cut spending. We've got mind-boggling fiscal, national security, housing, energy, trade, health care, education, immigration, and other issues bearing down on Obama's administration. Anyone who thinks we're still what we were in 1958 is smoking dope. As an e-mailer once wrote, "Necessity is the mother of survival."

The dilemma is that a recession is the worst time for raising taxes. Consumer spending drives more than two-thirds of our economy. If people who don't have any money as it pay more taxes and spend even less, we risk deepening and prolonging the recession. If you neither cut spending *nor* raise taxes, eventually you go bust. Traditionally, the Republicans stood for fiscal restraint, low taxes, small government, and staying the hell out of people's lives. Bush turned all of that on its ear, despite his tax cuts, causing his party to morph into big spenders, big government, big debt, big intrusion into private lives, and, on the

eve of the election, trillion-dollar taxpayer-funded Treasury bailouts. Republicans have long accused Democrats of being the “tax and spend” party. Horse shit. The Republicans ran up more debt than all of the other administrations in our history combined.

The complete absence of a spirit of sacrifice in this country is coming back to haunt us. Go shopping, the president said after 9/11. No one sacrificed for Iraq. We’ve got an all-volunteer army to wage war. I’m going on vacation, let the good times roll. No one has done without for the sake of national sacrifice, but the global economic crisis has dictated adjustments in our daily lives. If it takes rationing, carpooling, and making collective sacrifices for the greater good, it would be for the first time since World War II. I wonder whether it’s too late. We’re not top dog in the meat house anymore. I don’t envision recovering to where we can offer our kids a future that promises unlimited opportunities and a better life, the American Dream that has defined us since the nation’s founding. Where do you find \$53 *trillion* for Social Security and Medicare? If our new leadership doesn’t start fixing what’s broken, gas prices may soar again, to ten bucks a gallon, and we’ll all be riding bicycles and walking everywhere, as they do in places like the Philippines.

The economic catastrophe during the campaign’s final weeks sent both presidential candidates scrambling for sweeping new plans and talking points, however grand or unrealistic. The government was sailing into uncharted waters, with no guarantees that anything would do the trick. The \$700 billion bailout was the real campaign game changer. To propose doing nothing sounded even riskier, more disastrous. All bets were off as to whether and how any of the candidates’ programs would be implemented and funded. Until then, John McCain said that his economic plan was solid, based on making Bush’s tax cuts permanent—you know, the ones McCain opposed in 2001 and 2003 and until he had the nomination (they were scheduled to expire in 2010). Suddenly, they were a terrific idea.

Despite vowing “no new taxes,” McCain also promised to balance the budget by 2013. He’d do that by, among other things, cutting corporate taxes 10 to 25 percent (his estimated \$300 billion in annual tax cuts would pump \$4 billion into Big Oil alone), keeping income and capital gains taxes low, and cutting back on “profligate” spending. He proposed his own \$300 billion mortgage-related bailout and then talked about a one-year freeze on domestic spending, entitlement reforms, and reducing the growth in Medicare spending.

Many economists said there was no way McCain could balance the budget in four years. One group estimated that even an 80 percent drop in Iraq troop levels would leave McCain with a deficit of some \$450 billion. A flip-flop later, he said that he’d need *two* terms to balance the budget. Perfect. Then it would be someone else’s problem. He vowed “to scrub” every federal agency of wasteful spending. Uh-huh. He vowed to veto any bill reeking of pork barrel giveaways (notwithstanding the rescue legislation’s pork bonanzas that are worth billions). And he’d name names! I’m all for it, but \$18 billion a year in earmarks is a gnat on an elephant’s ass.

We do need to hack away at our bureaucracy, which is attached like a leech to the monetary arteries of the nation’s body while sucking money out of taxpayers’ pockets. It’s time to take a meat ax (and sure, a scalpel, too) and eliminate whole departments of waste. Let’s pare it to, say, the 20 percent that’s absolutely vital to our well-being. The other 80 percent is marginal to worthless. The government’s growth over the last twenty years is nauseating. And what do we get, exactly, for it?

Obama’s plan to restore fiscal discipline was to enforce “pay-as-you-go” budgeting rules that would require new spending to be offset by cuts in other programs or by added revenue (McCain claimed that Obama’s lofty programs would cost nearly \$1 trillion). Obama said he’d raise taxes for the wealthiest taxpayers (those making \$250,000 or more), assess a surtax on oil profits, and cut taxes “for 95 percent

of all working families.” He favored raising capital gains taxes and eliminating them for small businesses with yearly net profits of under \$250,000 and for start-ups, to “bring back the high-tech jobs of tomorrow.” During the campaign, he proposed his own \$50 billion stimulus, much of it for state and urban infrastructure, allowing them to keep health and education programs intact.

Who knew how any of this would shake out in the real world? But something has to give. Look at Social Security and health care. After McCain promised not to raise taxes, he tweaked his position again, saying, “There is nothing I would take off the table” to keep Social Security solvent. Beyond promising to make a bipartisan effort to fix the system, he flip-flopped on whether he favored privatizing—the Bush idea that got no traction in 2005—or using private individual accounts to supplement the existing system. Okay, so all options were on the table, but wasn’t there a table leg missing? This was how McCain, a veteran of twenty-two years in the Senate, answered a question about Social Security: “Americans have got to understand that we are paying present-day retirees with the taxes paid by younger workers in America today. And that’s a disgrace. It’s an absolute disgrace and it’s got to be fixed.” As I said on the air, “Note to Senator McCain: older workers’ benefits have *always* been paid by the taxes put into the system by younger workers. When you’re young and working, you pay into the system so that older retired people can collect their benefits. Where has Senator McCain been?”

Obama opposed privatization. He said he would phase in payroll taxes of 2 to 4 percent on incomes over \$250,000. Only incomes up to \$102,000 are subject to today’s 12.4 percent tax (employer + worker), but his proposal would bypass millions of folks between the two income levels—a way, some said, to avoid losing a large voting bloc. Obama also said that he’d end income taxes for seniors earning less than \$50,000 a year.

Our health-care mess? Don’t get me started. Illness and medical bills cause about half of all personal bankruptcies. One study showed that 7 percent of Americans would marry for their spouse’s medical

benefits. After two decades of promises—and then First Lady Hillary Clinton’s failed attempt to tackle health-care reform—forty-six million are still without insurance, while millions more who have it can’t afford it. Sure, our excellent care is expensive, but we’re arguably the richest country in the world without universal health insurance. When an illegal goes to an ER, we pay for it. The uninsured spent \$30 billion in 2008 for medical care; the government covered the rest, \$42 billion. Our coddled members of Congress all have health care, don’t they? Every industrialized nation in the world has figured this one out, right? So, apparently, it’s not that complicated. I mean, if Italy can understand it, why can’t we?

Obama proposed a national affordable health plan that would guarantee eligibility and coverage for all Americans, coverage on a par with that of our members of Congress. His plan would build on the current employer-based system and would impose new regulations on insurers. It would offer generous tax credits for low-income workers, as the *Times* reported, expand Medicaid and S-CHIP (state health insurance for kids), require coverage for all children, and offer a refundable tax credit of up to 50 percent on premiums paid by small businesses to insure their employees. Obama would also work to repeal the government ban—a huge special interest suck up—on negotiating with pharmaceutical firms as a way to lower drug costs and save Americans \$30 billion.

McCain, who opposed mandates and direct regulation, called Obama’s plan “inefficient,” “irrational,” and a big-government boondoggle. He favored using tax credits—\$2,500 for individuals, \$5,000 for families—to draw workers away from company health plans, claiming that competition would improve health care and offer cheaper insurance (across state lines) tailored to their needs. (Obama said that McCain’s plan, similar to one Bush had proposed in 2007 that arrived DOA, failing to get even a committee hearing in Congress, would cause twenty million people to lose their coverage.) To lower drug costs, McCain proposed “safe re-importation” of prescription drugs from overseas and faster development of generics.

McCain and Obama each accused the other of being out of touch with struggling Americans. McCain, who admitted that the economy rarely showed him at his best, said he had read Alan Greenspan's memoir to get up to speed. How reassuring. As an April 2008 editorial in the *New York Times* said, McCain's "tax talk is particularly divorced from reality." Yet McCain said Obama was the one out of touch for proposing tax hikes (on the rich) in a recession. Obama said McCain's commitment to prolonging our involvement in George Bush's war in Iraq indefinitely, or until "victory" is achieved, was disconnected from the two-thirds of Americans who wanted our troops to come home. And so it went.

McCain was at a Florida rally in spring 2008 when he shared with voters his "great belief that the fundamentals of our economy are strong, very strong." To which I replied on the air, "Really, Senator McCain? The economic news seems to get worse with each passing day, but it sounds like John McCain may not have heard the news." Everyone else had. A CNN/Opinion Research poll in August 2008 said that 78 percent rated economic conditions as "poor." Only 22 percent said "good"—and this was just before bailout season. The truth was, whether the rich had stocked up on Grey Poupon or not, when it came to cutting the mustard and putting money back into everyday Americans' pockets and pensions, no one—not Bush or Bernanke, Palin or Paulson, Obama or McCain—had the inside track on which bailout, mortgage buy-back, rate cut, or cash-injection rescue would work best or work at all. What we all could agree on was that as Election Day neared, Americans weren't whining any longer. They were wailing, looking for a way to stop the economic pain and start working and living again for their American Dream.



# 11

## The \$1 Billion Battle to Mortgage Our Future

**T**he economic crisis we face is the worst since the Great Depression,” Barack Obama told a rally in Tampa, Florida, on October 20, ten days after the worst week in Wall Street history, and two weeks before Election Day. The markets had been in constant turmoil since the \$700 billion bailout plan was proposed, rejected, revised, passed, and signed into law on October 3. Foreclosures were soaring across the state; millions of retirees had more reason than ever to fear they could outlive their savings. McCain had once been a sure bet to win Florida’s twenty-seven electoral votes, as Bush had done in 2000 and 2004. No more. “That one,” as McCain referred to Obama in their “town hall” debate, was outmanning and outsmarting him around the state, outspending him 4 to 1, and, worst of all, talking all economy all the time.

Obama ran down the litany of hardships, from declining wages to soaring health-care and college tuition bills. “Businesses large and small are finding it impossible to get loans,” he said, “which means

they can't buy new equipment or hire new workers or even make payroll for the workers they have. One hundred and fifteen thousand workers lost their jobs in Florida this year, more than any other state in this country." At this rate, he added, evoking Ronald Reagan's game-changing 1980 debate line, "the question isn't just 'Are you better off now than you were four years ago?' It's 'Are you better off now than you were four weeks ago?'"

One citizen who was definitely worse off than he had been four weeks earlier was a white-haired, often cranky senior from Arizona with eight homes, thirteen cars, an heiress wife worth \$100 million, a new best friend named Joe the Plumber, and a bitter, flailing, polarizing presidential campaign. John McCain was losing ground in swing states like Pennsylvania, Ohio, and Florida, and in red states like Colorado, Nevada, and Virginia. He had also lost his grip on his own "country first" message. "The fundamentals of the economy are strong," he had said some two dozen times of late, including on the mid-September day that Lehman Brothers filed for bankruptcy and the Dow lost more ground than it had in seven years—a remark some felt could prove a fatal error. A day later, the government bailed out insurance giant AIG (a \$123 billion taxpayer tab), and McCain was suddenly on every news show, looking stiff and stricken, spinning his mantra to mean: "the American worker is the fundamental strength and future of America." Ahh, now I got it.

Obama got it, too. McCain would change the debate, zeroing in on Obama's fleeting, irrelevant ties to '70s radical bomber William Ayers. "Now, my opponent has made his choice," Obama told the rally. McCain had decided weeks earlier to "launch a series of attacks on my character because, they said, 'If we keep talking about the economy, we're going to lose.' And that's a promise John McCain kept. That's what you do when you are out of ideas, out of touch, and running out of time. Well, I can take a few more weeks of John McCain's attacks, but the American people can't take four more years of the same failed policies and the same failed politics. That's why I'm running for president of the United States."

It had been one rough month for the John McCain-Sarah Palin ticket. The Dow Jones Industrial Average's worst week ever ended on Friday, October 10, down nearly 20 percent. (Friday's frantic, gut-churning 1,019-point swing from low to high set an all-time DJIA record as well.) During the second presidential debate that same week, McCain felt the timing was just right to drop his own \$300 billion bailout bombshell: he'd order the Treasury Department to buy back failing mortgages at full value and renegotiate cheaper ones based on collapsed housing prices. This buy-high, sell-low plan would let defaulting homeowners and the greedy lenders who had loved them off the hook, while nailing already battered taxpayers for the huge losses. Country first.

It was an impulsive gamble and a bizarre sharp left turn, given that McCain's last-ditch attacks portrayed Barack Obama as a socialist radical who wanted to redistribute middle America's wealth. Comrade Obama? Really? Just weeks earlier, Republican president George Bush had effectively nationalized some of the country's largest banks—and John McCain voted “yea.” Now he was offering even deeper government control over the financial sector. As *Fortune* Washington editor and Fox News analyst Nina Easton put it, “Minutes into last night's presidential debate, the already listing ship of free-market Republicanism groaned, keeled over and began a long journey to the bottom of the political seas. John McCain told us he wants the federal government to nationalize much of the home mortgage industry, buying up loans from default-prone homeowners and renegotiating new, more affordable terms.” By Friday that week, a *Washington Post* headline captured the bailout rage that ruled Election 2008: THE END OF AMERICAN CAPITALISM.

McCain's bad week wasn't over. Hours after the closing bell on Friday the tenth, the Alaska State Legislature investigating Governor Palin's “Troopergate” ethics scandal concluded that she had unlawfully abused the powers of her office by repeatedly pressuring subordinates to fire Trooper Michael Wooten, Palin's ex-brother-in-law, who was involved in a nasty 2005 divorce and custody battle with her sister. That effort failed, but in July 2008 Governor Palin fired the man who

refused to pink-slip Wooten, Commissioner of Public Safety Walter Monegan.

McCain couldn't catch a break. His "Resurgence Plan" (any surge would do) was a Hail Mary heave for a game-changing touchdown, but it landed as a left-hook knockout on the chins of wary conservatives he had shrewdly seduced by naming the far-right ideologue Palin. If he knew how his plan would mesh with, or add to, existing trillion-dollar Treasury bailouts, he wasn't saying. His timing betrayed poor judgment. In the four days after Bush signed the \$700 billion TARP rescue package, the Dow Industrials slid nearly 1,000 points, closing below 9,500 for the first time in five years, with \$2 trillion more in savings and pensions up in smoke. Maybe it wasn't the best moment to wager \$300 billion more in Fed buy-backs of toxic debt. Even McCain seemed unhinged, defensive. "Is it expensive?" he asked rhetorically at the debate. "Yes. But we all know, my friends, until we stabilize home values in America, we're never going to start turning around and creating jobs and fixing our economy, and we've got to give some trust and confidence back to America."

Trust and confidence in the McCain ticket were by then about as easy to lock in as a 0 percent car loan and a home equity line of credit. How could it be that the ethics-reform-minded Palin had violated her state's own Executive Branch Ethics Act? The McCain camp tried to head off the damage of the real report by issuing their own a day before. Yer darn tootin' that report exonerated her, or, as an AP headline put it: PALIN PRE-EMPTS STATE REPORT, CLEARS SELF IN PROBE. Screw our elected representatives' findings. The whole thing had a distinctly Bush-era feel to it.

Obama was right on the money that McCain and Palin would resort to harsher, more paranoid character attacks because they had to make the case that Bill Ayers was a more pressing issue than the avalanche of economic woes crushing million of Americans. The real Obama was a socialist "palling around" with "some old washed-up terrorist" bomber (McCain's own words). For the McCain camp, run

by two top-gun veterans of Karl Rove's nasty Bush campaigns, the swift-boats were launched. Let the ads and talking points begin: Obama's a liar; he's unpatriotic; he's a radical who hangs out with domestic terrorists; he'll raise taxes, spend \$1 trillion, and sit down and talk with our enemies; he's a disciple of that hate-spewing, black supremacist whack job Jeremiah Wright; he's an empty-suit celeb on a par with Paris Hilton and Britney Spears; a pervert who backs explicit sex ed for kindergarteners (a flagrant, mean-spirited distortion of one piece of a bill that never passed in the Illinois State Senate).

But this was 2008, and the public went, "Hey, you bumbling, desperate fool, we've got serious problems here, and the president who doubled our national debt in eight years and redefined big government spending was your good friend George Bush, whose failed policies you backed 90 percent of the time." McCain kept at it. Who was Barack Obama? What were his real ties to Bill Ayers, the "unrepentant" (as they called him) ex-radical University of Illinois at Chicago education professor who had cofounded the Weather Underground in the late 1960s? His group set off nonfatal bombs at the Capitol and at the Pentagon in 1970, when Obama was eight and living with his mom in Indonesia. Even the lead federal prosecutor who tried to put Ayers in prison, William Ibershof, wrote to the *New York Times* to say that he was "amazed and outraged" by efforts to link the two men today. (The Ayers case was dismissed, Ibershof noted, not due to prosecutorial misconduct, as the *Times* had recently reported, but rather to "illegal activities, including wiretaps, break-ins and mail interceptions, initiated by John N. Mitchell, attorney general at the time, and W. Mark Felt, as F.B.I. assistant director." Felt, who died at age ninety-five a week before Christmas 2008, was revealed in 2005 to be "Deep Throat," the source used by *Washington Post* reporters Bob Woodward and Carl Bernstein for many of their Watergate scoops.)

Ayers became a highly regarded education reformer who was honored as Chicago's 1997 Citizen of the Year. Yes, he and Obama had served on the boards of two nonprofit organizations that included

well-heeled Republicans. And yes, in 1995, Ayers had hosted a meet and greet for the State Senate hopeful and his neighbor Barack Obama, but Obama had assured anyone who asked that Ayers played no role whatsoever in his campaign or policymaking. They were acquaintances who never “palled around.” Still, McCain and his maverick soul mate indulged what even Geraldo Rivera at Fox News called their “unsavory fixation” with Ayers and Obama. You’d have thought Ayers was being secretly vetted for secretary of Homeland Security in an Obama cabinet, no more a pipe dream than, say, Joe the Plumber for Treasury secretary in a McCain cabinet.

The infestation of ads got ugly weeks before the conventions, soon after McCain got the point of Obama’s breakthrough trip to Baghdad, Kabul, and Europe. An early ad mocked Obama by flashing gratuitous images of pop tarts Paris and Britney as a solemn narrator said, “He’s the biggest celebrity in the world. But is he ready to lead?” Another ad compared him to Moses parting the Red Sea (as opposed to erasing red ink, as McCain promised if elected) by showing a Charlton Heston clip from *The Ten Commandments*. Other ads called Obama “not presidential.”

Unlike Sarah Palin, of course. Palin was a pro-life, gun-totin’, moose-hunting hockey mom of five and a sassy, flag-waving evangelical. Shortly before her son Track, nineteen, deployed to Iraq, on the seventh anniversary of 9/11, she called the war “a task from God” at her Pentecostal Assembly of God church in Wasilla. By fall, her task from McCain was to stoke what Frank Rich in the *New York Times* called “Weimar-like rage” with “a violent escalation in rhetoric” at rallies from Florida to Wisconsin, Colorado to Minnesota. Thus unleashed, she told a Carson, Colorado, rally that “[Obama] is not a guy who sees America as you and I see America. We see America as a force for good in the world. Our opponent is someone who sees America as being so imperfect that he’s palling around with terrorists who target their own country.” Soon there were rally rage outbursts of “Kill him!” “Treason!” “Terrorist!” “Socialist!” “Off with his head!” and reports of murmured racial slurs.

The candidates seemed unwilling to repudiate the goons in their midst. As campaign manager Rick Davis lamely told one newspaper, “Obviously, we don’t know who these people are.” Davis was missing the point. AFL-CIO president John Sweeney felt compelled to make it clear. “In a world where unspeakable violence is too often promulgated by extremists,” his statement read, “it is no small or trivial matter to call someone a terrorist—or to incite potentially dangerous individuals towards violence. John McCain, Sarah Palin and Republican leaders are walking a very thin line in pretending not to hear the hateful invectives spewed at their rallies.” When no less a patriot and longtime McCain friend and fellow Vietnam vet Colin Powell, a former secretary of state, national security adviser, and Joint Chiefs of Staff chairman, endorsed Barack Obama, Powell accused the GOP of “demagoguery.”

The Democrats, meanwhile, had come a long way toward healing the party torn apart by its long, bitter primary battle. I’ve never been a fan of Hillary Clinton’s, but she finally stepped up to the plate and hit one out of the park for Obama, giving the speech of her life at the Democratic Convention. She called for party unity, urging her eighteen million soldiers—the “sisterhood of the traveling pantsuits,” she said to roars of delight—to back Obama. Clinton lashed out at McCain on the economy, health care, and Social Security and got off a crowd-pleasing zinger: “We don’t need four more years of the last eight years.”

Then there was Bill Clinton—when he is on his game, there’s nobody better. He came out swinging and declared Obama “ready to lead America and restore American leadership in the world.” He, too, exhorted Hillary’s supporters to stick by Obama, praising his intelligence, his curiosity, his flair for inspiring people, the strength he gained battling Hillary, his “clear grasp” of foreign policy, and his solid judgment in picking Joe Biden. And, as I said on the air, “He did it all with a straight face.”

Obama’s stirring speech, plus fireworks, for eighty-four thousand fans at Invesco Field in Denver offered a rousing climax to a convention unlike any we had ever seen. To the relief of his supporters—images

of delirious flag-waving delegates reflected more party harmony than we'd seen in a year—Obama dropped his veneer of detached cool and tore into McCain's famous temper with some welcome heat, ripping him as out of touch with ordinary folks: "It's not because John McCain doesn't care . . . it's because John McCain doesn't get it. . . . We are here because we love this country too much to let the next four years look just like the last eight."

Republicans were intent on dissing Obama's closing-night speech as misleading, at odds with his meager record in office. That was a day or so before the GOP let us all know what they really meant by meager. For months, all we had heard from John McCain was that Barack Obama is too young, inexperienced, and naïve to be commander in chief. Then McCain taps this dingbat from the north woods, even younger and less experienced than Obama, as his running mate. True, Sarah Palin had no doubt lovingly hauled duffel bags full of hockey and soccer gear to her kids' games, but carrying the valise with the nuclear launch codes in it? Please. Sarah Palin, forty-four, had been mayor of Wasilla, a town of some 5,500, and was in her first term as governor of a state with 685,000 people—think Austin, Texas. Harvard Law star and Chicagoan Obama had been a state senator and a U.S. senator from a state with nearly 13 million people.

Given the actuarial odds (Politico.com put them at rough 16 percent) that four-time melanoma survivor McCain, who would be the oldest president ever inaugurated, could die in his first term, his choice of Palin all but silenced his "no experience" and "country first" mantras. (McCain turned seventy-two just as he named Palin before the convention.) Not to mention that it defied any kind of logic other than suggesting that with Hillary out of the race, Palin's anatomical correctness alone could win McCain enough women to take the White House. The possibility that Palin might be called on to serve as president had apparently not weighed too heavily on McCain in his passing over more substantial, if less electrifying, short-listers like Independent senator Joe Lieberman or Minnesota governor Tim Pawlenty. Picking Palin was



an omen of McCain's reckless gamesmanship with the bailout vote a month later, when he halted his campaign, raced back to Washington to play hero, and said he'd postpone the first debate if necessary. It proved to be more transparent political babble and garbage, another empty gesture that meant nothing and went nowhere.

There's no proof of this, but my theory is that House Republicans, who had claimed to be so close to an agreement, suddenly balked to help stagecraft a media narrative that had McCain racing in and pulling irons out of the fire at the last minute. House conservatives came around days later after untold amounts of earmarks and tax breaks (involving, among others, an alternative-minimum tax patch for the middle class, renewable energy, motor-sports racetracks, rum from the Caribbean, and makers of wooden toy arrows) were shoe-horned in. Never mind McCain the Eliminator's pledge to ban pork from future spending feasts; he would appear to have saved the rescue mission from failure. I feel that McCain did nothing but detract from what was going on and tried to aim the spotlight on himself. In the process, he stepped on his joint.

The bailout crisis that triggered McCain's grandstanding gamble reinforced not just his impulsive streak, but his very real weakness with the economy. Changing the debate had worked for Bush, right? Both moves—Palin and the bailout gambit—blew up in McCain's face. The neocon base wouldn't let him have pro-choice, ex-Democrat Lieberman from Connecticut, so McCain was going to show them. All I could think was, Jesus God Almighty, if we elect these two clowns, it really is a fuckin' wrap.

The Republicans arrived in their own land of make-believe in St. Paul, laboring under the illusion that their party was still relevant. It wasn't. It was exceedingly symbolic that at a time when more than a million Americans were losing their homes to foreclosure, the headliner for this Minnesota masquerade was a feeble seventy-two-year-old white guy who couldn't keep track of how many homes and properties he and his heiress wife, Cindy, owned. It didn't help that Hurricane

Gustav was bearing down on the Gulf Coast three years to the day after Katrina—maybe not the party’s favorite set of shared national memories (and media images) bubbling to the surface, either. When I asked what the GOP could do to top Denver’s very tough act to follow, we got fifteen thousand e-mails. Tom in Minnesota wrote, “Walk on water, turn water into wine, top the miracle of the loaves and the fishes, become instantly something other than what they are—which is the party of self-interest, corruption, and the disasters of the last eight years.” Ed in Oklahoma City wrote, “Simple. Either McCain, Palin, or Bush must walk out with Osama bin Laden in handcuffs.”

Instead, they trotted out a VP candidate who looked like a million (or at least \$150,000) bucks with a national recognition factor well below Osama bin Laden’s. How thoroughly had Palin even been vetted? The campaign insisted that she’d been subject to a long and careful process. Really? The *Washington Post* reported on September 3 that the team’s chief vetter hadn’t done an in-depth interview with her until the day before she was offered the number-two slot on the ticket. No one had been dispatched to comb through local archives to analyze her record in office. McCain had met Palin only once, briefly, six months earlier at a governors’ conference, and they had spoken by phone once since. The day before the announcement, McCain met Palin at his Sedona, Arizona, retreat for about an hour, and he made up his mind. Unlike Senate colleagues Biden and Obama, McCain and Palin had zero working relationship. Forget Obama and Ayers—what did this reveal about McCain’s judgment and character? What the hell was he thinking? Joe Biden was a seasoned, reasoned, respected, sixth-term warhorse notably of high-impact foreign policy and judiciary battles, who’d be there to give counsel and advice. On the GOP side, you now had the fatherly McCain looking after this scatterbrained adolescent daughter who forgot where she parked her car. Palin was a roll of the dice, further evidence that McCain, who, the *Times* reported, could spend hours at a clip at casino craps tables, came up snake eyes when he needed to demonstrate grounded, constructive, risk-free judgment.

One of the crucial ironies of his choice was that within maybe an hour and a half after the words “Sarah Palin” came from John McCain’s mouth, the campaign became all about her. The media were mesmerized. Then she started going out and pissing on herself in public, and that hurt McCain’s cause. Although she was her party’s first woman to run for vice president, Palin was no Hillary Clinton when it came to experience or ideology. Palin was not about to attract disaffected Hillary holdouts who were not yet in the bag for Obama. She was the evangelical “babe,” as Rush Limbaugh fawned over her, and she soon had the base praising McCain to the heavens, not to mention giving him a much-needed instant bounce down here in the polls.

But the bombshells were dropping, and the hits kept coming: Palin’s unwed, pregnant teenage daughter, Bristol; Palin’s Troopergate ethics scandal; husband Todd’s years of membership in a fringe Alaska secessionist group; her supporting the “Bridge to Nowhere” before she opposed it; and so forth, and so on. I wasn’t alone in seeing a Harriet Miers train wreck. When I asked whether McCain should dump Palin from the ticket, I got an unprecedented thirty thousand e-mails in two days. Not since Katrina had I seen that kind of volume. Mention Palin, and people just went bonkers—some with admiring support, many more with outrage and disbelief. But there was no question that she got in people’s faces and pushed their buttons. As one mother of two attending the Republican Convention was quoted as saying in a news article, “You can juggle a Blackberry and a breast pump in a lot of jobs, but not in the vice-presidency.”

Palin was a great story, no question. A frontier woman with one son a soldier and a baby boy with Down syndrome, a moral crusader against an often corrupt, old-boy, energy-rich establishment to become governor. But it was madness to think Palin could compel millions of angry Hillary women to vote McCain. Hillary, the first woman in history to seek her party’s nomination for president, had fought hard against Obama, been tested as New York’s junior senator for eight years, and been scrutinized and tested even further by eight years in the White House. McCain’s move had the reek of gender tokenism.

“Most of the Republicans I heard from, many of whom were women,” I observed on the air, “said how dare John McCain presume, because he names an inexperienced woman from Alaska, that he can start collecting the eighteen million votes cast for Hillary Clinton? They’re on opposite sides of all the issues. People are outraged. This is a joke.” Christine wrote, “I am a true-blue Hillary supporter, but I am sure Hillary did not mean to put eighteen million cracks in the glass ceiling so that a pro-life, pro-gun, home-schooling nobody from the frozen tundra of Alaska could slide in. Go Obama!”

Gender aside, the potential commander in chief of the most powerful nation on earth made her bones for six years as a small-town mayor, about which she once said, “It’s not rocket science, it’s \$6 million and fifty-three employees.” Now, after serving less than two years as governor, she would possibly be put in charge of our nuclear weapons and be dealing with Putin, Ahmadinejad, Kim Jong Il, and the rest of the world’s hoodlums. Country first? My ass. It’s McCain first, country second. Let’s divide the country, frighten the country, and threaten the country so that I can be president. He turned into a bitter, old, irrelevant parody of himself. McCain’s gamble was rooted in raw political self-interest. When I asked whether McCain had undercut his own mission by choosing Palin, Doug wrote, “Had I known that being a hockey mom, being under forty-five, and having virtually no political experience was the desired VP running mate for McCain, I would have asked my wife to throw her hat into the ring.” Stephanie in Alabama wrote, “John McCain not only undercuts his own message but insults all women by nominating Sarah Palin, when he had many stronger, more experienced, more intelligent women to choose from. I guess since he already feels he has a ‘trophy’ wife, he needed a ‘trophy’ vice president to make a bookend set. This is sad and pathetic on so many levels, but to have this woman literally a heartbeat away from the Presidency is SCARY!”

The GOP problem was that while all the right-wing wackos were voting for McCain anyway, there just weren’t nearly enough of them to

win. And faith-based wedge issues weren't driving the debate. Nobody gave a damn about whether two gays can marry or about adult versus embryonic stem cell research or the right to burn the American flag or fly a Confederate one. Jobs, homes, bailouts, taxes, and health care were driving the debate. Not even right-to-lifers could get much traction in the throes of what ex-Fed chairman Alan Greenspan called a "once in a century economic crisis."

Still, the campaign crowed about how much more "executive" chops Palin had than Obama and Biden, while being frantically brought up to speed on issues and talking points by Bush-era advisers. In her national debut—a crafty, crowd-thrilling convention speech written, naturally, by a Bush speechwriter—one of her amped-up anti-Obama zingers was, "I guess a small-town mayor is sort of like a 'community organizer,' except that you have actual responsibilities."

And those would include showing up now and then to face a free press. After Palin was kept off-limits from the media for weeks, the decision to "let Palin be Palin" backfired badly. She sat for interviews with ABC's Charlie Gibson, Fox News's Sean Hannity (at her one media safe house), and CBS *Evening News*'s Katie Couric. Much of her babbling was disastrous. When Gibson asked, "Do you agree with the Bush Doctrine?" Palin seemed to have no idea what he was talking about, nervously guessing, "His worldview?"

"The Bush Doctrine," Gibson explained, "is that we have the right to anticipatory self-defense, that we have the right to a preemptive strike against any other country we think is going to attack us. Do you agree with that?" Next! Her responses about whether U.S. troops should cross the Afghan border to attack insurgents inside Pakistan without Pakistan's approval (a policy Bush had already authorized, and which Obama had long advocated) lost Gibson, he said later, in a "blizzard of words." She told him she looked forward to constitutional amendments expanding the powers of the vice president (just the ticket after eight years of Bush/Cheney!). When Couric asked Palin for specific titles of newspapers and magazines that informed her

worldview, she waffled, “All of ’em, any of ’em that have been in front of me over all of these years.” When a skeptical Couric challenged Palin’s talking point that McCain had long fought for tighter bank regulation, she had to ask three times for “specifics when he pushed for more regulation.” Palin smirked and said, “I’ll try to find ya some and I’ll bring ’em to ya!” If this was presidential timber, it seemed to be cut from some petrified forest.

Truth be told, Palin’s Troopergate mess didn’t bother me as much as her flair for spewing gibberish did. When Couric asked whether the \$700 billion bailout to save financial institutions might be better spent directly helping struggling middle-class families, Palin rambled on incoherently about all manner of things but the bailout. It was breathtaking. The “Cafferty File” segment I did that included a clip of her bailout moment had gotten, as of Election Day, 3.2 million YouTube hits. An excerpt: “That’s why I say I, like every American I’m speaking with, we’re ill about this position that we have been put in where it is the taxpayers looking to bail out. But ultimately, what the bailout does is help those who are concerned about the health-care reform that is needed to help shore up our economy, helping—it’s got to be all about job creation, too, shoring up our economy and putting it back on the right track. So health-care reform and reducing taxes, and reining in spending has got to accompany tax reductions and tax relief for Americans.”

“Did ya get that?” I asked when the clip ended. “If John McCain wins, this woman will be one seventy-two-year-old’s heartbeat away from being president of the United States. And if that doesn’t scare the hell out of you, it should.” Then, I told the host of *The Situation Room*, Wolf Blitzer, “I’m sixty-five and have been covering politics, as have you, for a long time. That is one of the most pathetic pieces of tape I have ever seen for someone aspiring to one of the highest offices in this country. That’s all I have to say.”

John McCain had promised from day one that he would “run an honorable campaign.” As late as May, he’d said, “Americans don’t

want us to finger-point and question each other's character and integrity." He needed to distance himself from the lingering reek of Bush's smear campaigns, but my sense is that millions of folks who had admired McCain's service, honor, and integrity felt that he had not kept his word. In fact, he became downright nasty, relying on what the *New Yorker* called "the mendacity of the campaign of vilification." The attacks reminded me of the 1954 Army-McCarthy hearings, Wisconsin senator Joe McCarthy's vicious red-baiting witch hunt for communist spies he claimed had infiltrated the army. At one point, U.S. Army legal counsel Joseph Welch, outraged by the tactics of "Tail-Gunner Joe," famously said, "You've done enough. Have you no sense of decency, sir?"

The sudden shift by McCain-Palin to attack mode and identity politics repelled people. A CNN-Public Opinion research poll found that 60 percent thought McCain unfairly attacked Obama, a jump in one month from 42 percent. How sad that an honorable man like John McCain, in a desperate struggle to avoid being embarrassed on Election Day, resorted to guilt by affiliation, innuendo, and crude distortions of Obama's statements, tactics associated with people who had no legitimate claim to honor. McCain had turned into a self-serving guttersnipe who would run over women and children just to win. One McCain ad spliced in an Obama sound bite to make it fit an attack ad that began: "Who is Barack Obama? He says our troops in Afghanistan are [Obama's voice] 'just air-raiding villages and killing civilians.' How dishonorable." Palin blasted that quote as "reckless." Except that Obama had actually said, "We've got to get the job done there, and that requires us to have enough troops so that we're not just air-raiding villages and killing civilians, which is causing enormous pressure over there." Not reckless—realistic.

Soon, the campaign was barraging Obama supporters with computer-driven "robo-calls" delivering blatant lies like "You need to know that Barack Obama has worked closely with domestic terrorist Bill Ayers, whose organization bombed the U.S. Capitol, the Pentagon,

a judge's home and killed Americans. And Democrats will enact an extreme leftist agenda if they take control of Washington." (Though despicable, Ayers's attacks killed no one; three radicals died when a bomb detonated prematurely.) With the McCain-RNC (Republican National Committee) team desperate for Pennsylvania's white working-class voters just before Election Day, one or more pro-McCain political action groups ran ads showing dusted-off clips of Reverend Wright's rants ("Not God bless America. God DAMN America!"; "The U.S. of KKKA!")—even though McCain himself had months earlier correctly ordered Wright removed from the attack agenda.

No less an expert than Bush campaign genius Karl Rove, whose staff or its supporters allegedly floated the brutal, ruinous 2000 rumor that the McCains' adopted Bangladeshi daughter was the mixed-race product of an affair with a black woman, accused him of going too far. (Rove has always denied having anything to do with the smear campaign.) Senators from both parties urged McCain to call off the robo-calls. The mail I got on this was overwhelmingly anti-McCain. As Sami from Arizona wrote, "The robo-calls and false information being spread in vile brochures by the campaign have put him over the top in the area of dishonor and disservice to the nation as a whole. . . . He has lost himself . . . and has been sucked into the RNC machine."

Perhaps Obama grew tired of holding back, because the attacks did prompt him to release a thirteen-minute video tracing McCain's own dark history with Charles Keating, the Senate's 1989 Keating 5 corruption scandal, and McCain's controversial intervention on behalf of the Arizona developer (and owner of Lincoln Savings & Loan in Irvine, California) when Keating was embroiled in a regulatory probe. Keating spent five years in prison, the savings and loan industry collapse led to a \$3 billion taxpayer bailout, and the Senate found that McCain had used "poor judgment" in the affair.

To his credit, McCain worked hard to rehabilitate his postscandal image and groom himself as an Eagle Scout out to reform congressional ties to special interests and lobbyists. But by 2008, there were scores



of high-powered lobbyists and fund-raisers tied to his camp, according to the *Washington Post*. In May, five staffers resigned over their lobby firms' ties to unsavory clients—one to Saddam Hussein, another to Myanmar's military junta. McCain's chief campaign adviser was long-time Bush crony, Charles Black, whose powerful lobbying firm had represented an international roster of goons, thugs, autocrats, and dictators, from whom he took tons of money for arranging access to the power corridors of Washington. Black told *Fortune* in June that the late-2007 assassination of former Pakistani prime minister Benazir Bhutto was an "unfortunate event" but that McCain's "knowledge and ability to talk about it reemphasized that this is the guy who's ready to be Commander-in-Chief. And it helped us." Black further told *Fortune* that a terror attack inside the United States would "be a big advantage" for McCain in November—a remark McCain "strenuously" disavowed and Obama called "a complete disgrace." Black, who then resigned from his work as a lobbyist, said he "deeply" regretted making that remark. People saying stupid things during political campaigns is nothing new, but occasionally something comes along that is simply breathtaking in its stupidity—and these remarks were made by McCain's chief strategist and a powerful Washington insider.

To be sure, Barack Obama had his share of ties to lobbyists, bankers, special interests, and corporate donors, having angered some supporters by breaking his earlier campaign promise to accept public financing. (McCain took the public financing limit of \$84 million, but, like Obama, received funding from his party's national committee.) Obama raised a staggering \$745 million, but he was criticized for raking in about \$125,000 in donations from Fannie Mae and Freddie Mac since 2005, while McCain took only about \$10,000. Obama also picked 1990s-era Fannie CEO Jim Johnson to lead his VP search committee. Obama defended his choice, but Johnson stepped down as the Fannie-Freddie bailout loomed. In September, the *Times* reported that McCain campaign manager Rick Davis's lobbying firm had until 2005 received some \$35,000 a month for five years from Fannie and

Freddie to help them “beat back regulatory challenges when [Davis] served as president of their advocacy group.” McCain assured the *Times* that Davis had had “no involvement” with either firm since 2005. Two days later, the paper reported that Davis’s firm had been receiving \$15,000 a month through August 2008.

I found all of this outrageous, given how Fannie and Freddie were front and center in the mortgage meltdown and the bailout madness. But I wonder whether the public may be numb by now to these sleazy, symbiotic ties between lawmakers and lobbyists, the “business as usual” that candidates claim must be urgently reformed but then never is. Ex-senator Phill Gramm had been the author of the 1999 deregulatory bill that led directly to a huge part of what we’ve seen on Wall Street and in the financial community. Just the idea of his serving as McCain’s chief economic adviser while presumably lobbying his former cronies on Capitol Hill for UBS was astounding.

McCain knew he had to rein in his own attack strategy after a woman at a Minnesota town hall rally said she didn’t trust Obama “because he’s Arab.” McCain grabbed the mike from her, shook his head in genuine dismay, and said, “No, ma’am, no, ma’am, he’s a decent family man, citizen, that I just happen to have disagreements with.” In stark contrast, Obama-Biden set a steady tack, stuck to the core issues, and barely flinched as the hockey mom took dead aim with her killer verbal slap shots.

Instead, they found themselves running against a third member of the ticket—one Joe Wurzelbacher of Holland, Ohio, who’d met Obama at a Toledo rally in mid-October. Joe asked about the impact that Obama’s plan to tax the rich would have on his American Dream: to buy his two-man business and earn, he hoped, \$250,000 to \$280,000. “Your new plan is going to tax me more, isn’t it?” Joe asked. Obama said, “I think when you spread the wealth around, it’s good for everybody.”

This momentous exchange was instantly uploaded to YouTube and thus was founded America’s socialist movement of 2008. Joe, the

flannel-shirted, shaved-head plumber, became a McCain folk hero. His name came up a dozen times during the third and final presidential debate. Never mind that Bush's tax cuts, which McCain wanted to extend, had led to the greatest redistribution of wealth in our history, all concentrated at the top. Never mind that if the gross receipts from Joe's business—and not his taxable income—were \$250,000 or more, he wouldn't pay an extra dollar in taxes. Instead, he would be eligible for Obama's "affordable fixed-rate loans for small businesses."

McCain now had a hook into the economy, and, with Joe on the job, together they could wrench victory from the waste line of defeat. Soon Joe the Plumber (JTP) was among other small-business folk heroes hailed at rallies—Tito the Builder, Doug the Barber, Ed the Dairyman, Vicky the Realtor, Bill the Bricklayer ("Mack the Knife!" added Jon Stewart)—as they ganged up on the rival dubbed "Obama the Redistributor." McCain even promised to take JTP with him to Washington, before JTP likened Obama's deft debating skills to Sammy Davis Jr.'s tap dancing and before JTP agreed with an elderly Jewish man at a rally that "a vote for Obama is a vote for the death of Israel." After such near-"Macaca" moments, I can only hope Joe was urged by the GOP to keep his unlicensed day job. Obama kept his humor while dismantling McCain's Marxist-Leninist rap. "By the end of the week," Obama said in Raleigh, North Carolina, "[McCain will] be accusing me of being a secret communist because I shared my toys in kindergarten . . . I shared my peanut butter and jelly sandwich."

Meanwhile, Obama the Fund-Raiser was hip deep in \$150 million flooding in through September. He was also getting the kind of help not even money could buy, a chorus of conservative-pundit angst over Palin and the corrosive, thrashing campaign itself. In his *New York Times* op-ed column, *Weekly Standard* editor and Fox News analyst William Kristol called the campaign "now close to being out-and-out dysfunctional. Its combination of strategic incoherence and operational incompetence has become toxic." Arizona senator Jon Kyl was caught on tape saying, "It's all over." Columnist-author Peggy Noonan

wrote in the *Wall Street Journal*, “The Palin candidacy is a symptom of a new vulgarization in American politics. It’s no good, not for conservatism and not for the country. And yes, it is a mark against John McCain, his judgment and idealism.” *Times* columnist David Brooks called Palin “a fatal cancer for the Republican Party” at an *Atlantic Monthly* forum. Kathleen Parker, who at first felt that Palin confirmed McCain’s “keen judgment,” now wrote on the *National Review* Web site that Palin was “clearly out of her league,” and that her media interviews had exhausted Parker’s “cringe reflex.”

Referring to a recent *Wall Street Journal* editorial, I said on the air one day about the Naval Academy cadet who graduated 894th out of a class of 899, “If you’re a Republican running for president of the United States and the *Wall Street Journal* basically says you’re an incompetent buffoon, you’re in serious trouble.” How out of touch was McCain, specifically regarding Palin? Seeming genuinely puzzled, McCain asked radio host Don Imus, “What’s their problem? . . . I’m amazed . . . I think she is the most qualified of any that has run recently for vice president.”

I, for one, was not amazed. In less than a month, the postconvention Palin Effect had morphed into the preelection Palin Paradox. She was a huge draw on the trail, but a big drag in the polls. Ten days before the election, a *Wall Street Journal*/NBC News poll showed Palin’s “negatives” at 47 percent, her positives at 38 percent. It had been a steep slide for the convention belle of the ball who had roared into town behind 80 percent approval numbers as governor. Early on, the spread between her high “favorables” and low “unfavorables” was wider than Obama’s or McCain’s. When she and McCain appeared together, people cheered for her. When he began to speak, they filed out. Ouch! When they were apart, her crowds dwarfed his. “What’s wrong with this picture?” I had asked during one segment. Paul wrote, “It says we are shallow and stupid, an infantile bunch of *American Idol* watchers who ought to be taking a little more seriously the responsibility of choosing the next leader of the Free World.”

Fifty-five percent of the people polled now believed Palin was unqualified to be vice president (that figure soon hit 60 percent). McCain was running out of time and, as was apparent in the third debate (his best, by all accounts), running out of ideas. In split-screen images, he seemed to almost seethe, his eyes darting, jaw clenched, wincing with derision. Obama seemed almost listless—not at his best, said many—through reasoned, familiar on-message rambles about the imploding economy, first and foremost, taxes, health care, and the two war zones. Folks had seen 35 percent of their nest eggs vanish into thin air, while a trillion more taxpayer dollars were bound for Wall Street. Obama seemed to have a far better grasp of what was going wrong and a sense of how to move the country forward, and not backward into a third Bush term masked as McCain-Palin.

Palin's primary liability was that her executive record often didn't match her fire-and-brimstone change-agent bravado. Her most notorious revisionist claim—a howling crowd-pleaser in St. Paul—had been that she told Congress, "Thanks but no thanks for that Bridge to Nowhere." While campaigning for governor in 2006, she'd promoted the \$400 million boondoggle by proudly holding up a T-shirt that read NOWHERE, ALASKA 99901. The bridge would connect Gravina Island's fifty residents and its Ketchikan International Airport to Ketchikan, a small town on an adjacent island accessible by ferry (or swift boat). When media attention and public outrage turned the Bridge to Nowhere into an infuriating icon of legislative waste, Congress killed it. But Palin said, "Yes, thanks," to Congress's \$223 million portion of the earmark, to be used as the state saw fit. As a result, sightseers can now visit Alaska's 3.2-mile, \$26 million Road to Nowhere, the one that would have led them to the Bridge to Nowhere. Howard Kurtz, my CNN colleague and a *Washington Post* media columnist, called the early ad hailing Palin for shutting down the Bridge to Nowhere "a whopper."

As Wasilla mayor, the down-home Palin hired a top Washington lobbyist who scored \$27 million in earmarks, dwarfing the U.S. per capita average. While John McCain was vowing to scratch his pencil through

all earmarks on spending bills—and to name names!—Governor Palin was requesting, by some estimates, \$580 million in earmarks, by far the most of any state, according to Taxpayers for Common Sense. Still, the VP pick was claiming, “I have championed reform to end the abuses of earmark spending by Congress.” How’s that again? Even McCain’s camp said Palin was “too reliant on earmarks,” according to AP writer Andrew Taylor. Obama had brought home about \$311 million in bacon for a state with nearly twenty times the population of Alaska. To McCain’s credit, Arizona is mostly pork-free.

Governor Palin had offered to fully cooperate with the Troopergate probe. Candidate Palin refused—shades, yet again, of President Bush. Worried about an embarrassing investigation? Just refuse to cooperate, and tell your subordinates to refuse to comply with subpoenas. Palin said Obama’s camp had “hijacked” the ethics probe, although it had begun before she was in the race. When I asked what her refusal to cooperate meant, Art from New Jersey wrote, “It means she thinks it’s okay to follow the examples of Rove, Cheney, and Bush and show no respect for the Constitution of the United States.” Pablo in West Virginia wrote, “It means they need more time to put lipstick on the pig, bulldog, or whatever animal they are trying to disguise before the American people can see it for what it really is. My guess is it is a weasel.”

Then we learned that Palin charged the state \$17,000 for 312 nights of per-diem food and housing allowances when she chose to stay at home, rather than in the governor’s residence forty miles away. On top of all this—and just as news broke that consumer spending had decreased for the first time since 1987—we learned that the Republican National Committee had spent \$150,000 for Palin’s wardrobe, accessories, hair, and makeup. (The RNC, it was revealed in December 2008, paid her stylist some \$55,000, while Palin’s actual wardrobe and spa tab was revised upward in December to \$180,000.) The chic threads for Palin’s maverick makeover for the convention and the campaign were bought for her at Barney’s, Bloomingdale’s, Neiman

Marcus (\$75,000), and Saks Fifth Avenue (\$50,000). Would the next shoe to drop be a Carhartt steel-toe work boot or a Jimmy Choo open-toe slingback? Sure, all candidates are entitled to look their best, but this blew up Palin's groomed image of luxe-free thrift shopping as phony and hypocritical. Politico.com reported that the retail rampage had left some "teeth-gnashing" fat cats feeling more like fashion victims. Said one, "As a Republican Eagle and a maxed-out contributor . . . I'd like my money back. [McCain] can still have my vote."

The taxpayer freebies kept coming. AP disclosed that Palin charged Alaska for more than \$21,000 in airfares and hotel expenses for her three daughters, all on the taxpayers' dime. According to AP, Palin altered expense reports to show that the kids were on "official business." Her office said such write-offs were legit because the kids helped represent the state, except that the girls weren't even invited to some of the events involved, had no "official" tasks, and were accommodated only after Palin brought them anyway. When I asked whether Palin should reimburse the state, Ryan in Galesburg, Illinois, using her widely caricatured populist patois, said, "You betcha!" A new ethics complaint was filed against Palin, even as her per-diem charges were under state review. The deeper question lingered: how do you present yourself as any kind of reform candidate when the sleazy, ethically questionable practices you employ put you in the same category as every other sleazy, opportunistic politician who has preceded you? Maybe Palin was ready for Washington, after all.

Having endured the longest, costliest, and most exhaustively polled race ever, a CNN poll of polls showed 7 percent still undecided on election eve. Maybe it was the complexity of the issues: from the bailout to Baghdad, taxes to Tehran, Moscow to mortgages and Medicare. Maybe the mudslinging confused and turned people off. One poll had a third of undecideds less likely to vote for either candidate because of the attack ads. I had my own 7 percent solution for those voters who after two years, \$1 billion, four debates, millions of sound bites

and video clips, and punishing amounts of punditry still needed the weekend to sleep on it. “Maybe if you haven’t figured it out by now,” I said on the air, “you should not be allowed to vote.”

One thing seemed decided. With McCain’s final poll numbers heading south, the “Thrilla from Wasilla” would be heading north, her political designs on the Lower 48 notwithstanding. An ABC/*Washington Post* poll found a third of people “less likely to vote for McCain” because of Palin. Politico.com broke the first tales of blame-game infighting, further hobbling McCain’s game run to the finish line. Palin had “lost confidence” in her handlers and she was ignoring McCain’s advisers. His camp sniped that she was veering “off-message” and “going rogue.” She envisioned being crowned queen of the world in 2012, which was as delusional as her claim that seeing Russia from Alaska equaled foreign policy experience. With Palin having gone both rogue and vogue, insiders were branding her “a diva” and “a whack job.”

Gosh darnit! Not even Joe the Plumber or Ray the Roofer could plug leaks this bad.



# 12

## **The New Prez's Real Campaign Begins**

To Fix Our Broken Nation

**T**here was perhaps no more profound way to slam the door on eight years of the George Bush administration,” I said on the air on Wednesday, November 5, 2008, “than to elect the first African American to replace him. The symbolism is powerful; the history is breathtaking. We changed a lot more than our political orientation last night. The country finally grew up.”

To be sure, the election turned on the economy and the selection of Alaska governor Sarah Palin as John McCain’s running mate, but something stirred us in a deeper way about Barack Obama. “The disillusionment and disappointment of failed politics everywhere you looked were the catalysts,” I went on. “Barack Obama was the spark. Watching his remarkable speech in Chicago’s Grant Park after he had been declared the forty-fourth president of the United States, it occurred to me that just as Hemingway was born to write and Tiger Woods born to hit a golf club, this man Obama was born to do this, to

lead, having run for nearly two years what the *New York Times* called a ‘near-flawless campaign.’”

Obama had single-handedly carried the country on his back beyond the racial boundaries that had divided us for more than two hundred years. That’s a pretty fair day’s work, but he had done far more than that. He rekindled hope and optimism in a country that was running very short on both. When he said, “Yes, we can,” it was very hard not to believe him. I asked that day what it meant that the United States had its first African American president. Brian in Florida wrote, “Perhaps Martin Luther King Jr.’s dream really has come true, because I (and millions of Americans) elected Obama not because of the color of his skin but because of his character. We didn’t see a black man; we saw a great leader and communicator who has been able to excite the American people once again.” John from Arizona wrote, “When Barack, Michelle, Malia and Sasha Obama move into the iconic White House (with their new puppy), they will be moving in next door, in a figurative and very real way. All Americans are eventually going to embrace them, and ultimately become much more comfortable with their neighbors—all of their neighbors—as a result.” Rob from New Freedom, Pennsylvania, wrote an uncommonly long e-mail that captured the essence of what happened on Election Night. “I sat there last night and wished my Dad had lived to encounter the feelings that I, and many Americans felt,” he wrote. “He died two years ago, after working forty-two years for local government. I saw his sacrifice and hard work scoffed at, and I watched him be turned down for promotions although he was more qualified than others. I heard him speak about the days when he had to take my mom into the back of a restaurant to get something to eat, and after paying, be told that he had to take it somewhere (off the property) to eat it. To see someone finally be given the highest office in the land because he was the most qualified, and to know that it took more than African Americans to vote him in is humbling. I told someone today . . . it took all types of Americans to achieve this, and I am proud of my American extended family for making this happen.”

Barack Obama made history that night. Voters, millions coming out for the first time ever, cast their ballots in record numbers to give him a decisive margin of sixty-six million votes to John McCain's fifty-eight million (or, 53 percent to 46 percent of the vote), with an Electoral College tally of 365 to 162. It was the climax to a stunning rise to the presidency for a forty-seven-year-old freshman senator from Illinois, and an African American at that, who had to dispatch some imposing Democratic foes—notably, Chris Dodd; John Edwards; his eventual running mate, Joe Biden; and, of course, Hillary Clinton. “This was,” I said, after reading the viewer e-mails, “a profoundly moving experience for millions of Americans.”

The ultimate irony of 2008 is that without the utter disaster that was the Bush presidency, an African American would probably not have won the race for the White House. Funny how things work out. George W. Bush, a conservative Republican, did as much to get Barack Obama elected as did the primary voters in Iowa on a frigid night in early January 2008. Bush's approval ratings had soared to 90 percent when, on September 14, 2001, he gave a rousing speech into a bullhorn to rescue workers at Ground Zero, arguably his finest hour as president. The entire world was riveted, ready to step in and help us in any way it could.

Then Bush spent seven years blowing more political capital and global goodwill than any president in history. Two months before leaving office, he achieved the highest disapproval ratings ever recorded, 76 percent. He was so toxic in his final days that he dared not show his face on the campaign trail. Had Bush done even a mediocre job, Barack Obama would likely be gearing up soon for his 2010 run for a second Senate term.

The fact that Barack, Michelle, Sasha, and Malia Obama live in the White House has nothing to do with race, but rather with the message that the new president carried to Iowa in early 2008 and then beyond: a fresh start with a bold new kind of leader and solutions to the problems tearing our nation down—solutions that will work for all Americans. “I am the one who can best set the compass

for that change,” Obama told us, and we chose him over Clinton’s well-connected star power and over the long-admired Republican maverick John McCain. I find it wildly ironic that a president who had campaigned on “compassionate conservatism,” fiscal restraint, restoring honor to the White House, and unity over division, after the Bill Clinton era, could rack up a wartime record of miserable, divisive policy failures at home and abroad, becoming enabler in chief for rampant corruption, cronyism, torture, war profiteering, violations of the Constitution and the Geneva Conventions, colossal waste and incompetence, and fiscal insanity. We elected Bush because he was a guy we wanted to have a beer with (huge mistake), and he went on an eight-year bender of power grabs, arrogance, secrecy, and poor judgment, thus creating the opportunity to elect an African American liberal Democrat to succeed him.

Arizona senator McCain, too, prevailed over a crowded field that included an ex-governor/Southern Baptist minister, a Mormon ex-governor and venture capitalist, an ex-senator-turned-movie/TV star, and a divorced, pro-choice ex-New York City mayor whose leadership role after 9/11 was his main campaign hook. Vietnam War navy fighter pilot hero and POW McCain staged a dramatic comeback when he was all but out of the race, only to be offered up as the party’s sacrificial lamb in a year when the economic crisis in America gave the Democrats a virtual lock on Election Day. As a brand, the Republicans were badly damaged. Their campaign tricks of making people afraid and dividing the country with wedge issues that mean nothing but that help keep the red state, civil war mentality alive were wearing thin on folks who had watched their home equity, job security, savings, and pensions get hammered for a year.

Divide and conquer got George Bush elected twice. That’s what Karl Rove eats for breakfast—*division*. In 2000, it was post-Clinton family values; in 2004, it was Iraq and the war on terror—are you a patriot or a traitor? By 2008, unable to run on the economy, the McCain-Palin camp instead created diversionary, coded, race-tinged

narratives as a way to “otherize” Obama, as some put it: his Bill Ayers and Reverend Wright ties; his spread-the-wealth “socialist” agenda; his “imperfect” view of America that came from “palling around with domestic terrorists.” *Newsweek* trashed McCain’s campaign as “an aimless and chaotic operation” and among the worst in memory. Then there was all of that punditry on the polling unknown that was known as the “Bradley Effect” (named for Tom Bradley, the black mayor of L.A. defeated in his 1982 bid for governor), when white voters wouldn’t vote for a black candidate. In 2008, however, there was no game-changing Bradley Effect. Obama broke all of the codes and redrew the electoral map of America.

Not that McCain-Palin didn’t motor along their low-road express in an effort to take him down. As Palin put it at one rally in North Carolina, “We believe that the best of America is not all in Washington, D.C. We believe that the best of America is in these small towns that we get to visit and in these wonderful little pockets of what I call the real America, being here with all of you hardworking, very patriotic, very pro-America areas of this great nation.” Sarah Palin could not only see Russia from Alaska, she could also identify folks at rallies as *more American* than anybody else. That kind of awful rabble-rousing set a tone for other candidates. Republican Minnesota representative Michele Bachmann told *Hardball* host Chris Matthews, “I wish the American media would take a great look at the views of the people in Congress and find out, are they pro-America or anti-America?” She had called into question Obama’s patriotism because of his ties to Ayers and Wright. “I think people would love to see an exposé like that,” she told Matthews. Did she mean the kind of witch hunt that had worked wonders for Joe McCarthy’s Senate career? (A day later Bachmann, who won, apologized for her remarks.)

Obama ran a tactically brilliant campaign and made magnificent speeches, but make no mistake—divisive sentiment is still very much with us. Although no Bradley Effect could offset Obama’s appeal, his victory should not be confused with the end of racism in America.

With fifty-eight million people voting for John McCain, you can bet that for some of those people, their vote had nothing to do with John McCain. It had to do with “I ain’t voting for a black man,” period. As the Obama administration gets into gear, after the celebration and euphoria about this nation’s quantum leap forward in race relations, the racial repercussions of his win will become clearer.

And where was the once-likable John McCain in all of this? He quickly morphed into someone else and became another symbol of the divisive politics of past Republican presidential campaigns. Name calling, pettiness, insults, and empty gestures turned his campaign nasty. Ironically, it wasn’t until his gracious concession speech that he had come back to reveal the substance and moral fiber in the man we all once looked to to challenge the status quo, but who had gone AWOL in 2008. Too bad he hadn’t behaved that way in the campaign. He might have had a better shot at winning. “Senator Obama has achieved a great thing for himself and for his country,” McCain said. He urged his supporters to offer Obama “our goodwill and earnest effort to find ways to come together . . . and help restore our prosperity, defend our security in a dangerous world, and leave our children and grandchildren a stronger, better country than we inherited.”

Besides McCain’s being outclassed on the economy, picking Sarah Palin proved ruinous to his run. I did a “what if” segment in the wake of sniping that Palin’s self-serving “off-message” speeches had ended all hopes of a McCain surge to victory. “For one thing,” I said, “the Republicans probably wouldn’t have had to spend \$150,000 buying clothes for the candidate.” I asked, “What if McCain had picked Mitt Romney, a self-made man with plenty of clothes and a knowledge of the economy that the current ticket is sorely lacking? And while he probably can’t see Russia from his state, he could probably name at least one newspaper that he reads every day.” Former Pennsylvania governor and Homeland Security chief Tom Ridge could have surely helped McCain lock up that key battleground state. “Besides,” I said,

“it would have been fun watching Ridge wrap the White House in clear plastic sheeting and duct tape.”

Historians may focus on how Obama grasped what was keeping the country so sharply divided. He mastered ways to attack that embedded red-blue mind-set. How else to explain Virginia, North Carolina, Colorado, Iowa, Nevada, Florida, New Mexico, Indiana, and Ohio—all either reliable red states and/or states Bush won in 2004? It was arguably one of the greatest political campaigns ever put together, and if President Obama runs the country as well as he and his team ran the campaign, we should be in pretty good shape for the next four years. Moreover, his victory may also have struck a fatal blow against the often self-righteous us-versus-them politics of exclusion that the Republicans had mastered for twelve years (until 2006) to get their people elected.

There is a magic, a charisma, and an aura about Obama, some set of gears that most people in his line of work must function without. I can't imagine that this is a passive, incurious guy deferring to the likes of Dick Cheney, Condi Rice, and Don Rumsfeld to tell him what to do. He seems far more proactive and assured in his judgments, with a thoughtful, clear-headed analysis of issues. He also seems open and secure enough to seek counsel from the best people around. His campaign was never about me, me, me. It was never about race, although he reacted to racial comments injected into the campaign by others. It also wasn't about payback—“Let's win one for all of the slaves going back to the Civil War.” He made good on his promise to take the high road and address what's wrong and how we can fix it. There may well be a sea change among African Americans and in race relations over the next four years, but that didn't come *from* him. That will be a reflection *of* him and of his singular achievement.

Then there was McCain's choice of running mate—Palin—an act of desperation when the far-right base of the party balked on McCain. Palin's job was to fire up the base, but she ended up torching the ticket.

When it wasn't the GOP brand or the economy hurting McCain, it was the consequences of his hair-trigger selection of the virtual unknown—including the ugly ads and tactics—that did McCain in. (Obama's \$745 million war chest and far superior campaign didn't help.)

Palin arrived with a colorful backstory and the intellectual depth of a saucer of milk. After she boasted that Alaska's proximity to Russia certified her foreign policy credentials, *CBS Evening News* anchor Katie Couric ran with it, asking Palin whether she had ever directly negotiated with the Russians. "We have trade missions back and forth," Palin said lamely. "It's very important when even you consider national security issues with Russia, as Putin rears his head and comes into the air space of the United States of America, where . . . where do they go? It's Alaska, it's just right over the border. It is from Alaska that we send those [those what?] out to make sure that an eye is being kept on this very powerful nation, Russia, because they are right there, they are right next to our state." (A spokesman for NORAD's Alaska region shot down Palin's contention, stating that no Russian military aircraft had flown anywhere near her airspace for years.)

As the end-stage blame game began, 60 percent of polled Americans called Palin unqualified to run or serve. When Palin was given a credit card and about a \$20,000 budget for three designer suits, the retail tab hit \$50,000 for her and her family, with the RNC total bill maxing out at \$180,000. These folks were like grifters. Someone called them the Wasilla Hillbillies. More disturbing questions lingered well into November, suggesting that Palin was dumber than a box of rocks. Fox News's Carl Cameron, who covered her campaign, reported that, according to one unnamed McCain staffer working with Palin, she refused to prep for the Couric interviews, couldn't name the three nations of the North American Free Trade Association (I'm guessing Canada, the United States, and Mexico), and didn't even know whether Africa was a continent or a country. Palin subsequently denied that any of this was true. Okay, so she switched colleges five or six times over six years to get her degree, yet she disparaged Obama's



work as a community organizer, claimed her executive skill set was superior to his, and boasted of not even blinking when offered the job that would put her a heartbeat away from the presidency. Whatever her 2012 delusions, if she was a liability to McCain, she's maybe not the answer to the Republicans' woes. In a November CNN interview, "Caribou Barbie" took aim at those inside leakers who called her a "diva" and a "whack job." "That's cruel," she said. "It's mean-spirited, it's immature, it's unprofessional, and those guys are jerks if they came away taking things out of context."

The GOP has its own healing to do and so does the nation. Baffling as it is, this country is not united, not even close. The Democrats, despite gains in both houses, just fell short of a filibuster-proof Senate supermajority. All of the flowery rhetoric about the Obama-in-Wonderland mandate aside, the idea of let's all join hands and sing "Kumbaya" is still a ways away.

The economic crisis predated Palin's selection, and polls had long showed that people had more confidence in Obama to handle it than in McCain. The poor guy was just in way over his head once the bailout crisis swallowed up the other campaign issues. All bets were off—except his misguided ones. McCain made a fool of himself when he orchestrated a huge empty gesture by suspending his campaign, threatening to cancel the first debate—he was the one who wanted all those town meetings, remember?—and rushing back to Washington during the initial bailout crisis. He became his own worst enemy, accomplishing absolutely nothing, and the campaign never recovered. He might not have been able to overcome the damage done to the Republican brand, anyway, but he gave away any chance to win. Obama remained calm and measured through the mortgage and credit meltdown. McCain's promises for the economy were a tale full of sound and fury signifying nothing. Given his 90 percent voting record with Bush policies, McCain couldn't salvage his campaign in light of the catastrophic economic undertow of the Bush era. Why fifty-eight million would choose to continue the Bush era will remain a mystery to me going to my grave.

As far back as Iowa and, especially, New Hampshire, people bitched about pollsters getting it all wrong, bitched about pundits shaping the debate and, possibly, the election outcomes. My answer now is what it was then: turn your TV off, go to the library and read about global warming, and then call Al Gore and maybe he'll have lunch with you—and while you're at it, go to hell.

The media were dominant because the overriding issue at stake was the survival of this country, and that was nearly a year before bailouts and comparisons to the Great Depression. I've been in the news business a lot of years, and this sudden awareness came over me—maybe we should take a more active role in our participatory democracy, boys and girls, or it may just evaporate. Look at the damage that was done by all the men under George Bush while nobody was paying attention. And now “we the people” are beginning to realize that we're broke, we're hated around the world, and we're fighting two wars—is this what we want for our kids?

The nominating process for the Democrats, a winner-takes-some nightmare, with all of those superdelegates thrown in, must be changed. There should be a national, publicly funded primary election held over a weekend. There should be limits imposed on the length of time that candidates can campaign and on the amount of money they can spend on advertising. England and France have managed quite well with far more streamlined election mechanics. This endless nonsense we have now combines the worst of *American Idol*, Super Bowl pregames hype, and late-night infomercials. The money involved—a billion dollars or more—is obscene. And the corporations are the ones that are handing it over to the campaign bundlers. The military-industrial complex sees the electoral game more as a stock market. It's like they're purchasing, say, two thousand shares of Clinton, three thousand of Obama, a couple thousand of McCain, and covering all of their bases. And whichever of these candidates winds up wearing the blue ribbon is their guy. They feel they own a piece of him and now can get their lobbyists on board to help them (not us) recoup their investment.

Do the media impact voters' decisions? Interesting question. It isn't that citizens in our society lack options. They've got major dailies and their Web sites, media/political blogs, newsweeklies across the political spectrum, YouTube, network news and Sunday talk shows, 24/7 cable news networks, and candidate Web sites. Go to [Drudgereport.com](http://Drudgereport.com), [Politico.com](http://Politico.com), or [HuffingtonPost.com](http://HuffingtonPost.com) and link to scores of columnists. It's all out there, a limitless flow of continuously updated news and opinion on every issue imaginable, from toxic Barbies from Beijing to the social impact of the next Supreme Court justices nominated by a liberal or a conservative president. What became clear throughout 2008 was a sense that we're finally (maybe) understanding that the frivolousness of what it is we collectively are interested in as a country is leading us to no good end. It's the economy, it's politics, it's the new presidency, it's the war, it's terrorism, it's the stock market. Reality (and I don't mean fake "reality programming") has overwhelmed fantasy at this point. We don't have the luxury, I guess, of indulging Lindsay Lohan and Madonna and Britney Spears the way we used to because the place where Dad works is closing next week. Our focus has shifted, and not a moment too soon.

The media performed a valuable service, and we were generally rewarded with consistently high ratings during the campaigns. (CNN led the cable networks and three broadcast networks for Election Night coverage, earning our highest-ever viewership in prime time.) Is there such a thing as an absolutely pure, 100 percent distilled objective analysis? No way. It's a fantasy. Human beings write news stories, and their opinions and reactions inevitably factor in. My point is, you've got to take some responsibility for shaping your own view of things. It's not my job to protect you from yourself. I've got no sympathy for morons. I work for CNN and do what CNN tells me to do. CNN is not a child-care agency. This was as good a time as any in a hundred years for citizens to wake up, grow up, inform themselves, meet their civic responsibility as participatory citizens, or get the hell out. The media's role does not include babysitting the electorate.

It's not hard to figure out where the public's mistrust of the media comes from, and why politician sleazebags exploit that mistrust when they screw up and news cycles don't break their way. Americans tend to be trusting and people of good faith. If you tell them something from a position of authority, they tend to believe you. Once the lies were revealed, say, in the run-up to Iraq or the Valerie Plame scandal, people were reluctant to believe that they were being deceived and that their trust had been betrayed by our top elected officials. Most folks don't want to know that their spouses are lying to them about an affair, any more than they want to know that their elected leaders are betraying their trust, misusing their tax dollars, and tearing down the country and its traditions—all with a straight face. Sure, Bush will fire any administration official involved in the CIA leak. Then again, maybe he'll just commute that person's sentence after he's convicted on perjury charges. So, what caused the shift against the media? The members of the media themselves, because they were the ones, often the only ones, who played whistleblower, pointed out these lies, and revealed our morally bankrupt, deceitful leaders for what they really were.

Small wonder, then, that for much of the long campaign, the conduct of the media became part of the narrative. Fox News was Fox News—we all know what they're up to. MSNBC became more solicitous and blatantly supportive of Obama as time went on. And I know for a fact that CNN was committed to a supreme Herculean effort to stay closer to the center in its coverage than the others were.

That being said, Barack Obama was a great story. He was a multiethnic kid who grew up in a broken home (his mom and dad separated when he was two) with no money or privilege. His middle name, Hussein, and the fact he was educated in Indonesia, led some lunatic fringers to imply he was some kind of Muslim extremist, but, overall, Obama probably did get more and better coverage. The night that Iowa, 99 percent white, gave him his first primary win over Hillary Clinton, Obama became not only a candidate but also a political and cultural phenomenon. His message was spot on, in terms of tapping into the disgust and the dissatisfaction afflicting the nation. He was

eloquent, brilliant, and he kicked the daylights out of one of the great political machines of the twentieth century, that being the Clintons. As the campaign ground on, Obama just knocked one pitch after another out of the park.

John McCain had a gripping backstory, too, but his navy fighter pilot/POW saga of heroism and courage was forty years old, more ancient even than the Bill Ayers bombings. Small wonder the forty-seven-year-old Obama got 66 percent of the coveted voters who were eighteen to twenty-nine years of age (double McCain's 32 percent). McCain was seventy-two. He ran and lost in 2000. He'd been in Congress since the 1980s. Yes, he was a "maverick," he bucked party lines, and he broke ranks and worked "across the aisle" on bipartisan legislation. But even that story line was flagging by 2007, and there was the fact that his voting record was so closely aligned with Bush's policies. There was no "Gee, I didn't know that about him" factor until McCain got further into the campaign, and then it was a "Gee, I didn't know what a reckless, impulsive, angry old jerk he can really be" kind of discovery.

Are the media, in fact, a liberal-tilting playing field? People make that argument. One late-campaign report claimed that coverage of Obama broke in his favor by a factor of more than two to one, according to the Center for Media and Public Affairs. McCain had more negative coverage, but here's why I think the media broke Obama's way as his epic primary campaign unfolded: he banished Hillary (and a snarling, bitter Bill), even as the first woman to seek her party's presidential nomination fought back; he shoved the crazy Reverend Wright under the bus, quelling that crisis by writing his own terrific speech on race; he was tested and strengthened by Pennsylvania's bitter-gate battle. Edging out Hillary and her eighteen million supporters proved that Obama was not only cool, talented, smart, and politically savvy but that he could be tough and passionate, too.

The fact that the media seized the significance in all of that, distilled the core themes driving the debate, and reported on the McCain camp's efforts to disinform voters with nasty, deceptive ads, name calling, insults,

pettiness, and class warfare is not, in my view, grounds for *criticism*. On the contrary, the media recognized what was happening and said, “We’d better watch these guys pretty closely because there’s never been more at stake, they’re slipping in the polls, and they’ll do anything to win.” A cottage industry of online instant-response fact checking sprang up for every network, paper, magazine, and high-impact political Web site. So if there was media skew, it was because, one, we all needed to pay a little more attention to this unknown interloper from Illinois who came stumbling into Iowa in the middle of winter and said, “Hey, what about me?” and, two, the once-good-natured senior-citizen maverick who promised an honorable campaign made some serious mistakes in judgment, failed to deliver on his word, and was getting surprisingly down and dirty. Events shaped the coverage, not the other way around.

I attended meetings where the message was, “Look, we’re going to try to be as fair as we can. We’ve got to cover both sides, and we’re going to make a huge effort to come out of this thing so that nobody will accuse CNN of being in the tank for so and so.” Are there people in the country who think we were? Of course, but I know for a fact that there was a conscious, ongoing effort to avoid the perception of bias. This was an amazing race at a watershed moment in our history. The voting public deserved a fair and accurate accounting of what was coming at them 24/7 in the billion-dollar battle for America’s hearts and minds.

I didn’t—and still don’t—buy for a second the notion that Sarah Palin got roughed up by the “East coast media elite” and was held to a double or sexist standard in her coverage. Her problem was McCain. The campaign wouldn’t let her talk to the media, for starters; they kept her under wraps; and then one of the early interviews they consented to let her do was with Couric, an industry trailblazer herself. Couric didn’t sit on *The Today Show* couch all those years because she had sparkly blue eyes. She’s a good journalist who had earned a reputation as arguably one of the tougher interviewers around. As a result, Palin, perhaps nervous, overprepped, and front-loaded with talking points,

was no match for the crafty, tenacious anchorwoman; several times, Couric had to prod Palin for specifics when the candidate tossed out glib, shallow, or rambling nonanswers that, given McCain's age, did little to firm up confidence in her qualifications to sit in the Oval Office. The decision to sit down with Couric was the Republicans', not the media's, and the results were pathetic.

Openly ignorant of the issues, Palin served up some interview clips that became the stuff of legend, not to mention a running national joke on *Saturday Night Live* thanks to Tina Fey and YouTube. Palin began to offend women and anger McCain's campaign managers, who sniped that she was a "rogue" who frequently went off the reservation to promote her own interests instead of McCain's. Barely six weeks earlier, she had helped McCain score a postconvention bounce with convention speech zingers, hockey mom populism, and feisty, far-right swagger. But she came with too much baggage and too little White House heft. We soon saw behind the stagecraft. Anything requiring more than a "you betcha" answer was a "we gotcha" question from the hostile, sexist, far-left media. Every misstep was rationalized for her and blamed on others. Lurking behind all of the Joe the Plumber jingoism was that dark and familiar Bush-era tactic. Don't like the story? Shoot the messenger.

Palin will no doubt remain a player and a Republican Party star at a time when one poll showed that only 34 percent of Americans have a "favorable" view of the GOP. Eight years of the Bush administration were enough to take the shine off just about anything. Palin proved that she hadn't lost her touch among the base when she stumped and came through in the clutch for incumbent Georgia senator Saxby Chambliss on the Monday before his December runoff. Attracting huge crowds at several events, Palin helped him win big. McCain, Mitt Romney, Mike Huckabee, and Rudy Giuliani all campaigned for Chambliss, too, but it was Palin who seemed to give Chambliss the spark and the push he needed to win. As he said, "She came in on the last day, did a fly-around, and, man, she was dynamite." His much-needed victory

dashed all hopes of a filibuster-proof, sixty-seat Senate majority for the Democrats and gave a boost to the beleaguered Republicans who were still licking their Election Day wounds.

In a Gallup poll conducted weeks after she and McCain got their clocks cleaned, Palin outscored Romney, Huckabee, Giuliani, Newt Gingrich, and five others as the top choice among Republicans and GOP-leaning independents to run for president in 2012. God forbid that's what lies in our future. That's right, Sarah "I read all the newspapers" Palin. Go figure. I suppose stranger things have happened. She got a taste of the limelight and decided she liked it. Oprah, Leno, Letterman, Walters, and Jon Stewart all wanted her. Publishers reportedly tried wooing her with offers of a \$7 million book deal—that would be interesting—and there was talk of giving her a TV show. It's like they've created a monster. The AP reported that in the weeks after Election Day, Palin and her handlers were "considering about eight hundred requests for appearances through 2009, with 75 percent of them coming from out of state."

The former media basher suddenly couldn't get enough of the TV cameras. They were in her kitchen, in her office, in virtually every corner of her life. (The governor became a grandmother on December 28, 2008, when Palin's eighteen-year-old daughter, Bristol, gave birth to a baby boy, whom she and the newborn's dad, fiancé Levi Johnson, also eighteen, named Tripp.) I asked one day what the GOP's chances would be in 2012 with Palin on top. Gina from Racine, Wisconsin, wrote, "Even the Republicans are not dumb enough to elect a president that can't even get through a complete sentence again. This woman massacres the English language and her 'folksy' way of talking sounds borderline trailer trash. I can't see her carrying on an intelligent conversation with another world leader." Mike from Syracuse wrote, "It doesn't matter. If the economy is fixed and humming along in four years, no one will beat Obama. If it's not, no one could lose to Obama, since Obama will be the new Bush." Michael wrote, "Excellent. But my question is: What are Cafferty's chances of being on CNN in 2012? My answer: none."



The week of Barack Obama's triumph was both bathed in glory and soaked by a torrent of ugly economic and global news. His victory was followed by a two-day, 1,000-point stock market dive, the worst since 1987. Wall Street had also just ended its worst month since 1987: down 14 percent (and that included the Dow Jones Industrial Average's *best* week in thirty-four years—up 11 percent). Exxon set yet another record for quarterly profits (\$15 billion), while Ford's third-quarter revenue dropped \$9 billion. What else was new? The automaker announced plans to lay off 10 percent of its North American salaried workforce, restrict pay perks, and end merit raises, bonuses, and matching pension contributions. GM posted 3Q losses of \$2.5 billion. The two automakers burned through a combined \$15 billion in cash in October. That same month, Detroit saw a 32 percent sales decline, the weakest pace for U.S. auto sales in twenty-five years. GM's sales plunged 45 percent, as its share price, at barely \$3, hit adjusted lows not seen since the year the baby boom began in 1946. The bailout of AIG soared to \$150 billion, and there were grim predictions that U.S. consumer spending was fast becoming a holiday-season oxymoron. Not even the Republican National Committee's \$75,000 splurge for Palin at Neiman Marcus could prevent the upscale chain's same-store October sales from sinking 27 percent.

One day I asked how the deepening financial crisis was affecting viewers on the eve of the Obama era. Audrey from Garland, Texas, wrote, "When George Bush took office a certain stock I own was selling at forty-two dollars per share. Today, that same stock which I still own, closed at thirty-three cents a share. Need I say more?" Rob wrote that "[the economic crisis] won't affect me because I have land, a shotgun, a garden, warm clothes, and a stockpile of canned goods and moonshine."

More positively, you could say the election set off dancing in the streets from Cairo to Kabul to Kenya, the home of Obama's longestranged dad. Even Ahmadinejad sent the prez-elect a congratulatory note. But life went on. A rash of bombings killed scores of people in Baghdad, where the government lowered its budget surplus estimate

from \$80 billion to \$67 billion due to sinking oil prices. In a welcome, if belated move, Iraq allocated \$15 billion for reconstruction, a fraction of the \$400 billion needed to rebuild its devastated nation, as the AP reported.

Russian president Dmitry Medvedev made his own first state of the nation speech, blaming the United States for the war in Georgia and the global financial crisis and announcing that Moscow would deploy short-range Iskander missiles on Russia's border with Poland, where the United States plans to build a missile defense shield system. Hours later, Medvedev also sent Obama a note saying that he was "counting on a constructive dialogue with you on the basis of trust and taking each other's interests into account." Afghan president Hamid Karzai sent Obama a congratulatory message, praising America for its "courage in electing him." Karzai also sent Obama a warning, or "first demand," that the new prez make it a "top priority" to stop the kind of U.S.-coalition attacks that had killed hundreds of civilians. The day after the election, a U.S.-led air strike targeting insurgents reportedly hit a wedding party in Kandahar Province, killing and injuring scores of innocents, including many women and children. Karzai said he hoped that the Obama era could "bring peace to Afghanistan, life to Afghanistan, and prosperity to the Afghan people and the rest of the world." President Bush hailed Obama's victory as "a triumph of the American story" that reflects "strides we have made toward a more perfect union." He also said that he hoped that Obama would act to double the size of the Afghan army—training and equipping 67,000 new recruits—and bring the impoverished, war-weary country's troop strength to 134,000. The idea being, I guess, that when the Afghan troops can stand up, U.S. and NATO forces can stand down. Where had we heard that one before?

Happy days were here again—or so we could all now hope.

On November 5, 2008, I did an item on Bush, who, as I noted on the air, "will quickly disappear in the rearview mirror." I asked what viewers would miss most about him. Nick from Brooklyn, New York,

wrote, "It's going to be tough but he's leaving us with so many memories. With tears in my eyes, I'll be reminded of our gazillion-dollar deficit when I pay my adjustable rate mortgage. In spirit, I'll hear his voice on the phone and wonder what was the fuss about wire tapping. And when it becomes so unbearable that he is gone, I'll re-read the Patriot Act and remind myself how much he has done and cry for joy some more." Slatts wrote, "Two things we won't miss: the humiliation Americans suffered watching Bush fumble his way around the world stage among foreign leaders speaking the English language better than he did; and the insult to our democracy and government we suffered at the hands of Bush's puppet master, Dick Cheney."

To watch Barack Obama's victory speech in Grant Park—as brilliant and stirring as any in memory—was to see glimpses of what is magical about the man. There was no tone of self-congratulation, no "Look at what I've done, look what African Americans have achieved." It was clear, amid all the soaring jubilation, that although fifty-eight million voters rejected Obama as their president, America had decided to turn the page and place its faith in a new kind of leader to guide the country out of an often infuriating and frightening era. Obama's speech reflected humility, rather than hubris—a welcome change right there—and it sent a buoyant, galvanizing message of hope and determination in the face of daunting challenges ahead.

"There's new energy to harness, new jobs to be created, new schools to build, and threats to meet, alliances to repair," Obama said. "The road will be long. Our climb will be steep. We may not get there in one year or even in one term, but America, I have never been more hopeful than I am tonight that we will get there. I promise you: We as a people will get there. . . . What began twenty-one months ago in the depths of winter cannot end on this autumn night. The victory alone is not the change we seek; it is only the chance for us to make that change. . . . That's the true genius of America."

For Obama and the new Congress, January 2009 brought the message, "Okay, you made the team, now it's time to find out if you can

really play.” Obama and his transition team got right down to business, announcing cabinet nominees and sinking their teeth into a giant stimulus package that President Obama could set in motion on day one. His first appointment was Illinois congressman and former Clinton adviser Rahm Emanuel as chief of staff. They looked at federal agencies and programs and got the lay of the land, considerably shortening the learning curve come January. Where to start, from war zones to health care, to energy and education, to taxes and terrorists still blowing things up? This was not the same country George Bush inherited from Bill Clinton. Oh, did I mention \$10 trillion of debt and a 2009 budget deficit estimated to reach \$1.2 trillion? Obama was setting a tone, as if to say, There’s a lot of work to be done. We need a whole lot of people to get involved, and it’s not going to be partisan. Everybody’s going to be asked to make sacrifices.

The guy clearly seemed to have some ideas about what he wanted his administration to be, and he was executing on those ideas. I say, bravo! He was already walking the walk, and, as I said on the air in late November, “looking downright presidential these days.” Obama held news conferences and made solid cabinet picks from an impressive cross-section of sharp people with a certain integrity: Eric Holder, an Obama adviser and Clinton-era deputy attorney general, would be the first African American attorney general; Arizona governor Janet Napolitano for secretary of Homeland Security; retired general Eric Shinseki, the now-vindicated former army chief of staff who defied Don Rumsfeld in 2003 and told Congress that we would need “several hundred thousand soldiers” in Iraq, for secretary of Veterans Affairs; and New York Federal Reserve Bank president Timothy J. Geithner for Treasury secretary, a choice that sent the stock market up 6.5 percent, or nearly 500 points, the day his nomination was announced. Obama wisely asked 2006 Bush-appointee Robert Gates to stay on as defense secretary, to maintain stability and continuity at the Pentagon as the president confronts two rapidly changing war zones and a worn-down military. He shrewdly allowed Independent Joe Lieberman,

who supported McCain, to stay in the Democratic caucus—Senate majority leader Harry Reid wanted him bumped as chairman of the Senate Homeland Security and Government Reform Committee—in a spirit of reconciliation. Now Lieberman owes Obama his political life. The Democrats wanted to cut him to pieces, but Obama said, Leave him alone, he's okay. For the next four years, Lieberman will do anything Barack Obama asks him to do.

Then there's Hillary Clinton for secretary of state. I thought it was a brilliant decision. She's a known commodity and a smart woman. The Clinton name has currency overseas, and when she walks in, she brings her own name and reputation, in addition to representing the White House and Barack Obama. Picking Hillary was the last bit of cement to pave over all of those rifts that existed between their camps in the primaries. I think that spoke to inclusion and to his campaign message: Let's get the best people we can, let's have a free exchange of ideas and plenty of rigorous debate, and let's all get on the same page and work together, even if we have disagreed before. But at the end of the day, I'm setting the policy.

The potential downside is that Hillary might go off and start doing her own thing. By giving up her Senate seat—she was very popular among her constituents and she could have become a Senate leader—she has tied her career to the successes or failures of the Obama administration. If Obama stumbles, she likely would have had an easier time making another run for the White House as a senator than as secretary of state. But for now, Obama has co-opted the Clintons, kept Lieberman close, and stuck with Bush's defense secretary. The guy has got some moxie, and now he's got a lot of brain cells gathering around him—exactly what the country needs after being run by abject stupidity for eight years.

In the run-up to Barack Obama's inauguration, the expectations for this man went beyond hope and approached euphoria—a setup wired for major disappointment. We've got serious problems in this country and no one can wave a magic wand and fix them in a matter

of weeks or months. Turning things around may take several years. Prior to Obama's swearing-in, some of his advisers urged Americans to be patient. Obama and his new team also must make sure the Democrats don't go over the cliff on the far left. As he said in his speech at Grant Park, let's keep hopes high and expectations reasonable. Obama said, basically, This ain't gonna be easy, ain't gonna be quick, but we're going to get it done. He's got big majorities to work with in both houses. And it was Speaker Pelosi who said shortly after the election that the country must be governed from the political center, which may be the only intelligent thing I have ever heard her say.

Now, I'm the last guy to be serving up advice to Obama. I dropped out of college. Obama studied political science at Columbia and was the first black president of the *Harvard Law Review*. But the Democrats must remain aware of how they are being viewed by the country and be mindful of not going too far during their first term in doing the wrong things and setting the wrong tone.

Obama can help himself achieve maximum influence as a true change agent—by making sure that his administration continues to practice the politics of inclusion. I don't see the Republicans causing too much trouble, even without a Democratic supermajority. In 2006 and 2008, voters showed the GOP the door in good-size numbers. Obama mustn't take that as his cue to abuse executive power but rather as a mandate to share it and to focus it on accomplishing his goals in a spirit of constructive bipartisanship. Now that President Obama's in the White House, he must sustain the same tone that got him to the White House. In his victory speech at Grant Park, he reached out to the entire country in a call for unity: "As Lincoln said to a nation far more divided than ours," he told the crowd, 'We are not enemies, but friends. . . . Though passion may have strained, it must not break our bonds of affection.' And, to those Americans whose support I have yet to earn, I may not have won your vote, but I hear your voices, I need your help, and I will be your president, too."

That spirit will prove to be key to his success going forward.

# Epilogue

## One Change We Didn't Need but Are Learning to Live With

**C**hange comes in many forms. There is good change, and there is the kind of change that blindsided me on September 5, 2008, and tore my world apart. Here is the way Wolf Blitzer reported the traumatic event in question on *The Situation Room*.

“Jack Cafferty isn’t here today for ‘The Cafferty File’ because of some tragic news,” Wolf began. “His wife of thirty-five years, Carol, passed away unexpectedly this morning. Carol was everything to Jack. The dedication of his book, *It’s Getting Ugly Out There*, reads, ‘For Carol, my wife, my life.’ Jack wrote about how she was the inspiration for him to get sober and straighten up his life: ‘In all the years that we’ve been married, she has always brought to the table her unshakable grounding in something a lot more real than being on television or being recognized in the corner drugstore. She has been my rock, having done a magnificent job of keeping me from getting full of helium and drifting off the surface of the earth. . . . She was all the incentive I needed to make painful but transforming changes—to get

sober and stop smoking. I knew that I'd lose her if I didn't. She's an amazing woman who simply wasn't worth losing.'

"One story Jack loves to tell," Wolf recounted, "is how he and Carol met—when he was a local news anchor in Kansas City. They started to meet regularly for a quick meal between his shows and became good friends. Whenever Jack had to leave, his exit line was, 'We'd better wrap this up. Got to get back to the station.' One night Carol finally asked, 'What kind of a gas station do you work at? You're always wearing a tie.' Jack explained it was a television station. He loved the fact that she had no clue and couldn't care less that he had been on air there every night for four years. He later described that as one of his life's 'twenty-four-carat moments' that made his heart soar. He said to himself then that he might marry her because 'it can't get any more honest and pure than that.' Our deepest sympathies go out to Jack and to their two daughters, Leslie and Leigh. Our thoughts are also with Jack's other two daughters, Julie and Jill, and his grandchildren."

In an instant, the most important person in my life was gone: seemingly healthy one minute, dead from cardiac arrest following surgery less than twenty-four hours later. I was crushed. With odd, ironic symmetry, the dreaded question looming for me mirrored, on a deeply personal level, the underlying issue that I had raised hundreds of times in my *Situation Room* segments about our own troubled country in an election year: how do you adapt to circumstances you never believed could arise, make the changes needed to turn your life around, and keep moving forward?

The thousands of e-mails I received expressing sympathy, caring, and kindness were not only a source of strength and comfort for me and my family but a powerful affirmation of my audience's feeling of genuine connection and kinship. I was touched by the size, depth, and quality of their responses. I felt both overwhelmed and profoundly grateful that so many who wrote me seemed so truly moved. People's reaction to our loss provided yet another reason for me to say, as I have often said, that I've got the greatest audience in the business.



Sue wrote, "I know the utter pain and agony you are feeling because I'm a widow. My husband died after a heroic five-year battle with cancer. It shocked me when he passed away, as every day he said he would beat it. . . . Your angel, Carol, is now with my angel. . . . Please take the time to grieve, Jack, for grief is the price we pay for love. We will be waiting for you when you are able to return. Jack, you are our rock. You are able to ask the tough questions of the issues of the day, and for that I thank you." Linda C. in Toronto wrote, "I was very saddened to hear about the sudden passing of your beloved partner in life, Carol. Take the solace in the fact that, as you say, she has given you the strength to overcome many things in your life and that same strength is what will help to sustain you as you grieve." Mike Hammer wrote, "I logged on to throw my two cents' worth of opinion into the race for the White House and read that Jack's wife had passed away. Today I will put aside my petty thoughts and put forth my prayers for the entire Cafferty family! God bless you all!"

Karen in Fairfax, California, wrote, "Stay strong in your grief, Jack, and let your daughters love you. I know mushy stuff isn't your strong suit, but take the time you need for surrender to your sorrow." Ellyn Otterson wrote, "I am so sorry to hear of your Carol's sudden passing today. . . . She must have been the one who made you into the lovable curmudgeon that you are." Penny Warmoth wrote, "After watching you all these years with Wolf and loving every minute of it, I send my love and sympathy to you. You are a special part of this family's evening routine and will be as long as you are on the station." Elizabeth Kramer wrote, "I am frozen, wordless. Needed to make an angry blog on the ugly [presidential] race, but it all pales. Those of us who have had the Gift of a deep Love are wounded again by your loss. My Prince was taken also. Sorry, I have no coping secrets for you. Our hearts hold you." Rev Cindy wrote, "In this most tender and grief-filled moment for you and your family, all the political spitfire and spinning that is getting tossed around must seem nothing short of absurd. There is nothing more important than how we love and care for one another,

recognizing the strength and hope that comes from those bonds of connection. As you and your family hold each other during these difficult days, please know that there are many of us who invisibly walk by your side, offering our deepest prayers of care and concern.”

As a result of losing Carol, and of my two younger daughters losing their mom, I am in a place I never dreamed I would be. The emptiness is vast, and the loneliness is relentless, even as I resist wallowing in it and try to move on. The only thing that kept me from spiraling out of control into a deep, dark depression and maybe worse was watching my two youngest daughters, Leslie and Leigh, lose their mother. Their hearts were breaking in front of my eyes. The three of us embraced one another’s sorrow and vowed to pull together to survive. My older two daughters, Julie and Jill, flew in from Arizona and Colorado to be with us. If it were not for the strength and support of my four daughters, you wouldn’t be reading this. But you are, and I’m glad.

To the many thousands of viewers who sent heartfelt condolences, I say thanks for taking an interest in a cranky old man who desperately hopes that this country that has been so good to him for sixty-six years can do some much-needed healing of its own and find its way back as well.

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And finally, to Carol, who was one of the very reasons this book and the one before it got written. Sadly, she didn’t live long enough to be able to share with me the gratification of seeing *Now or Never* arrive in its published form.

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