Double Dare—A Look Back at the 1995 Government Shutdown. Is This Déjà vu?

By GEORGE HAGER and ERIC PIANIN

For all his give-no-ground rhetoric, Gingrich wanted to avoid a confrontation with the White House if he could. For months, the Speaker had pursued secret, back-channel talks with Clinton and Panetta, searching for at least the basis of a deal that would give both sides a viable bargain without having to go through the drama and uncertainty of tough votes, a veto and subsequent negotiations. “if they could have reached an accord without a brawl, that would have been better, said Gingrich spokesman Tony Blankley. “That’s sort of Politics 101.”

There was nothing formal or conclusive about these occasional conversations, most of them over the telephone, but as they proceeded, Gingrich was getting a good feeling that Clinton wanted a deal. In July and August, both his direct contact with the president and various back-channel communiqués – chiefly word passed from the inner councils of the White House by adviser Dick Morris via his pal Senate Majority Whip Trent Lott – convinced the Speaker that things were drifting in the right direction. In retrospect, even Gingrich himself conceded that he had been reading too much into his talks with Clinton – not the last time this would happen between the two men. Both loved to talk policy, but when it came to negotiating, the two were on entirely different wavelengths. Gingrich was very up-front about what he wanted, and to his own detriment he would often lay out his position from the start, including his bottom line. Clinton was far more sophisticated and indirect. He often left people believing he had agreed with them when he meant only to be affable. That was how he left Gingrich.

The Speaker got a rude shock in early October when the White House he thought he was making progress with suddenly turned on him. First, word came that administration officials were talking up their belief that Gingrich might never be able to pass the GOP reconciliation bill and that the effort would collapse. Then, in his Saturday radio address on October 7, Clinton charged that the Republicans were pushing a backdoor tax increase on the working poor (by scaling back the earned-income tax credit). To be accused of raising taxes particularly galled the Republicans, and they felt the earned-income tax credit – much of it payments to workers whose incomes were too low to be taxed – did not constitute taxes. The coup de grace came that same weekend, when Vice President Gore made a speech in which he attacked Republicans as “extremists,” a word that pushed all Republicans’ buttons. Democrats had begun attacking the GOP as extremists right after the Oklahoma City bombing in April, and the implication that harsh GOP rhetoric had provoked that awful massacre enraged Republicans, who could not hear the word extremist after that without erupting in renewed fury.

The notoriously think-skinned Gingrich, who had spent much of the year demonizing the Democrats and their policies as variously “pathetic,” “sick,” and “morally and intellectually corrupt,” felt abused. He summoned the leadership and his top advisers to an unusual holiday meeting in his office on Columbus Day, October 9, to denounce Clinton and declare an abrupt end to any back-channel talks. The Speaker said he was tired of getting trashed by the White House while trying to negotiate in good faith. He thought he had established a relationship with Clinton; he had repeatedly told colleagues a deal was in
the works – and now he felt as though he’d been betrayed. “We have to stop all this crap,” he snarled. It was a syndrome that would become familiar to Gingrich’s colleagues. “He thought he was getting somewhere [with Clinton] and tried to reach out,” said Boehner, “only to have the president and the administration kick him in the teeth. And he got angry.”

There was a lot more going on than mere pique with the administration, however. Word of the back-channel explorations had leaked to the press, and the ever-vigilant freshmen had become alarmed that Gingrich might negotiate a compromise unacceptable to them. They quickly drew lines in the sand: Don’t weaken any further on tax cuts; don’t give up the thrust of their Medicare, Medicaid and welfare overhaul plans; make sure the final plan includes the death of at least one Cabinet department. The absolute bottom line, though, was that there would be no retreat on balancing the budget in seven years. Yield on that, warned Congressman Sam Brownback of Kansas, a freshman leader on budget matters, and “the same thing will happen here to our leadership that happened to George Bush when he broke his promise of no new taxes: You will have an internal revolt.”

The freshmen and other conservative Republicans had enormous admiration for Gingrich for masterminding the GOP takeover of Congress, but they harbored a nagging sense that at heart he really wasn’t one of them. They kept watch, worried that he might be too willing to bend on principle to get a deal, and they looked increasingly to Kasich, who was younger and more hard-nosed about sticking to GOP revolutionary principles.

To signal that he had no such intention, Gingrich lashed out at Clinton and Gore on October 10, warning that their personal attacks on Republicans were undermining chances for any agreement. The Speaker called Clinton’s balanced-budget proposal a “joke” and said he knew of “no serious offer by this administration” to reach an accommodation with the Republicans. Clinton’s and Gore’s weekend attacks made it “inconceivable” that the administration was interested in bargaining in good faith, he said.

Gingrich was embarrassed – Clinton had obviously strung him along. Once the unquestioned leader of all factions of the party, Gingrich was now on a short leash. The big, angry dog he had been walking – hard-core conservatives out to change the world – was now walking him. Gingrich and Clinton shared the same problem: Each was mistrusted by his core supporters, who worried that the man at the top was a little too eager to make a deal with the enemy. Eventually, Gingrich even felt compelled to defend his radical credentials. “I’m a revolutionary, too,” he told the rank and file; there’s no one more revolutionary than me.” The line sounded jarringly like Clinton’s insistence earlier in the year that the president was “relevant” to the budget process.

If there was ever to be a budget deal, someone was going to have to move away from his political base to get it, and the GOP strategy was based on the belief that Clinton would do that. But here was an object lesson for Gingrich in how hard it would be for either of them to compromise: The merest hint that the Speaker had been dallying with the opposition provoked an angry reaction from his political core.

Gingrich’s waning power to rein in the conservatives and keep them focused on the balanced-budget prize was nowhere more evident or more critical than in the appropriations process. All year long the
conservatives had had a problem deciding what they really wanted. They thought they could have everything: not just a balanced budget and tax cuts but a radical transformation of big-government programs and a dramatic rollback of a generation of environmental and workplace regulations. Now their indiscriminate appetite was giving the legislative system indigestion, especially in appropriations.

Long a clubby oasis amid the partisan backbiting that afflicted most other committees, Congress’s Appropriations panels traditionally treated party warfare as a distraction its members had to minimize if they wanted to move the thirteen major spending bills they were responsible for every year – a workload that committee members proudly noted was the heaviest of any committee. But now the bipartisan atmosphere was gone, particularly in the House, where Gingrich saw appropriations as key to remaking government. Not only could the GOP kill or starve departments, agencies and programs it disliked by withholding money, but the Republicans could also attach policymaking riders to the fast-moving, must-pass appropriations bills and get them into law much more quickly than they could if they took the usual route on the slow-moving authorization bills. A typical rider sought to ease industry fears of new regulations by barring the Labor Department from even researching methods to prevent repetitive stress injuries in the workplace. “We knew from the beginning that Appropriations would have to carry much of the load of what had to be done,” said House Majority Whip and Appropriations Committee member Tom DeLay. “It was our first year in the majority, and there were a lot of things we wanted to accomplish.”

Gingrich had begun sharpening the political focus on the spending committee right from the start, elevating the combative Bob Livingston to the chairman’s job, forcing him and every Appropriations subcommittee chairman to sign a letter pledging fealty to the revolution, and giving six hard-edged freshman members prized seats on the committee. But instead of speeding up the revolution, Gingrich’s efforts almost ground it to a halt. By midyear, this aggressive new partisanship and the weight of the riders were causing the once well-oiled appropriations process to break down. Bills that had formerly moved efficiently were now stalled by angry fights over radically lower spending levels and bold attempts to hamstring federal regulators (one bill, for example, contained more than a dozen separate riders to bar the Environmental Protection Agency from carrying out many of its traditional enforcement duties).

Livingston was a faithful revolutionary, but he was also a pragmatist in charge of making the appropriations process work, and now he saw it bogging down. The riders were provoking fights not just with Democrats but with moderate House Republicans and with the Senate GOP as well. This was stupid, Livingston thought. House leaders could have their slimmed-down spending bills, but if they didn’t call off the hard-liners and free up the bills, they risked getting nothing. The process was on the edge of disaster. An increasingly frantic Livingston began appealing to Gingrich to get the hard-liners to back off. “I just kept warning him that we were going to run into a buzz saw,” he said.

But Gingrich was in a bind. Even if he had agreed with Livingston, an order to the hard-liners to back off meant risking revolt. And other House leaders were just as avid about pushing pro-business, anti-regulatory riders as the rank and file were. DeLay, a former small-businessman himself, saw the anti-regulatory riders as a critical part of what the revolution was all about. As far as he was concerned,
Livingston was representing the old log-rolling appropriations ethos. “I’m sick and tired of your bellyaching,” DeLay snapped at Livingston during a tense meeting in Armey’s office. “We’re trying to change America here.”

“Fuck you!” snarled a furious Livingston.

Livingston’s continuing humiliation was a particularly pointed illustration of how chairmen had been downgraded under the new Gingrich-run system. Democratic chairmen had been virtual autocrats; their GOP successors were subject to second-guessing and micromanagement not just by Gingrich but by the aggressive freshman class. Just how much things had changed became clear in an incident that October, when Mark Neumann, one of the GOP freshmen Gingrich had placed on Appropriations, defied both Livingston and the longstanding committee tradition by opposing the defense appropriations bill on the floor. It had long been settled practice that committee members made what changes they could in subcommittee or committee but closed ranks when a spending bill got to the floor. The freshmen saw no reason to abide by the old rules.

Livingston lashed out at the freshman as the bill went down to embarrassing defeat, and to make a point, he transferred Neumann from the powerful defense subcommittee to the much less important panel that oversees the construction and maintenance of military buildings. Gingrich had been consulted in advance and approved. But when a group of freshmen complained and threatened mutiny, Gingrich backed down and declared that Livingston had gone too far. Humiliated and furious, Livingston threatened to resign his chairman’s job. The Speaker concocted a face-saving compromise that upheld Livingston’s disciplinary decision but gave Neumann a prized seat on the Budget Committee as a peace offering. For anyone trying to make sense of the House GOP power struggles, the message was unmistakable: A freshman had defied the chairman of one of the most powerful committees in Congress, gotten away with it, and been rewarded for his disloyalty with a promotion.

Unwilling or unable to exercise party discipline, Gingrich let the appropriations process drift to the point where Congress had sent just two of the thirteen bills to the president by the October 1 start of the new fiscal year – the deadline for enactment of all new spending bills. Leaders had long talked tough about shutting down the government to bend Clinton to their will, but now they had to ask him for a six-week extension or risk closing the government because they couldn’t get their work done on time.

It was here, some felt, the revolution began to unravel. Top advisers, including former Reagan chief of staff Ken Duberstein and Republican National Committee Chairman Haley Barbour, had been counseling House leaders that the key to pressuring Clinton lay in getting the spending bills done on time. “The best advice was given in August,” said a GOP strategist. “Set arbitrary, hard deadlines. Pass the appropriations bills before the end of the fiscal year, and send them to Clinton to sign or veto. Pass short CRs [continuing resolutions, to keep the government open], each one a little tougher, bring the matter to a head early, keep the pressure on all the time.”

Instead, leaders let the process run almost out of control. In retrospect, GOP critics said, the six-week CR was a disaster. It gave the White House and congressional Democrats that much more time in which to make their case and rally public support before the big budget confrontation took place. Yes, the hard-
line Republican House members might have fought orders to abandon their riders. “That’s why you have leadership” said a senior Republican. Ultimately, the leadership forced agreement by pushing the riders off the bills. “It was no easier later than it would have been earlier,” he said.

The hard-liners were on Gingrich’s mind when he and other Republican leaders went to the White House on November 1 for a sit-down with Clinton to discuss what lay ahead. There were now just thirteen days to go before the lengthy CR ran out, raising the prospect of a government shutdown. The White House wanted another no-conditions extension to allow more time for the two sides to come to terms; the administration was also demanding a conditions-free extension of the limit on the federal debt, vital fiscal housekeeping that would let the Treasury go on borrowing money to meet government obligations. But Gingrich warned Clinton that rank-and-file members were spoiling for a showdown and unlikely to let the White House off without demanding conditions. It was time for Clinton to stop posturing and agree to negotiate a seven-year balanced-budget plan.

The president was polite but far from compliant. He said there was no way he would sign anything but clean, unconditional extensions of the CR and the debt ceiling. He would not be “blackmailed” by the Republicans. When Gingrich replied that “you have to understand the situation we’re in,” meaning hard-line Republicans would never go along with that, Clinton waved him off. The president argued that since June he had accepted most of the Republicans’ principles – balancing the budget, reforming welfare, saving Medicare and so on – but the Republicans had yet to accept a single one of the Republicans’ underlying principles. While the Republicans had a Contract with America, Clinton said, he had a contract of his own with the American people to guard against an unreasonable assault on important domestic programs, such as education, job training and Medicare. Turning to Gingrich, he said, “Look, you guys don’t get it. If you want the president to sign your budget, you’re going to have to elect someone else to do it.” Then, pointing across the room to the chair at his desk, he added, “You may not believe this, but I’m willing to lose this seat rather than take a budget like this ... I’ll let Bob Dole do that if he’s in that chair.”

The tough-guy stance took the Republicans by surprise. The president had been so widely perceived as spineless that his confrontational manner seemed completely out of character. Gingrich and Dole were now in a difficult spot, caught between Republican members who would not stop pushing and a president who would not yield.

Now the Republicans made a huge mistake. In drafting a new CR that was to be much tougher on spending levels, House Ways and Means Committee Chairman Bill Archer insisted on adding a seemingly straightforward provision to extend the Medicare Part B premium at its current rate, 31.5 percent of program costs. From a pragmatic point of view, this made perfect sense: Any reasonable Medicare deal had to involve keeping the premium right where it was rather than letting it drop back to 25 percent of the cost of the program in January 1996, a quirk prescribed in a 1993 bill. If Congress did not act now, they risked having the premium fall in January and then rise again whenever a new budget deal went into effect – bad politics. When the Senate got the bill from the House, things were moving fast. Kasich had flagged the premium rider as a problem, but few others saw it as a big deal. “It was such a logical thing that nobody thought to challenge it,” Domenici said.
At the White House, aides took one look at the Medicare provision and rejoiced. “They gave us our line,” Stephanopoulos said. “They’re saying, If you don’t cut Medicare, we’re going to shut down the government. That’s blackmail.” The CR also slashed spending for some of Clinton’s highest priority programs by as much as 40 percent. Clinton used both GOP actions to justify his veto, but it was the Medicare premium rider that gave him a clean kill. “If they had not done that, they would have had a better fight,” said Stephanopoulos. “They could have said, ‘Clinton wants bigger spending.’” The president still would have vetoed the CR, “but it would have been a tougher veto.”

Republicans looked back at this and grieved. They shot themselves in the foot and handed Clinton the chance to play the hero. “Putting that rider on the first CR turned the tide,” said Domenici. “When we sent that rider down, that closed the government. That’s about the time he became a man.”

There was still time for last-minute statesmanship to somehow avert a government crisis – the long-prophesied train wreck – but that would have required a willingness to compromise and a degree of good faith that simply did not exist. The White House and the GOP leadership had spent so much time demonizing each other that the few promising relationships had soured. Both sides made one last stab at a compromise at a meeting at the White House on Monday evening, November 13, just hours before the midnight deadline when funding would run out. But by then, the lines had been firmly drawn, and there was nothing left to do but exchange recriminations.

House Majority Leader Armey got into an angry exchange with the president. There was no love lost between the two men. Armey had led the tough, often personal attacks against Hillary Clinton during the 1994 fight over the president’s health care proposals. Now it was Armey who was aggrieved—he complained that the president and his men were frightening old people with claims that the Republicans were out to destroy Medicare and Medicaid. Armey said his wife’s grandmother had refused to move out of a run-down nursing home and into a more modern facility because she had heard a Democratic ad and was afraid she would lose her Medicare benefits. “You all just scared the hell out of her,” Armey lectured the president. “And you’re ruining a lot of peoples’ lives with your scare rhetoric.”

The president responded that while he felt sorry for Armey’s relative, “there was nothing said about your budget that was half as bad as the lies you told about my health care plan last year, and there is no scare tactic we’ve used that is half as bad as the lies that you used.” Clinton ticked off four or five examples of Republican distortions of his health care plan. Then, turning to the majority leader, he added, “And another thing, Mr. Armey. In this debate, I never once attacked your wife. I never once called your wife a name.”

Armey shot back, “I appreciate your outburst, Mr. President, but I’m not impressed.”

Republicans left the meeting surprised again at Clinton’s tough-guy posture. They had expected him to weaken at the critical moment and sign their CR. “I just didn’t believe this president would shut down the government over a matter of principle,” Armey said. A little earlier than they had expected, they now had the shutdown they had threatened with such bravado in the spring. It would be their undoing.
The following day, roughly 800,000 federal workers all over the country were involuntarily sent home. The military, the FBI, the Federal Aviation Administration and other government entities essential to protecting lives and property could keep running, but hundreds of other government activities, from processing applications for passports and Social Security and veterans’ benefits to cleaning up toxic waste sites and making grants to schools and colleges, came to a standstill.

Republicans gloated that nobody noticed or cared, but the effects of the partial closure of government were quickly felt in every corner of the nation. The Defense Department and various agencies immediately put a hold on billions of dollars worth of government contracting, affecting thousands of private businesses. Concessionaires and small companies that flourished in and around national parks and monuments were forced to close. In Arizona, the Grand Canyon was closed for the first time in its seventy-six-year history as a national park, a mute symbol of a federal government in crisis.

The spectacle of government adrift was appalling to voters, who saw not high principle but petty squabbling and arrogant intransigence. With Thanksgiving coming, nearly a million federal employees suddenly faced the prospect of no paychecks. “People got bills, finances and debts to meet. I think they should let everybody come back to work and stop acting like a bunch of kids,” Darnell Hayward, a thirty-four-year-old custodian at the FBI Building in Washington, told The Washington Post. “Why do we have to lose our money and they ain’t losing a dime?”

Clinton masterfully kept to the high road, deliberately acting presidential, canceling an important trip to Japan to stay on top of the situation, speaking in measured tones and calling for restraint. Gingrich, by contrast, railed against the administration and pouted that the White House wasn’t showing him the deference and the respect he deserved. For days leading up to the government shutdown, he had fumed privately about the treatment he and Dole had received on November 6-7 aboard Air Force One during the round trip to Jerusalem for the funeral of Yitzhak Rabin, the slain Israeli prime minister. Not only had Clinton passed up an opportunity to confer at length with the two GOP leaders on the budget crisis, Gingrich complained, but the Republican leaders had been directed to leave the plane by the rear exit.

Ignoring the advice of press secretary Tony Blankley, who paced uneasily at the back of the room, Gingrich brought up his grievances publicly during a breakfast meeting with reporters on Wednesday, November 15, two days after the shutdown began. In a bizarre, rambling trade, the Speaker declared that his treatment on the plane was “part of why you ended up with us sending down a tougher interim spending bill ... This is petty. I’m going to say it up front: It’s petty ... but I think it’s human.”

Disaster. Suddenly, the public perception was not that the shutdown was a critical struggle over the sweeping issue of whether to balance the budget, but the hissy fit of a self-important politician. Gingrich had a valid complaint — the administration was just not interested in negotiating — but that was completely overshadowed by his petulance. The Speaker’s comments caused an uproar. The next morning, the front-page headline of the New York Daily News screamed “CRY BABY” above a cartoon of a bawling baby Newt in diapers. Gleeful House Democrats rushed to the floor to blast the Speaker for triggering a massive government shutdown out of sheer spite. Republicans were embarrassed and

Republicans weren’t the only ones with troubles. The same day Gingrich stunned the reporters’ gathering, Democrats began to abandon Clinton. House GOP tacticians had smartly updated their CR, dropping the disastrous Part B premium language and adding only a requirement that Clinton produce a seven-year balanced budget based on CBO numbers. This was designed to lure Democrats who favored a balanced budget and were uneasy about the shutdown, and it worked: A stunning forty-eight House Democrats voted yes, which when added to the united GOP bloc, allowed the Republicans to get within just nine votes of the two-thirds majority needed to override the president’s veto. This was a warning that Clinton was now getting dangerously out of sync with his own party. Only frantic White House lobbying had kept the Democratic votes to just forty-eight. Senior aides privately concluded that they would lose enough Democrats the next time that Clinton would, in fact, suffer a humiliating veto override. As the third day went by with much of the government shut and the closure setting an all-time record, both sides began to get anxious about finding a way out.

Meanwhile, all but unnoticed, House and Senate Republican negotiators worked out contentious differences between their two versions of the huge budget-balancing reconciliation bill and passed it in both chambers. To be sure, the bill was only an agreement among Republicans, and Clinton was sure to veto it. But it was a historic achievement nonetheless, the first time since the deficit went out of control in the 1970s that Congress had passed a bill with a legitimate chance of balancing the budget. But who noticed or cared? By precipitating the shutdown when they did, the Republicans – amazingly – obscured the most remarkable thing they had done all year long.

All the focus was on the shutdown and how to get out of it. Panetta came to the Capitol late in the week and searched frantically for Kasich, hunting him down in the House gym to test options. Both sides began to write up language that would extricate them from the mess. The Republicans were determined to force Clinton to commit himself to a balanced budget with CBO numbers. Administration officials knew they would eventually have to put a seven-year budget on the table to replace their ten-year proposal, but they needed wiggle room. White House aides were desperate to keep Clinton out of the CBO box.

As the shutdown ground through its fifth day, a Saturday, the mood in the Capitol turned ugly. A fistfight broke out in the House chamber between two hot-tempered congressmen, and Republican Congressman John Mica ignored decorum by calling the president a “little bugger” during a speech on the House floor. Into the midst of this rapidly deteriorating atmosphere came Dole, fresh from a presidential straw-poll victory in Florida, the adult in a rom full of squabbling children. Summoning Gingrich and other GOP leaders to his office that evening, Dole said the shutdown was getting out of hand, and that allowing it to continue past the weekend would be a serious mistake. “Dole has a sense of gut instinct,” Kasich said later. “He’s been around a long time, and when he makes a statement like that, you listen to him.”
Dole set in motion intense negotiations over the next twenty-four hours that brought the crisis to a resolution. The trick for both sides now was to find language that would allow the White House to sign onto the GOP's bottom-line seven years and CBO. The administration wanted to pair CBO and seven years with language that incorporated their mantra: Any budget deal would protect Medicare, Medicaid, education and the environment, and not raise taxes on working families. Faxes went back and forth between the Hill and the White House.

That Sunday, day 6, Stephanopoulos and other aides were convened in the White House, war-gaming their alternatives. Things looked bleak. The forty-eight Democrats who had voted with the Republicans on Wednesday “were gone,” Stephanopoulos said. An eventual veto override vote was all but certain. After chewing over the options, they realized there wasn’t much they could do besides let it happen. “How should we handle it? We didn’t have a good answer when the fax came in,” said Stephanopoulos.

The fax from Capitol Hill showed that the Republicans had accepted the White House mantra with one important change: The GOP’s CBO and seven years and the administration’s mantra language would not be joined by an ironclad “if and only if,” as the White House had asked, but only by a simple “and.” Clinton had just come back from a run and joined his aides, still wearing his jogging clothes. As they digested the fax, the reaction was immediate. “We took one look and everyone said, ‘Oh, my God! Let’s take it and run!’” said an official.

Within hours, the deal was done. The Republicans were ecstatic. At last, after months of tough votes, struggle, maneuvering, jawboning and pressuring, they had roped Clinton in, gotten him to sign on to their bottom-line demands to balance the budget with the “honest” numbers of the CBO. As they walked into the Senate TV studio to announce their agreement, Kasich, Gingrich, Dole and Domenici were smiling giddily. Kasich pumped his fists in the air in a show of glee and triumph. “I think it’s a wonderful day for our country – that’s why I’ve been so excited. We no longer have the balanced budget as a goal or a dream; it’s going to be a reality,” he said. Elsewhere Livingston summed up the Republicans’ view of the deal” “The president of the United States,” he said, “has capitulated.”

The White House counteroffensive began the very next morning. Panetta went on early-morning TV and immediately began backing out of the trap the Republicans thought they had caught the White House in. Balance the budget? We can do it in seven years or eight years,” he said casually on NBC's Today show, instantly raising GOP blood pressure. "I don't think the American people ought to read a lot into what was agreed to last night. I think the important thing was that we put America back to work. We stopped the crisis. We protected the options of both sides. ... We developed a framework for the negotiations."

This was not what the Republicans had so giddily celebrated the night before. And just as bad for the Republicans, this was not the same earnest, hyper-reasonable Leon Panetta who had earned the contempt of Senate Democrats in 1990 for his eagerness to put budget offers on the table for President Bush and Budget Director Dick Darman. Now a much tougher Panetta set about enraging Republicans with precisely the opposite behavior, displaying an infuriating unwillingness to be drawn into negotiations on GOP terms.
The difference in style was deliberate. Darman and Bush had been the sort of pragmatic, non-ideological Republicans with whom Panetta could do business, cut deals, reach an agreement that both sides could live with. Each understood the other, and they had all played the game for years and knew the rules. But Gingrich and Kasich and the rest of the House GOP were a different breed, ideologically driven, on a government-altering mission in which compromise amounted to capitulation. The two sides viewed the exercise completely differently. "We're thinking diplomacy," said White House economics adviser Gene Sperling, "and they're thinking war."

At one point in the budget talks that were about to begin, Panetta brought out an easel and displayed a chart on which he had written down the ten big-ticket items in play: balanced budget, seven years, CBO scoring, Medicare, Medicaid and so on. "Look," he told the Republicans, "if we're going to get a deal, each side has got to claim some wins. We each have to give in some areas, and there has to be some splits." He walked through the ten items one at a time. "On this issue, balancing the budget, we'll give to the Republicans. Seven years we'll give to you. CBO we'll give to you. Come to us on Medicare ... You get three wins, we get three wins, we split the difference on other things, and that is the context in which we get a deal."

That kind of language made sense in 1990, but in 1995, Panetta might as well have been speaking Martian. Kasich was adamant that he wanted no "phony Washington deal" that failed to transform the federal government in ways the Democrats simply could not abide. House Republicans had built the budget crusade to the intensity of a jihad. Every day that went by, every tough vote the Republicans took made it harder to move back toward the middle.