

*This excerpt is adapted from A Crisis Wasted by Reed Hundt and is shared with permission from RosettaBooks.*

## **All Decided Beforehand**

Men at some time are masters of their fates;  
The fault, dear Brutus, is not in our stars,  
But in ourselves, that we are underlings.  
—*Julius Caesar*, act 1, scene 2

The political failure and objective shortcomings of the Obama economic recovery plan can be traced back to the summer of 2008, when Obama recruited a team of ex-rivals, adopting Hillary Clinton’s advisers as his own. Because people are policy, he therefore became a Clinton-style neoliberal. He no longer pursued his own tentatively progressive agenda.

In collaboration with the former Clinton advisers, in the fall of 2008 the Bush administration persuaded Obama to restore the profitability and power of a handful of Wall Street banks that had contributed mightily to hurting almost everyone in the country. The Obama team’s advice restored Wall Street’s stability, produced an anemic economic recovery, and cast a long shadow over his tenure. These advisers underestimated the severity of the recession all through 2008, causing Obama to underplay the necessary government action during the campaign. When in January 2009 new economic statistics caused them to realize that their predictions would not come true, they did not change their advice or inform the public and Congress of the facts.

Although another depression did not ensue, the recession proved deep and long. As Obama’s chief of communications David Axelrod acknowledged, the consolation that things could have been worse was “tough to message.”<sup>1</sup>

In December 2008 and January 2009 the economic advisers also told Obama that there was nothing he could or should do to curtail the fall in housing prices or the evaporation of home equity that accounted for virtually all the savings of two-thirds of Americans—almost all those who had any savings at all. They rejected the policies he had promulgated during and after the second debate with John McCain in October. They insisted that he try to reduce mortgage foreclosures by not more than 1.5 million homes. Ultimately about 10 million homeowners lost their homes through foreclosure or a similar process. The Obama administration reduced that level by a negligible amount, if any.

In January 2009 Obama launched a healthcare reform initiative that required everyone to buy insurance. It raised costs for most Americans and ultimately provided insurance to about 7 to 8 percent of Americans—less than half of the uninsured and also about half the number of people who lost their homes to foreclosure or similar processes. Given the relatively small number of beneficiaries, one should not have been surprised that about half the country disliked the Affordable Care Act. That opposition fueled Trump’s campaign.

In that same January, Obama chose to seek legislation that limited greenhouse gas emissions in every sector of the economy but did not make this initiative his top priority. The House passed the cap-and-trade bill, but the measure made little progress in the Senate during 2009. Obama chose not to push

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<sup>1</sup> David Axelrod, interview with author.

an alternative initiative that had bipartisan support in the Senate. As a result, nothing was passed. Obama became the first president in many years to sign no major energy legislation.

The Republican Party's obduracy, the social media's fractionation of community, racism, the Supreme Court's sanction of unlimited campaign spending, and the balky structure of America's 18th-century government all contributed to the disappointment that followed Obama's brilliant victory in November 2008. These explanations, however, rationalize the economic and political outcomes of Obama's fateful early decisions. The gap between what should have been and what happened, ironically, came from what he called in his first inaugural address the "worn-out dogmas, that for far too long have strangled our politics."

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## What Do I Know?

I met Obama in 2003. A decade earlier, when my high school classmate Al Gore and I were 45, and my law school friend Bill Clinton was 47, the newly elected president and vice president agreed that I could be appointed chairman of the Federal Communications Commission. My tenure, from 1993 to 1997, covered the salad days of both digital mobile communications and the Internet, when technology stimulated the economic boom that became Clinton's principal achievement. For a time I was reasonably well known in Washington, Silicon Valley, and on Wall Street. Some praised me for helping to jump-start the information revolution. Others pilloried me for causing the so-called dot-com bubble that caused the short recession used skillfully by George W. Bush to defeat Gore in 2000. I might not have deserved the approbation or contumely, but as Clint Eastwood's character in *Unforgiven* says, "It ain't about deserving."<sup>2</sup> In 2003 Obama, who was then 42, saw me as an older, inside-the-Beltway type who could help fund his campaign for the Democratic Party nomination for the Illinois Senate seat open in 2004.

Obama's law school classmate Julius Genachowski was my senior legal adviser at the FCC. He told me to take the meeting because Obama "could go all the way." That meant not only could he become senator, but also that he would run for president. Most senators at least consider that prospect, so what stood out was Julius's estimation that Obama might be the first African-American elected to the presidency. Any Democrat would want to be part of that accomplishment. It could be rivaled only by helping to elect the first woman president.

We met in a windowless conference room at McKinsey & Company, where I was working as a consultant. Big-eared, big-toothed Obama radiated presumption and destiny. The electricity of winners creates personal magnetism—Maxwell's Law of Politics. I had observed this effect with Clinton in 1991 and Gore in 1987. Like them, Obama knew he had prospects, so it followed that he could get the money. The question was whether I wanted to be an early donor, or miss the ride.

I said, "If you had been in the Senate already, would you have voted for the Iraq invasion?" Not knowing the answer I expected, he commenced a balanced explanation of "on the one hand and the other."

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<sup>2</sup> Clint Eastwood, *Unforgiven*. United States: Malpasco Productions/Warner Bros., 1992.

I interrupted between hands. “There aren’t going to be any Democratic voters who want to hear a yes to that question.”

He said, “I would have voted against the war.”

On that fulcrum rested the lever that would pry the nomination out of the grip of Hillary Clinton in the presidential primaries of 2008.

Then I said, “What about your name? Don’t you think it would be better to go with Barry? Didn’t you use that name in high school?”

He answered, with a smile that was only a cocky step short of a smirk, “They will get used to Barack.”

I was one for two in the advice business. Anti-Iraq war, good! Suggested name change, bad! For Washington, that’s a good average.<sup>3</sup>

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<sup>3</sup> David Garrow reported in his 2017 biography that Obama had polled both these questions many months earlier. Barry was more acceptable, but Obama wanted to project an authentic image. His Iraq stance was very popular. David J. Garrow, *Rising Star: The Making of Barack Obama* (New York: HarperCollins, 2017).