



This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your

colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit [www.nytreprints.com](http://www.nytreprints.com) for

samples and additional information. [Order a reprint of this article now.](#)

---

December 6, 2010

# In Tax Deal With G.O.P., a Portent for the Next 2 Years

By PETER BAKER

WASHINGTON — For **President Obama**, this is what bipartisanship looks like in the new era: messy, combustible and painful, brought on under the threat of even more unpalatable consequences and yet still deferring the ultimate resolution for another day.

For the first time since his party's drubbing in last month's election, and arguably for the first time on a major domestic policy since he took office, Mr. Obama forged a deal with the Republican opposition, swallowing hard to give up a central campaign promise while maneuvering to win enough other priorities to declare partial victory.

In that deal come the first clues to how he plans to govern for the next two years with a divided Congress, an anemic economy and his own re-election looming on the horizon. He made clear he was willing to alienate his liberal base in the interest of compromise, more interested in crafting measures that can pass to the benefit of the middle class than waging battle to the end over principle. And in the process, he is gambling he can convince the American people that he is the bridge-builder they thought he was.

"I know there's some people in my own party and in the other party who would rather prolong this

battle, even if we can't reach a compromise," Mr. Obama said in announcing the bipartisan agreement on tax cuts and unemployment benefits. "But I'm not willing to let working families across this country become collateral damage for political warfare here in Washington."

This was not a compromise he could relish. Ending the [Bush-era tax cuts](#) for the wealthiest 2 percent of households was a major theme of his campaign in 2008. But if he had to agree to a two-year extension, he exacted a price from Republicans in the form of extended unemployment benefits, a temporary payroll tax cut to help the working class and the continuation of tax breaks for parents and students.

Unlike with other issues, Mr. Obama and the Republicans had a powerful incentive to split the difference, an implacable end-of-the-year deadline that would have resulted in a tax increase for nearly every American. Moreover, he arguably just punted the issue into the 2012 campaign.

The White House was careful not to extrapolate too much from one deal. Still, after Mr. Obama got passage of sweeping economic stimulus, health care and [financial regulation](#) measures with virtually no Republican support, this represents something of a break, and centrists and Republicans saw hope for a more collaborative two years.

"This is the first in a series of painful deals that the president will have to cut if he is to move us forward for the next two years," said Matt Bennett, vice president of Third Way, an advocacy group of moderate Democrats, and a veteran of [Bill Clinton's](#) White House. "It is proof that he is governing as an adult, looking for opportunities to negotiate."

Frank J. Donatelli, chairman of Gopac, a Republican group, and White House political director under [Ronald Reagan](#), said the opposition would welcome the move. "It's the first time he has ever defied his base, which is a small step in the right direction," Mr. Donatelli said. "It will make him a better president to govern from the center."

But to his base, this is just the latest and most outrageous betrayal in what it sees as a two-year cycle of caving to conservative pressure and Republican obstructionism. The litany from the left is now

familiar: Mr. Obama was too modest in his [stimulus package](#), too afraid to fight for a government-sponsored option in his health plan, too deferential to Wall Street in his financial reforms, too weak to stand up to the generals on Afghanistan.

“Obama may have just ensured that he’ll face a significant challenge to his renomination in 2012 from inside the [Democratic Party](#),” said Norman Solomon, a leader of Progressive Democrats of America.

“By giving away the store on such a momentous tax issue, he has now done huge damage to a large portion of the progressive base that helped to make him president.”

Mr. Solomon added, “If he thinks that won’t have major effects on his re-election chances, he’s been swallowed up by a delusional bubble.”

For the moment, no credible primary challenger to Mr. Obama has emerged. But the anger on Monday extended beyond party activists. Democratic Congressional leaders acutely remember being cut out of the action when Mr. Clinton “triangulated” with Republicans in the 1990s, and Mr. Obama’s tax deal may provoke an open revolt.

Tony Fratto, a White House official under [George W. Bush](#), said Mr. Obama failed to lay the groundwork with his own party. “Although the outcome here was inevitable, it will have real consequences for the president’s relationship with Congressional Democrats and his base,” Mr. Fratto said.

Mr. Obama seemed to recognize that during his remarks on Monday evening and addressed disappointed supporters.

“Sympathetic as I am to those who prefer a fight over compromise, as much as the political wisdom may dictate fighting over solving problems, it would be the wrong thing to do,” he said. “The American people didn’t send us here to wage symbolic battles or win symbolic victories.”



More in Politics (3 of 30 articles)

OPEN

## Spenders Become Savers in Race for Key House Post

[Read More »](#)