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## WALL STREET JOURNAL WEEKEND INTERVIEW: JIM COOPER

With Obama, Congress to get fiscally responsible and pragmatic

### OPINION: THE WEEKEND INTERVIEW

Jim Cooper

The Blue Dogs Have Their Day

Moderate Democrats may hold the balance of power in the Obama presidency.

By COLLIN LEVY

Washington

"Barack totally gets it . . . He is smarter than Bill Clinton and disciplined." So says Tennessee Democratic Congressman Jim Cooper on the Thursday before Mr. Obama's inauguration.

Sitting in his office a stone's throw from where the festivities will take place, I ask about his role in the big transformation coming to Washington. He's one of the leaders of a gang of moderate Democrats called the Blue Dogs. They're meeting their first Democratic president in a while, and Mr. Cooper may have a big effect on the agenda. He smiles gently and says, "If we were to ally with the Republicans, we could swing any vote in the House of Representatives." He hastens to add, "We don't want to do that, we aren't planning on doing that."

With the victories of a number of conservative Democrats in the last election, the Blue Dogs have grown to 51 in number from 46, with more applications pending. "For a long time we had to limit our numbers because we actually need to be able to fit in one room," he tells me. "So it's been an increasingly popular, and I think influential, group."

Indeed, the way the Blue Dogs flex their muscle may become one of the defining issues of the Obama administration's opening months. If they are inclined to wrangle with Nancy Pelosi and the more liberal contingent in the Democratic Party, they will drive policy, especially as a check on spending. "Ideally the White House will see things our way, so they will present legislation on the Hill that we find acceptable," Mr. Cooper says. "If they stray too much from that or if a certain part of Congress strays too much from that, then we may have to object."

So far, however, the Blue Dogs seem to believe that Barack Obama is one of them, a fiscal reformer, and their last best hope for true change on entitlement spending and economic responsibility. Mr. Obama has announced he will convene a fiscal responsibility summit in February to bring together Blue Dogs and other folks to discuss the long-term problems of the economy, including entitlement spending. "We've kicked this can down the road and now we are at the end of the road," the president-elect told the Washington Post this week.

Blue Dogs are already taking their first leap of faith on the stimulus package that will define the president's first days in office. They might have been expected to balk at a measure with a trillion-dollar price tag and no deference to "paygo," the rules championed by budget hawks, whereby new spending or tax changes must be made "neutral" by corresponding offsets. Instead many of the Blue Dogs, including Mr. Cooper, seem on-board with the plan.

Are Blue Dogs really OK with signing off on a trillion-dollar stimulus? "I didn't vote for the first stimulus package, because that was just writing small checks to people. What does that do? Nothin'. I didn't vote for the auto bailouts," he says.

"But I think there are infrastructure things that are legitimate to spend money on," like the interstate highway system. "For the stimulus package to work in the economy, you have to have long-term credibility. If people think we are inviting inflation back in, or if we're not going to prudently manage the nation's finances, the stimulus package is largely a waste of time."

A great thing about Mr. Obama's plan, he says, is the tax cuts. "I think stimulus can come in a variety of forms, but I think the key message is Democrats are not for tax increases. Democrats can be for tax cuts when appropriate, when needed, when targeted. We can argue about the type of cut, but the key element of this proposal was facing the payroll tax. That is the most regressive, most antijob tax in America and very few presidents in American history have touched it. And Barack is touching it in this package. That is an achievement of immense proportions in and of itself."

His detailed knowledge of the stimulus package is part of the extreme nerdiness on which Mr. Cooper prides himself. His bookcase displays a "Nerd Pride" mug from a former staffer now at MIT. He tells me happily about his fondness for slideshows. At several points throughout our hour-long conversation, he shuffles through papers looking for various documents. He even hands me a handsomely bound copy of "The Financial Report of the United States Government." It didn't really fly off the bookstore shelves, he confesses. But it should!

The problems of the deficit are staggering, and have been Mr. Cooper's long preoccupation, as well as the essence of his Blue Dog soul. He was among a number of members who once left signboards outside their offices in the Longworth office building tracking the share of the national debt per capita including unfunded Medicare, Medicaid and Social Security costs (now around \$180,000). "Then they banned signage," he grumps. "I think it's a free speech issue but they say it's a fire safety issue."

It's even worse than most people think, he says, because of dodgy accounting used by the federal government. While we've been warned about the trillion-dollar deficit Mr. Obama is facing, accrual accounting and properly audited numbers from the U.S. Treasury Department would show the deficit last year was \$3 trillion, according to this former Rhodes scholar and investment banker. "The U.S. government uses cash accounting," he says. "That is illegal for any enterprise of any size in America except for the U.S. government. Every for-profit business, every not-for-profit business, every state and local government has to use real accounting except for Uncle Sam."

The difference is because the reported national debt does not reflect the IOUs implied by Medicare and Social Security promises to future beneficiaries. If you are a business that has committed to spend \$100 in the future, you have to acknowledge it now in your accounting instead of treating it as a free lunch. Failing to do so would be a criminal offense for Dow Jones, he tells me, so why does the government get away with it?

"Medicare alone is \$34 trillion in all. We don't even know how to measure Medicaid, but it's probably an equal amount. So just right there Barack Obama is inheriting over \$60 trillion of problems. This is not counting the bailout, or Social

Security or anything." He continues, "The argument as a Democrat is that the best way to preserve those programs is to prepare for their needs. The way to destroy them is to ignore their needs."

Continuing to gloss over the numbers has real consequences. Last year, for instance, Standard & Poor's reported that the U.S. Treasury bond would lose its AAA rating by 2012 because of the way Washington has been carrying on. America would have the same credit rating as Estonia and Greece, and then the same as Poland and Brazil, and then it would be like . . . Mexico. "Yet no one knows about this," he says.

One item likely to hit the agenda during Mr. Obama's early weeks that the Blue Dogs can be instrumental on is health care. Here Mr. Cooper has some history of his own. Back in 1992 and '93, when HillaryCare was in full throttle, he came up with an alternative plan that attracted wide bipartisan support -- eventually garnering 58 co-sponsors in the House and earning him Mrs. Clinton's wrath. Now, the moment for real reform has arrived. He feels Mr. Obama is in a position to get what would be "the signature achievement of a half-century" done in his first few months.

The plan Mr. Cooper favors is the Wyden-Bennett bill -- named after Oregon Democratic Sen. Ron Wyden and Utah GOP Sen. Bob Bennett -- which he says would basically give everyone in American the same coverage Congress has. "There has never been a bill with so much bipartisan support before the swearing in of a new president," he says. "The challenge now for Democrats is whether we let the best be the enemy of the good. There are many Democrats who want a single-payer program."

It's hard to teach old Democrats new tricks. But Mr. Obama didn't campaign on single-payer; he campaigned on a mixed system. Incoming Health and Human Services Secretary Tom Daschle has said in confirmation hearings that he wants a 70-vote majority or better for health-care reform, and not just to squeak by. "Every day we wait risks the end of the honeymoon and failure of this grand initiative," Mr. Cooper advises.

Foreign policy will also be on top of Mr. Obama's agenda. At her Senate hearing on Thursday, U.N. Ambassador-designate Susan Rice explained that she will be especially focused on warming up the country's relationship with the United Nations. Mr. Obama "has a built-in advantage" as a popular president, Mr. Cooper says.

"And in the Arab world, to have a president with the middle name of Hussein is the best PR we could ever have. When are they going to elect a leader whose middle name is Smith? Not in my lifetime. They are not even going to have an election, let alone elect a leader like that."

Despite the headiness of it all, there will be growing pains in the transition, as was evident in Senate Majority Leader Harry Reid's prickly statement last week that he didn't work "for" the president, and he didn't intend to be as deferential as Republicans were to the White House of President Bush. But Democrats are new to power, Mr. Cooper reminds me: "This is part of governing, the discomfort you feel when suddenly you control all the federal government."

He goes on: "Most people in Congress have never served with a Democratic president. And those who have, served with Clinton, who was being impeached or . . . who had other issues. You have to go back to the Carter administration and Carter was a lame duck fairly soon after he was elected. So you really have to go back to LBJ. And I think there is only

one member here who served with LBJ -- John Dingell."

When the concerts and fireworks and crowds have subsided next week, the work of governance will begin for the Democrats. Mr. Cooper is worried about expectations. "It's an exciting historic moment," he says, "but it's a challenging time because Democrats are out of practice."

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