

Political Perils of a Grand Bargain

GOP Senators Not Eager To Buck Their Leaders

By MANU RAJU

Saxby Chambliss appears to be a ripe target for President Barack Obama on the grand bargain: He's a retiring Republican senator who for years has been eager to cut a large-scale deficit deal.

But will he and other GOP senators buck their party's leadership in order to strike a deal with the White House?

"It's not going to happen," Chambliss told POLITICO. "We're not going to negotiate; that's the leaders' role."

As the White House tries to circumvent party leaders and talk to rank-and-file Republican senators, those same senators are

See **REPUBLICANS** on Page 15

Dems Worry Obama Will Buckle on Entitlements

By KATE NOCERA

President Barack Obama may be thinking about a "grand bargain" to address spending and the federal deficit, but there's a key constituency he has to persuade to come along.

Democrats.

The talk of any deal with congressional Republicans — and for now, it's just that talk — has liberals worried the White House will give in to changes to safety net programs including Medicare, Medicaid and Social Security.

Republicans say such changes are an essential part of any big deal. And Obama

See **DEMOCRATS** on Page 14



"I think the tone coming out of the White House ... could probably be more conciliatory," says **Jim Graves** (right center), shown talking with supporters after an October debate with Republican Rep. Michele Bachmann. Graves nearly won and is planning to run again, striking an independent note in his conservative district.

Threatened Dems Search For Distance From Obama

By ALEX ISENSTADT

President Barack Obama says he's ready to do whatever it takes to help Democrats win the House next year — a feat that could make the difference between limping to the end of his presidency and going out with a bang.

But some Democratic candidates and operatives in the dis-

tricts on which control of the House will hinge said in interviews with POLITICO that the message and issues Obama has emphasized since the election reflect a tone deafness to the challenges they face competing for moderate and conservative-leaning seats.

To net 17 seats and flip the chamber, Democrats have to win

predominantly on GOP turf, in districts that Mitt Romney won and where Obama and his agenda are unpopular. A number of Democrats made clear in interviews that the more partisan posture Obama has adopted over the past few months — particularly on cultural issues like gun control, and

See **HOUSE DEMS** on Page 12

Any Tax Reform To Be a Delicate Democrat Dance

By STEVEN SLOAN

Tax reform is the type of policy that would seem tailor-made for vulnerable Democrats up for reelection next year and seeking to prove their tax-cutting, pro-business chops.

But for these lawmakers, it could turn out to be a real headache instead.

When it comes to rewriting the federal Tax Code, Senate Democrats hailing from deep red states are finding themselves in a politically treacherous bind. On one side, there are a president and party leaders salivating over the

prospect of more tax increases. On the other, there are restive voters back home ready to toss out anyone who votes for another increase.

It's a complicated dance that could determine everything from the Senate's makeup over the next few years to the course of fiscal policy for decades to come.

And for now, each of the at-risk lawmakers seems to be dancing to a very different tune.

Alaska Sen. Mark Begich is adamant that the Tax Code should be rewritten in a way that brings

See **TAX REFORM** on Page 18

States Wrestle With New Obamacare Exchanges

By JASON MILLMAN

Wanted: States to work on Obamacare health insurance exchanges. OK to keep it sort of hush-hush.

More than half the states have declared they want nothing to do with setting up or running those health insurance marketplaces opening in their states later this year. But a closer look shows that at least a few of these states, like Ohio and Virginia, may have a larger role than they're letting on.

When potentially millions of

new customers start to enroll in exchanges come October, just 17 states and Washington, D.C., are currently slated to run their own. Elsewhere, the feds will play a big role in running the insurance markets, where people can shop and compare plans, often with federal subsidies.

That includes seven states that have signed up for "partnerships." That means the Department of Health and Human Services, at least for the first year or two,

See **EXCHANGES** on Page 17

BIOPOLITICS

Some new experimental research suggests an innate biological political predisposition.

PAGE 3

POLITICS

NRCC convenes its top pollsters to fix what is widely viewed as flawed polling in 2012.

PAGE 6

MEDIA

Increasingly wary senators are telling reporters: Don't talk to me, talk to my press secretary.

PAGE 21

Barack Obama

AP



CLICK

The president dons white tie and tails and zings Bob Woodward at the annual Gridiron dinner.

PAGE 25



We protected
this country
for decades.

**Now we need
our benefits
protected.**



Some in Congress are proposing a change to the cost-of-living adjustment used to calculate federal retirement benefits, including Social Security. This change would cut benefits by \$127 billion over the next 10 years, unfairly hurting federal retirees who have earned their modest benefits after a lifetime of service. It's called Chained CPI – a benefit cut that would be especially harmful for the men and women who worked to cure dangerous diseases, protected the border, and helped us recover from natural disasters. And the consequences will only get worse as they get older, because the proposed cuts would start now and get bigger every year. We urge Congress to reject this harmful proposal, because federal retirees today and in future generations deserve better.

Congress: Don't hurt federal retirees by cutting their retirement annuities and Social Security benefits.

Leave Chained CPI out of any budget deal.

AARP

American Federation
of Government Employees

American Foreign
Service Association

Federal Managers Association

National Active and Retired
Federal Employees Association

National Association
of Government Employees

National Federation
of Federal Employees

National Council of SSA
Field Operations Locals

National Treasury
Employees Union