

March 24, 2015

Letter from Washington

The past month in Washington has been like catnip for political junkies.

First, the Clinton e-mail fiasco has many Democrats wondering if Hillary's march to the nomination by acclamation has been seriously damaged or maybe even derailed. By using her own private server located in her residence in New York to host her single, non-official e-mail account, she has reminded the public of the things that they dislike the most about the Clintons.

Despite her protestations that the private server was for simplicity and to keep from having to manage two separate e-mail accounts, the conclusion is inescapable that she flouted the administration policy and federal law regarding official records, clearly to keep her email out of the reach of Freedom of Information Act requests and away from potential political enemies.

When she was finally forced to face the press in a hastily called event, she was by turns condescending and surly, not a good combination for a politician on the hot seat. In the course of the presser she revealed that her staff had selected which e-mails to give the State Department (on paper no less), and which to destroy as personal property, based on key word searches.

At one point she said that the server was secure because the Secret Service Guards the perimeter of her residence. More likely, since the server was off the shelf kit with only simple encryption, the Russians and Chinese were reading her email in real time, with the North Koreans, Iranians and many others close behind. Despite her claim that no classified material was ever introduced into her private system, it begs the question of how does the US Secretary of State operate effectively in an unclassified communications environment?

While her attitude was "It's done, get over it", House Republicans are a long way from getting over it and have asked that the server be examined by a neutral third party. More importantly, the House Benghazi Committee has realized that they have been fed only what Mrs. Clinton wanted them to see, with no way of knowing what was held back.

© A.L. Ross Associates, Inc. 2015 http://www.alrossassociates.com 703-860-7600 Hillary has all of Bill Clinton's slipperiness but none of his charm, and her mishandling of the entire situation has served to not only cause the Democrats consternation, but to ensure that the issue has legs and will not go away anytime soon. She will either have to produce the server, or get into a protracted argument with the House Republicans over Benghazi ---just what she doesn't need.

Meanwhile, as the Hillary e-mail story plays on, 47 Republican Senators took the remarkable step of sending a "Dear Ayatollah" letter to the Iranian government. In the letter they reminded the Iranians that any nuclear deal that the Obama administration tries to impose by executive order without Congressional approval will not likely survive past the next election.

The details of the negotiations that have been leaked so far, apparently by the Israelis and the French, would indicate that the administration is bent on agreeing to a very questionable deal that they know would never receive Senate approval. The Senate has a constitutional role in approving treaties, which Obama is trying to finesse by calling this international treaty an executive agreement. The system of Madisonian constitutional checks and balances was put in place by the founders precisely to keep the executive branch in bounds.

There are two key aspects to this whole deal. First, given the administration's success so far in foreign affairs, it might be useful to have additional eyes looking at any proposed agreement. More to the point, an agreement of this scope and potential importance to the security of the United States should be subject to intense scrutiny and debate. Recall that Obamacare was rammed through Congress on a party line vote without a single Republican supporting the bill. Many people at the time voiced concerns that such sweeping changes to the economy and medical system should be done on a bi-partisan basis (and we know how well that has turned out). This is taking things a step further and avoiding the Congress all together.

The really concerning issue is that the premise of the negotiations is that the Iranians can be trusted to observe any restrictions negotiated in the deal, and the process will have a civilizing effect on their behavior. While most people don't believe that, the IAEA has openly contradicted Obama by saying publicly that the Iranians are not following through on agreed inspections. Meanwhile the negotiations continue with casual assurances that all will be well, but with the Congress being kept in the dark.

What many of the critics haven't figured out yet is that Obama may well be able to by-pass the Congress, but the deal as described is far more lenient than the United Nations resolutions that imposed sanctions originally. So Obama is left in the position of not asking for US Senate approval, but binding the US to an agreement that will have to be ratified by the UN Security Council. That will cause major problems. First, the black helicopter crowd will be vindicated in their belief that Obama is forfeiting US sovereignty to the One World Government. More problematic for Hillary Clinton, assuming she is the Democratic nominee, is that she will be forced to defend the agreement, which many moderate Republicans and Democrats alike will view as a Presidential deal breaker. Her other choice will be to run against the agreement, guaranteeing it is self canceling, and undo what the administration will view as their signal foreign policy achievement.

Either way, this is a complex and dangerous negotiation with many opportunities to turn out badly for the US and the Middle East. The pathology of this would be fascinating if the stakes were not so high.

The President either believes everything that his administration continues to say from months-old talking points --- Yemen is a success-story, for example --- or he knows that he is spinning a false narrative in order to arrive at some desired end state. What that end-state might be is unknown, but his unwillingness to inform the Congress does not bode well. Nor does his public spat with Israel, which has become intensely personal.

It's worth noting two things about the Israelis' supposed spying on the Iran negotiations:

- 1. The Obama administration is furious not so much that the Israelis were spying, but that they apparently shared the information with members of Congress --- Congressmen who should have been kept informed by the administration in the first place.
- 2. While professing outrage that an ally would spy on the US, the administration deduced that the Israelis had accessed key information as the result of US intercepts of Israeli government communications.

The members of Congress are not stupid (for the most part), and the unease of prominent Democrats is becoming more obvious as they watch the President lead them over a cliff in the Iran negotiations. If the President pushes on with a deal in the face of hard evidence that makes it not only foolish but damaging to US national security interests, the Democrat Party which has always been seen as soft on international affairs, will suffer the consequences for decades.

The administration has become totally reactive, and clearly without an overarching strategy, as events spin out of control in the Middle East. In Iraq, the US is providing close air support for the Iranian proxies in the attempt to retake Tikrit, while providing ISR and logistics for the Saudis as they begin an air campaign against the Iranian proxies in Yemen. In Syria, Assad still must go, but the US is bombing his enemies.

Meanwhile, one might think that with the myriad of security challenges facing the US that there would be some consensus on the need for lifting the sequester restrictions and fully funding defense.

There is a sizable faction of defense hawks in the Republican party that advocate exactly that, although two opposing forces counter them. First are the Republican's own deficit hawks who believe that getting government spending under control trumps national defense. They are perfectly willing to support more funds for defense, as long as they come from the non-defense part of the budget in a zero-sum trade. The other opposition to lifting the defense caps comes from the Democrats, who are also willing to spend more on defense as long as there is an equal or greater bump-up for social programs. So far it does not appear that there is a pathway toward lifting the caps that will pass muster all around.

Even the President has proposed a defense budget that exceeds the caps by \$40B, accompanied by an additional \$40B in non-defense funding.

One possible work around proposed by the House Budget Committee is to put the additional funding in the Overseas Contingency Operations fund that does not count against the budget cap. There are numerous reasons why this is not a good idea, with opposition coming from the Department of Defense. Constraints on the OCO money and what it can be used for would create a number of issues for DoD, which they would prefer to see resolved by Congressional action lifting the caps. More importantly, using the OCO budget gimmick gives the DoD a one-year cash dump which will be helpful for readiness, but is not a consistent appropriations stream on which to base programs or plan beyond the next October.

Even if the Congress could agree to raise the defense caps, which is highly doubtful, it is likely that Obama would veto the bill if it did not also raise the non-defense caps. In fact, Obama has said that he would veto any spending bill passed by Congress that does not undo the sequestration problem completely.

The House took the unusual step of bringing several competing budget visions to the floor for votes, with the promise of moving forward with the budget that received the most support. The version that had the most support includes a \$40B increase to the OCO account. The Senate has followed suit and passed their own version of the OCO add-on.

This sets the stage for a Senate parliamentary action known as "budget reconciliation", last used by the Democrats to force Obamacare through by a filibuster-proof simple majority. The Republicans will no doubt freight up the reconciliation bill with their own pet rocks (repeal Obamacare, simplify the tax code, etc.) and force the President to veto them.