

# Warning shot: 4-point Dem. victory in heavily GOP district where Medicare was issue -- Ryan video tries to shift debate to 'Saving Medicare' -- Geithner's #PlaybookBreakfast livestream



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By MIKE ALLEN | 05/25/11 5:24 AM EDT

**BREAKING:** “John Edwards: US Green-Lights Prosecution for Alleged Campaign Law Violations Tied to Affair Cover-Up,” by ABC News’ James Hill: The Justice Department “has green-lighted the prosecution of former presidential candidate John Edwards for alleged violations of campaign laws while he tried to cover up an extra-marital affair ... A source close to the case said Edwards is aware that the government intends to seek an indictment ... He could accept a plea bargain with prosecutors or face a potentially costly trial.”  
<http://abcn.ws/IJchlh>

**--RAHM MAY TESTIFY AT BLAGO II:** ChiTrib p. 1 tease, “Sources: Emanuel, Blagojevich to testify -- Chicago’s new mayor and the former governor himself are expected to be scheduled witnesses in Blagojevich’s retrial on corruption charges.” Inside story, by Jeff Coen and Bob Sexter: “With the defense set to begin presenting evidence Wednesday, ... Emanuel was told to prepare to testify ... Also among the scheduled witnesses is U.S. Rep. Jesse Jackson Jr. ... Blagojevich is planning to take the witness stand as well.”  
<http://bit.ly/iCNJWD>

**DEMOCRATS CRACK 2012 CODE:** Alex Burns: “After two years of getting pummeled over spending and the size of government, Democrats now appear to have found a political weapon that’s capable of evening out the fight: Medicare. The popular entitlement program wasn’t the sole issue behind Kathy Hochul’s

upset victory in a New York special election Tuesday night, but strategists in both parties say it was an important force.” <http://politi.co/mbTnNO>

–“Democrat Hochul prevails in NY-26 race,” by Alex Isenstadt: “Democrat Kathy Hochul [AP pronouncer: HOH'-kuhl] defeated Republican Jane Corwin in a western New York special election that emerged as a political testing ground for the ambitious GOP blueprint to reform Medicare. Fueled by a late wave of commercials blasting Corwin over her support for the controversial House Republican budget plan, Hochul surged in a race that few initially expected her to prevail in.” <http://bit.ly/myaBhv>

--AP called it at 10:07 p.m. Latest: Hochul, 47% ... Corwin: 43% ... “A wealthy tea party candidate, Jack Davis, took 9 percent.”

--Vice President Biden called Hochul at 10:15 p.m. to congratulate her.

--N.Y. Times, top of col. 1 (New York Edition): “GAINING UPSET, DEMOCRAT WINS NEW YORK SEAT – BLOW TO NATIONAL GOP” ... National Edition pointlessly moves story down the page a bit, “Upset Victory For Democrat In House Race.” ... WashPost bizarrely stuffs it in bottom right hand corner of A4, “Democrat Hochul Wins Special Election.” ... L.A. Times, top of second front, “Medicare plan may have cost GOP a seat.”

--@benpolitico: A Dem notes: Paul Ryan, who cut his teeth in politics working for Jack Kemp, just lost his district.

--American Crossroads statement: “[T]his election is a wake-up call for anyone who thinks that 2012 will be just like 2010. It’s going to be a tougher environment, Democrats will be more competitive, and we need to play at the top of our game to win big next year.”

@ChuckGrassley: I'm in House Chamber waiting for Netanyahu to address Congress. Watch CSPan.

**THE PRESIDENT IN EUROPE** – The Times of London p. 1: President Obama (white tie) and the First Lady (sleeveless, long gloves) meet Queen Elizabeth II for a State Banquet at Buckingham Palace. <http://politi.co/jK6yM7> ... London Times photo spread, “The Obamas Do London.” <http://politi.co/IYkTkX>

**JOPLIN TRAGEDY:** CBS News slideshow <http://bit.ly/mJEuJ8> ... Diane Sawyer: images set to Bob Dylan's "Shelter from the Storm"  
<http://abcn.ws/mbU7vJ>

**LIVESTREAM,** 8:25 a.m. ET: Treasury Secretary Geithner joins us for Playbook Breakfast. [www.politico.com/livestream](http://www.politico.com/livestream). You're invited: 8 a.m. at the Newseum. #PlaybookBreakfast.

**HHS SECRETARY KATHLEEN SEBELIUS** writes on POLITICO, "Improving the Medicare we already have": "[M]uch of the Medicare debate has focused on the long-term consequences of the House Republican plan ... But another consequence of the GOP budget is that Medicare beneficiaries would lose the important new benefits they're now getting under the Affordable Care Act. Seniors would see new costs for preventive screenings, leading some to put off tests that could save their lives. Disabled and older Americans with high medication costs would again see bills rise, forcing many to go without the medicines they need. ... Shifting huge costs to seniors and disabled Americans and taking away key benefits is the wrong way to move forward – for Medicare beneficiaries today and tomorrow." <http://politi.co/lQgZR2>

**SPOTTED,** lunching with Pete Rouse in P.J. Clarke's: Robert Gibbs (no hat tip, please).

**FIRST LOOK – RYAN'S "RESET":** Playbook has the unlisted link to an elaborate new video by House Budget Committee Chairman Paul Ryan (R-Wis.), "The Path to Prosperity (Episode 2): Saving Medicare, Visualized," showing him in shirtsleeves as he tries to regain the high ground in a vicious debate that has Dems chortling and GOPs panicked: "Washington has not been honest with you about Medicare. Medicare is a critical program which helps seniors achieve health security. But the truth is it's headed for a painful collapse. We can save Medicare, but we have to reform it so that it delivers the high quality we expect, at a price we can afford...."

"[Video switches to sunnier music] The House-passed budget, 'The Path to Prosperity,' saves Medicare for current seniors and strengthens it for future generations. .. The urgent need to reform Medicare, and the President's misguided approach, have left us with a serious question to ask: Who should be

making health-care decisions for you and your family? A government monopoly and a panel of bureaucrats in Washington, D.C.? Or you?" YouTube <http://bit.ly/ji4VUg> Links to all of Ryan's chalk talks <http://1.usa.gov/kusnLK>

**--BEHIND THE CURTAIN:** Ryan rushed to record his lines in his hearing room on Friday the 13th, after votes and before his flight home for dinner with his family in Janesville. Ryan will be on "Morning Joe" at 8:10 a.m., from the Russell Rotunda. Then he'll head to the Peter G. Peterson Foundation's 2nd Annual Fiscal Summit (keynote: Bill Clinton), where Ryan and White House economic adviser Gene Sperling will be interviewed by CNBC's Maria Bartiromo.

--Jon Karl's "Subway Series" morphs into ABC's first episode of "Tahoe Talks" for "World News," as he and Ryan ride to and from the fiscal summit in the chairman's Chevy Tahoe.

--"2011 Fiscal Summit: Solutions for America's Future," 9 a.m. to 4:30 p.m. at The Mellon Auditorium: includes four individual interviews -- Bill Clinton, Paul Ryan, Gene Sperling and Mitch Daniels -- plus the "Gang of Five": Senators Crapo, Chambliss, Durbin, Warner and Conrad. Six think tanks will present budget plans that summit organizers had independently scored: CAP, Heritage, EPI, CED, BPC and AEI. Moderators and speakers: George Will (who'll interview Daniels), David Brooks, Gwen Ifill, David Cote, Ezra Klein, Maria Bartiromo, Alan Simpson, Megan McArdle, Dave Wessel and Alan Simpson. <http://www.pgpf.org>

**EMAILS WE DIDN'T OPEN:** "Im Kate, wright me?"

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**WEST WING MUST-READ** – WP 1-col. lead, "Obama under fire on Israel: TOP DEMOCRATS JOIN CRITICISM," by Peter Wallsten: In AIPAC remarks, "Senate Majority Leader Harry M. Reid, House Minority Whip Steny H. Hoyer and other Democrats appeared to reject the president's reference to the 1967 lines ... By this week, White House aides were reaching out to Israel supporters in the Jewish community to try to ease concerns, according to people familiar

with the effort. The White House has arranged a conference call with Jewish leaders and contacted others for advice on repairing ties. ...

“Obama must balance the need to pursue delicate international diplomacy while retaining the party’s traditional support among Jewish campaign donors and voters, particularly in competitive states such as Florida, Ohio and Pennsylvania. ... Republicans increasingly consider Israel a core issue that can unify sometimes disparate party factions.” <http://wapo.st/mcmLav>

**TOP TALKER** – WP A16 (third business page), “In Poll, Debit Is Scarier Than Default,” by Lori Montgomery and Peyton M. Craighill: “When pressed to name their biggest concern, [48%] of respondents say they are alarmed by the prospect that the debt could grow beyond its current limit of \$14.3 trillion, according to a new Washington Post-Pew Research Center poll. Only 35 percent say they are more worried about the risk of default and economic destabilization if Congress does not raise the debt limit.” <http://wapo.st/jeSYnw>  
Graphic <http://wapo.st/jugBFv>

**DAVID ROGERS**, “Parties still \$1T apart on domestic spending”: “Even after concessions made last month, the White House and Republicans in Congress are more than \$1.1 trillion apart over how much to devote to domestic appropriations over the next 10 years, according to a POLITICO analysis of new numbers collected from the administration and the House GOP. ... Republicans clearly hope to use the debt ceiling talks now to force further concessions along these lines, but the gap is so huge that it will require the Senate GOP to assert itself more if there is to be a deal. ...

“[C]oming out of Tuesday’s more than two-hour session — held in the Senate offices of Majority Leader Harry Reid (D-Nev.) — both the vice president and House Majority Leader Eric Cantor (R-Va.) expressed new confidence that the talks could yet produce a deficit-reduction package in excess of \$1 trillion. ... Biden repeated his desire for revenues to be part of the equation as well, but Republicans show no give on this point, just as Democrats have been shy too of surrendering what they see as their political advantage on the issue of Medicare.” <http://bit.ly/karQjx>

**BIRTHDAYS:** Emily Bittner, who’s going to the shooting range with some friends ... Washington Examiner’s James Dellinger ... Roll Call’s Anna Palmer ...

Bivings Groups' Steve Petersen ... Roll Call's Kate Ackley Zeller ... POLITICO's Jennifer Martinez turns 26 ... Bob Loughlin ... Sen. Amy Klobuchar (hat tips: Patrick Gavin) ... CRC senior vice president Mike Russell ... Alice Germond ... Tali Looney ... Leslie Sillaman ... Capricia Marshall ... Carol Thompson ... Jim Doak (h/ts Teresa Vilmain) ... Ron Nessen is 77 ... Mike Myers is 48 ... “Little House on the Prairie” actresses Lindsay and Sidney Greenbush (switched roles as Carrie Ingalls) are 41.

**WELCOME TO THE WORLD:** Jeremy Gaines, V.P. of MSNBC Media Relations, sends “Breaking News: Mason Reed Gaines”: “He appeared at 7:19 pm Monday night, weighing 8 lbs 1 oz and measuring 21 inches. Mom, baby, big sister Taylor and Dad are all doing great.”

**THE PROS** from Oil Daily (Bill, Thomas, Sam and Lois) won the third POLITICO Pro Trivia Night at We, The Pizza. This was the largest group to date, and included a YouTube round. (Sample Q: POTUS' motorcade got stuck on a curb in what country this week? Video clue here. <http://bit.ly/j8e0UX>) Think you're a Pro? To play next time, email [awilliams@POLITICO.com](mailto:awilliams@POLITICO.com).

**VIDEO SERIES:** Sen. Jim Webb (D-Va.), a Vietnam War hero and former secretary of the Navy, said President Obama “needs to narrow his focus a bit when it comes to judgments about using military force” and should give more sway to the views of Congress: “You can’t have 535 commanders in chief. But at the same time, we have become — over the past 10 or 11 years — very blasé about the use of military force around the world.”  
<http://politi.co/m5JWWS>

**BROOKINGS LIVE CHAT:** Today at 12:30, Brookings expert and former ambassador to Israel Martin Indyk will chat on Prime Minister Netanyahu’s address to Congress. Join live on POLITICO Arena, register at [brookings.edu](http://brookings.edu) or submit advance questions to [ScoutingReport@brookings.edu](mailto:ScoutingReport@brookings.edu).

### **PAWLENTY ANNOUNCEMENT TOUR:**

--NEW FOR PMs – “Pawlenty: An economic pro or crafty budget setter?” by AP’s Brian Bakst, in St. Paul: “Pawlenty is leaning heavily on budget actions he took as Minnesota governor. He operated under a no-new-taxes philosophy, but he also used accounting tricks, federal stimulus money and word games to stay



on course. Pawlenty was to speak Wednesday in Washington to the libertarian Cato Institute about how he'd apply his Minnesota model to the federal government. Minnesota lurched from one deficit to another during Pawlenty's time as chief executive. The state's books technically balanced when he left in January, but by then a mammoth deficit was forecast for the first budget his successor would need to craft."

--T-Paw gets the Taiwanese animation treatment:

<http://youtu.be/8zgNnpYdyAg>

MORE GOP 2012, from Kevin Robillard:

--**PALIN**: RealClearPolitics, "Palin's Secret Weapon: New Film To Premiere in June," by Scott Conroy: "The result is a two-hour-long, sweeping epic, a rough cut of which Bannon screened privately for Sarah and Todd Palin last Wednesday in Arizona, where Alaska's most famous couple has been rumored to have purchased a new home. When it premieres in Iowa next month, the film is poised to serve as a galvanizing prelude to Palin's prospective presidential campaign -- an unconventional reintroduction to the nation that she and her political team have spent months eagerly anticipating, even as Beltway Republicans have largely concluded that she won't run." <http://bit.ly/mE5gD5>

--**ROMNEY**: HuffPo's Jon Ward: "Interviews with top officials at FreedomWorks, a Washington-based organizing hub for Tea Party activists around the country, revealed that much of their thinking about the 2012 election revolves around derailing the former Massachusetts governor. ... FreedomWorks is not currently leaning in any one candidate's direction, though Pawlenty's was mentioned as having the best shot to beat Romney and win the general election." <http://huff.to/muHvHq>

--**SANTORUM**: CNN's Paul Steinhauser: "Santorum will make a major announcement regarding his plans for the GOP presidential nomination the week of June 5 and the source added that Santorum is committed to participate in the first Republican presidential debate in New Hampshire." <http://bit.ly/iSy57c>

--**LOUISIANA**: JMart: "The Louisiana Republican Party voted last weekend to move up their presidential caucuses to earlier in 2012, a move that could attract

more GOP candidates to the state this year. The state party is eyeing the last week of January or early February, depending on how the still-unsettled primary calendar is ultimately set. ... To stay within RNC rules and out of the early-state window, the Louisiana GOP has set up a two-step process for picking presidential delegates.” <http://bit.ly/mil7M2>

**AFGHANISTAN 2.0:** The Pentagon's Task Force for Business and Stability Operations, in cooperation with Google and IBM, has opened the country's first-ever IT Incubator in the northwestern city of Herat. IT students at Herat University, and recent HU graduates who have launched start-ups, can meet with officials from Google and IBM (the first two U.S. companies to set up shop there) to collaborate on projects involving code writing, app creation, and software programming. The Incubator opened this week after a series of IT companies, including Google and IBM, traveled to Afghanistan in recent months and found it to be a place where they can do business now and in the future. A similar effort is planned for Kabul.

**MEDIAWATCH** – Here’s the memo from NYT Editorial Page Editor Andrew Rosenthal, announcing Frank Bruni as columnist: “Frank will be, first off, writing the Page 2 column in the remake of the Week in Review. This column, which will be a new anchor feature of the section, will be a sharp, opinionated look at a big event of the last week, from a different or unexpected angle, or a small event that was really important but everyone seems to have missed, or something entirely different. ... Frank also will be writing a regular Op-Ed column in our print pages and online, most likely on Thursdays. He is a net addition to our lineup, not a replacement for anyone or anything. Frank needs no introduction. His work as a political writer, a foreign correspondent, food critic and magazine writer for the Times have been popular with our readers for almost 16 years. His first column will appear in the first edition of the new section, unless, of course, he decides to write sooner.”

**SPORTS BLINK:** USA Today 1A, “Heat win 101-93 in OT battle; Bulls one loss from ouster Miami takes 3-1lead in Eastern Conference finals; can clinch Thursday. Chicago loses three games straight for first time this season.”

**DESSERT:** “Lauren is ‘Idol’ frontrunner despite vocal troubles,” by Reuters’ Nichola Groom: “Lauren Alaina overcame a blown out vocal cord to become the judges’ favorite to win the ‘American Idol’ title, topping rival country singer Scotty



McCreery with an emotional song dedicated to her mother. Alaina, who is just 16 and has dreamed of being on the show since she was 6, appeared set to become the show's first female winner since Jordin Sparks in 2007 as well as its youngest ever 'American Idol.' 'Lauren gets it hands down,' judge and Aerosmith frontman Steven Tyler said after the two contestants each sang three songs.

"After what the judges deemed a close run first and second round, Jennifer Lopez and Randy Jackson joined Tyler in saying Alaina had sewn up the competition with her performance of 'Like My Mother Does,' an original song that will be released as a single if she wins. ... The winner, chosen by the public, will be announced on Wednesday at the end of a two-hour broadcast and gets a guaranteed recording contract. Alaina stepped down from the stage during the performance to embrace her weeping mother, Kristy, who was in the audience.

"Backstage following the show, McCreery, 17, said he, too, had been moved by Alaina's final performance. ... 'Country fans have been so great to both of us,' McCreery said. 'The only reason we're still here is because of them.' McCreery won over fans with his deep voice and a low key, poised personality that belies his age. Alaina was seen as an all-American girl but was sensitive to criticism and shed tears several times. ... After four years of falling ratings for Fox, the 'Idol' audience is up about three percent this year at 24.8 million regular viewers."

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