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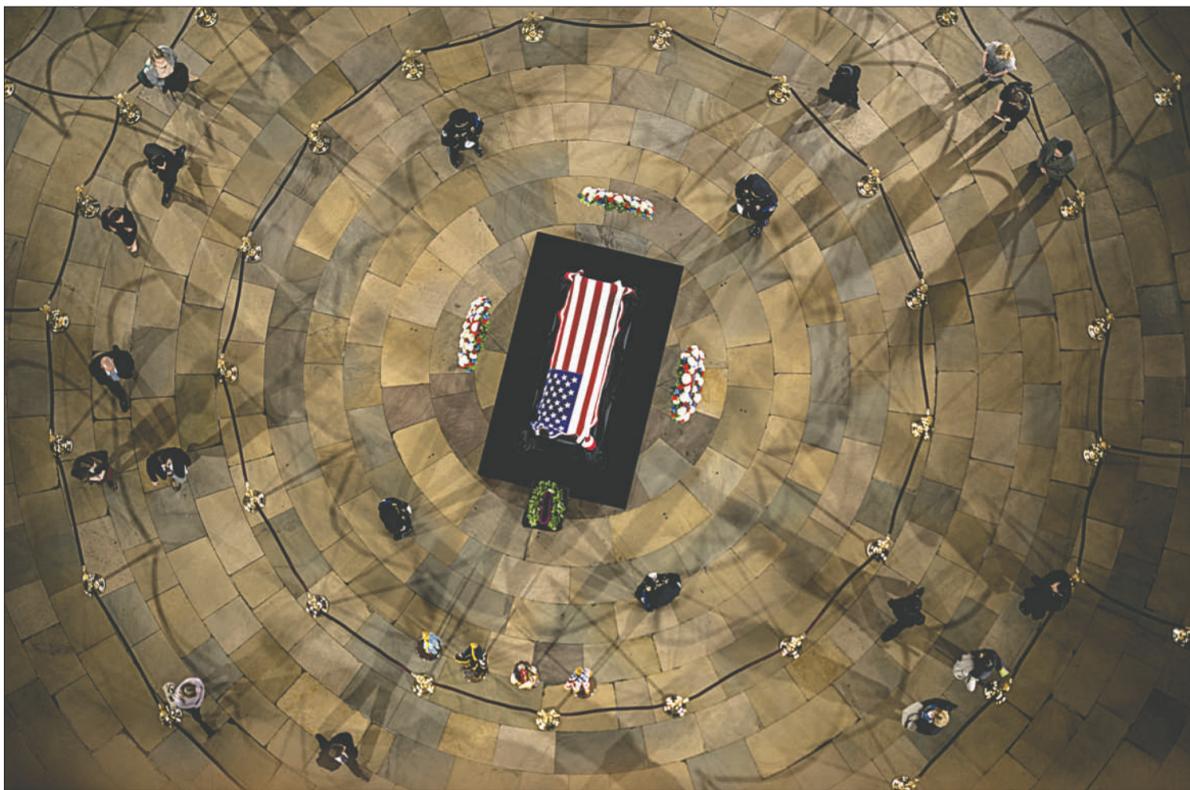
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## At the Capitol, a farewell for Inouye



NIKKI KAHN/THE WASHINGTON POST

Sen. Daniel K. Inouye lies in state in the Capitol Rotunda. As the casket arrived, senators and aides stood five deep to honor Inouye, a Democrat who served Hawaii in Congress for more than 50 years before his death Monday at age 88. Inouye, only the 31st person to lie in state in the Rotunda, “deserved to spend at least another day in this beautiful building to which he dedicated his life,” said Senate Majority Leader Harry M. Reid. [Photos and video at postpolitics.com.](#)

## Vietnam scars still show in Hagel’s policies

Former Nebraska senator with a Purple Heart could be nominated as defense secretary

BY CRAIG WHITLOCK

Shards from a Viet Cong mine are still embedded in Chuck Hagel’s chest, 44 years after his infantry squad walked into a booby trap in the Vietnam jungle. Scar tissue marks the left side of his face from another mine explosion, barely a month after his first brush with death.

“I remember,” Hagel told an interviewer for the Library of Congress’s Veterans History Project in 2002, “thinking to myself, you know, if I ever get out of all of this, I am going to do everything I can to assure that war is the last resort that we, a nation, a people,

calls upon to settle a dispute. The horror of it, the pain of it, the suffering of it. People just don’t understand it unless they’ve been through it.”

Today, Hagel, 66, heads President Obama’s shortlist of candidates to lead the Pentagon. If he is nominated by the White House and confirmed by the Senate, he would become the first defense secretary with a Purple Heart, the combat decoration for those wounded in battle, since Elliot L. Richardson, who held the job briefly during the Nixon administration.



Chuck Hagel

Hagel served 24 months in the Army as an enlisted grunt before embarking on successful careers in business and politics that saw him earn millions and win election to the Senate, twice, as a Republican from Nebraska.

Although his views on whether the Vietnam War was justified have changed over time, Hagel’s combat experiences have consistently driven his approach to foreign policy, his political passion.

As a senator, he voted to authorize the war in Iraq but soon became the most vocal and cutting Republican critic of the

George W. Bush administration, accusing it of bungling the occupation. In 2007, he warned that Bush’s plan to send 30,000 more troops to Iraq would be “the most dangerous foreign policy blunder in this country since Vietnam, if it’s carried out.”

His unbridled assessments left other Republicans wondering whose side he was on and thoroughly alienated the GOP’s neo-conservative wing, which still

HAGEL CONTINUED ON A25

### More controversy

Chuck Hagel is also being criticized by gay rights groups. A25

## Boehner drops effort to avoid the ‘fiscal cliff’

REPUBLICANS REMAIN OPPOSED TO ‘PLAN B’

Doubt is cast on ability to pass alternative

BY LORI MONTGOMERY AND ROSALIND S. HELDERMAN

House Speaker John A. Boehner threw efforts to avoid the year-end “fiscal cliff” into chaos late Thursday, as he abruptly shuttered the House for the holidays after failing to win support from his fellow Republicans for a plan to let tax rates rise for millionaires.

The proposal — Boehner’s alternative to negotiating a broader package with President Obama — would have protected the vast majority of Americans from significant tax increases set to take effect next year. But because it also would have permitted tax rates to rise for about 400,000 families, conservatives balked, leaving Boehner (Ohio) humiliated and his negotiating power immeasurably weakened.

No one could say late Thursday what will happen next. Just 11 days remain until the new year, when more than \$500 billion in automatic tax increases and spending cuts will begin to take effect, threatening to undermine the sluggish recovery and prompt a new recession.

As a grim-faced Boehner hurried from the Capitol on Thursday evening, his office issued a statement abdicating responsibility for solving the crisis to Obama and the Democratic-controlled Senate.

“The House did not take up the tax measure today because it did not have sufficient support

CLIFF CONTINUED ON A4

### The Federal Diary

Playing it safe, the administration warns that furloughs are possible. B4

Ruth Marcus: Just when Boehner’s negotiations were bearing fruit, he had to go and spoil things. A29



YURI GRIPAS/REUTERS

House Speaker John A. Boehner speaks about the “fiscal cliff.”

## How the gamble on his own party failed to pay off

BY PAUL KANE, ED O’KEEFE AND LORI MONTGOMERY

John A. Boehner’s week on the brink ended in a painfully familiar place.

It began last week when President Obama delivered a stern message to the House speaker: If there was going to be a deal to tame the nation’s debt, it had to happen now. If they went over the “fiscal cliff,” it would only become harder to reach a deal, Obama said.

The next day, Friday, Boehner (R-Ohio) phoned Obama offering what seemed like a major breakthrough: Republicans would agree to raise tax rates for the first time in decades if the president gave a key concession on entitlement reform.

That offer set in motion seven days of dealmaking, posturing and cajoling by Boehner and other House leaders, first on a grand deal with the White House and then on a Plan B with their own House caucus. By Thursday night, both deals had fallen apart.

BOEHNER CONTINUED ON A4

## E.U. relations under stress as workers flee to Germany

BY MICHAEL BIRNBAUM

TUTTLINGEN, GERMANY — More than three years into an economic crisis that has threatened to tear Europe apart, one country is still on a hiring spree, and it is pulling away the best and the brightest workers from its neighbors along the way.

Thousands of professionals from recession-struck Spain and Greece have been streaming into Germany, where joblessness remains low, and some say they may never leave. The migration is the biggest test yet for the European Union’s promise to wipe away economic barriers between nations, as the best-trained workers from weak countries leave home in the greatest numbers since the bloc was forged.

Now, the new right to work anywhere is bumping against old prejudices about crossing national lines. There are new strains in the partnership, with some Germans fretting about the influx and Spanish and Greek policymakers worried that their best hope for recovery is vanishing one plane ticket at a time.

The movement into Germany — a flow that has become so intense that the country has halted a decade of population decline — is just the latest development in a process that has seen Europe’s richer countries strengthen even as the poorer ones become increasingly hollowed out. While Spain, Greece and Portugal struggle to create

GERMANY CONTINUED ON A16



SARAH L. VOISIN/THE WASHINGTON POST

This townhouse on Fourth Street NE beat the list price by more than \$400,000.

## In hot D.C. housing market, bidders blow past asking prices

BY ANNYS SHIN

It didn’t look like a house anyone would pay \$400,000 extra for.

Several walls inside the gray townhouse with blue trim were streaked with water stains. The first floor was noticeably uneven. And termites had dined in front.

The big pluses: It was 2,850 square feet, had off-street parking, and was in walking distance of Union Station and the bars and restaurants along H Street NE. Then there was the list price: \$337,000. Similar houses in the neighborhood were going for closer to \$500,000.

Two weeks and 168 bids later, the house — in the 800 block of Fourth Street NE — was sold this month for \$760,951 to an unidentified buyer.

The sale floored many real estate agents, including James Lisowski, whose clients put in a losing bid. “I don’t think it was worth

that finished,” he said, alluding to the house’s distressed condition.

While much of the nation is still struggling to emerge from a historic housing-market meltdown, the District is reliving its boom days. High rents, low interest rates, low inventory, and a flood of new residents in their 20s and 30s are making parts of the city feel like it’s 2005 again.

The median home sale price in the District is up 14 percent from last year, according to RealEstate Business Intelligence (RBI). And the average number of days houses spend on the market has fallen by nearly 30 percent, to 53 days.

Bidding wars have become commonplace along H Street NE, in Trinidad and in Eckington, among other areas. So have multiple cash offers and sales that soar past the asking price. In certain neighborhoods,

BIDS CONTINUED ON A21

## IN THE NEWS

**Griffin gets green light** The Redskins quarterback appears to be fit to play Sunday against the Eagles, barring a setback. D7

**Sandy Hook investigation** Police said it will take months to determine why Adam Lanza killed 27 people, including his mother, whose funeral was held in New Hampshire. A3

**THE REGION**  
**D.C. public schools** outsourced their lunch program to save money but lost \$10 million a year from 2008 to ’12. B1  
**UDC President** Allen L. Sessoms was dismissed without cause and is eligible under his contract to get a year’s salary of \$295,000, his attorney said. B1

**THE WORLD**  
**In a debate** over allowing female bishops, some say the Church of England must enforce tradition in fast-changing times. A6  
**Clashes have subsided** at a Palestinian refugee camp in Damascus. A10

**THE ECONOMY**  
**Research in Motion**

had a better quarter on the stock market than Apple did, but can the BlackBerry maker continue its comeback? A18  
**The New York Stock Exchange** sold itself to Intercontinental Exchange for \$8.2 billion, a sign of how changing times are forcing stock exchanges to find new partners in search of

bigger profits. A18

**THE NATION**  
**After six years** of decline, traffic fatalities in the U.S. jumped by 7 percent in first nine months of 2012. A5  
**Virginia has not** used more than \$38 million of the \$90 million in federal homeland security grants it was given

from 2008 to 2010, an audit shows. A26

**SPORTS**  
**Caps players** are getting antsy as games through Jan. 14 are canceled. D1  
**In his second season** in College Park, Mark Turgeon takes a beige path to success amid a neon world of hoops. D1



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