What's Going On Here?

By Mel Lavine

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What's going on here? The Democrats have both the White House and the Senate, yet the GOP House seems to be wagging the tail of the dog. How come? Paul Krugman in his indispensable column in the New York Times says the reason "is the radicalization of the Republican Party. Normally a party controlling neither the White House nor the Senate would acknowledge that it isn't in a position to impose its agenda on the nation. But the modern G.O.P. doesn't believe in following normal rules."

How come? Six months ago, Krugman explains, "Republicans threatened to block an extension of middle-class tax cuts unless Mr. Obama gave in and extended tax cuts for the rich, too. And the president essentially folded, giving the G.O.P everything it wanted."

Now, the pundit contends, the Republicans are playing the same game again, "refusing to raise

the debt ceiling – a step that could inflict major economic damage – unless Mr. Obama agrees to large spending cuts, even as they (the Republicans) rule out any tax increase whatsoever."

Bad consequences, says Krugman, would follow if the debt ceiling isn't raised. The government would be unable to pay about a third of the bills, "because that's the share of spending currently financed by borrowing." So, one may wonder: would Social Security get hit? Doctors and hospitals caring for Medicare patients? Contractors supplying the military?

The Republicans may not be "nearly as willing" as they sound to let the roof fall in. Many in business are "horrified at the prospect of hitting the debt ceiling. Even the virulently anti-Obama U.S. Chamber of Commerce has urged Congress to raise the ceiling "as expeditiously as possible.'"

Krugman, who won the Nobel prize in economics in 2008, believes it's time for the president to "call the extortionists' bluff...confront them and accept the associated risks." But, Obama reportedly has "told Democrats not to draw any "line in the sand' in debt negotiations. Krugman argues that "at some point – and sooner rather than later – the president has to draw a line. Otherwise. he might as well move out of the White House and hand the, keys over to the Tea Party."

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Overheard: an American and a tourist from Paris discussing Dominique Strauss-Khan, the French head of the International Monetary Fund, who is being held in New York for allegedly sexually assaulting a housekeeper in his $3,000-a-day suite in Times Square.

American: “I’m so sad it’s a socialist acting in such a reprehensible way.”

French Tourist: “It’s sad it’s a socialist, but socialist, capitalist, once they get to the top they’re all the same.”

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