

The Political Theater and the Debt Ceiling Crisis: Are We Being Had?

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In my last column I suggested that an unintended outcome of the debt ceiling impasse could be Congress' loss of the power of the purse. In this column I suggest an intended outcome that the ongoing political theater might be designed to produce.

President Obama has said that he will not resort to the various powers open to him to keep the government running should Congress fail to deliver a debt ceiling increase. This is a suspicious statement, as it is not credible that a president would leave troops at war unpaid and without supplies, Social Security checks unsent and stand aside while the US dollar collapses and the credit rating of the US government is destroyed.

There are national security directives and executive orders already on the books, as well as the 14th Amendment, that Obama can invoke to set aside the debt ceiling. Congress would sigh with relief that Obama had prevented the lawmakers from destroying the country.

So what might be going on?

One possibility is that the political theater is operating to bring about otherwise politically impossible cuts in the social safety net. If the drama continues to the absolute deadline without a deal, Obama, who perhaps favors cutting the safety net as much as do the Republicans, would have to accept the Republican package in order that the troops are not cut off from supplies, Social Security checks can continue to go out, and the dollar be saved. Having opposed the Republicans to the last minute, Obama can say that he had no other recourse.

What American wants the troops deserted on the field of battle and the elderly without groceries? Who other than the rich can stand the higher prices from dollar devaluation?

It would be a perfectly orchestrated scenario for getting rid of the New Deal and the Great Society that use up money that could be spent on wars and bailouts and tax cuts for the rich.

If the American public is not sufficiently softened up by August 2, the political theater can continue with temporary debt ceiling increases until things really begin to crack. On July 15 S&P put all AAA-rated insurance companies on CreditWatch citing ties to the US sovereign credit rating. On July 25, the US dollar fell to a new low against the Swiss franc, and gold reached a new high. Some more of this, and the public will see benefit cuts as preferable to economic armageddon.

If Bush and Cheney were still in office, they would use the debt ceiling impasse to seize

more power from Congress. Obama, however, might be so well aligned with financial interests that the opportunity he sees is to cut Social Security, Medicare and education loose from the federal budget. Then Wall Street can privatize them.

Whatever emerges from the debt ceiling impasse, it will not be in the interest of the American people.

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