

**Florian Galler**  
**Psychonomic Newsletter, Jul 12, 2011**  
**Jun 6 - Jul 11**

Dow Jones Industrial Average (DJIA), Jul 8 2009 to Jul 8 2011



Dow Jones Industrial Average (DJIA), Jul 10 2006 to Jul 8 2011



Dow Jones Industrial Average (DJIA), Apr 12 2006 to Jul 13 2011<sup>1</sup>

<sup>1</sup> Charts downloaded from YAHOO NEWS.



In short: Ruthless media investor Rupert Murdoch lost his grip on the government of Great Britain. Murdoch's delegitimation means a loss of power of an important agent of our alter egos and they therefore became terrified. The possibility that the delegitimation process could extend first to the U.S. and Murdoch's Fox TV and then to the Tea Party is an even worse prospect for our alter egos. A political backlash was the immediate consequence of this which was responsible for the retreat of stock prices. But it should be clear that despite of the current deterioration general social conditions seem to improve in a fundamental way.

After falling since May 2 stock prices bottomed in the period between Jun 16 and Jun 23. I regard this downswing to be the result of a growth panic caused by the killing of Bin Laden on May 1. Whereas the G. W. Bush administration was not able to catch Bin Laden in Tora Bora when they had a chance to do this early in the Afghan war the Obama administration once again proved that it is a reliable partner for our reasonable personality parts but not for our alter egos. For our alter egos that was bad news since it spelled that other Unconsciously Abusive Communities (UAC's) (beside the Pakistani one who is giving support to Al Qaeda) which were crucial for the dominance of the neoliberal and neoconservative ideologies and their inhuman influence on western societies could lose their legitimation among the population. And our alter egos were right as we will later.

- [German MPs agree resolution on Greek aid](#)

*Reuters – Jun 9*

BERLIN (Reuters) - German members of parliament late on Thursday agreed a joint motion for a resolution demanding the **fair participation of private creditors** in future aid to Greece, several participants said.



*AP Photo/Jim Cole*

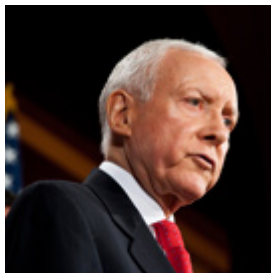
### **How Newt Gingrich's Campaign Imploded**

*The Daily Beast – Thu Jun 9, 10:54 pm ET*

The former speaker's top aides bolted en masse Thursday, leaving his campaign in tatters. Peter J. Boyer on staffers' complaints about Gingrich's rogue inclinations, the Greek cruise with wife Callista that was the final straw—and whether the candidate has any chance of recovering.

### **The Tea Party Targets**

*Jill Lawrence Jill Lawrence Thu Jun 9, 1:56 am ET*



NEW YORK —

**Conservative champions like Orrin Hatch are running for their political lives in the Tea Party era. Jill Lawrence on the senators being targeted and their chances of survival.**

...

- **Berlusconi suffers stinging referendum defeat**

*Reuters – 10 mins ago*



Reuters

ROME (Reuters) - Prime Minister Silvio Berlusconi suffered a humiliating defeat on Monday as Italians turned out in large numbers to vote in referendums which he had encouraged them to boycott.

- **Berlusconi's referendum defeat: beginning of the end?**

*The Christian Science Monitor – Mon Jun 13, 2:09 pm ET*

Milan, Italy - Silvio Berlusconi, Italy's flamboyant prime minister, is usually reluctant to admit defeat. But once it became clear that the majority of Italian citizens defied his exhortations not to vote and weighed in on four national referendums, he waxed philosophical: “In respect to the people's will, we shall say goodbye to nuclear energy,” he told news agencies. “This means we'll have to put more effort on renewable [energy sources].”

### **Republicans accused of killing Medicare while asking Obama to save program from financial disaster**

*Daily Caller – Wed Jun 15, 1:09 am ET*

Sen. Jeff Sessions, Ranking Member of the Senate Budget Committee, and Rep. Paul Ryan, chair of the House Budget Committee Wisconsin, sent a letter to President Barack Obama Tuesday calling on him to submit a plan that addresses the financial insolvency of Medicare. [Full Story »](#)

- **As Austerity Anger Swells, Greece's Government Teeters Toward Collapse**

*Time.com – Jun 16*

Prime Minister George Papandreou is set to name a new Cabinet but will it satisfy Greeks and the markets?

*AP – Jun 16*



AP

FRANKFURT, Germany - Economists say a Greek debt restructuring would send **shock waves** through stock and money markets, European banks and possibly entire economies. [Full Story »](#)

0616 Ben Sargent, Ultimate Gridlock DC, reveal the UAC!







**AP** Associated Press Fri Jun 17, 2:25 PM ET

FILE - In this June 4, 2011, file photo President Barack Obama gets away from the White House for an afternoon of golf at Andrews Air Force Base in Maryland, just outside of Washington. Presidents and House speakers have a history of complicated relationships. On Saturday, June 18, 2011, Obama and Speaker John Boehner will add their own chapter on the golf links, political opposites each trying to put a ball in the same hole. (AP Photo/J. Scott Applewhite, File)

#### **Obama-Boehner golf summit: Who will win?**

Probably neither President **Obama** nor Speaker John **Boehner** will win, if you're talking about **golf** per se. But the **golf** summit is about political gamesmanship, as well.

**The Christian Science Monitor - Jun 17 12:04pm**

[Different hopes for Obama-Boehner 'golf summit'](#) *Politico – Sat Jun 18, 10:07 am ET*

#### [Ethanol Subsidies Survive Senate Vote, Splinter GOP](#)

The Senate on Tuesday blocked a measure that would have immediately ended both federal subsidies and protective tariffs for corn-based ethanol fuel. While the outcome showed the continued clout of farm states, it also **revealed that most Senate Republicans are willing to get rid of at least one tax break.**

**NPR - Jun 14 03:04pm**

#### • [Romney draws fire for not signing pro-life pledge](#)

*Daily Caller – Sat Jun 18, 7:35 pm ET*

Former Massachusetts Gov. Mitt Romney drew criticism Saturday for being one of only three Republican presidential candidates to have refused to sign the Susan B. Anthony List's Pro-Life Leadership Presidential Pledge. [Full Story »](#)

Echo der Zeit vom Sonntag, 19.6.2011, 18.00 Uhr, DRS 1 und DRS 4 News

### ***Euro-Finanzminister beraten über Griechenland-Hilfen***

In Luxemburg beraten die Finanzminister der Euro-Länder ein weiteres Mal über Hilfe für Griechenland. Alle betonen, sie wollten die **Probleme Griechenlands** rasch lösen und den Euro auf einen stabilen Kurs zurückführen. Der Ökonom **Paul de Grauwe** fragt: Warum tun die Politiker dann stets das Gegenteil? De Grauwe hat mit seiner jüngsten Analyse zu den Problemen des Euro Weltruhm erlangt. Ein Besuch an der Universität Leuven in Belgien. Mehr

The European Leadership is totally failing. Sparprogramme unsinnig, nützen nichts. Schaden für Wirtschaftswachstum, Staatseinnahmen plus Anfachen soziale Unruhen. Mehr auf strukturelle Reformen als auf Zeit setzen.

...

Lösen liesse sich das am besten, indem man zusammenstehe und die staatsbudgets zusammenlege. Ein **gesamteuropäisches Budget** wäre das Ende der EU und der Anfang der **Vereinigten Staaten von Europa**.

Aber auch Zwischenschritte könnten die Eurozone stabilisieren, der erste wäre ein unabhängiger **Europäischer Währungsfonds**, der Euroländern ohne langes politisches Tauziehen unter die Arme greifen kann. Der 2. Schritt wäre die Herausgabe einer gemeinsamen **europäischen Staatsanleihe (Eurobonds)**. Gegen beide sind die reicheren nordeuropäischen Ländern, "da bezahlen wir für die anderen mit, das war nie abgemacht", sagen sie, "das ist eine **Transferunion**".

Jedes Land hat **Transfersysteme**. ...

- **Obama tells Jewish donors he strongly backs Israel** *Reuters – Mon Jun 20, 9:17 pm ET*

Echo der Zeit vom Mittwoch, 22.6.2011

### **Wann ziehen sich die USA aus Afghanistan zurück?**

Präsident Obama wird kommende Nacht bekanntgeben, wann und wie sich die US-Militärs aus Afghanistan zurückziehen. Diese möchten den Rückzug hinauszögern, andere sagen, die Schuldenkrise erlaube solche Ausgaben nicht mehr

Der amerikanische demokratische Senator Joe **Manchin** sagte **gestern** im Kongress: "Charity begins at home. **We can no longer afford that we build Afghanistan and America. We must**

choose and I chose America. ... **Vital programs such as social security, Medicare as well as funding for schools, roads, health care, Veterans, seniors, infrastructure will be slashed.** But we will continue to spend billions building schools, roads, infrastructure in Afghanistan."

[Manchin vs. McCain on Afghanistan](#)

ABC News' Sunlen Miller reports: Sen. Joe **Manchin's** calls on the Senate floor this afternoon for a "significant reduction" of troops in Afghanistan drew a sharp rebuke and slapdown today from Republican Arizona Sen. John McCain, who said the freshman...

ABC News - Jun 21 04:46pm

[Manchin recommends Afghan troop withdrawal](#)

Sen. Joe **Manchin**, D-W.Va., related his concerns regarding government spending in Afghanistan during a telephone conference call with state media Tuesday and urged President Barack Obama to invest in building America.

The Register-Herald - Jun 21 09:14pm

[Manchin calls for Afghan troop reduction](#) - Charleston Daily Mail

[Manchin calls for drastic troop reduction in Afghanis...](#) - Charleston Daily Mail

[Manchin: Faster withdrawal needed](#) - Politico

[all 208 news articles...](#)

[Manchin: Time to focus on America](#)

President Barack Obama is scheduled to announce today his plan to decrease troops in Afghanistan. Meanwhile, U.S. Sen. Joe **Manchin**, D-W.Va., says it's time to refocus the war on terrorism and begin rebuilding America.

The Inter-Mountain - Jun 22 09:28am

[Manchin calls for withdrawal from Afghanistan](#) - The Charleston Gazette

[Manchin: End Afghanistan nation-building](#) - WVVA Bluefield

[W.Va.'s Manchin: end Afghanistan nation-building](#) - WVVA Bluefield

**[Conservative groups, lawmakers officially roll out Cut, Cap, Balance Pledge](#)** *Daily Caller – Wed Jun 22, 6:29 pm ET*

After days of hype, 47 conservative organizations and more than 20 members of Congress officially announced their support for the **"Cut, Cap, Balance Pledge"** during a press conference Wednesday afternoon on Capitol Hill. It was a **shining moment in the spotlight for the conservative movement.**

The lineup of lawmakers included Republican Orrin Hatch of Utah, Jim DeMint of South Carolina, Mike Lee of Utah, and Rand Paul of Kentucky. Reps. Jim Jordan of Ohio, Ron Paul of Texas, Joe Walsh of Illinois and Tom Graves of Georgia.

All emphasized the need to act now to the shape country's fiscal path in a way that will ensure a balanced budget and fiscal order. Colina Hanna, President of the group LetFreedomRing pushed that point, saying "This is beyond partisanship; this is beyond ideology. **This is truly about survival.**"



...

[Cantor pulls out of deficit talks](#) at Politico June 23

## Deficit talks in danger as Cantor bails

By: [David Rogers](#)

June 23, 2011 10:26 AM EDT

Republicans launched a concerted campaign Thursday to draw President Barack Obama more directly into deficit-reduction talks with **House Majority Leader Eric Cantor saying that he will no longer participate in White House talks until the president has personally resolved the divisive issue of taxes.**

Cantor's decision came as Senate Minority Leader Mitch McConnell (R-Ky.) delivered a broadside on the floor, also keyed to the tax issue and titled **"Where's the President?"**...



AP – FILE -- In this Monday, June 13, 2011 file photo, House Majority Leader Eric Cantor, R-Va., meets with ...  
– Thu Jun 23, 12:16 pm ET

New York – The House Majority Leader pulls out of negotiations with the White House, casting doubt on the government's ability to avoid defaulting on its debt

House Majority Leader Eric Cantor and [Sen Jon Kyl](#) (R-Ariz.) withdrew from budget and debt-ceiling negotiations with the White House on Thursday, marking a **"major turning point"** in the ongoing talks. Politicians have been wrangling over a package of spending cuts and, possibly, tax increases to go along with a hike in the nation's \$14.3 trillion debt ceiling. If America's legal borrowing limit isn't raised by early August, the country will default on its debt. Cantor says negotiators have reached an "impasse" on the issue of tax increases — and **has passed the responsibility for solving that problem to President Obama and Speaker John Boehner (R-Ohio).** But why, exactly, did Cantor ditch these debt talks? ([Watch an Bloomberg report about Cantor's decision.](#))

**Cantor is just looking out for himself:** The Virginia Republican "is putting personal power before country here, and in a very dangerous way," [says Ezra Klein in The Washington Post](#). **It's no coincidence that he "is fleeing the room now that the spending cuts have been chosen and the taxes have to be agreed to."** Cantor doesn't want to risk angering the Tea Party, and he doesn't want his "fingerprints" on any deal that raises taxes. ["Why Eric Cantor won't make the budget deal"](#)

**And trying to pin down Obama:** This move is about forcing "President Above-The-Fray" to engage in negotiations that have been led by Vice President Biden, [says Allahpundit at Hot Air](#). Obama will "be more reluctant than congressional Democrats" to insist on "broad tax hikes," because he's got the 2012 election looming. **Still, Cantor's walking away could backfire if no deal is reached. Obama could plausibly claim that a deal could have been sealed "if only those darned wingnuts would agree to raise taxes on rich people."**

### "Oh my: GOP pulls out of Biden's debt-ceiling talks"

**This is all just mind-boggling political theater:** Even if the Obama-Boehner meeting happens, Cantor's gambit raises lots of questions, [says Felix Salmon at Reuters](#). If Boehner gives in on taxes, "will Cantor and the rest of the House Republicans fall loyally in line and vote for such things?" **And if Boehner doesn't give in, whatever deficit-reduction plan gets done may not "have any credibility whatsoever in the markets," which know that "some kind of tax hikes" are needed.** Sadly, this is all just political "Kabuki" that "seems to benefit no one at all."

### Obama invites top senators for debt talks

*AP – Fri Jun 24, 12:34 pm ET*

Stepping directly into stalled debt talks, President Barack Obama is inviting Senate Majority Leader Harry Reid and Republican leader Mitch McConnell to separate meetings Monday, shifting the negotiations to the highest levels.

- [House rejects Obama's Libya policy](#) at Politico – Fri Jun 24, 12:22 pm ET
- [US lawmakers rebuke Obama over Libya](#)

*AFP – Fri Jun 24*

WASHINGTON (AFP) - The war-weary US House of Representatives on Friday delivered a harsh, symbolic rebuke to President Barack Obama over the conflict in Libya but beat back efforts to cut funds for direct US air strikes. [Full Story »](#)



Reuters/Lucas Jackson

### **NY gay marriages can begin as early as end of July**

AP – Sat Jun 25

After days of contentious negotiations and last-minute reversals by two Republican senators, New York became the sixth and largest state in the country to legalize gay marriage, breathing life into the national gay rights movement that had stalled over a nearly identical bill here two years ago.

### **Rep. Cuellar: Cantor's withdrawal from budget talks good for Democrats**

*The Daily Caller – Sun, Jun 26, 2011*

Democratic Texas Rep. Henry Cuellar, the vice chairman of the Democrats' Steering and Policy Committee, [told The Hill](#) that Majority Leader Eric Cantor's withdrawal from budget negotiations will help the Democrats politically.

Cuellar thinks Cantor's decision to remove himself from the talks creates the impression that **Republicans aren't interested in bipartisanship** or negotiation on raising the debt ceiling. Cantor, the Virginia Republican, withdrew on Thursday, saying he wouldn't participate in further negotiations unless increasing taxes was off the table. Democrats insist on ending tax breaks for corporations and raising taxes on wealthy Americans.

...



### **Obama confident debt deal can be struck**

WASHINGTON (Reuters) - President Barack Obama is confident Democrats and Republicans can cut a "significant deal" to trim the U.S. deficit and increase its borrowing limit to avoid a damaging default, the White House said on Monday

*Reuters via Yahoo! India News - Mon Jun 27 01:20pm*

### **In win for Obama, panel OKs US operation in Libya AP - Tue, Jun 28, 2011**

In a victory for President Barack Obama, a Senate panel voted Tuesday to approve U.S. participation in the military campaign against Libya and Moammar Gadhafi's forces.

## 110629 TA

### Schlimmstenfalls droht eine «Eiszeit» wie im Winter 2008

*Von Robert Mayer*

**Die Abgeordneten in Griechenland stellen heute die Weichen.** Die Welt bangt – auch vor einem neuen Lehman-Moment.

Um die Tragweite der heutigen Abstimmung im griechischen Parlament zu ermessen, ist es hilfreich, sich zwei Folgeszenarien vor Augen zu führen – ein positives und ein negatives, je nach Ausgang der parlamentarischen Ausmarchung. Abgestimmt wird in Athen über das 28 Milliarden Euro schwere Sparpaket der Regierung Papandreou, das Abstimmungsergebnis könnte jedoch weit über Europa hinaus widerhallen.

#### **Szenario 1: Sparpaket gebilligt**

Die Bedingung für die Überweisung der nächsten Kredittranche in der Höhe von 12 Milliarden Euro an Griechenland aus dem laufenden 110-Milliarden-Euro-Hilfsprogramm ist damit erfüllt. Anfang Juli werden erst die EU-Finanzminister und dann der Internationale Währungsfonds (IWF) die Auszahlung freigeben. Griechenland ist dann wieder «flüssig», bis im September eine neue Tranche zur Diskussion steht.

Der zeitliche Aufschub ermöglicht es den **Eurostaaten** ebenfalls, sich bis September über Höhe und Lastenverteilung eines **zweiten Hilfspakets** für die Griechen im Volumen von rund **100 Milliarden Euro** zu verständigen. Darin eingeschlossen ist auch ein Beitrag der **Privatgläubiger**: Sie erklären sich freiwillig bereit, ihre auslaufenden griechischen Staatsanleihen gegen neue Papiere einzutauschen, weil ihnen dafür ein Anreiz geboten wird. Beispielsweise, dass die neuen Titel mittels staatlicher Garantien oder eines bevorzugten Gläubigerstatus «aufgewertet» werden. **Mit dem zweiten Paket sind die griechischen Refinanzierungsbedürfnisse bis 2014 gedeckt.**

**Griechenland hat also in den nächsten drei Jahren die letzte Chance, seine Wirtschaft mit Reformen strukturell zu erneuern, den Staat und seinen Apparat zu verschlanken, die Privatisierung voranzubringen und ein effektives Steuer- und Abgabensystem einzuführen.** Nur auf einem solchen Fundament hat das Land in der **europäischen Währungsunion** auf Dauer eine wirtschaftliche **Überlebenschance**. Ob es darüber hinaus auch seinen gewaltigen Schuldenberg von rund 150 Prozent der jährlichen Wirtschaftsleistung allmählich abzutragen vermag, steht auf einem anderen Blatt. Der Mitte 2013 in Kraft tretende permanente Rettungsschirm der Eurostaaten, ESM, sieht für den Fall einer geordneten Umschuldung die «Mithaftung» der Privatgläubiger ausdrücklich vor.

Die neuen Sparanstrengungen Griechenlands und die damit verbundenen Hilfszusagen ermuntern auch **Irland** und **Portugal**, die mit EU und IWF vereinbarten Auflagen für deren Hilfspakete zu erfüllen. Die hohe Unsicherheit an den Finanzmärkten schwindet dadurch, was sich in einem höheren Eurokurs und sinkenden Risikoprämien respektive Renditen für Staatspapiere der Peripherieländer widerspiegelt.

#### **Szenario 2: Sparpaket gebodigt**

Da Griechenland die 12-Milliarden-Euro-Tranche nicht bekommt, geht dem Staat schon im

nächsten Monat das Geld aus. Der Moment der Wahrheit dürfte am 15. Juli sein, wenn Staatsschulden von 2,4 Milliarden Euro zur Rückzahlung anstehen. Kann das Land nicht zahlen, wird es von den Ratingagenturen für **insolvent** erklärt.

Falls die Europäische Zentralbank ihre Ankündigung wahr macht und **griechische Staatspapiere** mit «**Default**»-Status nicht als Sicherheiten für Kredite zulässt, steht der **griechische Finanzsektor** vor dem **Kollaps**: Wird diesem doch der letzte noch verbliebene Zugang zu Liquidität verbaut. Die schon beobachteten **Rückzüge von Kundeneinlagen** bei griechischen Banken könnten sich zu einem regelrechten **Run** auswachsen.

Von den **Schockwellen aus Griechenland** werden einerseits die **europäischen Finanzhäuser** erfasst, insbesondere jene mit grossen Engagements in der Ägäis. Zum andern setzt eine **Fluchtbewegung** der Investoren **aus** Anleihen von Staaten wie **Irland, Portugal, Spanien oder gar Italien und Belgien** ein, weil deren kurzund mittelfristige Bonität nun ebenfalls als gefährdet angesehen wird. Dies wiederum bringt noch mehr Banken in Bedrängnis: Sie sehen sich mit einem rapide steigenden Wertberichtigungsbedarf konfrontiert, der ihre finanziellen Möglichkeiten oft übersteigt.

Die Unsicherheit über den Gesundheitszustand der einzelnen Finanzinstitute führt – **wie nach der Lehman-Pleite** – zum **Einfrieren der Interbankmärkte**. Die Banken horten Liquidität und reduzieren ihre Kreditvergabe an andere Institute sowie an die Realwirtschaft. Für Letztere kommt der Schlag zu einem delikaten Zeitpunkt, mehren sich doch global die Zeichen für eine konjunkturelle Abkühlung. Die Unternehmen reagieren mit deutlichen Einschnitten bei den Investitionen. Wenn dann – wie im Herbst 2008 – auch der Privatkonsum weltweit einknickt, ist das Terrain für eine neuerliche scharfe Rezession bereitet.



[Greece passes austerity, but riots seize capital](#) AP - 41 mins ago

Greece fended off a bankruptcy that would have roiled global markets and threatened the future of the euro when lawmakers on Wednesday backed controversial austerity ...

YAHOO NEWS Jun 29

**Business News Headlines**





### **[Wall Street gains at open on Greece vote](#)**

NEW YORK (Reuters) - Stocks opened higher on Wednesday after Greece's parliament passed an unpopular austerity plan critical to avoiding a debt default. [More »Wall Street gains at open on Greece vote](#)

## Politics News Headlines



### **Raise taxes on wealthiest, Obama challenges GOP**

*The News Journal - Jun 29 10:40am*

In a blunt challenge to Republicans in Congress, President Barack Obama insisted Wednesday that limiting selected tax breaks for oil companies and the super-wealthy must be part of any deficit reduction plan. "That's not radical," he said at a White House news conference. He was quick to add that a bipartisan agreement is possible to cut deficits, raise the government's debt limit and avert a threatened financial crisis.

Republicans in Congress have been insistent in recent days that any deficit reduction be limited to spending cuts, including reductions in benefit programs such as Medicare and Medicaid, and exclude additional revenues.

But Obama said both parties must be prepared to "take on their sacred cows" as part of the deficit-reduction negotiations.

In his opening remarks, the president called on lawmakers to renew a payroll tax cut that took effect on Jan. 1, identifying it as one of several measures lawmakers could approve to help create jobs. He also urged passage of trade agreements with Panama, South Korea and Colombia, and an overhaul of the nation's patent laws.

Obama's last previous full-fledged news conference was in March. In the intervening months, the economic recovery has slowed, the president has announced a plan to begin withdrawing U.S. combat troops from Afghanistan and the administration has joined an international military coalition working to prevent the rout of rebels hoping to topple Libyan leader Moammar Gadhafi.

Above all loom the negotiations with Congress on deficit cuts demanded by Republicans as the price for supporting an increase in the nation's debt limit.

The president stepped to the podium not long after the **International Monetary Fund** publicly urged lawmakers to raise the debt limit, now \$14.3 trillion, and warned that failure

to do so could produce a spike in interest rates and "severe shock to the economy and world financial markets."

**It recommended a long-term strategy for reducing red ink, warning that cutting deficits too quickly could slow the weak recovery of the U.S. economy.**

The budget deficit is projected to reach a record \$1.4 trillion for the current fiscal year, which ends Sept. 30.

#### [Greece clears final hurdle to get bailout funds](#) AP - Thu Jun 30

Greece bought itself time to deal with its crippling debt crisis Thursday after lawmakers passed the second and final austerity bill essential for the release of crucial



**[Could Obama ignore Congress if they refuse to raise the debt ceiling? Yes, and he should, some experts ...](#)**

*The Ticket - Thu, Jun 30, 2011*

As both major parties debate their conditions for raising the nation's debt ceiling, some Senate Democrats and constitutional scholars are questioning whether the limit is constitutional in the first place.

**Delaware Sen. Chris Coons** told The Huffington Post this week that he's part of a group of lawmakers now examining whether, in the case that debt negotiations fail, the Treasury could

ignore Congress and continue paying its bills on time.

"This is an issue that's been raised in some private debate between senators as to whether in fact we *can* default, or whether that provision of the Constitution can be held up as preventing default," Coons told Huffington Post reporters Ryan Grim and Samuel Haass.

"[I]t's going to get a pretty strong second look as a way of saying, 'Is there some way to save us from ourselves?'"

Critics of the debt limit cite the Fourteenth Amendment to the Constitution, which states: "***the validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned.***" (Emphasis ours)

Of course, the Fourteenth Amendment is open to wide, and varying, interpretation and debate. The most basic question here is, does a limit on debt "question" the "validity" of the debt?

Legal scholar Garrett Epps, writing in The Atlantic in April, said that a case could easily be made for simply ignoring the congressionally mandated debt limit.

"This provision makes clear that both the monies our nation owes to bondholders, and the sums promised in legislation to those receiving pensions set by law from the federal government, must be paid regardless of the political whims of the current congressional majority," Epps wrote.

In essence, Epps argues that Obama should stand before Congress and say, *Tough luck--the Constitution says we can't default.* Epps argued that in the event that Congress does not act, Obama should (and could) instruct the Treasury Department to issue "binding debt instruments on the world market sufficient to cover all the current obligations of the United States government, even in default of Congressional action to meet those obligations."

President Obama's own views on the subject, however, are unclear. During his press conference Wednesday, Obama dodged a question about the debt limit's constitutionality, telling NBC's Chuck Todd: "I'm not a Supreme Court justice, so I'm not going to put my constitutional law professor hat on."

Obama understandably didn't want to show his cards by hashing out a plan for how he would act in the event Congress fails to raise the debt ceiling. But some observers have already outlined how he could--and still get away with it.

Writing in the Financial Times in April, Former Reagan adviser and Treasury official Bruce Bartlett said the Obama administration could justify ignoring Congress to ensure the nation pays its debts.

"The president would be justified in taking extreme actions to protect against a debt default. In the event that congressional irresponsibility makes default impossible to avoid, he should order the secretary of the Treasury to simply disregard the debt limit and sell whatever securities are necessary to raise cash to pay the nation's debts. They are protected by the full faith and credit of the United States and preventing default is no less justified than using American military power to protect against an armed invasion without a congressional declaration of war," Bartlett wrote. "Under those circumstances, when default is the only

possible alternative, I believe that the president and the Treasury secretary would be justified in taking extraordinary action to prevent it, even if it means violating the debt limit."

**However, if Obama were to follow that route, it's still unclear how the courts would rule.**

Grim and Saass point to the 1935 *Perry v. U.S Supreme Court* ruling, which determined that the language in the Fourteenth Amendment does apply to the national debt. What's more, they observe, according to the majority opinion on the case, no act of Congress can undermine promises of debt payment from the federal government.

"To say that the Congress may withdraw or ignore that pledge is to assume that the Constitution contemplates a vain promise; a pledge having no other sanction than the pleasure and convenience of the pledgor," wrote Chief Justice Charles Evans Hughes, who presided over the case.

Even with that precedent, however, the specific debt limit as we know it today has not yet seen its day in court. Should the White House's negotiations with Congress on the debt ceiling fail, it will be up to Obama to decide whether he wants to start that fight, which would no doubt require years-long court battles to settle.

**Obama says ending tax breaks required to cut deficit** *Reuters - Sat, Jul 2, 2011*

WASHINGTON (Reuters) - President Barack Obama pressed his case on Saturday for achieving deficit reduction, in part by ending tax breaks and singling out hedge fund managers, ... [More »Obama says ending tax breaks required to cut deficit](#)

WASHINGTON (Reuters) - President Barack Obama pressed his case on Saturday for achieving deficit reduction, in part by ending tax breaks and singling out hedge fund managers, oil companies and billionaires to take the hit.

Obama is locked in a dispute with Republicans over how to bring down the deficit as part of a deal to raise the debt ceiling and prevent Washington from default.

**Democrats insist that some tax increases be included in a deficit-cutting package.**

**Republicans say that would be bad for the economy.**

"Now, it would be nice if we could keep every tax break, but we can't afford them," Obama said in his weekly radio and Internet address.

"Because if we choose to keep those tax breaks for millionaires and billionaires, or for hedge fund managers and corporate jet owners, or for oil and gas companies pulling in huge profits without our help - then we'll have to make even deeper cuts somewhere else."

Obama listed a range of areas, some of which are considered top Democratic political priorities, that would face the chopping block if such tax breaks were allowed to continue.

"We've got to say to a **student**, 'You don't get a **college scholarship**.' We have to say to a **medical researcher**, 'You can't do that **cancer research**.' We might have to tell **seniors**, 'You have to **pay more for Medicare**,'" he said.

"That isn't right, and it isn't smart. We've got to cut the deficit, but we can do that while making investments in education, research and technology that actually create jobs."

**Senator Dan Coats, delivering the weekly Republican address, said reducing spending was the key.**

"The president and Democrats in Congress must recognize that their game plan is not working," he said. "It's time to acknowledge that **more government and higher taxes is not the answer to our problem**. It's time for bold action and a new plan to address our current crisis."

TIT FOR TAT

Treasury Secretary Timothy Geithner has warned of huge risks if Congress fails to raise the \$14.3 trillion debt ceiling by August 2, potentially triggering a default that could send shivers through an already-fragile banking system.

Obama said both sides agreed spending cuts were necessary and said he and Vice President Joe Biden had made progress in getting lawmakers to agree on areas to cut.

"Over the last few weeks, the vice president and I have gotten both parties to identify more than **\$1 trillion in spending cuts**," Obama said.

"But **after a decade in which Washington ran up the country's credit card**, we've got to find more savings to get out of the red. That means looking at every program and tax break in the budget - every single one - to find places to cut waste and save money."

Fears of a default, which could disrupt everything from debt payments to retirement benefits, rose after Republicans walked out of budget negotiations led Biden last week.

**Coats said Obama had to step up to get a deal done.**

"Now is the time for **decisive leadership** from this president," he said. "It's time to cast aside the **false safety of political denial and re-election hopes and put the future of our country above all else**."



# Debt ceiling: Game of chicken likely to result in deal

By [Jane Sasseen](#)

- Editor-in-Chief, Opinion and Politics

By [Jane Sasseen](#) | [Exclusive](#) – 7 hrs ago

By JANE SASSEEN

Yahoo! News - Tue Jul 5

Now what?

With less than a month to go before the debt ceiling must be raised or Uncle Sam risks running out of money to pay his bills, President Barack Obama and his Republican rivals in Congress have spent much of the past two weeks digging themselves ever deeper into seemingly irreconcilable positions over how to tackle the country's soaring deficit and rein in its massive debt.

As they circle each other warily—mostly through competing press conferences—all eyes are on Obama and Speaker of the House John Boehner (R-Ohio): will they be able to step up and cut a deal, where months of painstaking negotiations by Vice President Joseph Biden and various other Congressional delegations have failed?

On the surface, things hardly look promising. But think of what's underway in Washington now as a high-stakes game of "chicken" in which each is ratcheting up the pressure in hopes of forcing the other side to blink first.

*Beim Feiglingsspiel (engl. Chicken Game), Spiel mit dem Untergang, Hazard bzw. Angstphase handelt es sich um ein Problem aus der Spieltheorie. Dieses Spiel ist auch unter dem Namen Brinkmanship in der Literatur bekannt und kann als eine Ausprägung des Falke-Taube-Spiels[1] gesehen werden.*

*Es geht um das Szenario einer Mutprobe: Zwei Sportwagen fahren mit hoher Geschwindigkeit aufeinander zu. Wer ausweicht, beweist damit seine Angst und hat das Spiel verloren. Weicht keiner aus, haben beide Spieler zwar die Mutprobe bestanden, ziehen jedoch daraus keinen persönlichen Nutzen, weil sie durch den Zusammenprall ihr Leben verlieren. (<http://de.wikipedia.org/wiki/Feiglingsspiel>)*

"This is the natural gamesmanship you end up with in a highly-polarized political system in which neither side trusts each other or is willing to seriously compromise," says Larry Sabato, the director of the Center for Politics at the University of Virginia.

Yet even as the rhetoric heats up, Sabato—like most observers—believes the odds are high that Obama and Boehner will pull off a deal, if only because neither wants to face the economic consequences and market fallout of refusing to come to terms.

"The dangers are just too great if they don't," he says.

Publicly, the two parties remain far apart on the size and scope of spending cuts and tax revenues needed. Much of what's going on, however, amounts to political posturing, the inevitable maneuvering that comes as each side seeks advantage as the end game in the debt

talks approaches.

Administration officials say they must pass legislation by **Aug. 2** to raise the debt ceiling from its current level of \$14.3 trillion or the government will be unable to meet its obligations. To get a bill to the president's desk by that date, they add, both sides must agree to the outlines of a deal by **July 22**. With time running out, Democratic leaders in the Senate cancelled their traditional break for the Fourth of July and called their members back to Washington on Tuesday to try to pound out a deal

But work in the Senate, where the Democrats hold a majority, will only go so far. The ultimate deal will have to be cut with Republicans who control the House of Representatives. And Boehner insists House Republicans won't agree to boost the debt ceiling without a plan to whack spending of some \$2.4 trillion from the deficit. While the administration has offered up roughly \$1 billion in cuts from domestic programs ranging from farm subsidies to college aid, the GOP continues to push hard for even steeper reductions in entitlements and other spending.

Obama and the Democrats are resisting cuts to popular programs such as Social Security and Medicare, and don't see why taxes on high-end earners or profitable companies shouldn't go up as part of the deficit-cutting efforts. They want to raise roughly \$400 billion by ending tax breaks for wealthy individuals, as well as for oil companies, hedge funds and companies that use private jets. They also want to see more of the spending trimmed from the defense budget, rather than domestic programs.

If Boehner and other Republican leaders have had one mantra in recent weeks, however, it's that they won't accept any deal that contains a tax hike—and they forced a collapse in negotiations 12 days ago rather than go along with the Democrat's demands to boost tax revenues.

**Rather than backing down, however, Obama has upped the ante.** In a nationally televised press conference last Wednesday, the president was equally adamant that shrinking the deficit can't be done through spending cuts alone. **In a transparent bid to boost political pressure on Boehner, he tore into the GOP's priorities, arguing that their refusal to end unnecessary tax breaks would force cuts in such things as health care for the elderly, food safety and college scholarships.**

"I've said to Republican leaders, 'You go talk to your constituents and ask them, 'Are you willing to compromise your kids' safety so some corporate jet owner can get a tax break?'," the president said.

**Both Obama and Boehner need to take maximalist positions in order to show their constituents how hard they are fighting for their priorities before they cut a deal.**

"Neither side can cave in now, so this will go all the way up to late July or into August," says Anne Mathias, who follows budget and tax issues for the Washington Research Group. "Both sides need to continue to look entrenched for awhile."

So what might a deal ultimately look like? Much depends, of course, on which side caves first, and farthest. But behind the noisy squabbling, the potential outlines are already starting to become clear.

Through nearly two months of negotiations led by Biden, **Republicans had insisted that large cuts in defense spending remain off-limits.** Yet in recent days, *The Washington Post* reports, they have **signaled a willingness to whittle back the military's budget.** Many of new House members elected last fall, fervent in their desire to go after waste and inefficiency, no longer view the military budget as untouchable.

"When we say everything is on the table, that's what we mean," Majority Whip Kevin McCarthy (R-Calif.), the No. 3 leader in the House, told the *Post*.

More cuts are also under consideration, including limits on spending for Medicare and changes that would leave federal employees with smaller pensions. And proposed revisions in how annual inflation adjustments are calculated could trim \$300 billion from Social Security and other payments.

After all that, if Congress still can't come up with enough to shave \$2.4 trillion out of the deficit, there's growing talk of a **more draconian alternative: mandatory spending caps under which Congress would essentially vote to forcibly restrain itself.**

Proposals are now floating around Congress that would lead to **automatic spending cuts and set maximum limits on overall spending.** In one proposed bill, **spending would automatically drop from the current 24.7% of gross domestic product to 20.6% over a decade; if Congress couldn't agree on enough cuts, an automatic trigger would kick in and force nearly across-the-board cuts.**

"It will be too politically difficult for Congress to agree on \$2 trillion in cuts without tax hikes or entitlement reforms, so they will develop caps and triggers as an alternative," says Greg Valliere, chief political strategist for the Potomac Research Group. "That will get them off the hook—if their constituents get upset with the cutbacks, they can say 'the triggers made me do it'."

**And while GOP leaders continue to tiptoe gingerly around the issue, they are starting to consider whittling back some tax breaks. Sen. John McCain (R-Ariz.) conceded on Sunday that the final deal might include some "revenue raisers."** That could mean an end to long criticized subsidies for ethanol, along with agricultural supports. **Some tax breaks for oil and gas producers could also end up on the chopping block.**

"There's no way imaginable Republicans will go along with increasing tax rates," says the University of Virginia's Sabato. "But closing tax loopholes? There's plenty they could do."

Ultimately, **a deal will likely include a small amount of new revenues, limited cuts in entitlements like Social Security and Medicare, a modest Pentagon haircut, deep cuts to discretionary domestic spending—and the mandatory triggers if spending doesn't drop significantly as a percentage of GDP.**

While a deal remains possible by early August, a final resolution could get pushed back until the fall or even later. One possibility, as **suggested by former President Bill Clinton over the weekend, is a "mini-deal" in which the two sides move ahead with the cuts already agreed upon, raise the debt ceiling and keep negotiating for a broader package.**

"I hope they will make a mini-deal," Clinton said in an interview at the Aspen Ideas Festival, in which he argued that Obama should not "blink" as the talks go down to the wire. **"There**

are some spending cuts they agree on... and (the President) can take those and (get) an extension of the debt ceiling for six or eight months."

And despite the doomsday talk of default come August, Valliere argues that such a scenario remains unlikely. Instead, Treasury Secretary Timothy Geithner will juggle funds to pay Uncle Sam's most important bills first. The Chinese and other foreign holders of U.S. Treasury bonds will get paid, as will U.S. investors.

As the negotiations get down to the wire, don't be surprised if Geithner warns that he won't be able to pay **Social Security recipients**, **U.S. soldiers** or others who depend on Uncle Sam. While such a threat would increase the pressure on the GOP to cut a deal, that, too, is highly unlikely. They **will get their checks** as well.

For much of the rest of the government, however, the picture looks different. If the Treasury can't continue to borrow after Aug. 2, it could be face at least a partial shutdown. "Geithner wouldn't have enough to keep most of the government running, so a de facto shutdown, not default, seems the greater risk," says Valliere.

The only certainty: the negotiations—and the gamesmanship—will get very, very messy between now and then.

*Jane Sasseen is the editor-in-chief of politics and opinion at Yahoo! News.*

110706

<http://images1.dailykos.com/i/user/121704/hypnojobs720.png>

Jen Sorenson 7/06/11

**SUPREME COURT FRAUD EXPECTATION IN ORDER TO GIVE SUPPORT TO THE POSITION OF THE ALTER EGO AND EVADE A VIOLENT FREE RATIONAL DISCOURSE ON DEFICIT AND TAXES.**



110707

### News of the World phone hacking: Rupert Murdoch's 'links to criminal underworld'

The former Scotland Yard chief (pictured) has revealed that police officers were paid up to £30,000 for information by journalists in 'clandestine' money drops.

Daily Mail - Jul 07 06:33am

### News of the World tabloid to shut down in wake of phone hacking scandal

Associated Press Thursday, **July 7, 2011** LONDON — News International announced Thursday it is shutting down the News of the World, the best-selling tabloid at the center of Britain's phone hacking scandal. James **Murdoch**, who heads European operations for the paper's parent company, said the 168-year-old weekly newspaper would publish its last edition Sunday. The scandal has cost the Sunday-only ...



**St. Petersburg Times - Jul 07 10:38am**

### **BSkyB Bid Faces Growing Public Opposition**

News Corp.'s proposed takeover of British Sky Broadcasting Group Plc has drawn more than 125,000 messages of objection a day before a public consultation ends, potentially delaying final approval by the U.K. government.

**BusinessWeek - Jul 07 05:30am**

### **News of the World Shuts Down Amidst Phone Hacking Scandal**

After a series of damaging phone hacking allegations this week, News Corp. has decided to shutter the UK tabloid News of the World, The Guardian first reported. This Sunday will be the final issue. **Rupert Murdoch's** son and News Corp. deputy chief operating officer James **Murdoch** has issued this statement (reposted in full below): Having consulted senior colleagues, I have decided that we must ...

**The Atlantic Wire - Jul 07 09:07am**

110708

## **World News Headlines**



**Berlusconi says he will not seek new term**



## Berlusconi says he will not seek new term



By Stephen Jewkes in Milan | Reuters – Fri Jul 8

ROME (Reuters) - Italian Prime Minister Silvio Berlusconi said he would not run again when his term expires in 2013 and nominated Justice Minister Angelino Alfano as his successor to lead the center right into the next election.

...

- UACs in Bedrängnis, Ende von furcht- und skrupellosen Tätergemeinschaften, wie murdoch-cameron-englische bevölkerung

## Amid scandal, Murdoch kills off News of the World AP - Fri Jul 8

The Murdoch media empire unexpectedly jettisoned the News of the World Thursday after a public backlash over the illegal guerrilla tactics it used to expose the rich, the famous and the royal and remain Britain's best-selling Sunday newspaper.



AP Associated Press

Fri Jul 8

Rebekah Brooks, chief executive of News International is driven away from offices of News International in London, Thursday, July 7, 2011. News International announced Thursday it is shutting down the News of the World, the best-selling Sunday tabloid at the center of Britain's phone hacking scandal. James Murdoch, who heads European operations for the paper's parent company, said the 168-year-old weekly newspaper would publish its last edition Sunday. The scandal has cost the Sunday-only paper prestige and prompted dozens of companies to pull their ads. (AP Photo/Matt Dunham)



**AP** Associated Press

Fri Jul 8

**James Murdoch, Chairman and Chief Executive of News Corporation, Europe and Asia is driven away from the offices of News International in London, Thursday, July 7, 2011. News International announced Thursday it is shutting down the News of the World, the best-selling tabloid at the center of Britain's phone hacking scandal. James Murdoch, who heads European operations for the paper's parent company, said the 168-year-old weekly newspaper would publish its last edition Sunday. The scandal has cost the Sunday-only paper prestige and prompted dozens of companies to pull their ads. (AP Photo/Matt Dunham)**

## Amid scandal, Murdoch kills off News of the World



By JILL LAWLESS - Associated Press, ROBERT BARR - Associated Press |  
AP – Fri Jul 8

LONDON (AP) — The Murdoch media empire unexpectedly jettisoned the News of the World Thursday after a public backlash over the illegal guerrilla tactics it used to expose the rich, the famous and the royal and remain Britain's best-selling Sunday newspaper.

The abrupt decision stunned the paper's staff of 200, shocked the world's most competitive news town and ignited speculation that Rupert Murdoch's News Corp. plans to rebrand the tabloid under a new name in a bid to prevent a phone-hacking scandal from wrecking its bid for a far more lucrative television deal.

"This Sunday will be the last issue of the News of the World," James Murdoch, son of the media magnate, announced in a memo to staff.

Mushrooming allegations of immoral and criminal behavior at the paper — including bribing police officers for information, hacking into the voice mail of murdered schoolgirls' families and targeting the phones of the relatives of soldiers killed in Afghanistan and the victims of the London transit attacks — cast a dark cloud over News Corp.'s multibillion-dollar plan to take full ownership of British Sky Broadcasting, an operation far more valuable than all of Murdoch's British newspapers.

Faced with growing public outrage, political condemnation and fleeing advertisers, Murdoch stopped the presses on the 168-year-old newspaper, whose lurid scoops have ranged from Sarah Ferguson's claims she could provide access to ex-husband Prince Andrew to motor racing chief Max Mosley's penchant for sadomasochism.

James Murdoch said all revenue from the final issue, which will carry no ads, would go to "good causes." The paper has been hemorrhaging advertisers since the phone hacking scandal escalated this week, with companies including automakers Ford and Vauxhall, grocery chain J. Sainsbury and pharmacy chain Boots pulling ads from the paper.

Police say they are examining 4,000 names of people who may have been targeted by the tabloid, which sells about 2.7 million copies a week.

The paper has acknowledged hacking into the messages of politicians, celebrities and royal aides, but maintained for years the transgressions were confined to a few rogue staff. A reporter and a private investigator working for the paper were jailed for hacking in 2007.

But in recent days the allegations have expanded to take in the phone messages of 13-year-old Milly Dowler, who disappeared in 2002 and was later found murdered, as well as the families of two other missing schoolgirls.

James Murdoch said if the allegations were true, "it was inhuman and has no place in our company."

"Wrongdoers turned a good newsroom bad," he said, "and this was not fully understood or

adequately pursued."

"While we may never be able to make up for distress that has been caused, the right thing to do is for every penny of the circulation revenue we receive this weekend to go to organizations — many of whom are long-term friends and partners — that improve life in Britain and are devoted to treating others with dignity," he said.

The announcement sent shock waves across the British media establishment, and among News of the World staff. Features editor Jules Stenson said the news was met with gasps and some tears.

"No one had any inkling," he told reporters outside the company's London headquarters. "There was no lynch mob mentality, there was just a very shocked acceptance of the decision."

Some suspected shutting the paper was a ploy to salvage Murdoch's British media empire as well as the job of Rebekah Brooks, the trusted chief executive of his British news operation.

"News Corp. has taken a bold decision to stop printing the News of the World and close the title. Mr. Murdoch was clearly not willing to jeopardize his bid for BSkyB," said markets analyst Louise Cooper of BGC Partners in London. "Murdoch has shown what a brilliant operator he really is."

Graham Foulkes, whose 22-year-old son David was one of the 52 people killed in the 2005 London transit bombings — and who suspects his phone may have been hacked — said the paper's closure was "a cynical decision" by Murdoch.

"The only language (Rupert) Murdoch speaks is the dollar and this must have hit him hard," Foulkes said.

The 43-year-old Brooks, editor of News of the World at the time of the eavesdropping allegations, has maintained she did not know about it. James Murdoch said he was "satisfied she neither had knowledge of nor directed" the phone hacking.

News International spokeswoman Daisy Dunlop denied rumors that The Sun, the News of the World's sister paper that publishes Monday through Saturday, would now become a seven-day operation. Still, she seemed to leave room for further developments.

"It's not true at the moment," she said.

According to online records, an unnamed U.K. individual on Tuesday bought up the rights to the domain name "sunonsunday.co.uk."

Former Deputy Prime Minister John Prescott, one of the tabloid's alleged hacking victims, said closing the paper would not resolve the problems at News International.

"Cutting off the arm doesn't mean to say you've solved it," he said. "There is still the body and the head and the same culture and that's why there has to be a public inquiry into it. I cannot accept for a moment that at the top of the company, Mr. Murdoch — and certainly Rebekah Brooks — didn't know what was going on."

But Charlie Beckett, director of the POLIS media institute at the London School of Economics, said it was a bold move aimed at resolving a situation that had got out of control.

"This is a fantastically brave move to try and cleanse everything and put a stop to it," Beckett said.

The long-running hacking saga exploded Monday with the revelation that the News of the World had hacked into Milly Dowler's voice mail soon after her 2002 disappearance and deleted some messages, giving her parents and police false hope the girl was still alive and hampering their investigation. Her body was discovered months later.

Later, newspapers alleged the tabloid obtained the phone numbers of relatives of people killed in the July 7, 2005, terrorist attacks on London's transit system, as well as those tied to two more slain schoolgirls and the families of soldiers killed in Afghanistan.

What many saw as an acceptable, if illegal, tactic used to gather scoops on drug-using celebrities, philandering politicians or cheating star athletes suddenly became completely unacceptable when missing children and grieving families were targeted.

There is so far no evidence the soldiers' and bomb victims' families' phones were hacked or that the newspaper did anything illegal in obtaining their numbers. Nonetheless, a storm of outrage followed.

The scandal has come uncomfortably close to Prime Minister David Cameron, who, like predecessors Gordon Brown and Tony Blair, courted the powerful Murdoch empire whose endorsement is considered capable of swinging elections.

Cameron is friendly with Brooks, and even appointed a former News of the World editor, Andy Coulson, to be his communications chief. Coulson resigned from the paper after its former royal editor Clive Goodman and private investigator Glenn Mulcaire were jailed for hacking into voice mail messages in 2007, but has always insisted he knew nothing of the eavesdropping.

In January, as the hacking allegations widened, Coulson resigned from 10 Downing St.

The Guardian newspaper and the BBC's "Newsnight" program reported late Thursday that Coulson had been told by police that he would be arrested Friday and questioned about hacking. Several News of the World journalists have already been arrested and quizzed over the allegations, but Coulson would be by far the most senior. No one has been charged since the two convictions in 2007.

Police declined to comment on the reports.

This week Cameron spoke out against the culture of hacking at the paper, calling for public inquiries into the News of the World's behavior as well as into the failure of the original London police inquiry to uncover the extent of the hacking.

"We are no longer talking here about politicians and celebrities, we are talking about murder victims, potentially terrorist victims, having their phones hacked into," Cameron said during an emergency debate Wednesday in the House of Commons.

The Metropolitan Police force is also facing an inquiry by the police watchdog over claims its officers took money from the News of the World in exchange for information. The original police investigation into phone hacking, shelved after Goodman and Mulcaire were jailed, was reopened earlier this year.

Metropolitan Police Commissioner Paul Stephenson said he was "determined" to see any officers who received payoffs from journalists facing criminal conviction.

Brian Paddick, a former senior police commander, told the BBC one journalist paid \$50,000 (30,000 pounds) for police information and others paid cash in envelopes handed over at a drive-thru fast food restaurant near the News International headquarters.

Some payoffs were "jeopardizing serious criminal investigations by giving out confidential information that could be useful to criminals," Paddick said.

Rupert Murdoch — a global media titan with newspaper, television, movie and book publishing interests in the United States, Britain, Australia and elsewhere — is seeking to buy full control of broadcaster BSkyB, in which he owns a 39 percent share.

His British arm of News Corp. was within reach of gaining the British government's approval to make a bid for BSkyB when the scandal exploded, emboldening rivals and critics, who called on the government to block the takeover.

As the week went on, BSkyB's share price sank, reflecting market anxieties there might be no takeover bid. On Thursday they were down 1.8 percent on the London Stock Exchange.

Shares in News Corp., however, were up 1.6 percent after Thursday's announcement, at \$18.22 on the Nasdaq index in New York, although they have fallen from above \$18.50 since Tuesday.

Cameron's Conservative-led government had insisted the News of the World scandal had nothing to do with a pure competition decision, and News Corp. had offered to spin off Sky News as an independent company to allay concerns it would have a too-dominant position in the British news market.

Rupert Murdoch refused to discuss the situation Thursday.

"I'm not making any comments," he said when ambushed by reporters at a conference in Sun Valley, Idaho.



## Politics News Headlines



*Obama calls meeting with leaders 'constructive'*

## Obama calls meeting with leaders 'constructive'



By ANDREW TAYLOR - Associated Press, JIM KUHNHENN - Associated Press | AP – 14 hrs ago

WASHINGTON (AP) — Deadline approaching, President Barack Obama said he and congressional leaders worked through a "very constructive" debt-crisis session Thursday with congressional leaders but the parties were still far apart on deficit reduction proposals. He said he would reconvene the negotiators on Sunday.

Thursday's meeting came amid signals that the White House was willing to reduce costs for major benefit programs including Social Security and Medicare, while **Republicans indicated they might consider new steps to generate government revenue.**

"People were frank," Obama said, just moments after adjourning the one-and-a-half hour meeting with the eight lawmakers who make up the bipartisan leadership of Congress.

**Obama acknowledged that the ultimate agreement will not satisfy partisans on both sides, but he said the deal would require both Republican and Democratic votes to pass Congress.**

**"Everyone acknowledged that pain will be involved politically on all sides," he said.**

Obama met with the leaders of both parties around a table in the White House Cabinet Room as they struggled to reach a deal on raising the government's debt limit with less than four weeks remaining before a possible first-ever default on U.S. financial obligations. The Obama administration says the government needs to raise the current \$14.3 trillion debt limit by Aug. 2.

Obama said every congressional leader in the White House meeting Thursday agreed an agreement needed to be reached before Aug. 2.

Returning to the Capitol after the meeting, House Speaker John Boehner said: "We had a conversation. It was productive."

While discussions on trimming the costs of entitlement programs had centered on Medicare, the health care program for older Americans, the White House is revisiting a proposal raised earlier in the negotiations to change the inflation measurement used to calculate Social Security cost-of-living adjustments, thus reducing annual increases, officials said Thursday.

**The White House has also said the president is aiming for deficit reduction closer to \$4 trillion over 10 years** — an ambitious number that would nearly double the roughly \$2 trillion that had been at the center of negotiations.

Democratic and Republican officials familiar with the discussions said Thursday that Social Security was in the mix for potential cost savings. **Reintroducing the retirement program to the talks is likely to cause anxiety among congressional Democrats** who have insisted that Social Security does not contribute to the nation's deficit problems. White House spokesman Jay Carney said the same after Obama spoke.

The officials spoke on the condition of anonymity because of the sensitivity of the talks. They stressed that no aspect of the deal had been accepted by either side.

Obama ignored a question about Social Security during a photo session at the beginning of the meeting. Carney also declined to discuss options before the negotiators.

Liberal groups objected to including Social Security in the talks, and the idea drew mixed reactions from congressional Democrats.

Rep. Rob Andrews, D-N.J., said he would like to know who would be affected by a lower cost-of-living increase and when.

"That's something we ought to consider," he added. "I'd want to see the specifics, but I think it's a plausible and reasonable idea."

But Rep. Jan Schakowsky, D-Ill., said she would "absolutely" vote against any package that included savings in Social Security spending. "Social Security has zero to do with the deficit. Nothing. It is a completely separate discussion," she said.

She said she opposed "the very idea of having these essential programs on the table, being forced to put them on the table by Republicans who want to protect the wealth of the wealthiest Americans."

One official familiar with the negotiations said that an option under discussion would allow Republicans to make a commitment to overhaul and simplify the tax system, an effort that would lower individual and corporate tax rates while closing loopholes, ending some deductions and limiting other tax subsidies. Those changes could generate tax revenue and were a central element of a deficit reduction plan proposed by a bipartisan commission early this year.

Some Republicans argue that a simplified tax system would increase economic activity and that in itself would result in increased tax revenue.

Amid media reports Thursday of Social Security's inclusion in the debt-cutting talks, Obama spokesman Carney pushed back.

"There is no news here — the president has always said that while Social Security is not a major driver of the deficit, we do need to strengthen the program," Carney said, providing that any such effort "doesn't slash benefits." His statement did not directly address the possibility of reducing annual Social Security increases by changing the inflation adjustments.

Later, while briefing reporters, Carney added: "We have not put restrictions on what is brought into the room or put on the table."

Two Democratic officials allied with Obama said the president believes it would be easier to win bipartisan support in the House and Senate for a deal that embraces larger deficit cuts closer to the \$4 trillion over 12 years that Obama proposed in April.

The officials, speaking on the condition of anonymity to discuss the private negotiations more freely, said the precise number was still in flux, but they said Obama would be making

the case for more rather than less deficit reduction in his discussions with congressional leaders Thursday. The negotiations were the first official sit-down since last month, when House Majority Leader Eric Cantor, R-Va., left talks that had been led by Vice President Joe Biden, citing an insistence by Democrats on raising taxes.



## Lousy jobs number complicates debt deal for both Obama and GOP

By [Jim Tankersley](#)  
[National Journal](#) – Fri, Jul 8, 2011

June's **woefully underwhelming increase in jobs** is a climactic twist in the negotiations between President Obama and congressional Republicans over federal borrowing, government debt and America's economic future.

Best-case scenario, it's a Michael Bay twist: dramatic, explosive, but it all works out in the end.

Worst case, we're looking at M. Night Shyamalan: quite jarring, and potentially very scary.

The Labor Department's report Friday morning that the economy added just 18,000 net jobs last month, or roughly six figures below the consensus forecast from economic analysts, **immediately hardened conservatives' and liberals' beliefs about why the recovery continues to sputter and what it needs to kick into gear.** That **hardening**, and the political pressure that will **ratchet up** along with it, is the unwelcome twist in the endgame negotiations over raising the federal debt ceiling.

- **das ist der backlash nach murdoch und republ. beginn/versuch des einlenkens, der ja schon mehrmals nicht geklappt hatte.**
- **growth panic our alter ego oh, my, armageddon might not come**

Whether his economic advisers acknowledge it or not, Obama now must confront new and persuasive evidence that he has, once again, overestimated the strength of the recovery. The White House has said for months that the economy was past the point of needing more help from the government, even as gas prices rose and sapped consumer spending, and Japan's earthquake disrupted global trade. The president has mimicked Republicans in calling for

government belt-tightening, even as the public sector steadily sheds jobs, including 39,000 more in June.

On Friday, liberals more or less revolted against that philosophy. **The June jobs report "demonstrates austerity is killing the recovery,"** the Campaign for America's Future said in a press release. Economic Policy Institute economist Heidi Schierholz warned that the labor market is in "full retreat" and said Obama and Congress "need to stop talking about deficit reduction and start talking about job creation."

For Obama, that adds up to a lot of pressure to get more money, now, into consumers' hands as part of a debt-ceiling deal, possibly in the form of a deeper cut in payroll taxes. Which is to say, at a time when the president has steadily moved toward Republicans at the bargaining table, he might need to throw down a few new demands of his own.

The twist might be even more dramatic for House Speaker **John Boehner**, who is spearheading GOP negotiations on the debt ceiling and demanding trillions of dollars in spending cuts along with increased borrowing authority.

Boehner greeted the jobs report with a now-stock response, calling it evidence that "the misguided 'stimulus' spending binge, excessive regulations, and an overwhelming national debt continue to hold back private-sector job creation in our country." Other conservatives were harsher: **Bill Wilson, president of Americans for Limited Government**, said it was "time for this president to end his love affair with trillion-and-a-half-dollar deficits and higher taxes on those who produce jobs."

The pressure is now certainly rising on Boehner not to cut a deal, any deal, with Obama that gives an inch of ground on federal spending. There are two reasons for that. The first is that weak jobs numbers appear to weaken Obama's hand at the table. If the economy already looks terrible, Republicans might conclude, how much could the president really blame the GOP if negotiations fail, the government defaults, and markets tank?

The second explanation is entirely political. Once Boehner cuts a debt-ceiling deal - unless it's a very short-term one - the Republican Party loses some of its best cudgels for battering the president on the economy. **Working together, Republicans and the president will have reduced uncertainty over federal debt levels and cut government spending.** What would Republicans' "Where are the Jobs?" press releases say next month, in that case?

A U.S. default, or a drastic and immediate cut in spending to avert one next month, would give this recovery a very unhappy ending. Most analysts say America would risk falling back into recession. Avoiding that scenario just got more difficult. **Let's just hope this isn't The Sixth Sense all over again, and we're not dead already.**

110709

TA Jul 09



## Die Red-Top-Presse steht am Pranger

*An diesem Wochenende erscheint die Londoner «News of the World» nach 168 Jahren zum letzten Mal. Der britische Boulevardjournalismus steckt in seiner bisher tiefsten Krise. Von Peter Nonnenmacher, London*

...

Selbst der Chefredaktor der bedächtigen «Times» äusserte sich zuletzt besorgt über die illegalen Aktionen in anderen Abteilungen des Hauses. Leider, meinte James Harding, hätten die «News of the World»-Kollegen «eine Grenze überschritten». Für die BBC, Londons Anstalt des öffentlichen Rechts, stellte sich die Frage noch etwas schärfer:

«**Vielleicht ist ja die kompromisslose, aggressive, rücksichtslose Kultur, die in unserem Land seit so vielen Jahrzehnten den populären Journalismus angetrieben hat, endgültig an ihrem Ende angekommen.**» Für «News of the World» war es jedenfalls das Ende. Das Überschreiten dieser Grenze kostete dem meistgelesenen Boulevard-Blatt seine Zukunft.

- **Gund für backlash**

## Die Winkelzüge der Familie Murdoch

*Von Peter Nonnenmacher, London*

Offenbar war das Ende von «News of the World» schon lange geplant gewesen. Für James Murdoch, den Sohn des Medientycoons Rupert, sind Zeitungen nur Ballast....

### **BSkyB-Deal gefährdet**

Schon um sich den zentralen BSkyBDeal zu sichern, meint Goodall, hätten die Murdochs das Massenblatt fallen lassen. Nun gefährdet aber der Skandal den Deal. News International und BSkyB, erlitten gestern den Aktieneinbruch, nachdem die Londoner Medienaufsichtsbehörde Ofcom erklärte, **es sei ihre Pflicht zu überprüfen, ob ein Verleger «geeignet» sei für die Führung eines bestimmten Unternehmens.**

Kulturminister Jeremy Hunt verkündete nach Eingang von 150 000 Protestäusserungen gegen Murdochs Übernahme von BSkyB, so schnell lasse sich die Genehmigung nun nicht erteilen. Die Wahrscheinlichkeit, dass der Deal demnächst noch zustande komme, meint Alex DeGroote, betrage «jetzt wohl kaum mehr als 50 Prozent». Der Rummel um «News of the World» werfe an diesem Wochenende seine Schatten aufs ganze Empire der Familie Murdoch.

- **könnte ein wichtiges ereignis sein bezüglich der stabilisierung gesellschaftlicher strukturen, ob murdoch BSkyB übernehmen kann.**

- **Moody's sounds alarm over U.S. debt limit and deficits** *Reuters – Thu Jun 2, 5:17 am ET*

### Moody's sounds alarm over U.S. debt limit and deficits

By Daniel Bases and Donna Smith Daniel Bases And Donna Smith 2 hrs 30 mins ago

NEW YORK/WASHINGTON (Reuters) – Ratings agency Moody's warned on Thursday it would consider **cutting the United States' coveted top-notch credit rating** if the White House and Congress do not make progress **by mid-July** in talks to **raise the debt limit**.

### Anti-tax diehard looms large in spending showdown *AP - Mon, Jul 4, 2011*

WASHINGTON (AP) — Without a bipartisan agreement this summer to reduce the federal deficit and raise the debt limit, the economy could suffer a horrendous blow, leaders of both parties say. If that happens, some will point fingers at a bearded, slightly disheveled man who's barely known outside political circles in Washington.

For two decades, **Grover Norquist** has been the driving force in pushing the Republican Party toward an ever-more rigid position of opposing any tax increase, of any kind, at any time. He has been so successful that some GOP officials fear they've let Norquist squeeze them into a corner where they'll be unable to declare victory even if they win the great majority of their budget demands in negotiations with congressional Democrats and President Barack Obama.

...

Republican lawmakers scoff at the notion that killing a \$3 billion tax break for small jets would make a dent in the \$14 trillion debt. But they have complicated their ability to parry the Democrats on such matters by signing the famous anti-tax **"pledge" of Americans for Tax Reform**, which Norquist heads.

All but a handful of House and Senate Republicans have signed it. By doing so, they vow to **oppose any effort to increase marginal income tax rates and "any net reduction or elimination of deductions and credits, unless matched dollar for dollar by further reducing tax rates."**

**In other words, even a "temporary" tax cut cannot be undone. Even a tax break that seems to have lost its purpose, when economic conditions change, cannot be touched unless it is offset elsewhere.**

Some Senate Republicans have grown weary of Norquist's strict interpretation of the pledge, and a mini-revolt occurred in mid-June.

**Thirty-four of the Senate's 47 Republicans voted to end a tax break for ethanol production**, which has come under political fire in recent years. Norquist strongly opposed the move, and denounced its leader, conservative Sen. Tom Coburn, R-Okla.

**Coburn, who says some revenue increases must join deep spending cuts to reduce the deficit, claimed a turning point.**

...