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The World as He Finds It

By PAUL KRUGMAN

On Wednesday David Axelrod, President Obama’s top political adviser, appeared to signal that the White House was ready to cave on tax cuts — to give in to Republican demands that tax cuts be extended for the wealthy as well as the middle class. “We have to deal with the world as we find it,” he declared.

The White House then tried to walk back what Mr. Axelrod had said. But it was a telling remark, in more ways than one.

The obvious point is the contrast between the administration’s current whipped-dog demeanor and Mr. Obama’s soaring rhetoric as a candidate. How did we get from “We are the ones we’ve been waiting for” to here?

But the bitter irony goes deeper than that: the main reason Mr. Obama finds himself in this situation is that two years ago he was not, in fact, prepared to deal with the world as he was going to find it. And it seems as if he still isn’t.

In retrospect, the roots of current Democratic despond go all the way back to the way Mr. Obama ran for president. Again and again, he defined America’s problem as one of process, not substance — we were in trouble not because we had been governed by people with the wrong ideas, but because

partisan divisions and politics as usual had prevented men and women of good will from coming together to solve our problems. And he promised to transcend those partisan divisions.

This promise of transcendence may have been good general election politics, although even that is questionable: people forget how close the presidential race was at the beginning of September 2008, how worried Democrats were until Sarah Palin and Lehman Brothers pushed them over the hump. But the real question was whether Mr. Obama could change his tune when he ran into the partisan firestorm everyone who remembered the 1990s knew was coming. He could do uplift — but could he fight?

So far the answer has been no.

Right at the beginning of his administration, what Mr. Obama needed to do, above all, was fight for an economic plan commensurate with the scale of the crisis. Instead, he negotiated with himself before he ever got around to negotiating with Congress, proposing a plan that was clearly, grossly inadequate — then allowed that plan to be scaled back even further without protest. And the failure to act forcefully on the economy, more than anything else, accounts for the midterm “shellacking.”

Even given the economy’s troubles, however, the administration’s efforts to limit the political damage were amazingly weak. There were no catchy slogans, no clear statements of principle; the administration’s political messaging was not so much ineffective as invisible. How many voters even noticed the ever-changing campaign themes — does anyone remember the “Summer of Recovery” — that were rolled out as catastrophe loomed?

And things haven’t improved since the election. Consider Mr. Obama’s recent remarks on two fronts.

At the predictably unproductive G-20 summit meeting in South Korea, the president faced demands from China and Germany that the Federal Reserve stop its policy of “quantitative easing” — which is, given Republican obstructionism, one of the few tools available to promote U.S. economic recovery.

What Mr. Obama should have said is that nations’ running huge trade surpluses — and in China’s case,

doing so thanks to currency manipulation on a scale unprecedented in world history — have no business telling the United States that it can't act to help its own economy.

But what he actually said was “From everything I can see, this decision was not one designed to have an impact on the currency, on the dollar.” Fighting words!

And then there's the tax-cut issue. Mr. Obama could and should be hammering Republicans for trying to hold the middle class hostage to secure tax cuts for the wealthy. He could be pointing out that making the Bush tax cuts for the wealthy permanent is a huge budget issue — over the next 75 years it would cost as much as the entire Social Security shortfall. Instead, however, he is once again negotiating with himself, long before he actually gets to the table with the G.O.P.

Here's the thing: Mr. Obama still has immense power, if he chooses to use it. At home, he has the veto pen, control of the Senate and the bully pulpit. He still has substantial executive authority to act on things like mortgage relief — there are billions of dollars not yet spent, not to mention the enormous leverage the government has via its ownership of Fannie and Freddie. Abroad, he still leads the world's greatest economic power — and one area where he surely would get bipartisan support would be taking a tougher stand on China and other international bad actors.

But none of this will matter unless the president can find it within himself to use his power, to actually take a stand. And the signs aren't good.



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