

# Obama To GOP: 'Don't Call My Bluff'

BY DAVID ESPO AND ANDREW TAYLOR  
Associated Press

WASHINGTON — President Barack Obama bluntly told Republican congressional leaders Wednesday they must compromise quickly if the government is to avoid an unprecedented default, adding, "Don't call my bluff" by passing a short-term debt limit increase he has threatened to veto.

The presidential warning, directed at House Majority Leader Eric Cantor, R-Va., marked an acrimonious end to a two-hour negotiating session at the White House that produced no evident progress toward a compromise.

Another round of talks is set for Thursday.

But with a threatened default less than three weeks away, Moody's Investors Service announced it was reviewing the U.S. bond rating for a possible downgrade, and the Treasury said the annual deficit was on a pace to exceed \$1 trillion for the third year in a row.

With the negotiations at a seeming standstill, Republicans drew a warning of a different sort, from an unlikely source — the party's Senate leader, Sen. Mitch McConnell of Kentucky.

In an interview with radio talk-show host Laura Ingraham, McConnell warned fellow conservatives that failure to raise the debt limit would probably ensure Obama's re-election in 2012.

Republicans are demanding deep spending cuts as the price for agreeing to raise the debt limit, but the talks have bogged down over Obama's demand for tax increases that Republicans say they won't accept.

McConnell predicted that if Congress fails to act, Obama will argue "that Republicans are making the economy worse and try to convince the public, maybe with some merit, if people start not getting their Social Security checks and military families start getting letters saying their service people overseas don't get paid."

"You know, it's an argument he has a good chance of winning, and all of a sudden we (Republicans) have co-ownership of a bad economy," McConnell said. "That is a very bad positioning going into an election."

McConnell said his first choice was to reach a good compromise with Obama.

Short of that, "my second obligation is to my party ... to prevent them from being sucked into a hor-



RON SACHS/POOL VIA CNP/ABACAUSA.COM

President Barack Obama during a photo-op with bipartisan Congressional Leadership in the Cabinet Room of the White House in Washington, D.C., prior to a meeting to discuss the ongoing efforts to find a balanced approach to deficit reduction. From left to right: Speaker of the U.S. House of Representatives John Boehner (R-Ohio); President Obama; U.S. Senate Majority Leader Harry Reid (D-Nevada); U.S. Senate Republican Leader Mitch McConnell (R-Kentucky); and U.S. Senator Dick Durbin (D-Illinois).

rible position politically that would allow the president probably to get re-elected because we didn't handle this difficult situation correctly."

Bipartisan talks are scheduled to resume on Thursday, and Cantor quoted Obama as saying that the time for decisions was growing short.

Talking with reporters at the Capitol after he left the White House, Cantor said Obama had backed away from spending cuts agreed to earlier and the two sides were far from agreement on a \$2.4 trillion package of deficit cuts that would allow the Treasury to borrow through the next election.

As a result, the Virginian said he had reversed his own position, and was now willing to ask the House to approve a smaller increase, with a second installment before the 2012 election.

"He got very agitated seemingly and said he had sat here long enough and that no other president, Ronald Reagan wouldn't sit here like this," Cantor said of the president.

Cantor quoted Obama as saying the talks had reached the point that something's got to give, and demanded Republicans either jettison their demand for deficit cuts at least equal to the size of the debt limit or drop their opposition to tax increases.

"And he said to me, 'Eric, don't call my bluff.'" He said, "I'm going to the American people with this."

Democratic officials said that in fact, Cantor had twice earlier in the meeting raised the possibility of a short-term bill, and that he interrupted the president mid-sen-

tence to do so a third time.

At the Capitol, rank-and-file lawmakers advanced their own fallback measures in case the bipartisan compromise talks fail.

One version, authored by Sen. Bill Nelson, D-Fla., was designed to make sure Social Security benefits are paid on time. Another, unveiled by a trio of House conservatives, would give priority to paychecks for members of the armed forces.

Without an increase in government borrowing authority by Aug. 2, Treasury Secretary Tim Geithner has warned, there could be a default posing a catastrophic risk to the economy, still recovering from the worst recession in decades.

At least in part, McConnell's comments were a rebuttal to conservatives who criticized his proposal on Tuesday to let Obama raise the debt limit without a vote of Congress.

Presidential hopeful Newt Gingrich called that idea an "an irresponsible surrender to big government, big deficits and continued overspending," and Ingraham said she had received emails from conservative listeners likening McConnell to Pontius Pilate.

The Republican lawmaker brushed aside the biblical reference. But without mentioning Gingrich by name, he referred to two government shutdowns of 1995 that the one-time House speaker engineered in hopes of winning deep spending cuts from a Democratic president.

The tactic backfired politically on Gingrich and the Republicans, and benefited President Bill Clinton.

Some Democrats couldn't resist the temptation to jab at Republicans.

# Netflix Price Hike Angers Users

SAN FRANCISCO (AP) — Some Netflix customers called it a slap in the face. Others a betrayal. Many threatened to drop the movie service.

On Wednesday, many of them vented on Twitter, Facebook and elsewhere, seething over Netflix Inc.'s decision to raise its prices by up to 60 percent for the millions of subscribers who want to rent DVDs by mail and watch movies online.

By Wednesday afternoon, more than 40,000 people had responded to a post on Netflix's Facebook page announcing the change, with some saying they would switch to rivals such as Hulu.com's paid service and to Redbox's DVD-rental kiosks.

Outrage bubbled on Twitter, and on Netflix's blog a posting about the new plans had garnered 5,000 comments — the limit allowed by the site's host, Google Inc.-owned Blogger —

which included many seething customers.

While thousands complained on Facebook, Twitter and other websites, with 22.8 million customers in the U.S., it's clear that plenty of them are not upset about the change.

In online postings, a number of users concluded that, even at the higher price, Netflix is still a better deal than competitors.

On Tuesday, the company said it was splitting up its two services, which means that subscribers who want both streaming video and DVD-by-mail access will have to get separate plans that cost at least \$16 per month total.

Netflix had been offering both services as a single package that was available for as little as \$10 per month. The price changes took effect immediately for new subscribers, and will begin Sept. 1 for current Netflix customers.

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By Bob Karolevitz

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