

Socialized Banking:

One of the reasons that we liberal progressives keep seeing a large role for the Federal Government in the lives of Americans is that, in certain areas, the Federal Government is the only institution with the clout, the workers and the money to make something happen. We are witnessing two uniquely Federal phenomena right now. The magnitude of these challenges and the complexity of the commitment required is of such a gargantuan scale that only the might of the Federal Government is sufficient to deal with them.

The Banking Crisis is one and the War in Iraq is the other. I have a short list of additional challenges in which the Federal Government should be taking the lead but we'll get to that later.

I think it's pretty clear that, when financial institutions the size of Bear Stearns, Fannie May, Freddie Mac, Lehman Brothers and AIG (and who knows how many more) are ready to go under, there is only one place to turn for the money to prop them up. Of course we could watch them fail and let the market sort things out (really loud laughter) but that would mean millions and millions more retirement accounts, mortgages, pensions, investment portfolios and jobs would dissolve into nothingness. The Feds are right not to let that happen.

The banking crisis is so large that there is only one place to go for help. Well, actually China and the Saudis would be glad to lend us even more money but we already owe them big time for our SUV's and our running shoes. The one place to go is our own Federal Government. It doesn't matter whether it fits your ideology or not. It doesn't matter that you think that no government is best or that Karl Marx was right. There is no place else to go.

There is a long list of factors that created the banking crisis. There are the thousands of clever, talented, greedy men and women in the financial sector who saw new ways to make silk purses from sows' ears, taking huge paychecks for themselves along the way. There were millions of citizens who convinced themselves that they could own a \$500,000 home on a \$50,000 income. We have a Government that is committed to letting the markets control Health Care, Air Quality, Energy, you name it. Washington has, over the past 28 years, deregulated everything from airlines to utilities. A lot of interest

groups and interested individuals have had a hand in the current mess.

The fact of the matter is that the whole country, via a vast array of goods and services, is subsidized by the Federal Government. We can pretend that it's not so but the roads we use, the cheap gas we guzzle (yes, \$4.00 gas is cheap by world standards), the huge cars and trucks we drive are all subsidized big time by Washington.

This leads us to another enterprise that only our Federal Government can manage and fund. That would be the war in Iraq. Here's an idea. Stop funding the war and use the surplus to pay for other priorities. The down side is that Iraq would, after its civil war, end up with a religiously bigoted pseudo democracy, corrupt beyond belief, lining their own pockets. So, what else is new? That's the kind of nation we have often built when we do nation building (see Chile, Viet Nam, Nicaragua, the Shah's Iran and on and on). The up side is that we'd have a trillion extra dollars to do the things that our Big Government should be doing. Mission accomplished.

Let me now list other areas where the Federal Government should step up. If we stopped sweeping money down the Iraq drain we might consider investing in Universal Healthcare, an Infrastructure that won't collapse and a Green Revolution. True, there would be no place for the Bush tax cuts. Things cost money, a lot of money. You can't increase spending and cut revenue. By doing exactly that for the past eight years we have created our monumental national deficit.

So, maybe all of this would be too much to pay for (although we just found 700 billion for the banks in a matter of days). Let's say that it is too much to fund everything worthwhile. What if we had to choose a focus, nationally? What if we actually got to vote in a national referendum, choosing the one Most Important Project on which to spend the War Surplus?

I think it would be a hoot if Washington showed the leadership necessary by offering us a ballot with three or four inspired choices. Then they could take the unprecedented step of letting the citizens decide which challenge to throw a trillion dollars at! Personally, I'd have a difficult time choosing between Universal Health Care and

Green Investment but it sure would make you think, wouldn't it, if you could choose only one?

Of course all of this should be achievable through our system of representative democracy but the politicians' commitment always seems to get muddied somewhere between campaign promises and governance. Those lobby contributions and PACs seem to have a way of changing the direction of things. Funny how that works. So let's go direct; put the big three projects (or another reasonable number) on a ballot and let the people decide. I'd be willing to bet that the voter turnout would be a darn sight better than the paltry 60% or so we currently get in national elections. We would vote in a binding referendum to spend a trillion dollars on the winning national project.

It would be refreshing to tell whoever occupies the White House "You are hereby directed by the American People to do the following." Wouldn't it be something if our votes were based on two or three monumental issues rather than whether you can draw 70,000 to a political rally or see Russia from your living room window?