

The Harbour League



STOP THE BAILOUTS, STARVE THE BEAST ON THE POTOMAC

By Mark Hyman,

OpEd Contributor

It is time to starve the beast. Taxpayers should not bail-out any more companies that have failed due to irresponsible management and over-reaching government regulation.

No matter how painful this may be in the short term, it is time to take a principled stand and end the neo-socialism that is sweeping Washington, D.C.

Capitol Hill lawmakers are arguing for the federal government to assume ownership stakes in a number of companies, a business model that served the Soviet Union so well.

Treasury Secretary Hank Paulson announced that the original plan to spend the \$700 billion bail-out is now yesterday's fish. After arguing vehemently that bailing out the banking industry was the step desperately needed in order to save the Republic, Paulson has now offered an Emily Litella "never mind."

This week, America's politicians have a new and improved plan to move the country forward economically. Next week may be another matter. And if you like the George Bush approach to solving the economic malaise gripping the nation, then you will love what Barack Obama has in store. The same people who drove Fannie Mae to the brink of bankruptcy have been advising the President-elect.

Thus far, the American public has been kept in the dark regarding which companies have already received two trillion dollars in loans and the financial terms of the government largesse.

In an age when the public knows if the Commander-in-Chief is wearing boxers or briefs, taxpayers are totally ignorant on how the government spends trillions of dollars. This is indeed unfortunate, considering the Treasury and the Federal Reserve have been spending money like drunken sailors on liberty. (As a former Navy man who may have imbibed once or twice while on shore leave, I recognize the signs.)

No responsible economist could confidently forecast that the original \$700 billion bail-out package would calm the markets or stimulate economic resurgence. Even the \$700 billion amount requested was simply a guess.

It is apparent that the "economic rescue" approach developed by Washington's politicians is a failure yet, they want to throw even more good money after bad.

Now, congressional Democrats are falling over one another with proposals to bail-out the automobile industry, urging Uncle Sam to cut checks made out to Detroit automakers.

It is important to note that it is only the Big Three automakers that would receive an early Christmas gift. This is because the other auto manufacturers, while also facing financial pressure, have their plants in right-to-work states such as Tennessee, Kentucky, South Carolina and Alabama, where the auto workers unions do not have a death grip on the companies.

It is the astonishingly high legacy costs of paying salary and benefits to former workers and to current workers who are kept idle that are the most pressing reasons why the Detroit automakers are teetering on insolvency.

Democrats, who have long-claimed to be the opponents of "corporate welfare," are urging the bail-out simply as a gift to the unions. This would ensure the unions' collective bargaining agreements would remain in place for the foreseeable future.

The federal government should stop playing the role of Daddy Warbucks and allow the automakers to enter bankruptcy reorganization so that Ford, General Motors and Chrysler can reform their business plans and union contracts.

As a Ford shareholder, I prefer the government take a sound business approach to ensuring the nation's financial future rather than continuing to fund a certain recipe for failure.

Otherwise, there will be no end to the groups that will seek a government hand-out as long as Uncle Sam is writing checks. Assuming government ownership stakes in private business should alarm every American unless they are happy with the Chinese and Soviet economic models.

The bail-outs should come to an end. Government should allow the markets to play themselves out so that the responsible businesses survive, prosper and grow and the failed businesses do just that - fail. It is time to starve the beast and return the country to fiscal responsibility.

Mark Hyman is an award-winning news commentator for Sinclair Broadcast Group, Inc. MR. Hyman is an active member of The Harbour League's Board of Trustees.