

# DROWNING DUCK BEGS FOR LIFE PRESERVER

The WSJ reveals that—faced with the likely prospect that only five Republican Senators (presumably) would support giving Paulson the second half of the bailout funds—BushCo is trying to get Obama's help to get to the funds.

A request for more TARP money now would come amid growing lawmaker criticism of Treasury's implementation of its rescue program — including Treasury Secretary Henry Paulson's decisions to forgo buying bad loans from distressed banks in favor of making equity injections in those institutions, and to not place stronger conditions on banks that receive government funds.

The existing bailout legislation does fast-track release of the next \$350 billion of TARP money; Congress would have to pass new legislation to block the funding after a request is made. The president could then veto the blocking bill and force opponents to muster a two-thirds majority to override that veto.

But officials with the Treasury and the transition agree that the spectacle of even a failed effort to block the money could send financial markets into an uproar. **One transition official said he was told Mr. Bush could expect only a handful of Republican votes — perhaps five — in his favor.**

Can you say lame duck?

I understand Obama's desire to avoid any affiliation with Bush's failures. But I'm curious about the strategy behind the refusal to engage.

BushCo appears to be pitching for Obama's help by claiming it will use the funds for foreclosure relief. Though the Bush team seems willing to consider only their crappy plans, and not Sheila Bair's peg of new mortgages at 30% of an owners income.

Treasury and Fed staff outlined the three main ideas under discussion: A modification of the proposal being pushed by Federal Deposit Insurance Corp. Chairman Sheila Bair; a plan to help bring down interest rates; and a proposal championed by the Fed to buy distressed mortgages.

If it's true that they still refuse to adopt the most practical response, then I would conclude they were still not acting in good faith. In fact, given that they blew off Dodd's hearing the other day, I'd say it's a good sign they're still not acting in good faith.

At the same time, Democrats in Congress are screaming for foreclosure relief.

Of course, 50 Democrats + 5 Republicans only equals 55, so there's no real reason for Obama to invest his own political will now. That math changes shortly to 58 (or 59) + 3 to 5 (depending on whether those 5 include Norm Coleman or Gordon Smith). That is, even in the worst case scenario, that math presumably gives Obama 61 votes to chase with his political capital in January, as opposed to 56.

And by refusing to ally with Bush now, Obama refuses to give Republicans an opportunity to distance themselves from Bush's economic failures, as they tried to do with the earlier bailout.

Thus far, the Republicans have proved able to claim that their ideology is not to blame for this crash. Will Obama holding off for a month and then quickly passing a stimulus change that?