

# HYSTERIA OVER A \$15 BILLION LOAN, BUT NOT \$285 BILLION IN TAKEOVERS?

Man, the NYT's pathetically bad reporting on the auto bridge loan continues.

David Sanger writes a story purporting to be news that presents a loan to the auto industry—with conditions—as a crisis of capitalism of epic proportions.

But what Mr. Obama went on to describe was a long-term bailout that would be conditioned on federal oversight. It could mean that the government would mandate, or at least heavily influence, what kind of cars companies make, what mileage and environmental standards they must meet and what large investments they are permitted to make – to recreate an industry that Mr. Obama said “actually works, that actually functions.”

It all sounds perilously close to a word that no one in Mr. Obama's camp wants to be caught uttering: nationalization.

Not since Harry Truman seized America's steel mills in 1952 rather than allow a strike to imperil the conduct of the Korean War has Washington toyed with nationalization, or its functional equivalent, on this kind of scale. Mr. Obama may be thinking what Mr. Truman told his staff: “The president has the power to keep the country from going to hell.” (The Supreme Court thought differently and forced Mr. Truman to relinquish control.)

The fact that there is so little protest in the air now – certainly less than Mr.

Truman heard – reflects the desperation of the moment. But it is a strategy fraught with risks.

The first, of course, is the one the president-elect himself highlighted. Government's record as a corporate manager is miserable, which is why the world has been on a three-decade-long privatization kick, turning national railroads, national airlines and national defense industries into private companies.

The second risk is that if the effort fails, and the American car companies collapse or are auctioned off in pieces to foreign competitors, taxpayers may lose the billions about to be spent.

And the third risk – one barely discussed so far – is that in trying to save the nation's carmakers, the United States is violating at least the spirit of what it has preached around the world for two decades. The United States has demanded that nations treat American companies on their soil the same way they treat their home-grown industries, a concept called "national treatment."  
[my emphasis]

"Not since Truman," Sanger writes, "has Washington toyed with nationalization."

"Not since Truman," that is, so long as you ignore the very recent nationalizations of AIG, Fannie, and Freddie.

Sanger uttered not one peep when the US effectively nationalized AIG—he was off writing about things that normally come up on his beat, nukes in Iran, North Korea, and Pakistan. Likewise, he was silent when we took over Fannie and Freddie. Again, at that point he was happy to focus on North Korea. Yet between AIG, Fannie, and Freddie, we spent \$285 billion, in a first installment (and more since), and took a

much greater stake in the companies.

We started nationalizing companies three months ago, David Sanger, and you seemed perfectly content with all that.

The sheer hypocrisy of the villagers—with their willingness to suspend all rules of capitalism for their friends in finance, followed quickly by hysteria when flyover country gets a tiny taste of that same treatment—has been on vivid display a lot of late. But Sanger, presenting this kind of willful blindness as news is a really lovely example.