

IS OBAMA FIXING TO OWN SOME BANKS?

The other day, I suggested that Obama's principles of government ownership sounded like they were designed for more than just GM.

There's evidence to support that suggestion in this reasonably good David Sanger article on the GM bankruptcy.

In interviews in recent days, Mr. Obama's economic team said it anticipated [political pressures regarding business decisions related to companies the government owns], and had moved to cut them off early.

"It started right around the time of the bank stress tests," said Rahm Emanuel, Mr. Obama's chief of staff, in an interview on Monday. During one of the president's daily economic briefings, Mr. Emanuel added, "he said that taking over companies like this is a big deal, and that no president has ever faced anything like this before. And he said he wanted to see some rules of the road about how the government should act" when it suddenly becomes the biggest shareholder in the market.

Mr. Obama clearly wanted protection: a set of principles he could hand to angry members of Congress, campaign contributors or executives to explain why he would not call Fritz Henderson, G.M.'s chief executive, to discuss whether an engine should be made in Saginaw or Shanghai.

The result was an interagency task force informally called "The Government as Shareholder," headed by Diana Farrell, the deputy director of the National Economic Council and formerly the head of the McKinsey Global Institute, the

research arm of McKinsey & Company.

It was Ms. Farrell's report, delivered to the Oval Office fewer than 10 days ago, that laid out the principles that Mr. Obama described on Monday.

The White House insists the principles will apply equally to the government's investment in the American International Group, the fallen insurer, or in Citigroup and other banks that the government has rescued. [my emphasis]

Sanger doesn't seem to get the implication of Rahm's comment. Rahm tells us these principles—principles the government will use with companies it owns—came up not during auto task force discussions, but during the bank stress tests. That means the conversation about socialism how big a deal it is for the government to own companies came up in the context of owning banks, not owning car companies.

Sure, we already own an insurance company and Freddie and Fannie. Sure, maybe the reference to Citi is a very pointed reference.

But it sure seems like these principles suggest we're going to be owning a bank in the near future, to go along with GM and AIG. Looks like we're all going to get a chance to be bankers soon!!