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September 21, 2008: The Bailout is Socialism

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Title: The Bailout is Socialism

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9/21/2008--Last spring, when Democratic candidates for President could still propose universal healthcare, I kept reading that such proposals were "socialism". Well, now we have a proposal for the nationalization of the housing market and I am not hearing a thing. The bailout is a terrible policy that may well not work. If it is necessary because of an emergency that requires that something be done, it just shows that the people who were running the show, from Greenspan to President Bush, did a terrible job of policing the market. The bailout is a terrible policy for all the usual reasons. First, the collapse of housing prices is a capitalist necessity since there had been a bubble in prices. The bailout may just prolong the economic downturn since owners may now wait to sell rather than taking their losses and reorienting the market. Second, the bailout is aimed at companies that either made a lot of money inflating housing prices or at least tried to. So, why should they not take their losses? It's socialism when you want national healthcare, but it's a necessity when they don't want the consequences of their actions. Finally, the bailout is being financed by more borrowing. There will be no surcharge on the wealthy to pay for it. Your grandchildren will pay for our errors. The economics of Hallowed Secularism will undoubtedly be market oriented. The market works well as a general matter. But, the market must always be regulated. And it cannot run on debt. The best thing Bill Clinton did was balance the budget. The real necessity is that we begin to pay our own way again.