

In Praise of Bailouts

Michael Sean Winters | Nov. 18, 2010 Distinctly Catholic

I do not expect the Republican Tea Partyers to admit they should be eating some crow anytime soon, but they should be dining on an entire flock of crows this week.

One of the principal complaints against the Obama administration heard at Tea Party events was the charge that the government had wasted taxpayer money with all those bailouts.

Never mind that the largest bailout, of Wall Street, happened on George W. Bush's watch and helped prevent a second Great Depression. When it came time to bailout Detroit, critics complained that the government intervention violated the laws of the free market, that GM now stood for "Government Motors," and cries of socialism were bandied about.

Well, GM is now in the midst of one of the most successful IPO's in history and, as a consequence, the U.S. Treasury is getting almost all of its money back. This does not include the irreparable harm to the Treasury that would have occurred if GM had been allowed to fail, with tens of thousands of layoffs, workers no longer paying taxes, etc.

The bailout of Wall Street worked and, however repugnant it seemed, it was necessary. But the bailout of Detroit was different.

President Obama expressed confidence in the fact that an American company with American workers could compete in the global market just fine if they were given a bit of help. They needed to restructure. They needed to face some of the bad decisions they had made previously, albeit not the kind of evil decisions some on Wall Street had made.

Obama was right. GM's re-emergence is truly great news for the whole country. But don't expect the Tea Partyers to admit it. They should be forced to drive Hyundais for the rest of their lives.

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