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Bush's Final Fiasco

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By Harold Meyerson
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As he prepares to move back to Texas, our 43rd president is the beneficiary of Bush fatigue. The nation has long since repudiated him. Americans are looking ahead to the promise of Barack Obama.

And it's lucky for George W. Bush that they are, because his handling of our plunging economy is Hooverian in both its substance and inadequacy.

Herbert Hoover, we should recall, had a program for dealing with the Depression. It consisted of lending to banks but opposing fiscal stimulus or direct aid to individuals. Which is why Hank Paulson's frenzied endeavors to prop up the banking sector and Bush's dogged resistance to assisting anybody else amount to pure neo-Hooverism.

As the 1930s began, Hoover believed that the coordinated actions of the private sector could save the beleaguered economy. It soon became apparent that the only action that private-sector businesses could agree upon was closing down factories and offices and throwing people out of work. Under immense pressure to do something, in late 1931 Hoover asked Congress to establish the Reconstruction Finance Corporation, to provide funds to banks it deemed creditworthy.

By 1932, the RFC was making loans. Yet with the economy in free fall, the rate of bank failures increased until Hoover's successor, Franklin Roosevelt, created the Federal Deposit Insurance Corporation.

Having done his bit to bail out the banks, however, Hoover rested. He opposed provisions that would have enabled homeowners to hang on to their homes.

As breadlines lengthened, he vetoed a bill appropriating funds for public works on the grounds that it was inflationary and contained pork-barrel spending. Bankers would be saved; everyone else was effectively damned.

Sound familiar? The Bush administration's approach to today's meltdown is to direct all its energies and largess to lending institutions. There is, as yet, no program to help floundering homeowners renegotiate the terms of their mortgages. The president is opposed to further stimulus programs, even though private-sector investment in the United States has all but ceased.

It's becoming increasingly clear, however, that while saving the banks may limit further calamities, it doesn't really save anybody else. Even with government-guaranteed lines of credit, financial institutions are refusing to lend money. With the banks effectively on strike, an economic recovery, if there is to be one, must begin with the government injecting funds to those parts of the economy that need it most: infrastructure development, state and local governments, an alternative-energy sector. These are all programs to which Bush is firmly opposed.

In a sense, Bush's inactivity is even less excusable than Hoover's. Unlike Hoover, Bush could learn from the successes of New Deal and World War II-era programs to revive the economy. Keynes's general theory of how to defeat depressions wasn't around when Hoover was president, but it's been with us now for 72 years. What's more, virtually every reputable conservative economist, from Martin Feldstein on down, now supports a government stimulus program. But Bush, drawing on no known body of economic thought, remains opposed. (So does Republican House leader John Boehner, who seems determined to elevate stupidity to a party principle.) And with each passing day, the economic hole out of which we will have to climb grows deeper.

So where's the outrage? Why aren't demonstrators besieging the White House? Where are the "Welcome to Bushville" signs in those neighborhoods where abandoned homes outnumber the occupied ones?

The answer, I suspect, is that you can only irreversibly give up on a president once. Further catastrophic failures on the president's part elicit only diminishing returns. Buchanan did nothing while the South seceded: That was it for him. Hoover did nothing as farmers, workers and middle-class America got wiped out: With that, he was beyond rehabilitation. Nixon had Watergate: Enough said. One mega-strike and you're out.

Bush, however, has had three. He misled us into a nearly endless war of choice to disarm a threat that never really existed. He let a great American city drown. And now he stands by while the economic security of tens of millions of Americans is vanishing.

Yet in the hearts of his countrymen, Bush's place is already fixed. Even before the financial collapse, he was in the ninth circle of presidential hell, with Buchanan and Hoover. At his own party's national convention this summer, his was the name that no one dared speak. And so, though his mishandling of the economy is criminally inept, he is being spared one more outbreak of public rage by two countervailing public sentiments: Americans' relief that he soon will be gone and their kind reluctance to kick a corpse.

meyersonh@washpost.com

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