



Posted on Thu, Sep. 25, 2008

## **Graham, DeMint disagree on bailout; others wait, see**

By JAMES ROSEN  
McClatchy Newspapers

**WASHINGTON** — Once again, Republican U.S. Sens. Jim DeMint and Lindsey Graham find themselves on opposite sides of a major issue.

DeMint took to the national airwaves Wednesday to denounce the Bush administration's financial-services bailout.

Graham defended the \$700 billion rescue plan as a necessary evil to avert financial catastrophe.

On a day when President Bush pitched the proposal in a prime-time address and his top economic aides blitzed Capitol Hill, other lawmakers in South Carolina and beyond waited for the dust to settle before staking out a position.

"The government cannot manage this much money effectively without inefficiencies and corruption," DeMint said on NBC's "Today" show. "The government broke it. I don't trust them to fix it."

Graham, of Seneca, said lawmakers had to act.

"I've got one bad choice, which is for the government to get involved in this matter in a way that's never been done before and that I'm not comfortable with," he told reporters. "Or I can pass the buck and have a catastrophic meltdown in the nation and throughout the world."

Graham and Rep. Henry Brown, a Hanahan Republican, joined other lawmakers from both parties in urging pay limits for the heads of banks and mortgage firms that benefit from the bailout, as well as increased congressional oversight.

"While we need to restore confidence in the economy and assure the American people that their retirements and savings are secure, I have no intention of bailing out rich Wall Street CEOs or handing a blank check to any government official," Brown said.

As Treasury Secretary Henry Paulson and Federal Reserve chairman Ben Bernanke appealed to lawmakers to pass the bailout, S.C. lawmakers addressed the crisis at three different committee hearings.

"The president has called for Congress to act with dispatch, but we must also act with diligence and deliberation as we consider this request," U.S. Rep. John Spratt, a York Democrat, said as he convened a House Budget Committee hearing.

After the hearing, Spratt said intense negotiations were altering the proposal almost hourly, and he reserved judgment until he saw the finished product.

"I'm waiting to see how many of these ideas actually make the cut," Spratt said.

U.S. Rep. Bob Inglis, a Travelers Rest Republican, indicated he would back the legislation that emerges.

"Not acting may be the only thing riskier than acting," Inglis said. "High fliers on Wall Street took us up in a flawed airplane. I understand the desire to shoot the pilots, but I think we need to find a way to get the plane landed before we do that."

DeMint, of Greenville, grilled Bernanke at a hastily scheduled meeting of the Joint Economic Committee, one of only three congressional panels with members from the Senate and the House.

"This is a problem that was clearly caused by government — obviously easy, cheap credit, government requirements that banks make subprime loans, the implied government guarantee," DeMint told the Fed chief.

DeMint and U.S. Rep. Gresham Barrett urged Congress to lower or eliminate the capital gains tax, decrease the corporate tax and take other steps to jolt the economy.

"I appreciate that there is a panic in the markets, but policies derived from panic are never sound," Barrett said. "I strongly believe in the superiority of free markets and the ability of markets to correct themselves."

Graham, though, said it would take too long to change the tax laws to calm the market turmoil.

“The things Senator DeMint is saying about — lowering capital gains taxes and moving to flat taxes — are great,” Graham said. “I’m all for them. But we’re not going to have a capital gains or a flat tax vote by the end of the week, and we need a solution by the end of the week.”

Barrett, a Westminster Republican with gubernatorial aspirations, predicted “the plan they submitted has about zero chances of passing.” He added that a package could move through Congress “with some work and really thinking this thing through.”

Rosen covers Washington for McClatchy Newspapers in S.C.