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Some state GOP leaders buck Bush on bailout

By Dan Hoover
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From television talk shows to press conferences to e-mailed statements, South Carolina's political leaders are presenting far from a united front on the Bush administration's financial bailout plan.

Republican Gov. Mark Sanford, who once worked in one of the now-troubled Wall Street investment banking houses, said he doesn't believe warnings of imminent financial collapse, but "either way, we're going to be in a world of hurt."

U.S. Rep. Gresham Barrett, a Westminster Republican, said Federal Reserve Chairman Ben Bernanke and Treasury Secretary Henry Paulson are out of political touch with their proposed \$700 billion taxpayer-funded buyout of troubled loans.

He said Bernanke, an academic before taking over the Fed, and Paulson, a former top Wall Street executive, "are saying, 'Here's the plan: You've got 48 or 72 hours. Pass it.' It doesn't work that way."

The state's two Republican senators drew deeper and opposite lines in the sand.

"Forget this bailout," Sen. Jim DeMint told a national television audience.

Sen. Lindsey Graham, however, told South Carolina reporters that immediate congressional action on the administration's plan is all that stands between the nation and financial collapse.

"We don't have the luxury of kicking this can down the road like we did with immigration or Social Security and dealing with it another day, hoping somebody braver than us will come along and have courage that we can't muster to deal with immigration or Social Security. This is on our watch."

Graham said that if a bailout is approved -- with independent oversight -- markets will stabilize, values can be set for properties in default, and "we'll get most of our money back."

DeMint appeared on NBC's "Today" show to reiterate his support for policy and free-market reforms, including indexing or eliminating the capital gains tax, to jump-start the economy.

Graham and DeMint appear in agreement that the plan shouldn't give Paulson unfettered authority to buy mortgages and that executives of failed investment houses whose policies fostered the crisis shouldn't profit from government intervention.

Barrett said one plan of action might be a government auction of mortgages in default, once a value can be placed on them, coupled with "temporarily or permanently eliminating the capital gains tax to create an incentive to invest in these properties."

Rep. Bob Inglis of Travelers Rest said that while \$700 billion is a huge sum, "it would be a fraction of the cost of a major recession."

"High fliers on Wall Street took us up in a flawed airplane," he said. "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."
