

Enterprise 10-3-08

Bill Delahunt Excoriates 'Economic Darwinism'

By JANICE WALFORD

Congressman William D. Delahunt was one of the three members of the Massachusetts House delegation to vote Monday against the Bush administration-initiated \$700 billion bailout for the financial markets.

Mr. Delahunt, a close colleague of two of the bailout package's leading Democratic proponents, House Speaker Nancy Pelosi and Congressman Barney Frank, chairman of the Financial Services Committee, joined Congressman Stephen Lynch of Boston and John Tierney of Salen in the unexpected 228-205 defeat. They were among the 95 Democrats voting against the quickly brokered plan to address the credit squeeze facing the financial markets, partly as a result of the implosion of the sub-prime mortgage industry.

Tuesday afternoon, though sounding exceedingly tired after hours of ongoing negotiations in the House and Senate, Mr. Delahunt spoke optimistically of Congress eventually reaching an answer to the credit problems that would be far more palatable to American taxpayers than the three-page authoritarian diktat issued by Treasury Secretary Henry M. Paulson Jr.

Mr. Paulson, former CEO of Goldman Sachs, placed his focus on saving similar financial institutions by buying up their bad debts.

When a Treasury Department spokesman was asked Tuesday by financial reporters for Forbes.com how the figure of \$700 billion was arrived at, the answer was: "It's not based on any particular data point. We just wanted to choose a really large number."

Mr. Delahunt said to get true bipartisan support for America's serious financial problems, which are having ripple effects on markets around the world, "we need a balanced approach that takes into account the victims who have almost been destroyed by the American financial system."

Mr. Delahunt shares the view that the current crisis has been brought about by a totally unfettered financial system that has sought and been granted deregulation upon deregulation.

"Government enforcement is essential going forward," he said during a telephone interview from his Washington office. "We have a constitutional government with checks and balances. We need an economy that's supervised. With the present laissez-faire, economic Darwinism, there are grave dangers, as is evidenced by the ever-increasing economic disparity and by the vanishing middle class."

With an unsupervised economy, Mr. Delahunt said, "people get hurt. Not the ones responsible for the crisis, but the victims."

Those who have reaped financial wealth—sums beyond the greed of avarice, in the sub-prime mortgage markets and other financial dealings that are even far more devious and linguistically vague (think derivatives)—thrived on the unregulated system. It is, it was, to them the essence of the free market, unfettered capitalism. Whoops. Backs against the wall. Money hemorrhaging. Now, government is OK: Not help wanted, but help needed to socialize debt while continuing to privatize profits. So, in charges the free market cavalry, led by Captain Paulson.

Many in Congress, quite likely a comfortable majority, were ready to go alone. But then something important and all too rare happened. It was as though millions of Howard (and Harriet) Beales told Members of Congress "I'm mad as Hell, and I'm not going to take this anymore!" Mr. Delahunt was far less dramatic than Peter Finch in that great film, "Network." He said, simply: "The American taxpayers said, 'No!'"

"We have a right to be angry," he said, "but we must not let anger cloud our judgment. There must also be no more blank checks," but, he added there must also be no more of the administration fear-mongering that has strong echoes to the runup to the invasion of Iraq.

Before Monday's vote, Mr. Delahunt said, the calls from within the district were overwhelmingly against the bailout, but by Tuesday the messages were shifting in the direction of: do something.

Government enforcement is essential going forward, Mr. Delahunt said, adding that he believes the credit markets can be aided by far less than the \$700 billion proposed by Mr. Paulson. The sullied assets that Mr. Paulson is asking Congress to let him buy with taxpayers money actually still have some value, Mr. Delahunt said, but should be bought for that reduced value, not face value. "Whatever the shortfall, it should not fall on the American taxpayer." Let us not add to the debacle, he said.

One proposal that holds currency with taxpayers, but not—as of this writing Tuesday night—with the Bush administration and Wall Street, is to restructure the mortgages on primary residences of those facing foreclosure. Though rebuffed by the White House, Mr. Delahunt said this can be a win-win situation for banks, homeowners, and neighborhoods that deteriorate as more houses become vacant. He said before Monday's vote he was taking calls from bankers inside and outside of his 10th Congressional District saying, "Each foreclosure costs us \$50,000 to \$60,000. Let us work with the creditors and a bankruptcy judge to head off foreclosures. It's a win-win for us, the homeowners, the neighborhood."

Mr. Delahunt said he agreed it's important to aid this failed aspect of the American economy before its impacts spiral out of further control, but swift action is a far cry from a fear-filled rush to judgment. He said President Bush's financial "fear factors" about what will happen to Main Street, if we don't take care of Wall Street, draw too close comparisons with his predictions about the ramifications of not dealing preemptively with Saddam Hussein's weapons of mass destruction.

Mr. Delahunt said an important lesson from this financial freefall is: "We, in Congress, have to educate ourselves and the American public about how we arrived at this fateful point. We have to address root causes."