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OP-ED COLUMNIST

Rescue the Rescue

By THOMAS L. FRIEDMAN

I was channel surfing on Monday, following the stock market's nearly 800-point collapse, when a commentator on CNBC caught my attention. He was being asked to give advice to viewers as to what were the best positions to be in to ride out the market storm. Without missing a beat, he answered: "Cash and fetal."

I'm in both — because I know an unprecedented moment when I see one. I've been frightened for my country only a few times in my life: In 1962, when, even as a boy of 9, I followed the tension of the Cuban missile crisis; in 1963, with the assassination of J.F.K.; on Sept. 11, 2001; and on Monday, when the House Republicans brought down the bipartisan rescue package.

But this moment is the scariest of all for me because the previous three were all driven by real or potential attacks on the U.S. system by outsiders. This time, we are doing it to ourselves. This time, it's our own failure to regulate our own financial system and to legislate the proper remedy that is doing us in.

I've always believed that America's government was a unique political system — one designed by geniuses so that it could be run by idiots. I was wrong. No system can be smart enough to survive this level of incompetence and recklessness by the people charged to run it.

This is dangerous. We have House members, many of whom I suspect can't balance their own checkbooks, rejecting a complex rescue package because some voters, whom I fear also don't understand, swamped them with phone calls. I appreciate the popular anger against Wall Street, but you can't deal with this crisis this way.

This is a credit crisis. It's all about confidence. What you can't see is how bank A will no longer lend to good company B or mortgage company C. Because no one is sure the other guy's assets and collateral are worth anything, which is why the government needs to come in and put a floor under them. Otherwise, the system will be choked of credit, like a body being choked of oxygen and turning blue.

Well, you say, "I don't own any stocks — let those greedy monsters on Wall Street suffer." You may not own any stocks, but your pension fund owned some Lehman Brothers commercial paper and your regional bank held subprime mortgage bonds, which is why you were able to refinance your house two years ago. And your local airport was insured by A.I.G., and your local municipality sold municipal bonds on Wall Street to finance your street's new sewer system, and your local car company depended on the credit markets to finance your auto loan — and now that the credit market has dried up, Wachovia bank went bust and your neighbor lost her secretarial job there.

We're all connected. As others have pointed out, you can't save Main Street and punish Wall Street anymore

than you can be in a rowboat with someone you hate and think that the leak in the bottom of the boat at his end is not going to sink you, too. The world really is flat. We're all connected. "Decoupling" is pure fantasy.

I totally understand the resentment against Wall Street titans bringing home \$60 million bonuses. But when the credit system is imperiled, as it is now, you have to focus on saving the system, even if it means bailing out people who don't deserve it. Otherwise, you're saying: I'm going to hold my breath until that Wall Street fat cat turns blue. But he's not going to turn blue; you are, or we all are. We have to get this right.

My rabbi told this story at Rosh Hashana services on Tuesday: A frail 80-year-old mother is celebrating her birthday and her three sons each give her a present. Harry gives her a new house. Harvey gives her a new car and driver. And Bernie gives her a huge parrot that can recite the entire Torah. A week later, she calls her three sons together and says: "Harry, thanks for the nice house, but I only live in one room. Harvey, thanks for the nice car, but I can't stand the driver. Bernie, thanks for giving your mother something she could really enjoy. That chicken was delicious."

Message to Congress: Don't get cute. Don't give us something we don't need. Don't give us something designed to solve your political problems. Yes, Hank Paulson and Ben Bernanke need to accept strict oversights and the taxpayer must be guaranteed a share in the upside profits from all rescued banks. But other than that, give them the capital and the flexibility to put out this fire.

I always said to myself: Our government is so broken that it can only work in response to a huge crisis. But now we've had a huge crisis, and the system still doesn't seem to work. Our leaders, Republicans and Democrats, have gotten so out of practice of working together that even in the face of this system-threatening meltdown they could not agree on a rescue package, as if they lived on Mars and were just visiting us for the week, with no stake in the outcome.

The story cannot end here. If it does, assume the fetal position.

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