

The Pompous Conservative Is Outraged

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The Pompous Conservative (sputtering): This is outrageous! Outrageous! Absolutely outrageous!

Average American (looking concerned): What is wrong? You look really upset.

The Pompous Conservative (gesturing at a newspaper article): Look at this outrage! The incompetent, badly run automobile industry wants a piece of TARP!!!

Average American (puzzled): What is TARP?

The Pompous Conservative: The Troubled Asset Relief Program!

Average American: Oh, you mean the \$700 billion Wall Street bailout!

The Pompous Conservative: No, no, no! It is a financial rescue plan. It is not a bailout! The biased liberal media called it a bailout!

Average American: The biased liberal media started calling it a rescue plan after President Bush told them to call it a rescue plan. That doesn't sound very liberal to me.

The Pompous Conservative: The media is liberal and biased. It is shocking! We should have a free press in America that freely decides to call a rescue plan a rescue plan without any coaching by President Bush. If it weren't for the biased liberal media, no one would call it a bailout!

Average American: Well, I still call it a bailout.

The Pompous Conservative: Look, we can debate the media bias issue later. This is outrageous! Absolutely outrageous! Let's focus on the nerve of these incompetent bunglers in the automobile industry.

Average American: Why, what are they doing?

The Pompous Conservative: They want some of the TARP funds to

support their bad decisions! The wimps! We have a free market! They didn't have the sense to sell SUVs like the Average American and ExxonMobil want, so they are losing money! They are even talking about making fuel-efficient *hybrids*! They should suffer!

Average American: I'm not sure I follow. Now that gas prices are really high, I have become disgusted with my wasteful extravagance and I want a tiny green car like the Cooper mini or even the goofy looking SMART car. I'm even thinking about driving a moped to work. I'm not buying SUVs from Detroit any more.

The Pompous Conservative: That's right! You are buying SUVs from ... somebody else.

Average American: No, I want a tiny green car. I am very concerned about the environment and global warming now that gas is really expensive.

The Pompous Conservative: No, no, no! You want an SUV. The SUV is a symbol of America! It is unpatriotic not to buy an SUV! Only liberal sissies and Muslims want to buy small cars! Here, read my pro-SUV editorials from the last fifteen years. (*The Pompous Conservative holds up a sheaf of editorials.*) You want...no, you *need* an SUV! But, we are getting off topic here! It is an absolute outrage that the incompetent, badly run American auto industry may get some of the TARP money!

Average American: Why? Wasn't the Wall Street bailout money so that the incompetent badly run Wall Street banks could resume lending money to incompetent badly run firms like General Motors and Ford so they could pay my paycheck? Why not just give the money directly to General Motors and Ford?

The Pompous Conservative: No, no, no! That is picking winners and losers. That is government micro-management of the economy! That is socialism! We can't have that in America!

Average American (puzzled): Isn't having the government buy stock in the nine largest banks in the US socialism?

The Pompous Conservative (aghast): Of course not!

Average American (scratching his head): Well, doesn't owning stock mean that the government owns the banks? Isn't government

ownership socialism?

The Pompous Conservative: Of course not! What are you thinking? Look, let's be clear here! It is a national scandal that General Motors and Ford may subvert the financial rescue plan to reward themselves for their mistakes. These nitwits failed to produce the even bigger SUVs that Americans have been demanding and need. They should have to suffer for their incompetence. Rewarding incompetence creates a moral hazard!

Average American: What is a moral hazard?

The Pompous Conservative (as if explaining the obvious to a moron): Well, if you pay someone for screwing up, you create a perverse incentive for them to screw up again, probably even worse. I am a very moral person. I'm sure that you want to be moral too. We can't have a moral hazard! Don't you agree with me?

Average American: Well, yeah, I want to be moral too. Isn't it a moral hazard to give the money to the incompetent badly run banks that made trillions of dollars in loans to unqualified borrowers?

The Pompous Conservative: No, no, no. These are systemically important banks that we cannot let fail! They are too big to fail! No matter how stupid their decisions, the federal government must support them. Civilization as we know it depends on them.

Average American: Why?

The Pompous Conservative: Because if they fail, they won't be able to lend money to companies to pay you!

Average American: Well, why can't the government just give the money directly to companies like General Motors and Ford, like they want?

The Pompous Conservative: That is picking winners and losers. The government must not pick winners and losers.

Average American: Why not?

The Pompous Conservative: Look, the free market system depends on brutal Darwinian competition between firms. The strong survive. The weak perish. If the government intervenes to support firms merely

because they have political connections, the brutal Darwinian selection will be subverted. The strong will perish. The weak will survive. The natural order will be destroyed. Do you want something unnatural?

Average American: Well, doesn't that mean when the incompetent badly run banks screw up, the government should let them fail rather than bailing them out?

The Pompous Conservative: No, no, no. First of all, we are talking about a rescue plan, not a bailout. You do want to rescue people in trouble, don't you?

Average American: Well, in general, yes, I do. I admit that is not very brutal or Darwinian of me, but, well, just between you and me, I don't really believe all that evolution stuff I learned in school. But these guys make millions of dollars per year. It is not like they are drowning or trapped in a burning building. It seems to me they can get by on their savings for a few years if they have to.

The Pompous Conservative: No, no, no. The survival of civilization demands that we rescue the banks!

Average American: OK, so why shouldn't we rescue General Motors and Ford directly to save civilization?

The Pompous Conservative (exasperated): General Motors and Ford are incompetent. They should not be rewarded for screwing up! Do you want to reward incompetence?

Average American: Well, er, generally, no. It seems like a bad idea.

The Pompous Conservative (triumphant): Exactly!

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