



## Like Barack Obama, John McCain Is a Socialist

Like the McCain supporter in Waukesha, many Americans recognize that the economic agenda advocated by Sen. Barack Obama and like-minded Democrats is socialistic. Yet many of these same Americans fail to recognize the socialistic nature of McCain's economic agenda, which supposedly is very different from Obama's but in reality is very similar.



Consider, for exhibit A, McCain and Obama's support of the mammoth financial bailout bill, which authorizes the U.S. Treasury Department not only to spend up to \$700 billion to purchase troubled mortgage-related assets from banks and financial institutions, but to also buy actual ownership stakes in these institutions, effectively nationalizing them. Like Obama, McCain not only voted for the bailout bill but lobbied Congress on its behalf.

The passage of the bailout bill has given the Secretary of the Treasury extraordinary powers to control the U.S. financial sector. Tom Brokaw of NBC News was very much aware of this when he asked both McCain and Obama during the [second presidential debate](#) whom they would nominate for that position. "Obviously, the powers of the Treasury secretary have been greatly expanded, the most powerful officer in the Cabinet now," Brokaw explained. "Who do you have in mind to appoint to that very important post?" he first asked McCain. The Arizona senator mentioned two possibilities — Warren Buffet, who's an Obama supporter, and Meg Whitman, who's the former chief of eBay. When it was Obama's turn to answer the question, he began, "Well, Warren would be a pretty good choice, Warren Buffett, and I'm pleased to have his support."

The similarity of the answers provided by rival candidates McCain and Obama might beg the question: "Who better than billionaire investor Buffet to manage a \$700 billion portfolio at the Treasury Department?" But another question also needs to be asked, "Why should the Treasury Department manage a \$700 billion investment portfolio in the first place?" Of course, if McCain were truly a champion of the free market, his answer to the latter question would be that the government should not be doing that.

In addition to having the government (read: taxpayers) purchase Wall Street's troubled mortgage-related assets, McCain also wants the government to purchase troubled mortgages directly. His campaign website's description of his "Homeownership Resurgence Plan" says that the plan "would purchase mortgages directly from homeowners and mortgage servicers, and replace them with manageable, fixed-rate mortgages" at a cost of "roughly \$300 billion because the purchase of mortgages would relieve homeowners of 'negative equity' in some homes." Presumably the cost could



Written by [Gary Benoit](#) on October 12, 2008

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be much more than that depending on what happens with the market including real-estate prices and mortgage defaults. The McCain website statement acknowledges: "It may be necessary for Congress to raise the overall borrowing limit." That's an ominous warning, indeed, considering that the recently passed bailout bill just raised our national debt limit another \$800 billion.

But if this is what McCain advocates, why do McCain supporters like the one in Waukesha, Wisconsin, see the Democrats, but not McCain and like-minded Republicans, as being socialists? Part of the problem may be wishful thinking — no matter how far Republicans move in the socialist direction, Democrats have been adept at advocating even more socialism — but part of the problem is also selective hearing on the part of McCain's conservative constituency. After all, neoconservative Republicans like McCain know how to package their message in a way that will make it sound appealing to conservative-minded Americans.

In the second presidential debate quoted above, McCain sounded like a conservative when he warned: "We obviously have to stop the spending spree that's going on in Washington. Do you know that we've laid a \$10 trillion debt on these young Americans who are, who are here with us tonight? Five hundred billion of it we owe to China." But he sounded like a socialist when just several sentences later he added: "I would order the secretary of the Treasury to immediately buy up the bad home-loan mortgages in America and renegotiate at the new value of those homes, at the diminished value of those homes, and let people make those — be able to make those payments and stay in their homes. Is it expensive? Yes."

Of course, McCain's Homeownership Resurgence Plan would fuel both the Washington "spending spree" and the \$10 trillion debt on young Americans. But wishful-thinking conservatives who catch such contradictions when uttered by a liberal Democrat such as Barack Obama have a tendency only to hear the conservative sound-bites when uttered by a neoconservative Republican such as John McCain.

But wishful thinking and perceptions do not change reality. "That which we call a rose / By any other name would smell as sweet," Shakespeare wrote in *Romeo and Juliet*. And socialism smells as bad regardless of who's promoting it or what it's called.

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