

No Going Back On New Style Of Capitalism?

By [GEORGE F. WILL](#) | Posted Monday, August 24, 2009 4:20 PM PT

As memories of the Cold War fade, like photographs in sunlight, few remember the Brezhnev Doctrine. It was enunciated by Leonid Brezhnev in Warsaw in November 1968 as a retrospective justification for the Soviet-led invasion of Prague the previous August by Warsaw Pact forces to halt Czechoslovakia's liberalization.

The doctrine was supposed to guarantee history would be directional, controlled by a leftward-clicking ratchet. It asserted a Soviet right to intervene to protect socialism wherever it was imposed. We are already testing whether President Obama and other statisticians who have given his administration and this Congress their ideological cast have a doctrine analogous to Brezhnev's.

Having aggressively, even promiscuously, blurred the distinction between public and private sectors with improvised and largely unauthorized interventions in the economy, will they countenance a retreat of the state?

Or do they have an aspiration that they dare not speak? Do they hope state capitalism will be irreversible — that wherever government has asserted the primacy of politics, the primacy will be permanent? They say not, but they say many things they probably do not believe.

(That a government-run "public option" health insurance would not extinguish or even harm private insurance; that cap-and-trade carbon regulations will raise energy costs without injuring the economy; that taxing Peter to subsidize Paul's purchase of a new car is a sound basis for economic growth; that an 85% unspent stimulus has routed the recession, etc.)

Two legislative proposals are revealing the administration's real intentions regarding government ownership of companies.

The Auto Stock for Every Taxpayer Act drafted by Sen. Lamar Alexander, a Tennessee Republican, would have required the Treasury Department to distribute to individual taxpayers — evenly, to the approximately 120 million who filed 2008 returns — all the stock the government holds in General Motors (61%) and Chrysler (8%).

The legislation also would have prohibited using any more TARP funds for GM or Chrysler. And the legislation would have prevented government from influencing corporate decisions for social, energy or environmental policy purposes. Last month the Senate rejected this legislation 59-38. Only one Democrat voted for it.

There remains, however, the TARP Recipient Ownership Trust Act, introduced by Sen. Bob Corker, another Tennessee Republican, and Sen. Mark Warner, a Virginia Democrat. It says that when the government owns more than 20% of a company (today, AIG, Citigroup and GM), that stake will be controlled by an independent trust administered by three unpaid trustees appointed by the president. The trust would have two primary responsibilities.

One would be to guarantee that the companies are run not as political pawns but as profit-making entities seeking to maximize shareholder value. As Alexander notes, "there are at least 60 congressional committees and subcommittees authorized to hold hearings on auto companies and most of them will, probably many times."

Another responsibility would be to divest the government's ownership stake by Dec. 24, 2011, thereby giving friends of private enterprise a merry Christmas. That, however, would be a lump of coal in the stockings of many giddy people in today's Washington.

Even more than the New Deal and the Great Society, Obama's agenda expresses the mentality of a class that was nascent in the 1930s but burgeoned in the 1960s and 1970s. The spirit of that class is described in Saul Bellow's 1975 novel "Humboldt's Gift." In it Bellow wrote that the modern age began when a particular class of people decided, excitedly, that life had "lost the ability to arrange itself":

"It had to be arranged. Intellectuals took this as their job. . . . This arranging has been the one great gorgeous tantalizing misleading disastrous project. A man like Humboldt, inspired, shrewd, nutty, was brimming over with the discovery that the human enterprise, so grand and infinitely varied, had now to be managed by exceptional persons. He was an exceptional person, therefore he was an

eligible candidate for power."

So, shrewd and nutty people such as Rep. Barney Frank are brimful of excitement about arranging American life. What will stop them? The president accurately says Americans are "reluctant shareholders" of GM, AIG and Citigroup. But is he?

If the Corker-Warner legislation is defeated, as Alexander's bill was, on an essentially party-line vote, this will be redundant proof that Obama's professed reluctance is fictitious. If it is, then what is real is what the Democratic left desires, an Obama Doctrine that says the trumpet of state capitalism — capital increasingly controlled from Capitol Hill and the Treasury Department — will never sound retreat.

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