COMMENTARY

Sandefer: A bailout would sacrifice freedom for dependency

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Throughout our nation's history, the size and scope of government has grown by leaps and bounds during times of crisis, financial or otherwise. The political class' natural instinct is for government to rush to the rescue, particularly when an election is near. The current financial meltdown appears to be no exception, as our government responds with a $700 billion taxpayer-funded bailout proposal that was at best a Band-Aid and at worst a more deadly strain of the same disease.

Rather than punishing taxpayers, an array of smarter options is at the government's disposal: abandon cheap-money policy; remove financial incentives that make home purchasing so easy for those who don't yet have the means to own a home; let solvent firms naturally emerge from the mess while firms without sound business models go under; just to name a few.

Many people have played into the hands of big-government apologists by arguing that free markets are "better" because "they work," rather than defending freedom as a fundamental, God-given right for everyone.

I was fortunate to be with Margaret Thatcher once in England when she reminded a group of Americans fretting about a temporary dip in the stock market: "The most important word in the phrase 'free markets' is not the word 'markets.' You cannot justify your freedom based on today's Dow Jones Industrial Average." Her words ring true, as Bush appointees scramble to stoke the engine of our economy by tossing in ever-larger quantities of our tax dollars and freedom.

Charging the Federal Reserve, investment bankers, and politicians to "solve" this crisis is like deputizing arsonists to fight a wildfire. The central enabler is the government, with Wall Street hucksters as eager accomplices. It's time to let the market sweep away decades of excessive leverage and loose monetary policy.

Worrying about a repeat of the Great Depression is a valid concern. But check out hyperinflation in Germany in the 1930's or Zimbabwe in 2008 before you decide that flooding the world in dollars is a better idea. Free from intrusive governmental tinkering, markets will clear soon enough, even if it means many speculators are wiped out.

Pouring in more government dollars into bailouts may rescue a few Wall Street bondholders, but it will only harm the average American. In the end, vesting large amounts of economic power in a few government officials simply is a bad idea. It won't work any better here than it did in the former Soviet Union. The world economy is too complex to be managed in a top down fashion, even by a Wall Street dealmaker and a Princeton economist.

Benjamin Franklin once warned: "Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety." The seeds of this problem were sown long ago, and the financial bill will be paid one way or another. The only question is how much freedom Americans will lose in the process.

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