

# POOL BOY'S THIRD WAY PROPAGANDA

David Sirota pointed to this absolutely disgusting quote in a Pool Boy/Mike Allen Politico article suggesting the White House retains confidence in banksters but not in auto execs.

[A Democratic official close to the White House said] "They have more confidence in the leadership on the banking side – that there are people in place who understand what went wrong and the steps necessary to deal with this disaster. They have no sense of confidence that the auto industry has the capacity or plans to structure a workout."

Now, Sirota is right to be appalled. And I have no doubt that many of the bankster enablers close to Obama, and maybe Obama himself, believe this.

But it pays to look at how Pool Boy (aka Jim VandeHei) and Allen make their argument. Here's their claim:

Critics of President Obama's do-or-die plan for General Motors and Chrysler are making this a fight over fairness: Why do banks get carrots and the autos get the heavy stick?

It's a fair question, and one likely to resonate with those who feel Obama has gone light on insurance giant AIG and bailed-out banks like Citigroup. But, based on conversations with White House officials and advisers, the president has a much more jaundiced view of the automakers – and sees limited upside for bailing them out.

# How to find a source that says what you want

First, take a look at who the White House officials and advisers behind this story are—and precisely what each one is saying.

## **Obama:**

We've reached the end of that road. And we, as a nation, cannot afford to shirk responsibility any longer. Now is the time to confront our problems head-on and do what's necessary to solve them.

(The complete context of that quote blame a failure of leadership in Detroit **and** DC.)

## **A Democratic official close to the White House:**

"The likelihood of failure here is too high to invest any more political or financial capital at the moment," said a Democratic official close to the White House. "For all the negative aspects of structured bankruptcy [a likely outcome for GM], it doesn't necessarily collapse the domestic auto industry for all of time. It will continue to exist in some form."

[snip]

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[snip]

"While the impact of the auto industry

is huge, it doesn't touch everyone who needs to get credit or hire someone, like the banks do," said the Democrat close to the White House. "The optics aren't good, but the autos are a more discrete problem that can be dealt with on a targeted basis."

**White House spokesman:**

... confirmed to POLITICO that the federal government's loans to GM and Chrysler have no special priority in the bankruptcy process.

**Matt Bennett, the vice president for public affairs at Third Way, a progressive think tank:**

"There's a lot of residual frustration and anger with the automobile industry for driving itself into the ground,"

[snip]

"Responsibility resided at the top. They can't compete, they're not going forward on green stuff, they've done everything wrong. The administration feels they're not admitting fundamental errors – they're blind to mistakes that have been made."

**Another official (no tie to the White House indicated):**

"There's a feeling that the failure of these two autos is already priced into the market but that really shaking up the banks could be catastrophically risky."

**Judd Gregg:**

it "makes no sense" to give the auto companies more money at this time, in part because "the auto industry is not a systemic industry" like the financial

sector.

**Top White House official:**

A top White House official went as far as to point out that Chrysler doesn't produce a single car that made Consumer Reports list of top vehicles. The White House made plain it will let Chrysler simply die if it doesn't move quickly to cement the alliance with Fiat SpA.

**Lobbyist close to the White House:**

"You can't allow these to be a black hole for taxpayer dollars," said a lobbyist close to the White House. "At some point, the American people say: Enough is enough. The American people have already voted on this with their car purchases."

**White House advisor:**

"The politics of this are brutal," a White House adviser said. "The president knew the Michigan delegation would be unhappy. But the politics of wasting hundreds of billions of dollars in a failed efforts to save this company are worse than the politics of allow them to die after taking real but not extreme measures."

"Taxpayers are already in revolt over spending all this money," the adviser added. "The image of pushing out a CEO is very helpful – very smart."

In addition, there are several sentences that attribute agency to Obama, but offer no basis for that agency:

Obama is convinced that if AIG or some of the big banks collapsed, the economy could go down with them. That's not the

case with Chrysler, for sure, and probably GM, too. [this may be based on Obama's budget, which calls for alternative transportation]

For Obama, this is a great opportunity to show he's intolerant of big bailouts that could leave taxpayers forever holding the bag. [this seems to be based on conversation with the White House advisor, above]

Now, the comment made by "top White House official" basically comes from the administration assessment of Chrysler. And the spokesperson confirmation is available at Treasury. So the only thing that is a White House comment for this article is that of the "advisor" talking about the tough politics of this and the importance of pushing out a CEO. And the only thing even attributed to the White House that claims banks are worse than auto companies (based on no apparent reason, though) is the claim that "Obama is convinced" that AIG could bring the economy down, but Chrysler couldn't (and GM probably wouldn't).

The rest of the basis for Pool Boy and Allen's argument that the President has a more jaundiced view of the auto industry comes from sources that may or may not speak for the White House: Judd Gregg (!), Matt Bennett, a Democratic official close to the White House, a lobbyist close to the White House, and another official. Not only could several of these people be the same source, but we know Gregg and Bennett shouldn't be viewed as neutral observers, so there's no reason to believe the others, who won't go on the record, are either.

Unless, of course, you believe Pool Boy.

So I have zero doubt that people like Tim Geithner and Larry Summers love them some banksters and disdain the auto companies. Just as I'm sure the Third Way and a bunch of other lobbyists and DLC and Blue Dog types that might

claim closeness to the White House love them some banksters. But because Pool Boy and Allen have given these self-interested parties anonymity, all they've done is prove that a bunch of people in DC sucking on the bankster's dole think banksters aren't as bad as auto companies.

## Pool Boy logic for banksters

But that's not what is really reprehensible about this article. As I said, it may well be that Obama et al think banksters are the shit.

Based on these quotes, Pool Boy and Allen do "reporting" that consists of making unproven (and in some cases, nonsensical) assertions about the auto industry, and, without questioning, claiming that such assertions cannot be made about the banksters.

For example, they claim that we shouldn't mock banksters because we'll get our money back from them, whereas we won't from the auto companies.

It is easy to ridicule the bailed-out banks, especially with reports that the companies still throw around million-dollar bonuses, buy fancy planes and throw five-star retreats for executives. But at least there's a chance some or all the federal money they got will one day be returned to taxpayers. In fact, some banks are already talking about sending the cash back, if for no other reason than to stay clear of government-mandated restrictions on pay and bonuses.

But with GM & Chrysler, things are different-which may explain why the Obama Administration is being tougher with both firms than it has with most of the financial industry. GM already has

\$13.4 billion in government loans, while Chrysler owes the government \$4 billion. Now, federal officials are talking about a bankruptcy filing for one or both companies.

Apparently, Pool Boy hasn't read any of the numerous analyses about how we risk losing our shirts in the Public-Private Partnership, not to mention the Maiden Lanes, and \$80 billion loan to AIG, the value of which has been tanking. And he'll just take Goldman's word that they're going to pay us back early (without noting, of course, that we've already given them \$12.9 billion, almost as much as GM has gotten, just by recovering full value on their bets with AIG).

Nope, Pool Boy doesn't have to look at the question of whether the banksters will pay us back. The Third Way told him they would, so I'm sure they're good for the money.

(And if you believe that, I've got a tranche of AAA mortgage backed securities I'd like to sell you.)

And then there's this assertion, which is pretty much every stupid assumption about cars rolled up into one.

The bottom line for Obama – and the auto industry – is many people don't want American-made cars. General Motors, which is building more popular vehicles than Chrysler, has been bleeding money for years, losing \$82 billion since 2004. The company made a terrible bet that SUVs were the future – just as Toyota and Honda were putting their money on hybrids and more efficient, more reliable cars.

So it's no wonder sales are down and unlikely to rebound even if with prices lower than ever.

Let's see the problems with this. "American-made cars." Like Ford, which has not taken bailout cash? Like Toyota's Camrys, made in Kentucky? Or for that matter, the 3.5 million plus cars GM sold in North America last year? Pool Boy apparently doesn't know the difference between domestic and transplant, much less what market share is, the poor idiot!

Then he claims that GM's bottom line is tied exclusively to declining sales. I guess he's never figured that sales and profit are different things.

And then the classic idiotic claim: that GM is failing because it makes SUVs, which not only ignores that hybrids are not terribly profitable, but also that Honda and Toyota have been racing into SUVs for the same reason GM does: because they're usually tons more profitable than hybrids and compacts.

I'm not sure whether Pool Boy—or his sources—are just this dumb. Or whether Pool Boy and the Third Way think false conventional wisdom like this amounts to a real argument.

Besides which.

AIG lost \$61.7 billion in in just three months last year!!! An all-time record in the US. But for some reason, Pool Boy presents it as conventional wisdom that AIG is a safe bet.

Now, like I said, I think it pays to assume this reflects the views of at least the banksters enablers at the White House. But it's telling how stupid Pool Boy has to be to make their case for them.