



Written by [Gary Benoit](#) on February 16, 2009

Coming Soon: Nationalization of the Banks?

The *New York Times* raised the specter of nationalizing the banks in an article entitled "[Rescue of Banks Hints at Nationalization](#)."

The *Times* article observed that "the new ground rules laid down by Mr. Obama's top economic advisers for the second half of the \$700 billion bailout fund, as explained in a letter submitted to Congress ... call for the government to play an increasing role in the major activities of the banks, from the dividends they pay to shareholders to the amount they can pay executives."



As of this writing the Obama administration is not talking about nationalizing the banks as a solution to the financial meltdown, but a *Republican* U.S. senator said that nationalization should be considered when he appeared on the February 15 edition of ABC's *This Week With George Stephanopoulos*. [During a discussion on the subject](#) that included Democratic Representative Maxime Waters' (Calif.) observation that "the word 'nationalization' scares the hell out of people," Republican Senator Lindsey Graham (S.C.) opined:

Yes, this idea of nationalizing banks is not comfortable, but I think we have gotten so many toxic assets spread throughout the banking and financial community throughout the world that we're going to have to do something that no one ever envisioned a year ago, no one likes, but, to me, banking and housing are the root cause of this problem. And I'm very much afraid that any program to salvage the bank is going to require the government ...

"So what would you do now?" interjected Stephanopoulos. Republican Lindsey Graham replied, "I — I would not take off the idea of nationalizing the banks" — to which Democrat Maxime Waters' added: "We've come a long way."

Indeed, we have gone a very long way down the slippery slope of socialism. We have gone so far, in fact, that *Newsweek* recently published an issue with the cover headline "[We Are All Socialists Now](#)."

With the "S" word now appearing in the popular press, and with a Republican senator open to the idea of bank nationalization, would it be very surprising if the Obama administration were to move openly to nationalize the banks in the not-too-distant future?

Photo of Citigroup Center building in Chicago: Jarred Trost



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