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# The Bailout Passion Play

*There will be blood – and a vote.*

By [BRENDAN MINITER](#)

"It's not me blowing this up, it's the Republicans." So said Nancy Pelosi this week to Hank Paulson, who was reportedly on bended knee soliciting for his bailout plan.

There's been a lot of theater, but what's really going on is that Ms. Pelosi is trying to make sure that any bailout only passes with conservative Republicans and John McCain fully on board to share the rap. But Democrats have all the votes they need to pass the Paulson plan. If Ms. Pelosi and the White House really believe the financial markets will fall apart Monday morning without a bill, they can deliver one -- as President Bush hinted in his own nonpanicked remarks Friday morning.

Straight from a meeting with John McCain on Thursday, one of the central villains in Ms. Pelosi's melodrama, Rep. Eric Cantor, gave us an update. Mr. Cantor, a rising GOP star from Virginia, also happens to be his party's chief deputy House whip responsible for rounding up votes on key pieces of legislation. Though Democrats control the House, he explains, conservative Republicans for the moment are able to drive policy on this issue because "the Speaker has pledged that there will be no bill without a majority of Republican support."

That has allowed House GOP conservatives, though a minority of a minority, to put some brakes on a runaway train and allow some due deliberation. With their constituents burning up congressional switchboards to complain about the deal and conservatives aghast at a massive open-ended government intervention in the economy, Mr. Cantor has been hammering out a "statement of principles" with Reps. Paul Ryan and Jeb Hensarling. Those principles are the nucleus of a plan to modify or replace Treasury Secretary Henry Paulson's \$700 billion proposal to unfreeze credit markets by buying up distressed financial assets.

But -- deep breath here -- in the end, "there is no way there isn't a vote" on the bailout, says Mr. Cantor.

As for Mr. McCain, accused by Democrats and the media of disrupting the talks to help his presidential campaign and play up his role as bipartisan savior, Mr. Cantor says having Mr. McCain on Capitol Hill "signaled the severity" of the

crisis and can help produce a compromise.

Essentially, the alternative being drawn up by Messrs. Cantor, Ryan and Hensarling aims to free up private capital to buy distressed securities by pushing through a series of tax and regulatory reforms, and by creating government insurance for mortgage-backed securities that are now burning holes in financial firms' balance sheets. Washington has more experience running guarantee programs, they note, than running a hedge fund (the Paulson plan). Their proposal would avoid committing hundreds of billions of taxpayer dollars to the discretion of the Treasury Department to "save" the financial system. And it doesn't turn the U.S. government into a giant (and conflicted) owner of U.S. financial institutions.

Mr. Cantor isn't willing to name names yet, but he says even some Democratic members are attracted to a scaled-back plan that wouldn't stick a giant bill on "taxpayers, who did nothing wrong here." Notice that, despite the panic coming from the talking heads, the stock market has been holding up fine. Ironically, Mr. Cantor and company are playing the role the Constitution assigned to the Senate -- to force a little deliberation before rushing into anything.

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