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Statement by the Press Secretary on Irresponsible Reporting by New York Times

Setting the Record Straight: The Three Most Egregious Claims In The New York Times Article On The Housing Crisis
In Focus: Economy
White House News

Most people can accept that a news story recounting recent events will be reliant on '20-20 hindsight'. Today's front-page New York Times story relies on hindsight with blinders on and one eye closed.

The Times' 'reporting' in this story amounted to finding selected quotes to support a story the reporters fully intended to write from the onset, while disregarding anything that didn't fit their point of view. To prove the point, when they filed their story, NYT reporters were completely unfamiliar with the President's prime time address to the nation where he laid out in detail all of the causes of the housing and financial crises. For example, the President highlighted a factor that economists agree on: that the most significant factor leading to the housing crisis was cheap money flowing into the U.S. from the rest of the world, so that there was no natural restraint on flush lenders to push loans on Americans in risky ways. This flow of funds into the U.S. was unprecedented. And because it was unprecedented, the conditions it created presented unprecedented questions for policymakers.

In his address the President also explained in detail the failure of financial institutions to perform normal and necessary due diligence in creating, buying and selling new financial products – a problem that almost no one saw as it was happening.

That the NYT ignored such an important economic speech to the American people and the complex causes of the crises is gross negligence.

The Times story frequently repeats a charge by the Administration's critics: a 'laissez faire' attitude toward regulation. We make no apology for understanding the concept of regulatory balance. That is, regulation should be stringent enough to protect the greater public good and safety but not overly strong so that it unnecessarily inhibits innovation, creativity and productivity gains that are the sole source of increasing Americans' standards of living. But while repeating this charge, the reporters gave glancing attention to the fact that it was this Administration that pushed for strengthened regulation and oversight, greater transparency, and housing reform.

The story also gives kid glove treatment to Congress. While the Administration was pushing for more transparent lending rules and strengthening oversight and supervision of Fannie and Freddie, Congress for years blocked attempts at stronger regulation and blocked reform of the Federal Housing Administration. Democratic leaders brazenly encouraged Fannie and Freddie to loosen lending standards and instead encouraged the housing GSEs to play a larger and larger role in the housing market – even while explicitly acknowledging the rising risks. And while the story notes the political contributions of some banks to Republicans, it neglects that political contributions from Fannie Mae and Freddie Mac overwhelmingly supported Democratic officials – in particular the chairmen of the banking committees. In fact, even in the midst of what by then was a housing crisis, it took Congress nearly a full year to pass specific legislation called for by the President in the summer of 2007, especially legislation to reform oversight of Fannie Mae and Freddie Mac.

There are many more reporting failures in this story – failure to consider the impact of monetary policy; ignoring the regional nature of housing markets; and ignoring the Bush Administration's historic proposal to overhaul the nation's regulatory system, for example. But then a review of these issues would wave complicated the reporters' myopic point of view that only Bush Administration policies could possibly be responsible for the housing and finance crises.

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