

Setting the Record Straight: The Three Most Egregious Claims In The New York Times Article On The Housing Crisis

The New York Times Reporters Jo Becker, Sheryl Stolberg, And Stephen Labaton Ignore The Facts And Place Unfounded Blame On President Bush And His Administration Over The Current Housing Crisis

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Times

"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."

- White House Press Secretary Dana Perino, 12/21/08

1. **The New York Times wrongly accuses President Bush and his Administration of disregarding signs of danger from Government Sponsored Enterprises (GSEs)** and ignores 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, arguing that "as early as 2006, top advisers to Mr. Bush dismissed warnings from people inside and outside the White House that housing prices were inflated and that a foreclosure crisis was looming." (Jo Becker, Sheryl Gay Stolberg, Stephen Labaton, "White House Philosophy Stoked On Mortgage Bonfire," *New York Times*, 12/21/08)

The New York Times completely ignores the fact that while the Administration was pushing for more transparent lending rules and reining in Fannie Mae and Freddie Mac, Congress had for years blocked attempts at stronger regulation and blocked reform of the Federal Housing Administration.

- o House Financial Services Committee Chairman Barney Frank (D-MA) criticized the President's warning saying: "these two entities - Fannie Mae and Freddie Mac - are not facing any kind of financial crisis ... The more people exaggerate these problems, the more pressure there is on these companies, the less we will see in terms of affordable housing." (Stephen Labaton, "New Agency Proposed To Oversee Freddie Mac And Fannie Mae," *New York Times*, 9/11/03)
- o Senate Committee on Banking, Housing and Urban Affairs Chairman Christopher Dodd also ignored the President's warnings and called on him to "immediately reconsider his ill-advised" position. (Eric Dash, "Fannie Mae's Offer To Help Ease Credit Squeeze Is Rejected, As Critics Complain Of Opportunism," *New York Times*, 8/11/07)

Over the past six years, the President and his Administration have not only warned of the systemic consequences of failure to reform GSEs but also put forward thoughtful plans to reduce the risk that either Fannie Mae or Freddie Mac would encounter such difficulties. President Bush publicly called for GSE reform at least 17 times in 2008 alone before Congress acted. Unfortunately, these warnings went unheeded, as the President's repeated attempts to reform the supervision of these entities were thwarted by the legislative maneuvering of those who emphatically denied there were problems. Many prominent Democrats, including House Finance Chairman Barney Frank, opposed any legislation correcting the risks posed by GSEs.

2. **The New York Times notes the political contributions of some banks to Republicans, saying "in the 2004 election cycle, mortgage bankers and brokers poured nearly \$847,000 into Mr. Bush's re-election campaign, more than triple their contributions in 2000, according to the nonpartisan Center for Responsive Politics."**

The article neglects to acknowledge that political contributions from Fannie Mae and Freddie Mac overwhelmingly supported Democratic officials - in particular members of Democratic leadership:

- Since 1989, Senator Chris Dodd (D-CT) has received \$165,400 from Fannie Mae and Freddie Mac. (Lindsay Renick Mayer, "Fannie Mae And Freddie Mac Invest In Lawmakers," Center For Responsive Politics' "Capital Eye" Blog, www.opensecrets.org, 9/11/08)
- Since 1989, Senate Majority Leader Harry Reid (D-NV) has received \$77,000 from Fannie Mae and Freddie Mac. (Lindsay Renick Mayer, "Fannie Mae And Freddie Mac Invest In Lawmakers," Center For Responsive Politics' "Capital Eye" Blog, www.opensecrets.org, 9/11/08)
- Since 1989, House Speaker Nancy Pelosi has received \$56,250 from Fannie Mae and Freddie Mac. (Lindsay Renick Mayer, "Fannie Mae And Freddie Mac Invest In Lawmakers," Center For Responsive Politics' "Capital Eye" Blog, www.opensecrets.org, 9/11/08)

3. **The New York Times wrongly accuses the President of encouraging reckless lending in order to expand the Republican base:** "For Mr. Bush, it was part of his vision of an "ownership society," in which Americans would rely less on the government for health care, retirement and shelter. It was also good politics, a way to court black and Hispanic voters."

The facts show that, throughout his eight years, the President was actually encouraging careful and wise lending and emphasized the obligations and responsibilities that come with homeownership. "We've got to be wise about how we deal with the closing documents and all the regulations, but also wise about how we help people understand what it means to own their home and the obligations and the opportunities." (President George W. Bush, Remarks On Homeownership, Atlanta, GA, 6/17/02)

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