

Obama Blames Bush For Our Financial Crisis



Is Bush to blame?

President Obama blames Bush for our financial crisis. Is he right? The simple answer is no. However, since the full story is long and rather complex, I recommend that you read this post and watch these videos first. You should then read *Obama's Biggest Lie* for a more complete understanding of what really happened. Taken together, these two posts refute the false claim of Obama and the Democrats that Bush's economic policies caused our current financial crisis and they expose the culprits who actually did trigger the financial meltdown.

If there was a single most important "trigger" of the financial meltdown, it was the lack of regulation and reform at Fannie Mae and Freddie Mac. Also, it is important to know that what Barack Obama is telling us is patently untrue.

Below, are three videos that, irrefutably, tell the truth. It is important to watch all three to fully understand what triggered our financial crisis, who warned us, and who blocked reform that could have prevented it.

Video 1 of 3

Video 2 of 3

Video 3 of 3

Let's summarize:

- For years, the Bush Administration and Republicans warned repeatedly about an impending financial disaster and pushed for reform in order to head it off while the Democrats dishonestly accused them of setting off false alarms. (See Bush Warned Us Of A Potential Financial Crisis)
- Democrats repeatedly blocked reform, declaring that there was nothing wrong. Their reason for doing so was simple: The recipients of the bad mortgage loans, which were being pushed by Fannie and Freddie, were virtually all Democratic voters. So once again, the Democrats put the pursuit of power before the good of the country. Now, without skipping a beat, the very same people who are most culpable for our current financial and economic problems, lie to us and blame "Bush economic policies" for the financial meltdown.
- Democrats praised Franklin Raines for his stewardship of Fannie Mae while Mr. Raines was in the process of destroying that organization.
- Even Bill Clinton correctly and honestly placed the blame on the Democrats.
- Astonishingly, even after Franklin Raines was forced out of Fannie Mae in disgrace, Barack Obama asked him to join his campaign as an adviser on mortgage and housing policy!

Here's what the *Washington Post* had to say:

The Obama Campaign Has Solicited Franklin Raines, Who "Stepped Down As Fannie Mae's Chief Executive Under The Shadow Of A \$6.3 Billion Accounting Scandal," For "Advice On

Mortgage And Housing Policy.” “In the four years since he stepped down as Fannie Mae’s chief executive under the shadow of a \$6.3 billion accounting scandal, Franklin D. Raines has been quietly constructing a new life for himself. He has shaved eight points off his golf handicap, taken a corner office in Steve Case’s D.C. conglomeration of finance, entertainment and health-care companies and more recently, taken calls from Barack Obama’s presidential campaign seeking his advice on mortgage and housing policy matters.” (Anita Huslin, “On The Outside Now, Watching Fannie Falter,” The Washington Post, 7/16/08)

“Two Members Of Mr. Obama’s Political Circle, James A. Johnson And Franklin D. Raines, Are Former Chief Executives Of Fannie Mae.” (Editorial, “Tough Decision Coming,” The Washington Post, 8/28/08)

Note: Most of our media have been conspicuously silent on this matter. If they mention it at all, it is with mitigating caveats that serve to veil its true significance. They simply did not report in full anything that would harm Barack Obama. Of course, the so-called “mainstream media” no longer serve us. They serve Barack Obama, their “Messiah.” After all, we are not to be trusted with the truth so we can decide for ourselves. They think they know best.

Bush Warned Us Of A Potential Financial Crisis

By MacPundit



Bush warned us but the media and the Democrats ignored the warnings.

Barack Obama continues to blame the Bush Administration for our current financial crisis. He charges President Bush with incompetence for his failure to identify the problems and for not seeking reform of Fannie Mae and Freddie Mac. Is this accurate? The answer is: Not even close! Here are the facts:

President Bush warned us of a potential financial crisis, repeatedly. So did other members of his administration.

For many years President Bush and his Administration not only warned of the systemic consequences of financial turmoil at a housing government-sponsored enterprise (GSE) but also put forward plans to reduce the risk that either Fannie Mae or Freddie Mac would encounter such difficulties.

President Bush publicly called for GSE reform. Unfortunately, these warnings went unheeded. The President's repeated attempts to reform the supervision of these entities were thwarted by the legislative maneuvering of congressional Democrats who emphatically denied there were problems.

Here is the record:

2001

April: The Administration's FY02 budget declares that the size of Fannie Mae and Freddie Mac is "a potential problem," because "financial trouble of a large GSE could cause strong repercussions in financial markets, affecting Federally insured entities and economic activity."

2002

May: The President calls for the disclosure and corporate governance principles contained in his 10-point plan for corporate responsibility to apply to Fannie Mae and Freddie Mac. (OMB Prompt Letter to OFHEO, 5/29/02)

2003

January: Freddie Mac announces it has to restate financial results for the previous three years.

February: The Office of Federal Housing Enterprise Oversight (OFHEO) releases a report explaining that "although investors perceive an implicit Federal guarantee of [GSE] obligations," "the government has provided no explicit legal backing for them." As a consequence, unexpected problems at a GSE could immediately spread into financial sectors beyond the housing market. ("Systemic Risk: Fannie Mae, Freddie Mac and the Role of OFHEO," OFHEO Report, 2/4/03)

September: Fannie Mae discloses SEC investigation and acknowledges OFHEO's review found earnings manipulations.

September: Treasury Secretary John Snow testifies before the House Financial Services Committee to recommend that Congress enact "legislation to create

a new Federal agency to regulate and supervise the financial activities of our housing-related government sponsored enterprises” and set prudent and appropriate minimum capital adequacy requirements.

October: Fannie Mae discloses \$1.2 billion accounting error.

November: Council of the Economic Advisers (CEA) Chairman Greg Mankiw explains that any “legislation to reform GSE regulation should empower the new regulator with sufficient strength and credibility to reduce systemic risk.” To reduce the potential for systemic instability, the regulator would have “broad authority to set both risk-based and minimum capital standards” and “receivership powers necessary to wind down the affairs of a troubled GSE.” (N. Gregory Mankiw, Remarks At The Conference Of State Bank Supervisors State Banking Summit And Leadership, 11/6/03)

2004

February: The President’s FY05 Budget again highlights the risk posed by the explosive growth of the GSEs and their low levels of required capital, and called for creation of a new, world-class regulator: “The Administration has determined that the safety and soundness regulators of the housing GSEs lack sufficient power and stature to meet their responsibilities, and therefore...should be replaced with a new strengthened regulator.” (2005 Budget Analytic Perspectives, pg. 83)

February: CEA Chairman Mankiw cautions Congress to “not take [the financial market’s] strength for granted.” Again, the call from the Administration was to reduce this risk by “ensuring that the housing

GSEs are overseen by an effective regulator.” (N. Gregory Mankiw, Op-Ed, “Keeping Fannie And Freddie’s House In Order,” *Financial Times*, 2/24/04)

June: Deputy Secretary of Treasury Samuel Bodman spotlights the risk posed by the GSEs and called for reform, saying “We do not have a world-class system of supervision of the housing government sponsored enterprises (GSEs), even though the importance of the housing financial system that the GSEs serve demands the best in supervision to ensure the long-term vitality of that system. Therefore, the Administration has called for a new, first class, regulatory supervisor for the three housing GSEs: Fannie Mae, Freddie Mac, and the Federal Home Loan Banking System.” (Samuel Bodman, House Financial Services Subcommittee on Oversight and Investigations Testimony, 6/16/04)

2005

April: Treasury Secretary John Snow repeats his call for GSE reform, saying “Events that have transpired since I testified before this Committee in 2003 reinforce concerns over the systemic risks posed by the GSEs and further highlight the need for real GSE reform to ensure that our housing finance system remains a strong and vibrant source of funding for expanding homeownership opportunities in America... Half-measures will only exacerbate the risks to our financial system.” (Secretary John W. Snow, “Testimony Before The U.S. House Financial Services Committee,” 4/13/05)

2007

July: Two Bear Stearns hedge funds invested in mortgage securities collapse.

August: President Bush emphatically calls on Congress to pass a reform package for Fannie Mae and Freddie Mac, saying “first things first when it comes to those two institutions. Congress needs to get them reformed, get them streamlined, get them focused, and then I will consider other options.” (President George W. Bush, Press Conference, The White House, 8/9/07)

September: RealtyTrac announces foreclosure filings up 243,000 in August – up 115 percent from the year before.

September: Single-family existing home sales decreases 7.5 percent from the previous month – the lowest level in nine years. Median sale price of existing homes fell six percent from the year before.

December: President Bush again warns Congress of the need to pass legislation reforming GSEs, saying “These institutions provide liquidity in the mortgage market that benefits millions of homeowners, and it is vital they operate safely and operate soundly. So I’ve called on Congress to pass legislation that strengthens independent regulation of the GSEs – and ensures they focus on their important housing mission. The GSE reform bill passed by the House earlier this year is a good start. But the Senate has not acted. And the United States Senate needs to pass this legislation soon.” (President George W. Bush, Discusses Housing, The White House, 12/6/07)

2008

January: Bank of America announces it will buy Countrywide.

January: Citigroup announces mortgage portfolio lost \$18.1 billion in value.

February: Assistant Secretary David Nason reiterates the urgency of reforms, says “A new regulatory structure for the housing GSEs is essential if these entities are to continue to perform their public mission successfully.” (David Nason, Testimony On Reforming GSE Regulation, Senate Committee On Banking, Housing And Urban Affairs, 2/7/08)

March: Bear Stearns announces it will sell itself to JPMorgan Chase.

March: President Bush calls on Congress to take action and “move forward with reforms on Fannie Mae and Freddie Mac. They need to continue to modernize the FHA, as well as allow State housing agencies to issue tax-free bonds to homeowners to refinance their mortgages.” (President George W. Bush, Remarks To The Economic Club Of New York, New York, NY, 3/14/08)

April: President Bush urges Congress to pass the much needed legislation and “modernize Fannie Mae and Freddie Mac. [There are] constructive things Congress can do that will encourage the housing market to correct quickly by ... helping people stay in their homes.” (President George W. Bush, Meeting With Cabinet, the White House, 4/14/08)

May: President Bush issues several pleas to Congress to pass legislation reforming Fannie Mae and Freddie Mac before the situation deteriorates further.

- “Americans are concerned about making their mortgage payments and keeping their homes. Yet Congress has failed to pass legislation I have repeatedly requested to modernize the Federal Housing Administration that will help more families stay in their homes, reform Fannie Mae and Freddie Mac to ensure they focus on their

housing mission, and allow State housing agencies to issue tax-free bonds to refinance sub-prime loans.” (President George W. Bush, Radio Address, 5/3/08)

- “[T]he government ought to be helping creditworthy people stay in their homes. And one way we can do that – and Congress is making progress on this – is the reform of Fannie Mae and Freddie Mac. That reform will come with a strong, independent regulator.” (President George W. Bush, Meeting With The Secretary Of The Treasury, the White House, 5/19/08)
- “Congress needs to pass legislation to modernize the Federal Housing Administration, reform Fannie Mae and Freddie Mac to ensure they focus on their housing mission, and allow State housing agencies to issue tax-free bonds to refinance subprime loans.” (President George W. Bush, Radio Address, 5/31/08)

June: As foreclosure rates continued to rise in the first quarter, the President once again asks Congress to take the necessary measures to address this challenge, saying “we need to pass legislation to reform Fannie Mae and Freddie Mac.” (President George W. Bush, Remarks At Swearing In Ceremony For Secretary Of Housing And Urban Development, Washington, D.C., 6/6/08)

Also see Obama Blames Bush For Our Financial Crisis