

Editorial-Opinion

Who started the housing crisis?

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In his July 3 op-ed column on the book "Reckless Endangerment," George F. Will perpetuated the myth that it was housing policies aimed at the poor that drove the housing bubble and subsequent collapse of the economy. This "devil made me do it" argument suggests that armies of well-paid bankers were powerless to resist the temptation of bad policy and were compelled not only to create bad loans to sell to **Fannie Mae**, but to then multiply that risk by converting those loans into "safe" securities sold around the world. This is patently silly.

The edifice of hundreds of billions of dollars of subprime and highly leveraged mortgage-backed securities was not built on the foundation of the lowest-income buyers in the least expensive houses. That kind of money was generated higher up the housing-value food chain, and at the institutional level in big bets by the financial institutions that multiplied the risks taken by individual homeowners.

Now that the party has ended, Mr. Will and others are cynically blaming policies, however misguided, that may have been intended to help the poor but subsidized a decade-long profit spree for the financial sector. When all that wealth was being created, all the credit was to the "masters of the universe," and now that the music has stopped, all the blame is to government bureaucrats and the poor.

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