



Written by [Thomas Sowell](#) on October 21, 2010

## Is Barney Frank?

You would be hard pressed to find a politician who is less frank than Congressman Barney Frank. Even in an occupation where truth and candor are often lacking, Congressman Frank is in a class by himself when it comes to rewriting history in creative ways. Moreover, he has a lot of history to rewrite in his re-election campaign this year.

No one contributed more to the policies behind the housing boom and bust, which led to the economic disaster we are now in, than Congressman Barney Frank.



His powerful position on the House of Representatives' Committee on Financial Services gave him leverage to force through legislation and policies which pressured banks and other lenders to grant mortgage loans to people who would not qualify under the standards which had long prevailed, and had long made mortgage loans among the safest investments around.

All this was done in the name of promoting more home-ownership among people who had neither the income nor the credit history that would meet traditional mortgage lending standards.

To those who warned of the risks in the new policies, Congressman Frank replied in 2003 that critics "exaggerate a threat of safety" and "conjure up the possibility of serious financial losses to the Treasury, which I do not see." Far from being reluctant to promote risky practices, Barney Frank said, "I want to roll the dice a little bit more in this situation."

With the federal regulators leaning on banks to make more loans to people who did not meet traditional qualifications — the "underserved population" in political Newspeak — and quotas being given to Fannie Mae and Freddie Mac to buy more of these riskier mortgages from the original lenders, critics pointed out the dangers in these pressures to meet arbitrary home ownership goals. But Barney Frank counter-attacked against these critics.

In 2004 he said: "I believe that we, as the Federal Government, have probably done too little rather than too much to push them to meet the goals of affordable housing." He went further: "I would like to get Fannie and Freddie more deeply into helping low-income housing."

Fannie Mae and Freddie Mac were crucial to these schemes to force lenders to lend to those whom politicians wanted them to lend to, rather than to those who were most likely to pay them back. So it is no surprise that Barney Frank was very protective toward these two government-sponsored enterprises that were buying up mortgages that banks were willing to make under political pressure, but were often unwilling to keep.

The risks which banks were passing on to Fannie Mae and Freddie Mac were ultimately risks to the taxpayers. Although there was no formal guarantee to these enterprises, everybody knew that the federal government would always bail them out, if necessary, to keep them from failing.

Everybody except Barney Frank.



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"There is no guarantee," according to Congressman Frank in 2003, "there is no explicit guarantee, there is no implicit guarantee, there is no wink-and-nod guarantee." Barney Frank is a master of rhetoric, who does not let the facts cramp his style.

Fast forward now to 2008, after the risky mortgages had led to huge numbers of defaults, dragging down Fannie Mae, Freddie Mac and the financial markets in general — and with them the whole economy.

Barney Frank was all over the media, pointing the finger of blame at everybody else. When financial analyst Maria Bartiromo asked Congressman Frank who was responsible for the financial crisis, he said, "right-wing Republicans." It so happens that conservatives were the loudest critics who had warned for years against the policies that Barney Frank pushed, but why let facts get in the way?

Ms. Bartiromo did not just accept whatever Barney Frank said. She said: "With all due respect, congressman, I saw videotapes of you saying in the past: 'Oh, let's open up the lending. The housing market is fine.'" His reply? "No, you didn't see any such tapes."

"I did. I saw them on TV," she said. But Barney Frank did not budge. He understood that a good offense is the best defense. He also understands that rewriting history this election year is his best bet for keeping his long political career alive.

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