



Written by [Thomas R. Eddlem](#) on October 6, 2011

Democrats Cheer Senate Candidate Elizabeth Warren's Attack on Wall St.

The audience erupted.

The remark was part of a broad-based attack on capitalism by Warren, who, when asked about the Occupy Wall Street protests, [remarked](#),



The people on Wall Street broke this country, and they did it one lousy mortgage at a time. It happened more than three years ago, and there has still been no basic accountability and there has been no real effort to fix it. That's why I want to run for the United States Senate. That's what I want to do to change the system.

Again, the Lowell, Massachusetts, audience erupted with wild applause.

While all of the liberal media guffawed several weeks ago at a handful of possibly drunken GOP debate audience members cheering for the death of an uninsured man, what is there to say about a large Democratic Party audience wildly cheering an attack on Wall Street at a time when private industry jobs are so desperately needed in the teetering economy?

Critics have noted that Warren's remarks were based upon the economically ignorant view that all of Wall Street — which was able to make profits regularly for generations — spontaneously got stupid in 2006 and 2007 and began to make unmarketable home loans without any outside influence. But banks' home loans were a direct reaction to a [years-long federal government subsidized housing bubble](#) through suppressed interest rates by the Federal Reserve Bank, guaranteed home loans through government-sponsored-enterprises such as Fannie Mae and Freddie Mac, and government pressure to make loser loans through the [Community Reinvestment Act](#). The artificial housing boom created by the federal government eventually led many on Wall Street to miscalculate the housing market and make poor decisions in the sub-prime market.

In short, critics say, Warren was flatly wrong. Wall Street didn't break the economy; Washington did. Warren, until recently President Obama's Special Advisor for the U.S. Consumer Financial Protection Bureau, [assured](#) the audience that she would use her position in Washington to punish Wall Street businesses: "You have to be willing to take the fight directly to Wall Street and directly to Washington." Taking the fight to Wall Street means higher, punitive taxes on Wall Street and more bailouts to re-inflate the housing bubble, according to Warren:

We've got a broken housing market here in Massachusetts. We've got more than a quarter of a million families who are underwater on their mortgage; they owe more than their house is worth. We've got 40,000 families who have already lost their homes through foreclosure. Foreclosures are picking up again. And the problem we have is that we can't get this cleared up. It is broken.



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And there is no accountability in the system and no real impetus right now behind fixing it.

There was a time three years ago when we might have taken some modest approaches and headed this problem off. But now we are in a place where we can't restart this economy in Massachusetts, we can't do it nationally, unless we do more on housing. And what that's going to mean is we are going to have to do principle write-downs, it means we are going to have to do re-financing of homes that are underwater, it means we are going to have to do cash-for-fees, it means we are going to have to do short sales. We are going to have to take serious and hard steps to get this housing market to level out so that we can start rebuilding our economy.

To Warren, also a [professor](#) at Harvard Law School, "we doing more" means government doing more. Two weeks earlier, she had issued a related — and now infamous — ["marauding bands" harangue](#) claiming that businesses need to fork over more money to Washington and be grateful for the contribution:

I hear all this, y'know, well, this is class warfare, this is whatever. No.

There is nobody in this country who got rich on his own. Nobody.

You built a factory out there? Good for you. But I want to be clear. You moved your goods to market on the roads the rest of us paid for. You hired workers the rest of us paid to educate. You were safe in your factory because of police forces and fire forces that the rest of us paid for. You didn't have to worry that marauding bands would come and seize everything at your factory, and hire someone to protect against this because of the work the rest of us did.

Now look, you built a factory and it turned into something terrific, or a great idea? God bless. Keep a big hunk of it. But part of the underlying social contract is you take a hunk of that and pay forward for the next kid who comes along.

In that spiel she relied on unfounded assumptions, as well, such as assuming that "rich business owners" don't pay for taxes for roads (they pay the bulk of the taxes) and postulating that they are mooching off the masses and reaping benefits that they didn't earn, [instead of the other way around](#).

Warren is seeking the Democratic Party nomination to replace Massachusetts Republican U.S. Senator Scott Brown, who was elected in 2010 to replace the late Senator Ted Kennedy. Brown was the first Republican to be elected to that U.S. Senate seat in nearly 60 years.

Photo of Elizabeth Warren: AP Images



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