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Stumping for wife, Bill Clinton says mortgage crisis needs fix

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Bill Clinton answers questions from the media following an appearance at Everett & Jones Barbeque...

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OAKLAND - Homeowners teetering on the edge of foreclosure need immediate help - federal dollars funneled through local relief efforts - before a long-term fix to the mortgage crisis can be hammered out, former President Bill Clinton said Wednesday.

Clinton took questions for about an hour during a mortgage-crisis roundtable at Everett & Jones barbecue restaurant on Broadway and Second Street, trying to allay people's fears while stumping for his wife's presidential campaign.

His presence here in California, while U.S. Sen. Hillary Rodham Clinton still has the Nevada caucus and South Carolina primary ahead of her, may indicate just how important California's Feb. 5 primary will be in deciding who gets the Democratic nomination.

And the choice of topic was significant as well, indicating the Clinton campaign's desire to focus on a slumping U.S. economy after seven years under the Bush administration's stewardship.

These years have seen "a deliberate attempt to give people more mortgages on more attractive terms because we weren't achieving economic growth any other way," the two-term former president told a hand-picked group of community leaders, homeowners and campaign supporters Wednesday. The Bush administration has had "no strategy in this decade to create more jobs and create more income for ordinary people," he added.

As a crowd developed outside and construction workers across the street halted their labor to gaze down through the windows, Clinton said there are "very few villains" to blame in this crisis, as the road to this particular hell was paved mostly with the good intentions of buyers who wanted to own homes and mortgage lenders who thought property values would continue to rise while interest rates stayed low.

"This happened because everyone assumed the only stable part of our economy was home ownership," he said. But even veteran economists didn't seem to see interest rates would rise "if we kept borrowing money like a drunken sailor as a country." What has happened is "a systematic failing of the American economy and the way the mortgage market works," with homeowners - many of whom never missed a monthly payment until those payments suddenly ballooned out of control - taking the hit.

With the net cost to society for every foreclosure hovering somewhere around \$250,000 - what with homeowners' losses, neighbors' lowered property values and other costs - "the dumbest thing we can do here is nothing. The most expensive way to handle this problem is to let the foreclosures occur."

"We need to stop the bleeding here," he said.

His wife's plan, which includes freezing all subprime foreclosures for 90 days and creating a \$30 billion Emergency Housing Crisis Fund to support states and cities in helping embattled residents refinance their homes with affordable monthly payments - would help people keep their homes for the next few years until Washington can come up with a longer-term solution, he said.

Republican National Committee spokesman Paul Lindsay issued a statement Wednesday saying Hillary Clinton's plan "would result in massive tax hikes. As long as she and her surrogates attempt to mislead voters on these critical issues, Clinton will continue to lack the trust that Americans expect."

Everett & Jones owner Dorothy King said she's grappling with the threat of foreclosure on her recently-deceased mother's home, and her restaurant itself has a subprime mortgage loan - an example of how businesses are at risk as well as homeowners.

She said she had been crying and praying about the situation Tuesday when she got word that Clinton was coming: "I looked up and said, 'Thank you, God,' so I want to welcome you. Not only are you in the best barbecue but I need help." Paul Williams of Hayward said he fears the Clintons' prescription for the mortgage crisis will fare no better than their 1993 health-care reform plan, sunk by conservatives and the insurance industry.

But Bill Clinton replied "there's really nobody on the other side," in this situation, other than a small number of conservatives philosophically opposed to any government intervention. Nobody stands to gain if this crisis continues, he said, adding that "the real debate here is how much can we do without misleading people" who never should've qualified for a mortgage in the first place.

Pamela Dela Cruz, a broker with RE/MAX Accord in Lafayette, said the government at least should make it quicker and easier for families finding themselves in dire straits to sell their homes before foreclosure. Clinton replied he agrees, and said his wife proposed such a bill but it couldn't be enacted in time to help those already under the gun.

"You've given me some good ideas, I'll take them back and talk with Hillary about them tonight," Clinton promised. Oakland Mayor Ron Dellums, whom Hillary Clinton named her campaign's urban-policy chairman in October, moderated Wednesday's forum and at the end praised Bill Clinton as "perhaps the best political listener I've ever encountered." While the mortgage crisis may have its roots in global and national economics, he said, Oakland remains the nation's 10th-hardest-hit city in foreclosures. It's in cities such as this that people's homes and livelihoods are on the line, "and that's where the issues ultimately have to be wrestled to the ground," Dellums said.

Bill Clinton took a few questions from reporters after the roundtable, and seemed to take umbrage when asked about a federal lawsuit filed Friday to halt the Nevada Democratic Party's plan to hold caucus meetings at nine Las Vegas Strip hotels. The plaintiffs - Hillary Clinton supporters including the state teachers' union and some party

activists - claim this would give the Culinary Workers Union, which has endorsed Barack Obama for the president and which represents the hotel workers, undue influence on the vote.

"Their votes will be counted five times more powerfully," Bill Clinton said Wednesday, which in a "one-man, one-vote country" should be an offense to all. He noted it was a group of supporters, not the campaign itself, which sued: "I read about it in the newspaper."

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