

# The Fed Did Indeed Cause the Housing Bubble

By [Catherine Austin Fitts](#)

Global Research, March 22, 2009

22 March 2009

Region: [USA](#)

Theme: [Global Economy](#)

*This text by Catherine Austin Fitts is a response to an article entitled "The Fed Didn't Cause the Housing Bubble" by Alan Greenspan, former Chairman of the Federal Reserve, published in the Wall Street Journal*



In his article on your opinion page, ["The Fed Didn't Cause the Housing Bubble,"](#) Alan Greenspan attributes the housing bubble to lower interest rates between 2002 and 2005. That's amazing to me.

My company served as lead financial advisor to the Federal Housing Administration between 1994 and 1997. I watched both the Administration and the Federal Reserve aggressively implement the policies that engineered the housing bubble. These are described at my website and in my on-line book, [Dillon Read & the Aristocracy of Stock Profits](#) (<http://www.dunwalke.com>).

One story, for example, is the following:

"In 1995, a senior Clinton Administration official shared with me the Administration's targets for Fannie Mae and Freddie Mac mortgage volumes in low- and moderate-income communities. We had recently reviewed the Administration's plans to increase government mortgage guarantees — most of these mortgages would also be pooled and sold as securities to investors. Even in 1995, I could see that these plans would create unserviceable debt loads in communities struggling with the falling incomes expected from globalization. Homeowners would default on mortgages while losses on mortgage-backed securities would drain retirement savings from 401(k)s and pension plans. Taxpayers would ultimately be hit with a large bill . . . but insiders would make a bundle. I looked at the official and said that the Administration was planning on issuing more mortgages than there were houses or residents. "Shut up, this is none of your business," the official snapped back."

From: ["Sub-Prime Mortgage Woes Are No Accident"](#)  
(<http://solari.com/news/announcements/08-07-07/>)

One of the dirty little secrets behind the housing bubble is the long standing partnership of narcotics trafficking and mortgage fraud and the use of the two in combination to target and destroy minority and poor communities with highly profitable economic warfare. This model is global. It is operating in counties throughout the world as well as in US communities.

Of all the actions that the Federal Reserve took to engineer this housing bubble, the one that I would note is Mr. Greenspan's efforts to pacify Congresswoman Waters regarding

allegations of government sponsored narcotics trafficking at a time when open Congressional hearings would have contributed to an important discussion of the operations engaging in mortgage fraud in minority communities. See, [“Financial Coup d’Etat,”](#) Chapter 16, [Dillon Read & the Aristocracy of Stock Profits](#) which was written in 2005 and published in April 2006, drawing from an article I first published in May 1999.

“On December 18, 1997, the CIA Inspector General delivered Volume I of their report to the Senate Select Committee on Intelligence regarding charges that the CIA was complicit in narcotics trafficking in South Central Los Angeles. Washington, D.C. ’s response was compatible with attracting the continued flow of an estimated \$500 billion–\$1 trillion a year of money laundering into the U.S. financial system. Federal Reserve Chairman Alan Greenspan in January 1998 visited Los Angeles with Congresswoman Maxine Waters — who had been a vocal critic of the government’s involvement in narcotics trafficking — with news reports that he had pledged billions to come to her district. In February Al Gore announced that Water’s district in Los Angeles had been awarded Empowerment Zone status by HUD (under Secretary Cuomo’s leadership) and made eligible for \$300 million in federal grants and tax benefits.”

Alan Greenspan is a liar. The Federal Reserve and its long standing partner, the US Treasury, engineered the housing bubble, including the fraudulent inducement of America as part of a financial coup d’etat. Our bankruptcy was not an accident. It was engineered at the highest levels.

Your publication of Greenspan’s breezy and bogus history of the housing bubble insults your readership.

***Catherine Austin Fitts*** is a former Assistant Secretary of Housing – Federal Housing Commissioner, Bush I administration.

The original source of this article is Global Research  
Copyright © [Catherine Austin Fitts](#), Global Research, 2009

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: **[Catherine Austin Fitts](#)**

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)  
[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)