

## FACT CHECK: Obama's words on home aid ring hollow

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WASHINGTON (AP) - President Barack Obama knows Americans are unhappy that their taxes will be used to rescue people who bought mansions beyond their means.

But his assurance Tuesday night that only the deserving will get help rang hollow.

Even officials in his administration, many supporters of the plan in Congress and the Federal Reserve chairman expect some of that money will go to people who used lousy judgment.

The president skipped over several complex economic circumstances in his speech to Congress - and may have started an international debate among trivia lovers and auto buffs over what country invented the car.

A look at some of his assertions:

OBAMA: "We have launched a housing plan that will help responsible families facing the threat of foreclosure lower their monthly payments and refinance their mortgages. It's a plan that won't help speculators or that neighbor down the street who bought a house he could never hope to afford, but it will help millions of Americans who are struggling with declining home values."

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**THE FACTS: If the administration has come up with a way to ensure money only goes to those who got in honest**

trouble, it hasn't said so.

Defending the program Tuesday at a Senate hearing, Federal Reserve Chairman Ben Bernanke said it's important to save those who made bad calls, for the greater good. He likened it to calling the fire department to put out a blaze caused by someone smoking in bed.

"I think the smart way to deal with a situation like that is to put out the fire, save him from his own consequences of his own action but then, going forward, enact penalties and set tougher rules about smoking in bed."

Similarly, the head of the Federal Deposit Insurance Corp. suggested this month it's not likely aid will be denied to all homeowners who overstated their income or assets to get a mortgage they couldn't afford.

"I think it's just simply impractical to try to do a forensic analysis of each and every one of these delinquent loans," Sheila Bair told National Public Radio.

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OBAMA: "And I believe the nation that invented the automobile cannot walk away from it."

THE FACTS: Depends what your definition of automobiles, is. According to the Library of Congress, the inventor of the first true automobile was probably Germany's Karl Benz, who created the first auto powered by an internal combustion gasoline engine, in 1885 or 1886. In the U.S., Charles Duryea tested what library researchers called the first successful gas-powered car in 1893. Nobody disputes that Henry Ford created the first assembly line that made cars affordable.

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OBAMA: "We have known for decades that our survival depends on finding new sources of energy. Yet we import more oil today than ever before."

THE FACTS: Oil imports peaked in 2005 at just over 5 billion barrels, and have been declining slightly since. The figure in 2007 was 4.9 billion barrels, or about 58 percent of total consumption. The nation is on pace this year to import 4.7 billion barrels, and government projections are for imports to hold steady or decrease a bit over the next two decades.

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OBAMA: "We have already identified \$2 trillion in savings over the next decade."

THE FACTS: Although 10-year projections are common in government, they don't mean much. And at times, they are a way for a president to pass on the most painful steps to his successor, by putting off big tax increases or spending cuts until someone else is in the White House.

Obama only has a real say on spending during the four years of his term. He may not be president after that and he certainly won't be 10 years from now.

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OBAMA: "Regulations were gutted for the sake of a quick profit at the expense of a healthy market. People bought homes they knew they couldn't afford from banks and lenders who pushed those bad loans anyway. And all the while, critical debates and difficult decisions were put off for some other time on some other day."

THE FACTS: This may be so, but it isn't only Republicans who pushed for deregulation of the financial industries. The Clinton administration championed an easing of banking regulations, including legislation that ended the barrier between regular banks and Wall Street banks. That led to a deregulation that kept regular banks under tight federal regulation but extended lax regulation of Wall Street banks. Clinton Treasury Secretary Robert Rubin, later an economic adviser to candidate Obama, was in the forefront in pushing for this deregulation.

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OBAMA: "In this budget, we will end education programs that don't work and end direct payments to large agribusinesses that don't need them. We'll eliminate the no-bid contracts that have wasted billions in Iraq, and reform our defense budget so that we're not paying for Cold War-era weapons systems we don't use. We will root out the waste, fraud and abuse in our Medicare program that doesn't make our seniors any healthier, and we will restore a sense of fairness and balance to our tax code by finally ending the tax breaks for corporations that ship our jobs overseas."

THE FACTS: First, his budget does not accomplish any of that. It only proposes those steps. That's all a president can do, because control over spending rests with Congress. Obama's proposals here are a wish list and some items, including corporate tax increases and cuts in agricultural aid, will be a tough sale in Congress.

Second, waste, fraud and abuse are routinely targeted by presidents who later find that the savings realized seldom amount to significant sums. Programs that a president might consider wasteful have staunch defenders in Congress who have fought off similar efforts in the past.

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OBAMA: "Thanks to our recovery plan, we will double this nation's supply of renewable energy in the next three years."

THE FACTS: While the president's stimulus package includes billions in aid for renewable energy and conservation, his goal is unlikely to be achieved through the recovery plan alone.

In 2007, the U.S. produced 8.4 percent of its electricity from renewable sources, including hydroelectric dams, solar panels and windmills. Under the status quo, the Energy Department says, it will take more than two decades to boost that figure to 12.5 percent.

If Obama is to achieve his much more ambitious goal, Congress would need to mandate it. That is the thrust of an energy bill that is expected to be introduced in coming weeks.

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OBAMA: "Over the next two years, this plan will save or create 3.5 million jobs."

THE FACTS: This is a recurrent Obama formulation. But job creation projections are uncertain even in stable times, and some of the economists relied on by Obama in making his forecast acknowledge a great deal of uncertainty in their numbers.

The president's own economists, in a report prepared last month, stated, "It should be understood that all of the estimates presented in this memo are subject to significant margins of error."

Beyond that, it's unlikely the nation will ever know how many jobs are saved as a result of the stimulus. While it's clear when jobs are abolished, there's no economic gauge that tracks job preservation. The estimates are based on economic assumptions of how many jobs would be lost without the stimulus.

Associated Press writers Tom Raum, Ricardo Alonso-Zaldivar and Dina Cappiello contributed to this story.

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