

Regulators helped create housing market problem

This from the Sept. 12 wire report — for 2007:

“An Associated Press analysis of new Census data provides insight into the reasons for the slumping housing market: Since 1990, homeowners have faced a growing gap between their incomes and the price of their homes.

“The widening gap in all but a handful of the nation’s 500 largest cities helped make the recent boom in housing prices unsustainable.... The rising prices were fueled largely by low interest rates and risky borrowing, rather than increasing incomes.”

Perhaps the ultimate analysis: “We had an artificial economy,” said Brad Geisen, founder of the website Foreclosure.com. “There was all this wealth created in real estate, and it wasn’t really created.”

The only real question is why it took 17 years for anyone to see the light. The unreal uptick in city housing prices — while rural areas were left largely untouched, except for resorts — seemed false from the start.

Congress was bent on selling homes to more and more people, so it pumped money into the system and kept rates down. Anytime the government pumps money into something, the sharpies will see a way to make a buck. They started pushing high-rate and complex mortgages on people who wanted homes. These people had no idea what they could afford.

But the mortgage sharps didn’t care. They weren’t going to service the notes, just make a buck off of writing them up and then dump them.

During the period from 1990 to 2006, the AP reported, household income rose about 60 percent, roughly matching inflation. In the same period, housing prices more than doubled. The median price of an American

home hit \$185,200.

And in some cities with “hot” real estate markets, the gap was even more. In Miami, the median price quadrupled to \$315,900. In cities such as Las Vegas where incomes doubled, housing prices were up fivefold.

“Mark Andi, chief economist at Moody’s Economy.com, likened the current housing market to the dot-com boom and bust of 2000 and 2001, when stock prices for many high-tech companies soared — before some even turned a profit — and then crashed.

“Nationally, the share of gross income consumer spending on housing jumped from 21 percent to 25 percent,” the AP reported.

Over and over again in this country, we stand by and watch as one market or another gets out of whack. Regulators do nothing, or worse, as with the mortgage crisis, actually encourage the boom for political reasons. The truth is, the regulators are usually in cahoots with the industry they’re supposed to watch.

Across the country, the government and the banking system stood by as millions of Americans got into financial straits by buying houses they could not afford. Instead of insisting on a responsible mortgage system, the government encouraged this excess. Banks, if they weren’t involved, started to try to figure out how they could get a slice of the pie.

And consumers who knew no better signed on the line.

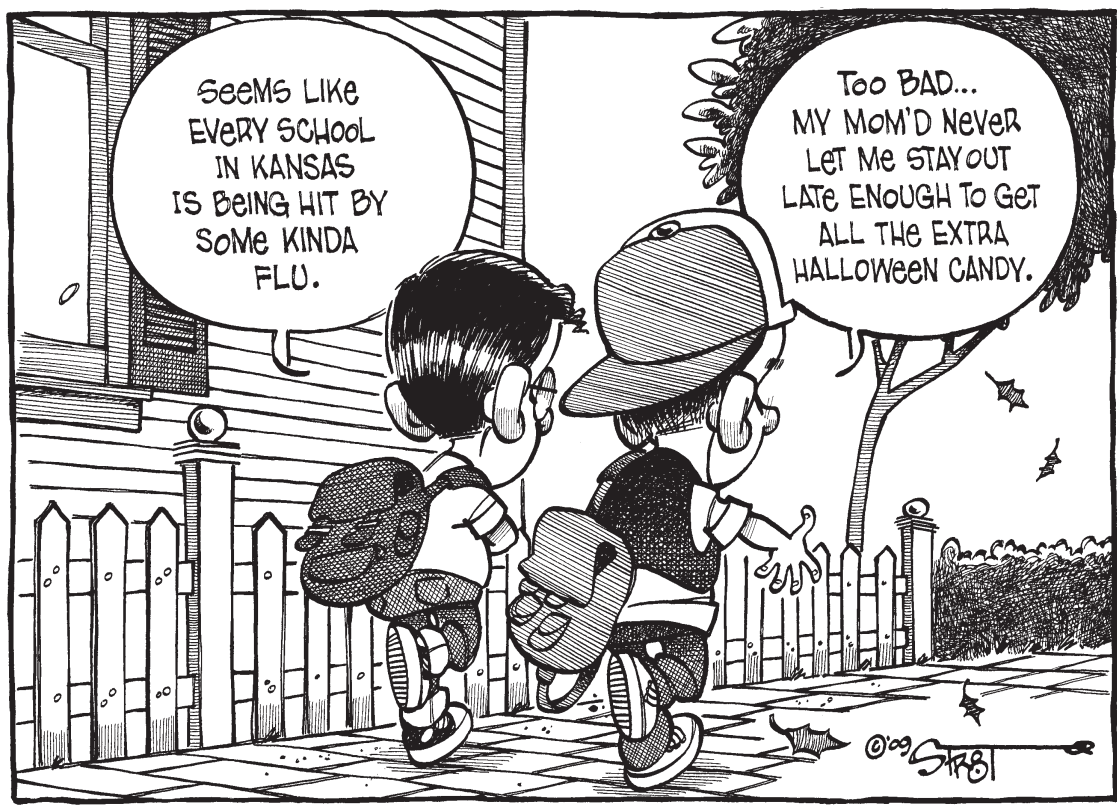
Greed, that’s all it was. Greed and stupidity.

When will we learn? If a deal, or a market, seems too good to be true, it probably is.

The great promoter P.T. Barnum said it best: “There’s one born every minute.”

And today, we are paying the price, all of us. You’d think some day we’d wise up.

— Steve Haynes



Fall gardening is plain icky

This is my least favorite time of the year for gardening.

The vegetables are all picked, cut or dug, and its time to clean up the garden and put it to bed.

I hate cleaning. I especially despise pulling up slimy zucchini vine up and stuffing black and rubbery tomato plants into a plastic yard bag. It’s nasty, and the dead leaves keep getting into my socks and itching.

Then there are the green peppers. I tried; I really did. I checked each plant so carefully.

So why, after it had frozen for several nights in a row, did I find three beautiful peppers hiding under a layer of grass clippings at the bottom of a plant?

Well, it wasn’t a total loss, since they had been mostly protected by the clippings, only the tops were ruined and I was able to save the bottoms. They were delicious.

Then there were the tomatoes.

Our vines are always plentiful, and when it comes to trying to save the green tomatoes for later, its



Open Season

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hard to find them all amongst the foliage.

But, then it freezes and all the foliage turns into brown strings, exposing all those lovely green tomatoes that you missed. And after a freeze, they’re no good. They’re beautiful for now, but they won’t keep, won’t ripen and won’t be worth a hoot.

The two bright spots in my garden this season are the lettuce and spinach patch and the broccoli, both of which will take some freezing.

I planted the lettuce and spinach back in July, right after the first batch of corn came out. It was too hot and the seeds didn’t do anything for quite a while. Then, as it started to cool off in late August and early

September, they started to grow.

My crop isn’t as good as it is in the spring, but we’ve had a spinach salad and several lettuce salads this fall out of our garden.

Only about one-third of the broccoli made it through the roofers’ assault, but those plants are producing little florets and I plan to have broccoli this week. In fact, I still have my broccoli worms, although I have to admit, I was hoping the freezing weather had done them in. No such luck.

Well, I have to go out to cover the lettuce — it’s supposed to get pretty cool tonight and I want to have another couple of salads before the garden goes to sleep for the winter.

We left the Big Red behind

We beat a hasty retreat out of Lincoln on Friday, and the next day, I was glad we did.

We’d been at a press association dinner downtown. Several friends, the ones wearing red ties, suggested that we should stay for the game. None of them had extra tickets, of course.

We politely declined, pointing out that as illegal immigrants from the south, we really didn’t have a dog in that fight. (And failing to note that as loyal KU grads, we’d probably have been cheering for Iowa State anyway.)

Alan Beerman, a former Nebraska secretary of state who heads the press association, laughed when we suggested he could find us tickets. He turned to the governor, who just laughed and said, “Sure, 86,000 of ‘em.”

Well, either one of them probably could have produced two tickets. But we once sat in the student section at Manhattan during a KU-Kansas State game, so we know approximately how it would feel.

We high-tailed it out of town, stopping at the first motel that had rooms for the night — near York, 70 miles west — and holed up. After a good night’s rest (For me, anyway; Cynthia claimed the bed was no good.), we started on west.

At Holdrege, we stopped for lunch and saw the grim fourth quarter of the big game on the telly. I can only imagine what Bo Pelini



Along the Sappa

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said in the film room the next day about eight turnovers.

Trying not to cheer too hard for Iowa State (the place was full of people in red shirts), we munched Mexican food and watched the bitter end.

I figure we missed a lot of road rage around Lincoln by being halfway home at the end of the game. I know our Nebraska friends will think us disloyal, but I think you about have to grow up there to really understand this Big Red thing.

It’s sort of like a religion. I tell people they have to realize that it’s the closest thing to major-league pro sports Nebraska is ever likely to have. Even the other college towns are decked out in red on game days.

So we slipped quietly back across the state line and tuned in the KU-Oklahoma game.

And we thought Nebraska had it bad....

We had been in the home of Herbie Husker for the annual induction dinner of the Nebraska Press Hall

of Fame. We’ve been there before, both because we were representing the national association and because they usually honor some publisher we know. But this year was special.

One of the inductees was Gene O. Morris, retired publisher of *The McCook Gazette*, who when we arrived in Oberlin and knew next to no one in the newspaper business around here, befriended us and showed us the ropes.

Gene left the paper a couple of years ago and now works just as hard on the restored Fox Theater in McCook. He’s a fine person and a good friend.

The first time we went to a Nebraska Press meeting was at his invitation the year he became president. He introduced us around. Saturday, we were glad to be there and see him honored, and call him friend.

He didn’t have any tickets for the game to give us, either.

Now, about that KU game.... No, too painful. Let’s not go there.

It’s time to go build a house

It’s only 10 p.m. (Mountain Time), but it’s already “lights out.”

This edition of Outback is coming to you from the top of a wobbly table in the kitchenette of the hospitality house where we’re staying in El Paso, the night before we are to cross the border.

It’s the second night of our mission trip to build a house in Mexico. I was tossing and turning trying to get comfortable in the bunk bed assigned to me when a “flash” hit me, — I hadn’t written this column yet. Not that I hadn’t had enough time.

During the 14 hours of driving, I could have put pen to paper but, there was always someone to talk to, a song to sing or a new game to play. I thought about what I was going to say — but that’s as far as it went.

Now, it’s “do or die,” because we’re scheduled to cross the border at 7 a.m. and that leaves no time in the morning to be creative.

— ob —

Friday night, I listened to a radio evangelist talk about doing good works. He said the way it was used meant “to toil” or “to sweat.” With only two men and five women on our team, I’m sure we’ll get our share of toiling and sweating. Still, no one is daunted by the work that lies ahead.

Besides, how do you eat an el-



Out Back

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ephant? One bite at a time. That’s how we’ll build this house — one nail, one board, one piece of chicken wire at a time.

— ob —

By Thursday, we should be on our way home. A man name Juan Carlos Felix Muñoz and his three children will be sleeping in a warm, safe and comfortable home. Something



From the Bible

Behold, the eye of the Lord is upon them that fear him, upon them that hope in his mercy;

To deliver their soul from death, and to keep them alive in famine.

Our soul waiteth for the Lord: he is our help and our shield.

For our heart shall rejoice in him, because we have trusted in his holy name.

Let thy mercy, O Lord, be upon us, according as we hope in thee.

Psalms, 33:18-21

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