term legislators have started a bipartisan caucus to allay growing public resentment of partisan excess. Two California legislators are seeking to create a citizens' commission to reach the same goal. Sentiment that partisanship is out of hand is rife in Wisconsin and Minnesota as well.

There is no question that the past decade has brought a marked increase in partisan unpleasantness almost everywhere in the country, according to Alan Ehrenhalt, executive editor of *Governing*. But the sense that the phenomenon is new and shocking, a departure from a previous golden age of civility and goodwill, is wrong, he writes. Nasty partisanship has been around at least since Thomas Jefferson denounced Patrick Henry as having "an avaricious and rotten heart" and urged loyal Jeffersonians to "devoutly pray for his death."

Historically, there was indeed a brief golden age of partisan harmony between 1945 and 1965. But it was achieved by what Northwestern University political scientist Jeffery A. Jenkins calls a "historical aberration." Much of the country, he said, was operating under a one-party system. Reformers had a solution for this state of affairs. They called, not for less partisanship, but more.

Ehrenhalt thinks that the epidemic of partisanship in the past decade has not been a good thing, but it's unrealistic to banish it from legislatures altogether. He takes his cue from George Washington, who wrote that partisanship is "a fire not to be quenched. It demands a uniform vigilance to prevent its bursting into a flame, lest, instead of warming, it should consume."

EXCERPT

McCarthy's on the List

History is full of leaders—Danton, Trotsky, Nkrumah—who seemed to arrange their own destruction as Raskolnikov arranged his own exposure in Crime and Punishment. . . . *The anti-leader type is the man (or woman) who has led and lost. He is that rare individual who can still evoke grand memories even as he now sounds an uncertain trumpet, stimulating a halfhearted and foredoomed charge. Continually flirting with self-destruction, he lives his private nightmares in public places. While winning, he plans his defeat. He suddenly loses his will to prevail at precisely the moment when one lightning-flash stroke would grant all he might have willed.*

—ARNOLD BEICHMAN, research fellow at the Hoover Institution and the author of *Herman Wouk: The Novelist as Social Historian*, in ***Policy Review*** (Feb.–March 2006)

ECONOMICS, LABOR & BUSINESS

Race and Real Estate

THE SOURCE: "The Creation of Homeownership: How New Deal Changes in Banking Regulation Simultaneously Made Homeownership Accessible to Whites and Out of Reach for Blacks" by Adam Gordon, in ***The Yale Law Journal***, Oct. 2005.

America's modern love affair with real estate probably began in 1934, when Congress created the Federal Housing Administration (FHA). Even though the nation was then in the grip of the Great Depression, the number of housing starts soared, rising from 93,000 in 1933 to 619,000 in 1941.

Before the FHA, Americans needed substantial amounts of money—up to a third of the value of a home—to secure a mortgage. And what they got were, in effect, "balloon" mortgages; after five to seven years, buyers had to secure new loans or, in many cases, were forced to sell their homes.

The FHA revolutionized home finance by extending guarantees to qualified buyers, allowing them to borrow from banks at low rates for increasingly longer terms with down payments of only 10 percent.

In 1942, this African-American family was able to move into a federally built home in Detroit, but discriminatory mortgage practices effectively shut them out of private housing open to whites.

But the revolution bypassed an important group: African Americans. Whites were given a generation's head start on accumulating wealth through homeownership. Today, the median white household has 10 times as much wealth as the median black household.

The FHA, says Adam Gordon, a third-year law student and senior editor at *The Yale Law Journal*, established underwriting guidelines that were based on the racial makeup of a neighborhood. Areas with a greater proportion of whites, in the FHA model, were deemed to have stable, relatively high property values, while predominately black neighborhoods were assumed to have low values. This loan-granting model severely limited access to FHA mortgages for black Americans. In 1960, nonwhites held only 2.5 percent of FHA-insured loans.

This story is well known to scholars. What's disputed is how much difference the FHA policies actually made. If there was sufficient demand among black home buyers, some scholars argue, private mortgage insurers would have stepped in to serve those excluded by the FHA. Gordon believes he has the explanation for why this did not happen: Because private lenders adopted the same flawed FHA lending model, their discriminatory criteria "effectively became binding law."

In November 1962, President John F. Kennedy signed an executive order directing the FHA to make its loans available regardless of "race, color, creed, or national origin." That order, and later reforms, such as the Fair Housing Act of 1968, put blacks on nearly equal terms with whites when buying a home, but three decades of discrimination had already prevented many blacks from "becoming homeowners and building assets."

> Three decades of discriminatory lending practices prevented many African Americans from building assets.

Gordon argues that further remedies are needed. Among the options are stepped-up attacks on exclusionary zoning and "mobility grants" for blacks in the form of direct payments—in effect, reparations—or mortgage subsidies. The straightforward anti-discrimination steps taken so far fail "to adequately address . . . the past disparity in wealth building" and its consequences—the segregated, depressed neighborhoods "that the FHA helped create."

ECONOMICS, LABOR & BUSINESS

Is Property Sacred?

THE SOURCE: "Did Insecure Property Rights Slow Economic Development? Some Lessons From Economic History" by Naomi R. Lamoreaux, in ***The Journal of Policy History***, 2006: No. 1.

One item stands atop the list of reforms the World Bank and the International Monetary Fund push on developing nations as part of what's called the Washington Consensus: better guarantees of property rights. If the full force of the law isn't behind the principles that investors' assets can't be seized, that corporate accounting can't be tampered with, and that loans must be repaid on time and in full, then people will be reluctant to risk their hard-earned cash in a country's economy.

That logic seems incontestable,