

1. Record Nr.	UNINA9910825250403321
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Titolo	Subprime nation : American power, global capital, and the housing bubble // Herman M. Schwartz
Pubbl/distr/stampa	Ithaca, : Cornell University Press, 2009
ISBN	0-8014-5927-3
Edizione	[1st ed.]
Descrizione fisica	1 online resource (276 p.)
Collana	Cornell studies in money
Disciplina	332/.0420973
Soggetti	Financial crises - United States Subprime mortgage loans - United States Housing - United States - Finance Credit - United States International finance Capital market United States Economic conditions 1981-2001 United States Economic conditions 2001-2009 United States Foreign economic relations
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references and index.
Nota di contenuto	Front matter -- Contents -- Selected Figures and Tables -- Preface -- 1. Our Borrowing, Your Problem -- 2. Global Capital Flows and the Absence of Constraint -- 3. Investing in America -- 4. Homes Alone? -- 5. U.S. Industrial Decline? -- 6. The External Political Foundations of U.S. Arbitrage -- 7. Boom to Bust -- 8. Toward the Future -- Notes -- Index
Sommario/riassunto	In his exceedingly timely and innovative look at the ramifications of the collapse of the U.S. housing market, Herman M. Schwartz makes the case that worldwide, U.S. growth and power over the last twenty years has depended in large part on domestic housing markets. Mortgage-based securities attracted a cascade of overseas capital into the U.S. economy. High levels of private home ownership, particularly in the United States and the United Kingdom, have helped pull in a disproportionately large share of world capital flows. As events since

mid-2008 have made clear, mortgage lenders became ever more eager to extend housing loans, for the more mortgage packages they securitized, the higher their profits. As a result, they were dangerously inventive in creating new mortgage products, notably adjustable-rate and subprime mortgages, to attract new, mainly first-time, buyers into the housing market. However, mortgage-based instruments work only when confidence in the mortgage system is maintained. Regulatory failures in the American S&L sector, the accounting crisis that led to the extinction of Arthur Andersen, and the subprime crisis that destroyed Lehman Brothers and Merrill Lynch and damaged many other big financial institutions have jeopardized a significant engine of economic growth. Schwartz concentrates on the impact of U.S. regulatory failure on the international economy. He argues that the "local" problem of the housing crisis carries substantial and ongoing risks for U.S. economic health, the continuing primacy of the U.S. dollar in international financial circles, and U.S. hegemony in the world system.
