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Americans have always hated the moneymakers, rather than hate themselves.
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One-hundred and thirteen years ago, in the midst of the deepest depression of the 19th century, William Jennings Bryan, the Democratic nominee for president, addressed his party's 1896 convention with one of the most famous speeches in American history. The program Bryan called for in his "Cross of Gold [3]" speech was what would now be called a "stimulus plan," based around taking the country off the gold standard. The issues are long since moot (we dropped the gold standard in 1935), but the resonance remains, because Bryan's real subject is not the gold standard but the Manichean struggle between the "idle holders of idle capital" and the "struggling masses" who produce the country's wealth.

Economies are cyclical, and therefore economic *rhetoric* is cyclical as well. The words and cadences differ, but the basic subject remains. Before there was Henry Waxman, there was W.J. Bryan. And before there was Merrill's John Thain, there was Charles Mitchell [4]. Back in 1933, Mitchell, the president of National City—believe it or not, the predecessor of today's Citigroup [5]—was called before Congress to explain why in the three years leading up to the crash of 1929 he paid himself $3.5 million (the equivalent of $40-million-plus today) in salary. The details of the crisis change, and the names change, but if you wait long enough—in banking, as in so many other things—history does repeat itself.

Financial crashes make fertile soil for moral dudgeon—if outrage were measured as part of our gross domestic output, the economy would be on a tear right now. Understandably so: The fire hose of daily news about Wall Street has revealed a startling level of cupidity and ineptitude in the banking industry. And yet as phenomenally blind as Wall Street bankers were to the signs of a tremendous crash, the rhetoric about Wall Street does at least as much to let everybody else off the hook as it does to reveal the causes of the meltdown. In the idiom of class war, it is always the folks on Wall Street who are to blame.

I've pointed out before that the banking crisis, though it's engulfed Wall Street, didn't start there [6]. It started with banks giving out loans to people and companies that couldn't afford them backed by property that wasn't worth as much as the banks were lending. "Wall Street" is the shorthand that the media and politicans like to use for the banks, and as the rhetoric heats up, this gets transmogrified into "Wall Street and Washington," a convenient phrase whose subtext is that problems we now face are not the fault of *the real America*.

This line of assault on what some decades ago would have been called "the monied interests" is stubbornly resistant to facts. The explosion that started it all, Lehman, was on Wall Street, but the biggest commercial bank failure so far has been Washington Mutual, based not on Wall Street but in Seattle. Wachovia, a bank essentially divvied up when it was days away from failure, was based in Charlotte, N.C.—as is Bank of America [7]. Ground zero for the mortgage innovations—"don't ask, don't tell [8]" liar's loans and complicated option ARM mortgages with ballooning payments, was not Wall Street but the office parks outside Los Angeles, at the headquarters of companies like Countrywide and IndyMac.

But if you're really looking for a list of culprits, we're not nearly at the end. You can add in builders like KB Homes [9], who funneled homebuyers into overpriced new developments to lenders who wouldn't worry about the fine points. You can add in the National Association of Realtors, who spared no effort in talking the housing market [10] up to its heights. Don't forget about Alan Greenspan, who missed the brewing credit fiasco as surely as the bankers did. (OK, Greenspan was in Washington.) Factor in the overoptimism of billionaire developers like Sam Zell, and the real estate investing patent medicine promoted by *Rich Dad, Poor Dad [11]* author Robert Kiyosaki [12]. Throw in the mortgage brokers in every city and small town who raked in commission after commission on mortgages their clients could never afford. Add in the millions of real estate brokers, large and small, who urged buyers to purchase a house that cost as much as the bank would give them and not a penny less.

This is a long list. It could be longer, but by now you would have had enough. The basic point is that, driven by varying degrees of avarice and delusion, an awful lot of people who should have known better made the same fundamental mistake. They believed that property prices would keep going up forever. That is the essential error that sparked the credit crisis. As long as property prices go up, you can market, sell, and lend as irresponsibly as you like. It does not matter if the people you lend to—whether billionaires like Sam Zell [13] or ordinary families looking to buy their first house in Southern California—can't make their payments. In a rising market, hardly anyone defaults on their loans. Anybody who can't make his payments can sell—at a profit. Accelerating prices hide all the mistakes of irresponsible lenders, misguided hedge fund managers, and hype-dazed realtors.

The mistake made by commercial bankers and Wall Street trading houses in riding the property bubble and thinking it could keep expanding indefinitely was absolutely colossal. But it was not categorically different from the mistake made by the rest of the culture. And this is why the anti-Wall Street fervor sweeping the country now is troubling.

It may be worth mentioning here that I am a New Yorker and a Jew. I find myself sensitive to the echoes in the background today's crusade of a history of anti-Wall Street rhetoric with long ties to a tradition of populist demagoguery that blamed financial crises on the machinations of big city financial interests—for many years code for "the Jews." In earlier years, this was hard to miss: "You shall not press down upon the brow of labor this crown of thorns," W.J. Bryan warned those "idle capitalists" in his speech. "You shall not crucify mankind upon a cross of gold"—you don't need to be more explicit to make clear what kind of folks are responsible for crucifixions.

It would not be fair to call today's criticism of Wall Street anti-Semitic. The direct and veiled references to the Jews are gone—and many of Wall Street's fiercest critics (Henry Waxman and Eliot Spitzer come to mind) are themselves Jewish. But the structure of the argument and much of its emotional nuance remains surprisingly similar. The language is modern, but the basic idea remains that we have been taken advantage of by monied interests of dubious moral character. What we are seeing in the markets and in the empty streets of failed exurban subdivisions is supposed to be the result not only of a huge and irresponsible series of miscalculations, but of the moral failings of people "on Wall Street and in Washington"—people unlike "ordinary" Americans.

One of the intellectual successes of Franklin D. Roosevelt's New Deal was to separate the economic program of redistributing wealth to the disadvantaged from the demagogic tradition of the bashing of capitalism and capitalists. What is significant for its time in FDR's first inaugural address [14] is not only what he says—"the only thing we have to fear is fear itself"—but his evident reluctance to play the game of laying blame for the Great Depression at the feet of the banks, or of Wall Street, or to the nebulous greed of nebulous financial interests. All that would have played well in Roosevelt's time, but it is an approach that Roosevelt (himself briefly a Wall Street lawyer) did not take.

Intellectually, the rhetoric of the last months has moved us backward. Even as just about every economist and responsible politician recognizes the need to keep the banking system afloat, the tenor of the national conversation has fueled the fires of resentment against Wall Street. At one and the same time, we are asked to be furious at the "Wall Street" that has caused this mess and to bail it out.

Rather than shining a light on the origins of this crash, which like so many others in financial history [15] here and elsewhere has its roots in the bursting of a national conviction—shared alike by real estate agents and Wall Street traders, and by the great mass of homeowners—that property prices could only go up, the wave of anger obscures just how many people and interest groups were deluded and irresponsible.

From the standpoint of selling a new economic program to the nation, this is a practical mistake. It disguises just how much of a stake ordinary people have in the success of a banking and credit bailout. But it is also a moral mistake of a kind that tends to affect the culture in unexpected and pernicious ways. A criticism leveled by one very clever writer about John McCain was that he routinely told folks "hard truths" about what *other people* did wrong. This is what the campaign against Wall Street—a campaign often prosecuted fervently by the media not far from Wall Street and by politicians in Washington—are doing. By talking about the wickedness of Wall Street, we avoid confronting the breadth of the financial confusion and mismanagement that brought us to where we are. That is not the seed for a culture of responsibility; it is the seed for a culture of resentment.

(Photo of Wall Street bull by Spencer Platt/Getty Images)

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<p>In an earlier piece, Mark Gimein argued how Main Street is partly responsible for the economic downturn. <i>The Big Money </i>Editor James Ledbetter explained what the 1857 Bank of England collapse can tell us about placing blame in an economic crisis.</p>

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