

WASHINGTON (September 28) – The call of Congressman Spencer Bachus (AL-6) to stop the bailout of Fannie Mae and Freddie Mac and end the doctrine of “too big to fail” was featured in the following column published today by Fox Business News Senior Correspondent Charles Gasparino.

***“Barney’s New Excuse”***

**By CHARLES GASPARINO**

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***Rep. Barney Frank & Co. are getting set for yet another hearing this week on the future of Fannie Mae and Freddie Mac, the government-controlled mortgage lenders. Once again, they're not after the truth -- they're looking to conceal it.***

***The House Financial Services Committee chairman and his brethren on the left want you to believe they're making a good-faith effort to figure out what went wrong with Fannie and Freddie -- what mistakes led to their failure and takeover by the government during the 2008 financial collapse, and how to fix both institutions for the future.***

***In fact, what they'll deliver is more hot air from so-called "housing advocates" obscuring just how much Fannie and Freddie contributed to the housing bubble, the 2008 financial collapse and the Great Recession.***

***It's all meant to give lawmakers an excuse not to do what's necessary and prudent -- namely, kill Fannie and Freddie before they come back to do it all again.***

*The notion of "housing" as a God-given right had been promoted by people like Barney Frank for nearly two decades. Their vehicles to expand homeownership for all were "government-sponsored enterprises" Fannie and Freddie -- which, starting in the mid 90s, began buying up and placing guarantees on mortgages taken out by people with lower incomes and lousy credit histories.*

*Giving low-income people access to the housing market sounds nice enough -- but the reality was far different. Housing prices were bid up to levels that made repaying mortgages nearly impossible. When the bubble burst, the government "sponsored" agencies were in hock for billions -- and so was their "sponsor," the US taxpayer.*

*And once Fannie and Freddie stopped making loans to anyone with a heartbeat (and many people without jobs), housing prices began to deflate, taking the banking system and the rest of the economy with it.*

*Now it looks like Fannie and Freddie are back to their old tricks -- with the evident support of both Barney Frank and President Obama.*

*Spencer Bachus, the top Republican on Frank's Financial Services Committee, tells me that both agencies have started new programs that once again make loans and guarantees to "subprime" borrowers, or people with the lowest credit ratings -- the same sort of lending practices that contributed to their collapse back in 2008.*

*He demanded an explanation from Edward DeMarco -- who, as acting director of the Federal Housing Finance Agency, is supposed to be overseeing Fannie and Freddie. Bachus reports that DeMarco told him, "He was unaware these programs were started."*

*Bachus is in line to run the committee if the Republicans win control of the House in November. In a recent Fox Business Network interview, he told me that, as chairman, he'd put two issues at the top of the agenda:*

*\* Ending "too big to fail" -- notion that banks like Citigroup must be bailed out by the American taxpayer when they lose money.*

*\* Shutting down, once and for all, Fannie Mae and Freddie Mac.*

*Much as he wants to put Fannie and Freddie out of their misery immediately, Bachus says the agencies current role in the mortgage market makes that impossible. Even in government "conservatorship," the two remain major players in helping banks in the mortgage market. "We're addicted to cheap government money and taxpayer supported, guaranteed money," Bachus said.*

*"And for the addiction process to end you're going to have to have a weaning process. . . We plan to finish the job in two years with a new president."*

*Let's hope two years goes quickly.*

*Charles Gasparino is a Fox Business Network senior correspondent; his latest book is "Bought and Paid For."*

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