

WASHINGTON (February 23) – Warning of the danger of hiding debt, Congressman Spencer Bachus (AL-6) today called for full disclosure of the cost of the Fannie Mae and Freddie Mac bailout to taxpayers.

Bachus voiced his support for legislation that would increase fiscal transparency by putting the full cost of the ongoing bailout of the two housing finance giants in the federal budget.

The potential federal obligations to Fannie Mae and Freddie Mac top \$5 trillion dollars, but are not accounted for in the Obama Administration’s budget.

“This is the same sort of accounting gimmickry that Enron engaged in and that ultimately brought that company down. It is the same sort of financial shell game that has brought governments like Greece to a crisis point. Hiding your debts just leads to a bigger day of financial reckoning down the road,” Bachus said.

Bachus, who is Ranking Member on the House Financial Services Committee, spoke at a news conference announcing the Accurate Accounting of Fannie Mae and Freddie Mac Act.

The following are Congressman Bachus' complete remarks.

“Scott Garrett, our Ranking Member of the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, is to be commended for this legislation to put the taxpayer cost of Fannie Mae and Freddie Mac on budget and I am pleased to join him as a cosponsor of his bill.

“Any serious discussion of addressing deficit spending must include Fannie Mae and Freddie Mac. Taxpayers have already contributed over \$110 billion to the bailout of these GSEs, and they are on the hook for hundreds of billions more. Taxpayers now own at least 80 percent of the two enterprises and have explicitly guaranteed over \$5 trillion in Fannie and Freddie debt, yet their operations are not included in the federal budget.”

“The Congressional Budget Office said in January that Fannie and Freddie should be put on budget.□ The fact is that the Obama Administration has been obscuring the cost of the GSEs from the taxpayers by not including them in the budget.

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“It is the same sort of financial shell game that has brought governments like Greece to a crisis point.□ Hiding your debts just leads to a bigger day of financial reckoning down the road.□

“It’s time to end this reckless behavior.□ The Garrett bill will bring badly needed transparency, accountability, and oversight to Fannie Mae and Freddie Mac.□ It is time for the Obama Administration to own up to the full cost of the blank check they wrote for Fannie and Freddie on Christmas Eve.”

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