



Written by [Thomas R. Eddlem](#) on December 16, 2011

## Debate: Gingrich Blasted on Freddie Mac by Bachmann and Paul

Fox News Anchor Chris Wallace started the sharp exchange in this final scheduled debate before the January 3 Iowa Caucus in Sioux City, Iowa, with this question:

Speaker Gingrich, on the Freddie Mac website in 2007, you said this: "I like the GSE [or Government Sponsored Enterprise — like Freddie Mac — ] model ... making home ownership more accessible and affordable is a policy goal I believe conservatives should embrace." Now, in an earlier debate, a recent debate, you said that politicians like Barney Frank, who, in your words, profited from the environment that led to the financial meltdown should go to jail. Now that it turns out that you were on the Freddie Mac payroll to the tune of more than \$1.6 million, how do you answer critics that say you are being hypocritical?



Gingrich replied:

I think pretty straightforward. Barney Frank was in public office with direct power over Freddie Mac. He exploited that power just as Chris Dodd was in public office when he got special bargains from Countrywide, a firm which went broke. They were using public power. I was a private citizen engaged in business just like any other business.

The former House Speaker then changed the subject to credit unions and co-ops, which are not usually either sponsored by government or holders of implied government bailouts (as Fannie Mae and Freddie Mac are getting). Wallace then noted Congressman Ron Paul's [critical advertisement](#) about Gingrich's influence-peddling, and asked for Rep. Paul's opinion on Gingrich's explanation.

Ron Paul replied: "He has a different definition of the private sector than I have, because it's a GSE, a Government Sponsored Enterprise. It's completely different. It's a government agency.... If it's government-sponsored, it's a mixture of business and government. It's very, very dangerous. Some people say that if it goes to extreme, it becomes fascism, because big business and big government get together."

Gingrich issued a lawyerly response, claiming that under federal lobbying laws "I did no lobbying of any kind for any organization, and that was a key part of every agreement we had."

Minnesota Rep. Michele Bachmann was unimpressed. "You don't need to be in the technical definition of being a lobbyist to still be influence peddling," Bachmann told the Fox News Anchors. "I am shocked,



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listening to the former Speaker of the House, because he's defending the continuing practice of Freddie Mac and Fannie Mae."

Gingrich indeed defended his propaganda work on behalf of Freddie Mac in his rejoinder to Bachmann's comments: "I only chose to work with those whose values I shared, and having people to have a chance to buy a house is a value I believe is still important in America." Interestingly, the usually humble Rep. Ron Paul noted during the debate that while Gingrich was publicly praising Freddie Mac's business model in 2007, Paul was calling it a key part of the housing bubble:

I was talking about that for a long time, the line of credit, the excessive credit from the Federal Reserve, the Community Reinvestment Act. For ten years or so, the Austrian economists knew there was a bubble, and at this time nobody was soliciting or doing anything in the Congress. And then to go to work for them and get money from them, it's literally coming from the taxpayer. They went broke; we had to bail them out.

Indeed, Paul specifically called Fannie Mae and Freddie Mac part of an artificial housing bubble as early as [2001](#). He repeated those concerns in [2002](#), [2003](#), and [2007](#).

*Photo of Newt Gingrich: AP Images*

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