



Written by [Thomas R. Eddlem](#) on December 2, 2011

Gingrich's Freddie Mac Contradictions Just Got Worse

The interview with Gingrich is no longer available on the Freddie Mac website, but it is [available](#) on several Internet archive websites that capture what websites used to post.

The *Wall Street Journal* story [noted](#) that "The interview was published by Freddie Mac as part of a regular campaign to educate the public — and Washington — about its brand." And by "educate the public," the *Wall Street Journal* meant promote the continuance of its policy of accelerating the housing bubble.



In the April 24, 2007 interview with Gingrich, the former House Speaker had the following [praise for Freddie Mac](#) and the whole GSE (Government-Sponsored Enterprise) concept:

I think a GSE for space exploration ought to be seriously considered — I'm convinced that if NASA were a GSE, we probably would be on Mars today.

Certainly there is a lot of debate today about the housing GSEs, but I think it is telling that there is strong bipartisan support for maintaining the GSE model in housing. There is not much support for the idea of removing the GSE charters from Freddie Mac and Fannie Mae. And I think it's clear why. The housing GSEs have made an important contribution to homeownership and the housing finance system. We have a much more liquid and stable housing finance system than we would have without the GSEs. And making homeownership more accessible and affordable is a policy goal I believe conservatives should embrace. Millions of people have entered the middle class through building wealth in their homes, and there is a lot of evidence that homeownership contributes to stable families and communities. These are results I think conservatives should embrace and want to extend as widely as possible."

Those remarks were followed by a generic comment in favor of a few fine-tuning reforms: "So while we need to improve the regulation of the GSEs, I would be very cautious about fundamentally changing their role or the model itself."

Freddie Mac [listed](#) Gingrich as an "advisor to Freddie Mac" in the 2007 interview. In the November 9, 2011 CNBC debate on the economy, Gingrich [painted exactly the opposite picture](#):

And my advice as a historian, when they walked in and said to me, "We are now making loans to people who have no credit history and have no record of paying back anything, but that's what the government wants us to do," as I said to them at the time, this is a bubble. This is insane. This is impossible. It turned out, unfortunately, I was right and the people who were doing exactly what Congresswoman Bachmann talked about were wrong. And I think it's a good case for breaking up Fannie Mae and Freddie Mac and getting much smaller institutions back into the private sector to be competitive and to be responsible for their behavior.

Of course, Gingrich's comments this year were said after his [\\$1.6 million in consulting fees from](#)



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[Freddie Mac](#) had expired, and were designed to buttress his conservative credentials to the voting public. Back in 2007, the Freddie Mac moderator noted of Gingrich's pro-Freddie Mac and pro-GSE views that "this is not a point of view one normally associates with conservatives." Gingrich [replied](#):

Well, it's not a point of view libertarians would embrace. But I am more in the Alexander Hamilton-Teddy Roosevelt tradition of conservatism. I recognize that there are times when you need government to help spur private enterprise and economic development. Look at our own history. The government provided railroad land grants to encourage widespread adoption of what was then the most modern form of transportation to help develop our country.

Interestingly, many of the 19th century railroad grants ended in bankruptcy, including the much-touted Union Pacific Railroad, which went bankrupt twice and sparked the 1872 Credit Mobilier bribery crisis. Likewise, housing giants Fannie Mae and Freddie Mac have absorbed more than \$150 billion in federal bailout funds since 2008.

Gingrich's presidential rival, Texas Congressman Ron Paul, has just put out a [scathing web-based attack](#) on Gingrich's flip-flopping over the years in a video called "[Newt Gingrich: Serial Hypocrisy.](#)" Gingrich has clearly just given the Ron Paul campaign some more deadly ammunition for further attacks.

Photo of Newt Gingrich: AP Images



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