



Written by [Bob Adelman](#) on December 1, 2016

Trump's Treasury Secretary Nominee Wants to Sell Fannie Mae, Freddie Mac

[In an interview](#) on FOX Business Network's *Mornings With Maria* on Wednesday, Donald Trump's nominee for treasury secretary, Steve Mnuchin, said one of Trump's "top 10" priorities was to sell government-sponsored mortgage giants Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC). Referred to colloquially as Fannie Mae and Freddie Mac respectively, Mnuchin told Maria:



It makes no sense that these are owned by the government and have been controlled by the government for as long as they have [Fannie Mae was created in 1938 and Freddie Mac in 1970].

In many cases [they] displace private lending in the mortgage markets.... We've got to get them out of government control.

Fannie Mae was part of President Franklin Roosevelt's New Deal, created to expand the mortgage market by making loans that local or regional banks couldn't make or didn't want to make. Freddie Mac was created to expand the secondary market for home mortgages by packaging them and selling them to investors seeking taxpayer guarantees.

When mortgages suffered massive defaults leading up to the Great Recession, those government guarantees were used to rescue both companies, costing taxpayers nearly \$200 billion. Since 2008, both lenders have been operating under conservatorships established by the Treasury Department.

Both entities distort the mortgage market allowing borrowers to obtain mortgages at below-market rates, thanks to those taxpayer guarantees. They create and insure mortgages that otherwise wouldn't be created, and they compete unfairly with banks and credit unions in the mortgage business when the mortgages are sound. Because taxpayer guarantees are still in place, taxpayers are still at risk in the event of another real estate market meltdown or other financial recession.

Whether this is really a "top 10" priority for the Trump administration, or just a sop to Trump supporters concerned about his naming another Goldman Sachs alumnus to his administration, is an open question. As *The New American* concluded in an article appearing yesterday:

Mnuchin appears to be just one more Goldman Sachs alumnus who is part of the "revolving door" between the firm and the highest levels of the U.S. government, regardless of who is president or what party he represents.

Similar reservations were expressed by Chuck Baldwin, pastor and former presidential candidate for the Constitution Party in 2008. Writing in his newsletter published Thursday, Baldwin said:

Talk about a globalist banking elite: no one personifies it more than [Steve] Mnuchin. He was an Investment Professional with Soros Fund Management LLC and spent 17 years at Goldman Sachs.

No single individual is more responsible for the attempted surrender of the United States to global



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government than George Soros. And no institution on the planet has done more to promote globalism than Goldman....

For Donald Trump to say he intends to drain the swamp and then to appoint a Goldman Sachs partner [sic] as Secretary of the Treasury is the height of either simplicity or duplicity.... If Trump truly wanted to drain the swamp, he would have appointed Ron Paul.

Whether Mnuchin is a “plant” inserted to steer Trump’s ship in favor of globalism or not, he is doing the right thing by declaiming against the two government mortgage giants. They were unconstitutional from the beginning, have cost taxpayers billions, and should be jettisoned as soon as possible. It remains to be seen if they really do wind up on Trump’s “top 10” list after his inauguration.

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelmann@thenewamerican.com.

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