

January 4, 2012

In his first column for the new year, [Mark Steyn](#) wonders when the spending will stop.

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*At the end of 2011, America, like much of the rest of the Western world, has dug deeper into a cocoon of denial. Tens of millions of Americans remain unaware that this nation is broke – broke than any nation has ever been. A few days before Christmas, we sailed across the psychological Rubicon and joined the club of nations whose government debt now exceeds their total GDP. It barely raised a murmur – and those who took the trouble to address the issue noted complacently that our 100 percent debt-to-GDP ratio is a mere two-thirds of Greece's. That's true, but at a certain point per capita comparisons are less relevant than the sheer hard dollar sums: Greece owes a few rinky-dink billions; America owes more money than anyone has ever owed anybody ever.*

*Public debt has increased by 67 percent over the past three years, and too many Americans refuse even to see it as a problem. For most of us, "\$16.4 trillion" has no real meaning, any more than "\$17.9 trillion" or "\$28.3 trillion" or "\$147.8 bazillion." It doesn't even have much meaning for the guys spending the dough: Look into the eyes of Barack Obama or Harry Reid or Barney Frank, and you realize that, even as they're borrowing all this money, they have no serious intention of paying any of it back. That's to say, there is no politically plausible scenario under which the 16.4 trillion is reduced to 13.7 trillion, and then 7.9 trillion and, eventually, 173 dollars and 48 cents. At the deepest levels within our governing structures, we are committed to living beyond our means on a scale no civilization has ever done.*

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[Scott Adams of Dilbert](#) decided at the beginning of 2011 to take more risks. The first was on a trip to Costa Rica with wife Shelly.

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*Shelly quickly embraced my new attitude and booked us on a trip to Costa Rica. That country has a huge population of monkeys and no military whatsoever—an obvious recipe for disaster. But my immediate problem was surviving Shelly's idea of fun. This, as it turned out, included zip lining (less scary than it looked), an ATV trek through a dangerous and muddy jungle (nearly lost a leg) and, finally, a whitewater excursion down a canyon river in the rain forest.*

*I should pause here to explain that though I have many rational fears in life—all the usual stuff—I have only one special fear: drowning. So for me, whitewater rafting pins the needle on the fear-o-meter. But this was my year to face my fears. I was all in.*

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Houston econ prof, [Paul Gregory](#), uses a NY Times article to illustrate how the left creates bias in the media.

*The Democratic Party and their media enablers, such as the New York Times, slaughter the Republicans when it comes to economic reporting. The public discussion of social security taxes, unemployment benefits, and stimulus takes place in the language of Keynesian multipliers and stimulus counterfactuals. He who controls the language of debate has already won, no matter how inappropriate or ridiculous. (I cite as an example of the latter the discussion of unemployment benefits as a form of stimulus that will restore the economy to health).*

*The Democrats and their media enablers use a tried-and-true template to dominate the debate. I use the New York Times article, "Analysts Say Economic Recovery Might Suffer if Tax Break Is Allowed to Expire," to illustrate how it works.*

*The article's objective is to convince readers that all right-thinking people know that the economy will go down the toilet if there is no agreement on extending the payroll tax cut and unemployment benefits. They claim that "economists" or "analysts" agree on this. They then interview four economists/economic organizations that support this conclusion and they cite one senior White House official who warns of dire consequences. They then dismiss one skeptic, who makes a technical point the average reader will not understand.*

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*Here is my version, new headline and all. I preserve as much of the original Times language as possible: ...*

**[American.com](#)** blog with an unbelievable statement from Barney Frank.

*Soon-to-be former Congressman Barney Frank continues to try to defend his record on Fannie and Freddie by distorting, or simply reversing, the truth. [Here he is](#) in the TheAtlantic.com today on his history as he hopes we will remember it:*

*"In 2004, the administration of President George W. Bush began a conscious plan of trying to increase levels of homeownership as part of its 'Ownership Society,' raising affordable housing targets for Fannie and Freddie. I opposed this policy because I thought people could end up with mortgages they could not afford."*

*A pretty categorical statement, right? Replete with context that makes it sound as though it actually happened. Unfortunately for him, there's a written record—a letter to President Bush, dated June 28, 2004, that he authored for 76 colleagues, including minority leader Nancy Pelosi:*

*"We write as members of the House of Representatives who continually press the GSEs to do more in affordable housing. Until recently, we have been disappointed that the administration has not been more supportive of our efforts to press the GSEs to do more. We have been concerned that the administration's legislative proposal regarding the GSEs would weaken affordable housing performance by the GSEs, by emphasizing only safety and soundness. While the GSEs' affordable housing mission is not in any way incompatible with their safety and soundness, an exclusive focus on safety and soundness is likely to come, in practice, at the expense of affordable housing.*

*We have been led to conclude that the administration does not appreciate the importance of the GSE's affordable housing mission, as evidenced by its refusal to work with the House and*

*Senate on this important legislation. It now appears that, because Congress has not been willing to jeopardize the GSE's mission, the administration has turned to attacking the GSEs publicly. We are very concerned that the administration would work to foster negative opinions in the financial markets regarding the GSEs, raising their cost of financing. If the intent is to get prohousing members of Congress to weaken their support of the GSEs' mission, it is a mistaken strategy.*

*Our position is not based on institutional loyalty, but on concern for the GSE's affordable housing function. We appeal to you to agree to work on legislative proposals that foster sound oversight and vigorous affordable housing efforts instead of mounting assaults in the press. We also ask you to support our efforts to push the GSEs to do more affordable housing."*

*If Barney Frank has any credibility after this, it will only be with those who—for ideological reasons—support him in his efforts to distance himself from the government's affordable housing requirements, which were so destructive to Fannie and Freddie and the financial system as a whole.*

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**Orange County Register**  
**[Puncture the cocoon of denial](#)**  
by Mark Steyn

Ring out the new, ring in the old. No, hang on, that should be the other way around, shouldn't it? Not as far as 2011 was concerned. The year began with a tea-powered Republican caucus taking control of the House of Representatives and pledging to rein in spendaholic government. It ended with President Obama making a pro forma request for a mere \$1.2 trillion increase in the debt ceiling. This will raise government debt to \$16.4 trillion – a new world record! If only until he demands the next debt-ceiling increase in three months' time.

At the end of 2011, America, like much of the rest of the Western world, has dug deeper into a cocoon of denial. Tens of millions of Americans remain unaware that this nation is broke – broke than any nation has ever been. A few days before Christmas, we sailed across the psychological Rubicon and joined the club of nations whose government debt now exceeds their total GDP. It barely raised a murmur – and those who took the trouble to address the issue noted complacently that our 100 percent debt-to-GDP ratio is a mere two-thirds of Greece's. That's true, but at a certain point per capita comparisons are less relevant than the sheer hard dollar sums: Greece owes a few rinky-dink billions; America owes more money than anyone has ever owed anybody ever.

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more than "\$17.9 trillion" or "\$28.3 trillion" or "\$147.8 bazillion." It doesn't even have much meaning for the guys spending the dough: Look into the eyes of Barack Obama or Harry Reid or Barney Frank, and you realize that, even as they're borrowing all this money, they have no serious intention of paying any of it back. That's to say, there is no politically plausible scenario under which the 16.4 trillion is reduced to 13.7 trillion, and then 7.9 trillion and, eventually, 173 dollars and 48 cents. At the deepest levels within our governing structures, we are committed to living beyond our means on a scale no civilization has ever done.

Our most enlightened citizens think it's rather vulgar and boorish to obsess about debt. The urbane, educated, Western progressive would rather "save the planet," a cause which offers the grandiose narcissism that, say, reforming Medicare lacks. So, for example, a pipeline delivering Canadian energy from Alberta to Texas is blocked by the president on no grounds whatsoever except that the very thought of it is an aesthetic affront to the moneyed Sierra Club types who infest his fundraisers. The offending energy, of course, does not simply get mothballed in the Canadian attic: The Dominion's Prime Minister has already pointed out that they'll sell it to the Chinese, whose Politburo lacks our exquisitely refined revulsion at economic dynamism and, indeed, seems increasingly amused by it. Paces the ecopalyptics, the planet will be just fine: Would it kill you to try saving your country, or state or municipality?

Last January, the BBC's Brian Milligan inaugurated the New Year by driving an electric Mini from London to Edinburgh, taking advantage of the many government-subsidized charge posts en route. It took him four days, which works out to an average speed of 6 miles per hour – or longer than it would have taken on a stagecoach in the mid-19 century. This was hailed as a great triumph by the environmentalists. I mean, c'mon, what's the hurry?

What indeed? In September, the 10th anniversary of a murderous strike at the heart of America's most glittering city was commemorated at a building site: the Empire State Building was finished in 18 months during a depression, but in the 21st century the global superpower cannot put up two replacement skyscrapers within a decade. The 9/11 memorial museum was supposed to open on the 11th anniversary, this coming September. On Thursday, Mayor Bloomberg announced that there is "no chance of it being open on time." No big deal. What's one more endlessly delayed, inefficient, over-bureaucratized construction project in a sclerotic republic?

Barely had the 9/11 observances ended than America's gilded if somewhat long-in-the-tooth youth took to the streets of Lower Manhattan to launch "Occupy Wall Street." The young certainly should be mad about something: After all, it's their future that got looted to bribe the present. As things stand, they'll end their days in an impoverished, violent, disease-ridden swamp of dysfunction that would be all but unrecognizable to Americans of the mid-20th century – and, if that's not reason to take to the streets, what is? Alas, our somnolent youth are also laboring under the misapprehension that advanced Western societies still have somebody to stick it to. The total combined wealth of the Forbes 400 richest Americans is \$1.5 trillion. So, if you confiscated the lot, it would barely cover one Obama debt-ceiling increase. Nevertheless, America's student princes' main demand was that someone else should pick up the six-figure tab for their leisurely half-decade varsity of Social Justice studies. Lest sticking it to the Man by demanding the Man write them a large check sound insufficiently idealistic, they also wanted a trillion dollars for "ecological restoration." Hey, why not? What difference is another lousy trillion gonna make?

Underneath the patchouli and pneumatic drumming, the starry-eyed young share the same cobwebbed parochial assumptions of permanence as their grandparents: we're gayer, greener, and groovier, but other than that it's still 1950, and we've got more money than anybody else on the planet, so why get hung up about a few trillion here and a few trillion there? In a mere half-century, the richest nation on Earth became the brokest nation in history, but the attitudes and assumptions of half the population and 90 percent of the ruling class remain unchanged.

Auld acquaintance can be forgot, for awhile. But eventually even the most complacent and myopic societies get re-acquainted with reality. For anyone who cares about the future of America and the broader West, the most important task in 2012 is to puncture the cocoon of denial. Instead, the governing class obsesses on trivia: Just to pluck at random from recent California legislative proposals, a ban on nonfitted sheets in motels, mandatory gay history for first-graders, car seats for children up to the age of 8. Why not up to the age of 38? Just to be on the safe side. And all this in an ever more insolvent jurisdiction that every year drives ever more of its productive class to flee its borders.

Tens of millions of Americans have yet to understand that the can no longer can be kicked down the road, because we're all out of road. The pavement ends, and there's just a long drop into the abyss. And, even in a state-compliant car seat, you'll land with a bump. At this stage in a critical election cycle, we ought to be arguing about how many government departments to close, how many government programs to end, how many millions of government regulations to do away with. Instead, one party remains committed to encrusting even more barnacles to America's rusting hulk, while the other is far too wary of harshing the electorate's mellow.

The sooner we recognize the 20th century entitlement state is over, the sooner we can ring in something new. The longer we delay ringing out the old, the worse it will be. Happy New Year?

**WSJ**

### **A Year Without Fear**

***In 2011, I decided that it was time to confront my aversion to physical risk. What might some audacity and adventure bring? A few minor injuries, but also the pleasure of overcoming anxiety and apprehension.***

by Scott Adams

When I was 15, a woodchuck that lived in a rock-strewn field in upstate New York taught me a valuable lesson about risk assessment. He was like an accidental Yoda, and I've thought about him often over the past year—which I've dubbed My Year of Living Dangerously.

The woodchuck taught me to approach life cautiously—perhaps too cautiously. As I coasted into the second half of my life, I decided that it was time to unlearn the woodchuck's lesson and loosen up, take some risks, face my fears and enjoy the fullness of life. Perhaps you have a woodchuck of your own that you need to shake off. Maybe 2012 will be your year.





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Here's what happened: One summer, long ago, I was barreling through a field at about 25 miles an hour on my ancient Bridgestone motorcycle when the front tire decided to visit the foyer of a woodchuck's underground lair. I'm not sure if anyone else in the world noticed, but while I was airborne, time slowed down for a few seconds.

In the first stage of my flight, while I was still facing toward the sweet, sweet Earth, I noticed that there were many large rocks in the direction that gravity preferred. As my flight continued, I reminded myself that I'm not an adventurer. Some people are born to take one physical risk after another. They thrive on the adrenaline rush. I'm not one of those people. When my body feels adrenaline, it means that I just did something extraordinarily stupid. This was one of those times.

About three-quarters into my aerial rotation, I accepted Jesus Christ as my lord and personal savior, just to improve my odds. And I made a promise to myself that, if I lived, I would follow in the footsteps of my ancestors and lead a timid life, far from danger's reach. As far as I know, there has never been a hero in my bloodline—not one soldier, police officer or fireman. I don't know what that implies about my genes, but I've never lost a game of hide-and-seek where I was the hider.

By pure luck, or maybe because of my just-in-time religious conversion, I landed flat on my back in a rock-free patch of dirt. I was wearing a helmet and had no lasting injuries. But for about a week I could taste my brain. It had a cashew flavor.

From that day on, I kept my promise to myself and avoided all unnecessary physical risks. My strategy got easier when I became a syndicated cartoonist; I told anyone who would listen that I couldn't risk injuring my drawing hand.

My danger-avoidance lifestyle worked, and I enjoyed a long string of injury-free years. But I always had a nagging feeling that I was missing out. How can you know if the chance you didn't take was the one that would have enriched your life versus, for example, something that would have ended up with you chewing your own arm off to escape? Enrichment and arm-gnawing look roughly the same when viewed from the start.

My low-risk strategy got more complicated when I met Shelly, the woman I would marry. Shelly comes from a family of adventurers. In the final months of World War II, when her grandfather was 19 and the oldest surviving officer in his unit, he got the order to liberate a POW camp. So he did what anyone would do in that situation: He crashed a Nazi staff car into the front gate at high speed while his men laid down suppressing fire. I asked him if he was scared. He said, "Nah. Wasn't my time."

The whole family is like that. They lack the fear gene, and they like doing new things no matter how good the old things are. Compounding this situation, they mate with people who are just as fearless. If you eavesdropped on a typical holiday gathering, you might hear the following snippets of conversation:



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"The Taliban were all over that area, but our helicopter only got shot up once."

"It didn't hurt too much until the doctor scraped off the top layer of my skin to get the pebbles out."

"The second round hit me as I dove into the truck. I guess we shouldn't have gone to that bar."

I noticed that all of Shelly's relatives seem to be living life to the fullest. Did my brush with a woodchuck-related death in my formative years make me too cautious to enjoy life?



Experts say that people need to try new challenges to keep their minds sharp. That's especially important in my case because I plan on living to 140, and I don't want to spend my last 60 years trying to find the TV remote.

As 2011 approached, I wondered what would happen if, for the next 12 months, I said yes to any opportunity that was new or dangerous or embarrassing or unwise. I decided to find out.

Shelly quickly embraced my new attitude and booked us on a trip to Costa Rica. That country has a huge population of monkeys and no military whatsoever—an obvious recipe for disaster. But my immediate problem was surviving Shelly's idea of fun. This, as it turned out, included zip lining (less scary than it looked), an ATV trek through a dangerous and muddy jungle (nearly lost a leg) and, finally, a whitewater excursion down a canyon river in the rain forest.



*As part of his year of living dangerously, Scott Adams tried new sports, like whitewater rafting.*

I should pause here to explain that though I have many rational fears in life—all the usual stuff—I have only one special fear: drowning. So for me, whitewater rafting pins the needle on the fear-o-meter. But this was my year to face my fears. I was all in.

The first sign of trouble came when the more experienced of the two guides said that Shelly would be with him in his two-person kayak and I would ride with the new guy. This worried me because most reports of accidental deaths include the words "and then the new guy...." The second red flag appeared as the guide explained that when we hit the rapids through the waterfalls, we civilians should hold our oars above our heads and let the guides do the steering. My follow-up question went something like this: "Waterfalls?"

Things went smoothly for Shelly and her expert river guide. I watched them slalom down an S-shaped, 12-foot drop. Shelly might have said something like "Wheeee!"

My experience differed. My guide (the new guy) steered my half of the kayak directly into the huge rock at the top of the water hazard. My next memory involves being at the bottom of a Costa Rican river wondering which direction was up and holding my breath while I waited for my life-preserver to sort things out—which it did. Somehow, my guide and I got back into the kayak, only to repeat the scenario at another rocky waterfall five minutes later. If you think this sort of thing gets more fun on the second try, you might be a bad guesser.

Our guides brought the kayaks to a resting area midway through the excursion. I crawled to shore like a rat that had been trapped in a washing machine. You know how people say you shouldn't drink the local water in some places? Well, apparently you should also avoid snorting a gallon of bacteria-laden Costa Rican river water. I woke up the next morning hosting an exotic-microbe cage match in my stomach followed by an hour-long trip over winding jungle roads to the airport for home. I'll summarize the two weeks that followed as "not good." On the plus side, I didn't gain weight on that vacation.

So far, my strategy of being more adventurous was producing mixed results. My life seemed richer and more interesting—but it also involved a lot more groaning, clutching my sides and intermittently praying for death.

It was time to dial back the risk-taking a notch. For our next adventure, I insisted on something more civilized. Shelly picked Hawaii. The most dangerous thing I tried there was swimming in the ocean, which I've heard on good authority is full of sharks. People who seemed to know what they were talking about said that the sharks leave you alone unless you swim at the wrong time of day and look like a seal. I hoped that the sharks in our area could tell time, and I did my best impression of someone who was very definitely not a seal. Apparently, I pulled it off.

Some of my minor adventures during the year turned out great. I wore a kilt to a Scottish ball, and that was liberating. I learned a lot that night. For example, shaving your legs before you wear a kilt is a party foul.

My friend Steve taught me how to cook a gourmet Mexican meal. He also taught me that when the executive chef says, "Wear gloves when you cut the hot chili peppers," that's more of a requirement than a suggestion. I spent the next four hours in agony while experimenting with the cooling properties of mayonnaise, milk and vinegar. I also learned that in a situation like that, when the executive chef says, "If you need to use the bathroom, take the bagel tongs with you because I'm not helping," he isn't joking.

I had better luck with my evening of salsa dancing in San Francisco, in a neighborhood that was apparently zoned for salsa, murdering, carjacking and hate crimes. Our plan was to get there in time for the free group lesson, then to use our new skills to dance the night away.

We arrived late, and the lesson was half over. But that didn't matter because it was clear that not one of the husbands or boyfriends trying to follow along was getting it. It looked like a parking lot scene from a bad zombie movie. By the time the club opened for dancing, dozens of impressively unattractive single men appeared from some sort of crack in the space-time continuum. They were salsa nerds who knew they would be the only skilled male dancers in the place, and they had their pick of the ladies. I pushed Shelly toward the first salsa nerd who came our way and said, "Go nuts. I'll be over there."

I also took up golf this year because I figured that it would be a good challenge. So far, the only problem is that in every foursome, there's always one jerk who gives me a hard time for wearing a helmet.

My Year of Living Dangerously is now drawing to a close. It turns out that some people handle adventure better than others. Shelly and her relatives, for example, are good at navigating through dangerous and unfamiliar situations like fearless gazelles. I'm more like a zebra with a limp who wonders why the other zebras are edging away from him at the watering hole. But now I'm a zebra with better stories, at least until I become lion food. I'm happy about everything I tried, and I'm happy about all the things that I plan to try in the next 90 or so years of my life.

My advice for the coming year is that before you say no to an adventure, make sure it's you talking and not the woodchuck who bent the front fork of your motorcycle. You won't enjoy every new adventure, but I promise that you will enjoy being the person who said yes.

## Forbes

### [Why Don't the Republicans Play the Media Bias Game On Economic Reporting?](#)

#### *Rewriting a New York Times Article On Economics*

by Paul Gregory

The Democratic Party and their media enablers, such as the *New York Times*, slaughter the Republicans when it comes to economic reporting. The public discussion of social security taxes, unemployment benefits, and stimulus takes place in the language of Keynesian multipliers and stimulus counterfactuals. He who controls the language of debate has already won, no matter how inappropriate or ridiculous. (I cite as an example of the latter the discussion of unemployment benefits as a form of stimulus that will restore the economy to health).

The Democrats and their media enablers use a tried-and-true template to dominate the debate. I use the *New York Times* article, "Analysts Say Economic Recovery Might Suffer if Tax Break Is Allowed to Expire," to illustrate how it works.

The article's objective is to convince readers that all right-thinking people know that the economy will go down the toilet if there is no agreement on extending the payroll tax cut and unemployment benefits. They claim that "economists" or "analysts" agree on this. They then interview four economists/economic organizations that support this conclusion and they cite one senior White House official who warns of dire consequences. They then dismiss one skeptic, who makes a technical point the average reader will not understand.

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Here is my version, new headline and all. I preserve as much of the original *Times* language as possible:

## **Economists Warn That Risky Tax Cut Threatens Social Security, Does Not Help Recovery**

*Economists warn that the extension of a temporary payroll tax cut threatens Social Security and saps strength from a fragile recovery. Republicans, intimidated by populist attacks from the Democrat left, agreed on Friday to the extension by voice vote in Congress.*

*The tax cut extension means that the social security trust fund will receive \$159 billion less in 2011, causing it to run a deficit for a second straight year. The Social Security trust fund deficit will be paid from the general fund of the Treasury. "This pretty much ends the claim that Social Security is self-financing or that it doesn't contribute to the budget deficit," says Andrew Biggs, a resident scholar at the non-partisan American Enterprise Institute and a former deputy commissioner of the Social Security Administration.*

*Although the precise impact of the payroll tax cut this year is impossible to know, analysts generally predict that it will not increase consumer spending because of its temporary nature, its negative impact on the long-term deficit, and the uncertainty it creates.*

*Stanford economist John Taylor reports that "to think that a temporary cut would stimulate the recovery and get employment growing defies common sense. There is no hard evidence that the temporary payroll tax cut of this year stimulated the economy, and another one for the first two months of next year will obviously do even less."*

*University of Michigan economist Joel Slemrod predicts that most households will save the payroll tax cut anyway: "About half say they're going to pay off debt, about a third say they're going to save it, and the rest say they will spend it."*

*Harvard economist Robert Barro uses the term "voodoo multipliers" to describe the outmoded belief that increases in government spending or temporary reductions in tax payments stimulate the economy.*

*Yet some economists believe that extension of the payroll tax cut will stimulate the economy. Democrat-leaning and bailout recipient Goldman Sachs estimates that an expiration of the tax cut could knock two-thirds of a percentage point off growth in early 2012.*

*The non partisan USA Today has seized on independent economists' views to oppose the extension of the payroll tax cut. Its editorial argues that temporary tax cuts have a way of becoming permanent. Congress will be afraid to restore the payroll tax back to its previous level. Once that happens, social security will become another unfunded entitlement that we cannot afford.*

If it is as easy as this, why don't the Republicans put up a better fight?

First, most journalists have little or no training in economics. If they do, they most likely got the Keynesian-consensus version.

Second, Non-Keynesian economists tend to be media shy. They would rather stick to their work, and they know from past experience they'll likely be misquoted anyway.

Third, I fear that few Republican politicians are well enough versed in Non-Keynesian economics to make a convincing case.

Fourth, the two most-respected international newspapers that might subscribe to my version – the *Wall Street Journal* and the *Investors Business Daily* – are in the business of giving factual information for readers who might wager their money on what they read. As such, they cannot afford to engage in political discussion, except on their editorial pages. (Of course, *Forbes* also provides a forum for such ideas as is evident from this piece).

Finding a way to get its economic message across should be a top priority of the Republican Party.

*a research fellow at the Hoover Institution, at Stanford, and the Cullen Professor of Economics at the University of Houston.*

## **American.com**

### **[Barney Frank continues distorting the truth on his role in the financial crisis](#)**

by Peter J. Wallison

Soon-to-be former Congressman Barney Frank continues to try to defend his record on Fannie and Freddie by distorting, or simply reversing, the truth. [Here he is](#) in the TheAtlantic.com today on his history as he hopes we will remember it:

"In 2004, the administration of President George W. Bush began a conscious plan of trying to increase levels of homeownership as part of its 'Ownership Society,' raising affordable housing targets for Fannie and Freddie. I opposed this policy because I thought people could end up with mortgages they could not afford."

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"We write as members of the House of Representatives who continually press the GSEs to do more in affordable housing. Until recently, we have been disappointed that the administration has not been more supportive of our efforts to press the GSEs to do more. We have been concerned that the administration's legislative proposal regarding the GSEs would weaken affordable housing performance by the GSEs, by emphasizing only safety and soundness. While the GSEs' affordable housing mission is not in any way incompatible with their safety and soundness, an exclusive focus on safety and soundness is likely to come, in practice, at the expense of affordable housing.

We have been led to conclude that the administration does not appreciate the importance of the GSE's affordable housing mission, as evidenced by its refusal to work with the House and



Senate on this important legislation. It now appears that, because Congress has not been willing to jeopardize the GSE's mission, the administration has turned to attacking the GSEs publicly. We are very concerned that the administration would work to foster negative opinions in the financial markets regarding the GSEs, raising their cost of financing. If the intent is to get prohousing members of Congress to weaken their support of the GSEs' mission, it is a mistaken strategy.

Our position is not based on institutional loyalty, but on concern for the GSE's affordable housing function. We appeal to you to agree to work on legislative proposals that foster sound oversight and vigorous affordable housing efforts instead of mounting assaults in the press. We also ask you to support our efforts to push the GSEs to do more affordable housing."

If Barney Frank has any credibility after this, it will only be with those who—for ideological reasons—support him in his efforts to distance himself from the government's affordable housing requirements, which were so destructive to Fannie and Freddie and the financial system as a whole.







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YOU CAN FOOL  
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PEOPLE ALL OF  
THE TIME...



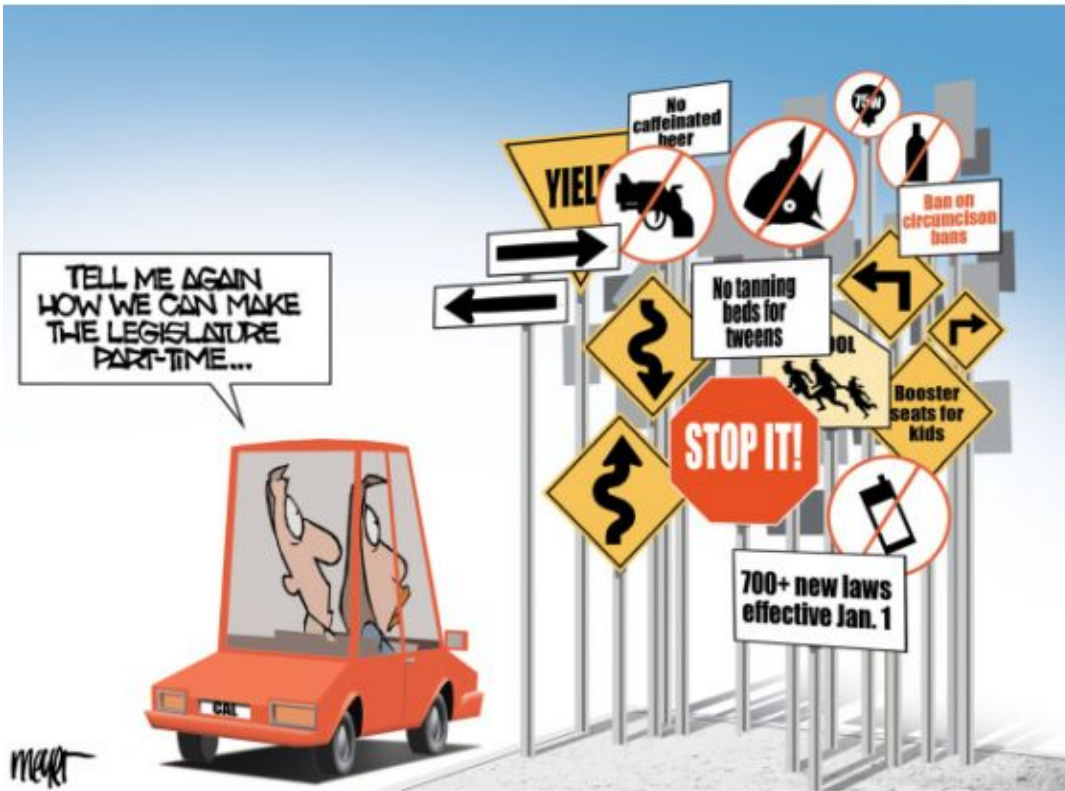
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IT'S ENOUGH  
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MORE TIME.

THE ELECTION STRATEGY



If Iran tries to  
build nuclear  
weapons, here's  
what I tell them...



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