



## Republicans Engage in Housing Bubble Debate

Charging Gingrich with "influence peddling," Romney sparked a spirited discussion with the following remark:

We've just learned today that his contract with Freddie Mac was provided by the lobbyist at Freddie Mac. I don't think we possibly retake the White House if the person leading our party was the person who was working for the chief lobbyist for Freddie Mac.



Gingrich worked for Freddie Mac for most of the years between the time he left Congress in 1999 and the housing bubble burst in 2007, taking in some [\\$1.6 million](#) in consulting fees from the government-sponsored enterprise, Freddie Mac, that was one of the key parts of the housing bubble that burst in 2008. Gingrich also [boasted](#) of Freddie Mac's business model in a 2005 interview for Freddie Mac's website, at the height of the housing bubble.

"We did consulting work," Gingrich countered, adding that he had never done anything that could legally be classified as lobbying.

Romney pointed out Gingrich's lawyerly reply about lobbying contradicted what he had said in earlier debates. Gingrich had originally said he had served as a "historian" for Freddie Mac, not as a "consultant":

Mr. Speaker, you were on this stage at a prior debate, you said you were paid \$300,000 by Freddie Mac for an historian, as an historian. They don't pay people \$25,000 a month for six years as historians. That adds up to about \$1.6 million. They weren't hiring you as an historian, and this contract proves that you were not an historian, you were a consultant. It doesn't say that you provided historical experience. It said that you were as a consultant [sic], and you were hired by the chief lobbyist of Freddie Mac, not the CEO, not the head of public affairs, [but] by the chief lobbyist of Freddie Mac.

Former Pennsylvania Senator Rick Santorum accurately claimed that Romney and Gingrich had pushed for the federal bailout: "My question to Governor Romney and to Speaker Gingrich, if you believe in capitalism that much, then why did you support the bailout of Wall Street?" Both Santorum and Texas Congressman Ron Paul, the other two on the debate panel January 23, had opposed the TARP bailout, while Romney and Gingrich had supported it.

NBC Host Brian Williams asked Santorum: "Did vehicles of the U.S. government make it too easy to



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own a home in America?"

Santorum replied:

The answer, unfortunately, is yes to that. And there were several of us in the United States Senate back in 2005 and 2006, who saw this on the horizon, who saw the problem with Fannie and Freddie, and who tried to move forward with a bill. I was on the banking committee. We voted a bill out of committee to try to solve this problem, to try to constrain Fannie and Freddie.... We said, if this doesn't happen, if we don't constrain these two behemoths from continuing to underwrite this subprime mortgage problem, then we are going to have a collapse. Unfortunately, that proved to be true.

Some people in Congress did try to stop Fannie Mae and Freddie Mac from expanding the housing bubble in 2005, but Santorum wasn't among them.

"We're very concerned about making sure that we do things in working with this legislation to improve the access to affordable housing," Santorum said during a July 28, 2005 [hearing](#) on the Senate bill, adding that he wanted Fannie Mae and Freddie Mac oriented "toward taking a more active role in creating housing opportunities for low and moderate income families." The 2005 statement prompted *The American Banker* magazine to quip that Santorum was "running from his record."

Among the major candidates for President, only Texas Congressman Ron Paul accurately [described](#) the housing bubble [repeatedly](#) and specifically for years before the bust, with at least one warning [as early as 2001](#).

*Photo of Mitt Romney: AP Images*

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