

## Fannie Mae and Freddie Mac

# THE NOTION THAT THE GOVERNMENT HAS NOT BEEN REPAID IS LUDICROUS.

### *It's been the best deal for the taxpayer since the Louisiana Purchase.*

Apparently fearful the **Trump Administration** may soon release the highly profitable **Fannie Mae** and **Freddie Mac** from their dozen-year stint in 'conservatorship', a few commentators are asserting that Uncle Sam has not yet been repaid for what he advanced the companies.

Their claims are utterly false.

The facts: the government purchased [\\$191.5 billion](#) of Fannie and Freddie preferred stock in the wake of the 2008 financial crisis. Since then, it has collected over [\\$301 billion](#) in dividends.

That the government has been paid in full was confirmed over a year ago by **Craig Philips**, then Secretary of the Treasury **Steven Mnuchin's** right hand man. (You can view his May 18, 2019 interview [here.](#)) But you can also do the math for yourself; (last I checked, two-plus-two still equals four).

Yet because the government hasn't yet offset those dividends against what it advanced, these commentators, including the *Wall Street Journal's* editorial board (which should know better), claim the government ["hasn't come close to being repaid"](#) and that Fannie and Freddie are still in hock for \$191.5 billion.

Huh?

Since when does the government make loans which the borrower is never allowed to repay? Did they do that with **Citibank**? **AIG**? Or any of the hundreds of banks in which it purchased preferred stock via the **TARP** program? Really, has Uncle Sam been transformed into a Mob banker?

What's also missing from this picture is the fact that the government never put up a penny of its own cash in the first place. Where did it come from? From the source of the rest of our chronic deficit spending: the bond market. We *borrowed* (at probably less than three percent), and then re-loaned to Fannie and Freddie at 10 percent.

So, think about it: without the American taxpayer putting up a dime, the government has been earning at least a 700-basis-point spread on almost \$200 billion of Other People's Money – for a dozen years! Brilliant!

["Hasn't come close to being repaid"](#)? To the contrary: Fannie and Freddie have been the best deal for the taxpayer since the Louisiana Purchase.

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