

Capitol Hill conservatives are debating President George W. Bush's proposal to shore up struggling mortgage giants Fannie Mae and Freddie Mac with some Republicans saying a bailout amounts to too much government. Others are saying emergency funding is necessary to restore confidence in the government... *Capitol Hill conservatives are debating President George W. Bush's proposal to shore up struggling mortgage giants Fannie Mae and Freddie Mac with some Republicans saying a bailout amounts to too much government. Others are saying emergency funding is necessary to restore confidence in the government-chartered but privately owned lenders because if they fail it would lead to an economic disaster. Where do you stand in this debate?*

Fannie Mae and Freddie Mac together make, hold or guarantee about 50% of all home mortgages in the United States.

If they were to fail or otherwise cease making loans, an already dismal housing market would get dramatically worse. We cannot allow this to happen.

The federal government should not protect their shareholders or executives from loss, and Congress should look into how to further mitigate future crises.

But, in Fannie and Freddie's current form, we should protect the markets from the systemic damage that would occur if they were to fail. It might be expensive, but it will still be less costly than the economic fallout from a collapsing housing sector.

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