

FANNIE AND FREDDIE'S TURN AT THAT TAXPAYER'S TROUGH

You know how, when I go off grid on vacation or something, corrupt Bush officials tend to resign? Well, it looks like CalculatedRisk has that same power, only with our economy. While CR was hiking in the Sierra (man am I jealous), Fannie and Freddie were diving off a cliff on Thursday and Friday. And now, just as happened with Bear Stearns, Hank Paulson seems to be crafting a taxpayer backed bailout of the mortgage giants.

US TREASURY secretary Hank Paulson is working on plans to inject up to \$15 billion (£7.5 billion) of capital into Fannie Mae and Freddie Mac to stem the crisis at America's biggest mortgage firms.

The two companies lost almost half their market value last week as rumours of a government bail-out swept the stock markets, hammering share prices around the world.

Together, the two stockholder-owned, government-sponsored companies own or guarantee almost half of America's \$12 trillion home-loan market and are vital to the functioning of the housing market.

The capital-injection plan is said to be high on a list of options being considered by regulators as a means of restoring confidence in the lenders. The move would protect the American housing market, but punish shareholders in both companies.

CR, now back from the Sierra, has more.

Golly. \$20 billion for Bear Stearns. \$15 billion

for Fannie and Freddie. Meanwhile we're still struggling to pass a housing bill that will help actual, human taxpayer families stay out of foreclosure. I guess there's just not the money for bailing out real people, huh?