

KEY VOTE NO ENSIGN/MCCONNELL FIX HOUSING FIRST AMENDMENT

On behalf of hundreds of thousands of FreedomWorks members nationwide, I urge you to vote “No” on Senator Ensign’s Fix Housing First amendment to H.R. 1, as promoted by Senate Minority Leader Mitch McConnell. The Senator claims this act would “fix” the housing problem, considered to be at the root of so much of our current economic pain. However, far from fixing anything, this plan would create even more problems and rather than letting the market naturally adjust, will merely delay recovery creating bigger problems in the future.

The “Fix Housing First” amendment would offer government backed fixed mortgages at 4% to “any credit worthy” borrower either to purchase a new home or refinance. This plan, which reportedly could cost as much as \$200 billion dollars, is a flagrant misuse of taxpayer funds and in essence creates a new housing entitlement fund and all for no recovery. The housing market, whose prices have long been artificially inflated, needs to find its market clearing prices. It will not recover in the long run from any amount of government prodding. In a scenario analogous to the failed TARP plan, pouring good money after bad doesn’t work. Spending our way out of debt doesn’t work. What does work is letting housing prices fall naturally to the point where more people can afford to purchase, removing the current glut of homes from the market.

Already, the U.S. massively subsidizes housing through the mortgage deduction, through the FHA, and through Fannie and Freddie – two institutions that are already suffering under a crippling load of bad debt. Another government program is not the answer to the problems we face in housing, and ripping scarce capital from the private sector only to place it into unproductive housing stock will make the broader credit crunch worse and make us all poorer in the long run.

We will count your vote on the Ensign/McConnell Amendment as a KEY VOTE when calculating the FreedomWorks Economic Freedom Scorecard for 2009. The Economic Freedom Scorecard is used to determine eligibility for the Jefferson Award, which recognizes members of Congress with voting records that support economic freedom.

