
Barney Frank Wants Government To Make Loans Directly To The Unemployed

November 18, 2009 - Few people in American politics are as responsible for the current state of the economy as Barney Frank. While you may think this is a harsh analysis, bear in mind that Frank publically chastised those calling for greater oversight of Fannie Mae and Freddie Mac while he was romantically involved with an executive at one of the companies. That single act has cost American taxpayers billions of dollars and just this week it was announced that Fannie Mae would have to turn to the government for another multibillion dollar loan. And that is just the tip of the iceberg with regard to Frank's culpability in this economic downturn. Now, he's calling on the government to make even more irresponsible lending decisions by offering home loans to the unemployed.

The government's Troubled Asset Relief Program (TARP) is set to expire on December 31st. TARP is the program that was used to bail out big banks and automobile manufacturers earlier this year. It is up to Treasury Secretary Tim Geitner to decide if he wants to ask Congress to extend the program.

Barney Frank has now announced that he will support such an extension if some TARP money is used to provide home loans to the unemployed. According to Frank, these loans would be made to people who hadn't taken out subprime loans, or loans they could never afford to pay back. They would only be made to people who had taken out "reasonable" mortgages and are in trouble for no other reason than the fact that they have lost their job.

While Frank's call may tug at the heart strings - who doesn't want to help the unemployed - it is also an irresponsible use

of taxpayer money. There are currently five job seekers for every open job in the United States. Unemployment stands in excess of 10% and is continuing to rise. It could be months, or even longer, before someone who is unemployed today can find a new position. This means that Frank is asking taxpayers to make loans to hundreds of thousands of people who are quite likely to have a high default rate on those loans.

It needs to be pointed out here that making loans to people who had no reasonable expectation of ever being able to repay them is what started the recession two years ago. Frank was at the forefront of government action to force lenders to make these types of loans. Now, since banks are no longer willing or able to make irresponsible loans, Frank wants the government to do it directly.

It is time for the government to get out of private sector finance. And it is time for Barney Frank to admit that his mismanagement of economic issues has cost taxpayers Billions and that he's probably not the best person to listen to when it comes to the economy.

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