

Free Press Viewpoint

Mortgage giants threaten all finance

Congress appears to be ready to pull the plug on the unmanageable mortgage giants known as Fannie Mae and Freddie Mac, or more formally, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corp. About time, we say.

It cost taxpayers \$187 billion to keep the two from crashing during the recent financial crisis. Pushed by Congress to keep rates low, the two had helped bankroll a huge bubble in housing prices. When the bubble collapsed, as bubbles always do, so did the twins.

These government-sponsored corporations had grown to the point where they own or back about half of all home mortgages. As with many fields today, they dominate their market and have become "too big to fail."

Formed to help middle-income people get into home ownership, they have become a threat to everyone's financial security.

In these partisan times, the Republican-controlled House has a bill that would essentially get the government out of the mortgage market. The more divided, Democrat-led Senate has a bipartisan plan which preserves a limited government role and has the president's support.

A compromise is expected. Perhaps Congress, fresh from plaudits for "solving" the crisis over doubling of interest rates for student loans, can come together to solve another problem.

This situation illustrates two problems all too common in our country today:

- Excessive bigness. Consolidation of everything from banks to airlines to railroads and manufacturers leaves many markets depending on too few key players. How many times have we heard the phrase, "too big to fail."

When any industry or market is dominated by players which the government will have to prop up if they fail, it's time to change something. Our government has to stop pushing bigness and allowing mergers, even as an expedient to prevent bankruptcy, and get back to enforcing the antitrust laws. Diversity, not monopoly, is what the economy needs.

- Excessive government involvement. The heavy hand of government usually creates more problems than in solves. When government moves beyond policing a market and tries to enforce policy goals – such as cheap mortgages – it has a way of creating more problems than it solves.

The bills in Congress right now would go a long ways toward backing government out of the mortgage market while eliminating the two giant players we've had to prop up one time too many already.

Let's hope our representatives can keep talking long enough to once again get something done. It might be addictive.

– Steve Haynes

Write us

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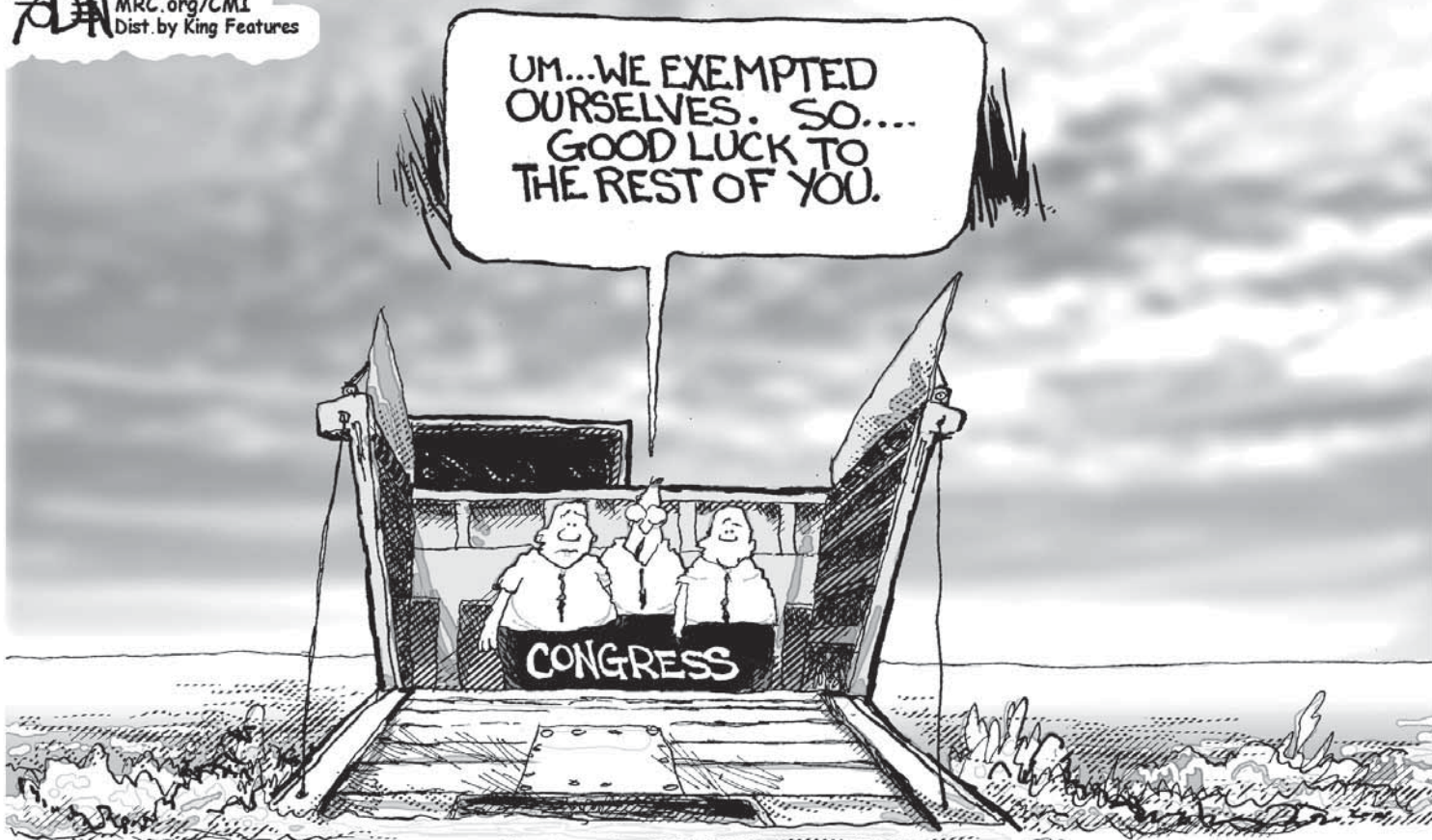
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D-DAY ON OBAMACARE BEACH

Bumper cars a reminder of Turkey

Watching the bumper cars at the county fair on Friday night reminded me of traffic in Istanbul.

Actually, the Turkish drivers were much better than the wild-eyed drivers at the fair. I never saw anyone hit another car during the week I sat, frequently cringing, in the seat behind the bus drivers.

Traffic signs are more or less suggestions in Turkey, it seems, but the drivers tend to be courteous, and even when four lanes of traffic coming from three directions funneled into a single lane going down a narrow alley between thousand-year-old buildings, drivers would seldom honk, gesture or curse.

Buses, cars, trucks and motorcycles moved together in a huge dance as they jockeyed for position and passed each other with inches to spare.

Going down one alley with cars parked on both sides of the road, our driver stopped for a couple of seconds, surveyed the room he had to pass safely, reached out and pulled in his mirrors – and slid by all the parked vehicles like a greased eel. We broke into spontaneous applause and gave him a generous tip at the end of the day.

As I said, while the traffic in the cities is awful, Turkish drivers are some of the most courteous I've ever seen.

I think I only heard our bus drivers honk a couple of times in a week of traveling around Turkey. On the one occasion, he honked po-



Cynthia Haynes

• Open Season

lately rather than really pushing on the horn as a large van started backing up towards us and didn't stop right away. There was nowhere for our bus to go!

Sitting on a bus as it zooms along the countryside and through the towns and cities gives you a chance to really see what's out there.

Out in the country, away from the tourist areas and cities, you could almost believe you were in the Midwest.

The fields of newly cut wheat were interspersed with fields of barley and corn. Hay bales dotted the landscape as they do here, but the bales were mostly the old-fashioned small rectangular ones of my youth.

Then there were the fields of tomatoes and melons with workers out hand picking the produce. It's the sort of scene you can find in Texas and Colorado, except in Turkey, the field hands included women in long dresses and headscarfs picking produce along with the men.

The other odd thing I noticed about the living in Turkey is the house.

Turks live in apartments.

Now, Istanbul is a city of 15 million people, and you expect to find plenty of apartment buildings downtown, just as you would find them in any large city in the world.

But, we traveled all over the country, and there are way more apartment buildings than there are single-family homes. Even in the smaller cities and towns, apartment buildings predominate. In towns the size of those in northwest Kansas, they have three and four-story apartment buildings. Only in the really rural areas are there single-family homes scattered about.

We had dinner with a family in their third-story walk-up apartment while we were in Istanbul. Though the stairway was rather stark, the apartment was modern and comfortable and the family had decorated it nicely.

I lived in apartments during my college days and when we were first married, and I really wouldn't want to go back to living in one again, but lots of people love them.

And, a lot of those people seem to be Turkish.

Cynthia Haynes, co-owner and chief financial officer of Nor'West Newspapers, writes this column weekly. Her pets include cats, toads and a praying mantis. Contact her at c.haynes@nwkansas.com

Lower student loan rates boost students

As another summer winds down, thousands of Kansas high school graduates will leave home and head to college for the first time – and many families are wondering how they will pay for it.

They understand the worthy investment comes at a significant cost. From working a second job, to living at home, students and parents seem more willing than ever to make sacrifices for the sake of higher education – including taking out federal loans to help cover the costs.

According to the College Board, nearly half the 18.1 million undergraduate students who attend college each year take out federal Stafford loans to help make college dreams a reality. And about 1.6 million graduate students also take out these loans. Subsidized Stafford loans are federal loans for students with the greatest financial need.

Kansans already making great sacrifices for the sake of a college education recently faced much uncertainty when, on July 1, interest rates for new subsidized Stafford loans doubled to 6.8 percent. Last year, Congress passed legislation to prevent this rate hike, but it was only a temporary, one-year patch. Washington needed to work together to pass a student loan policy that provided all American students and families with certainty.

Fortunately, after negotiations this summer, the House and Senate were finally able to put politics aside and come together to pass bipartisan legislation that provides a permanent, market-based solution for all federal student loan interest rates.

I supported this bill to reverse the July 1 rate hike on subsidized Stafford loans, and set interest rates on all new student loans off of the Treasury 10-year borrowing rate. This legisla-



U.S. Senator Jerry Moran

• Moran's Memo

tion also provides much-needed certainty and savings by fixing the rate borrowers pay at the time they take out their loan.

In contrast to current law, it lowers rates for all students taking out new federal student loans. The nonpartisan Congressional Budget Office projects this legislation will save Americans more than \$700 million over the next decade – good news for students, parents and taxpayers alike. It is vital that this bill is signed into law by the President before students return to campus.

Covering the increasing costs of higher education is just one of the challenges Kansas students face. Unfortunately, our current economic environment leaves recent graduates with limited job opportunities to earn enough to pay off college debt. According to a 2013 Reuters survey, 40 percent of recent college graduates are jobless or underemployed. And, a recent study by the nonprofit Center for College Affordability and Productivity notes that roughly half of college graduates are working jobs that traditionally don't require a college degree. By accepting lower-skilled positions and receiving the wages tied to those positions, they simply can't afford to pay off their student loans.

Washington must now turn its attention toward fixing the failing economic policies that are hampering growth in America, to make

certain graduates can find jobs. The bipartisan student loan agreement proves that even though Congress may not agree on everything, it is capable of working together to pass sensible policy.

If Washington fails to take action now because it is too difficult, and leaves these economic problems for a future Congress to solve, we will reduce the opportunities for the next generation to experience the country we know and love.

As a first-generation college graduate, only through student loans, scholarships and work was I able to afford college. I want to make certain every Kansan has the opportunity to pursue their goals through higher education, but efforts must not stop there. The most essential thing we can offer our children is a vibrant, growing and free economy that provides ample opportunity to pursue success and happiness every day.

U.S. Senator Jerry Moran is a member of the Senate Banking Committee and serves as the Ranking Member of the Banking Subcommittee for Housing, Transportation, and Community Development. To sign up for his weekly newsletter, go to moran.senate.gov.

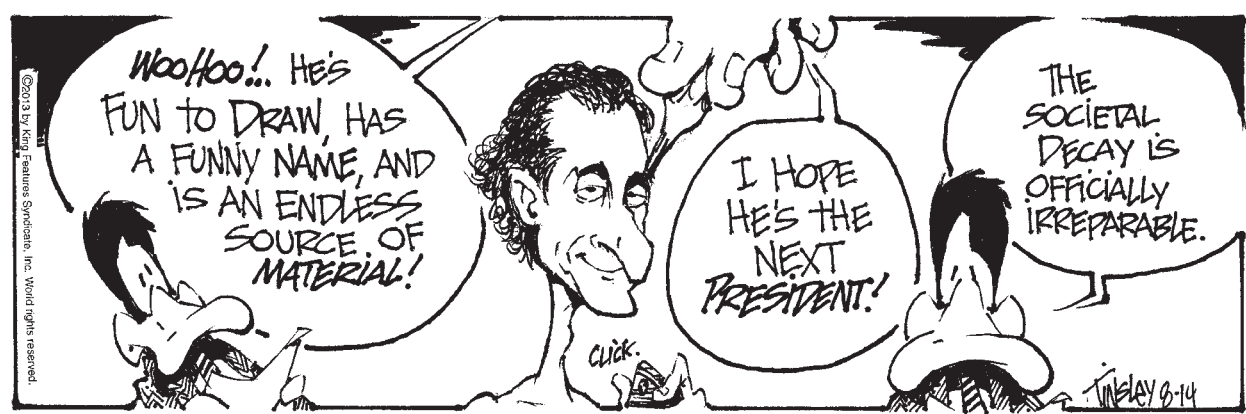
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Mallard Fillmore

• Bruce Tinsley



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