

El tigre sin cojones — Paul Sarbanes (D-Md.), the Tiger of the Senate, who so fiercely attacked corporate corruption, has suddenly lost his testicles. Sarbanes, you will recall, was the driving force behind Sarbanes-Oxley, the law that has saddled all American corporations with onerous accounting rules, and executives with personal liability for bogus accounting. This law was an attempt to harass companies (such as WorldCom), which were already in the process of being held to account under existing laws. *Muy macho! Qué cojones tan grandes!*

Ah, but bad news, amigos. The tiger has blocked a crack-down on the federally backed corporations Fannie Mae and Freddie Mac. These agencies have racked up \$1.5 trillion in debt, i.e., portfolios of “aggressive” (read: likely to default in a housing crash) loans, which the taxpayer has an “implied” obligation to cover. Sarbanes has decided to be totally unhelpful about reforming the scandalous accounting and business practices of these government-backed mortgage agencies.

And the agencies need reform. They stink of corruption. The managers — mainly, it turns out, liberal Democrats like Sarbanes — set policies that helped boost their personal bonuses, leading Franklin Raines, Timothy Howard, Daniel Mudd, and Jamie Gorelick to pocket tens of millions of dollars in just a few years. Not surprisingly, both Fannie Mae and Freddie Mac (along with the private companies that are tied to them) dump tons of cash into political campaigns — again, not surprisingly, mainly to elect liberal Democrats.

When the government sets up and runs corporations to do what private industry should do, this is what you get: corruption without *any* government policing.

— Gary Jason