

Macro Roundup Article

Headline: [The Financial System Is Slipping into State Control](#)

Article Link: <https://www.economist.com/finance-and-economics/2023/05/18/the-financial-system-is-slipping-into-state-control>

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Summary: The real risk comes when policy preferences interfere with lending rules. In America this already happens in the mortgage market, which is dominated by two government-backed enterprises: Fannie Mae and Freddie Mac. Together the two institutions now underwrite credit risk for more than half of mortgages. Their guarantees enable the 30-year fixed-rate, prepayable mortgages Americans have come to expect. They also help explain why America's financial system bears more interest-rate risk than Europe's, where floating-rate mortgages are common.

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