



EDITOR'S NOTE

Divided We Thrive

The saying goes: Divided we fail. I disagree. When you foster an environment where new ideas are invited, not suppressed, I think we win. Further, I think history supports this thesis and will be a comfort to the mortgage industry as Dodd-Frank is figured out in the coming years.

If we look back to the Clinton administration we see years and years of financial prosperity and international stability. Were there instances of chaos abroad that happened during the Clinton administration? Of course, but we confronted those challenges without going to war.

Further, there was all around economic prosperity and very low unemployment. By the time President Clinton left office we had a balanced budget and a surplus. This was the case because for the last six years of Clinton's presidency Congress was controlled by Republicans and we had a government that was kept in check because both parties had to work together.

Enter President Bush. President Bush was unable to maintain the surplus he inherited and now we have a huge debt that is going to cause us to have to make tough choices when it comes to funding our defense and how we deal with citizen entitlements. Not to mention that fact that we are engaged in two wars that we are still trying to wind down with honor.

Think about it. How did this happen? For the first six years of the Bush administration the Congress was also Republican and validated all the president's requests.

The lesson is that true conservatism unchecked does not work. Similarly, true liberalism doesn't work. For the first two years of the Obama administration we saw a very liberal Congress push through a very liberal agenda. It was tougher for the Democrats because the Democrats are not as cohesive a party as the Republicans, which I believe is one reason they lost their majority in the House in the last election. Starting this month we will again have a divided government and I think that's good. That should comfort the mortgage industry because both parties will now have to come together to decide how to implement Dodd-Frank. Sure, there will be more regulation, but that's expected.

So, what's the best case scenario for the mortgage industry? Personally, I hope the regulation is fair and I'm more optimistic today that will be the case. ❖

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