

Opinion: Foreclosure system continues to hold back economy

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Speaking in Las Vegas recently, the Republican presidential candidate and former Massachusetts Gov. Mitt Romney was blunt when asked what he would do about the large number of homeowners facing foreclosure in Nevada, the nation's leader in foreclosures.

The best thing the government can do, Romney said, is to let the foreclosure process run its course. Let the system work, he said.

In ordinary times, Romney would be right, of course, just as he would be right when he argues that the federal government should have let General Motors go through the bankruptcy process, and possible liquidation, instead of lending the auto giant money from the government's depleted coffers.

In ordinary times, the system is able to deal with these sorts of financial troubles with a minimum of disruption to the nation's economy.

These are not ordinary times, however, and they haven't been since the near collapse of the U.S. banking industry in 2008, when overnight Wall Street's failures suddenly became Main Street's problems.

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