

Lawmakers Support LaRouche's Solution For Mortgage Crisis

The LaRouche Political Action Committee (LPAC) issued a release Aug. 22 calling on Congress to enact the Homeowners and Bank Protection Act of 2007 (HBPA). The HBPA was put forward by LaRouche as an FDR-style solution, to build a firewall to protect homeowners, chartered banks, and the U.S. economy from the global debt conflagration underway.

The three principles LaRouche proposed for this Act (see below) revive the successful legacy of Franklin Roosevelt. Roosevelt in March 1933, the month he was inaugurated—confronted by a massive wave of farm and home foreclosures—acted to reorganize and save the U.S. banking system which had then been shutting down.

The next month, FDR implemented the Home Owners Loan Act, which created the Federal Housing Administration (FHA), and gave or insured millions of new, affordable mortgages. It also provided the banks a means to participate in the new mortgages.

LaRouche's proposal will protect Federal and state chartered banks, but *cut off* the bankrupt hedge funds, the securitizing investment banks, and the other “alternative players” in the mortgage bubble, from any bailout.

The mobilization for LaRouche's HBPA is strongest at the state level, where widespread foreclosures are a stark reality, and where a growing number of legislatures are in, or facing special sessions, because of the disappearance of real estate-based tax revenue. The LaRouche Youth Movement's interventions with those state legislatures and city governments have begun to produce resolutions of endorsement of LaRouche's proposals, and growing pressure on Congress for it.

The following are the supporters as of Sept. 21, in chronological order.

To National Black Caucus Of State Legislators

State Rep. Juanita Walton (D) of St. Louis, representing the 81st District in Missouri's House of Representatives, announced Sept. 13 that she filed a “Resolution to Congress—Implement the Homeowners and Bank Protection Act of 2007,” with the National Black Caucus of State Legislators, which will meet in Arkansas in December (see EIR, Sept. 21, 2007). Representative Walton is also president of the National Order of Women Legislators, and past president of the National Foundation of Women Legislators.

New Hampshire State Legislators Introduce Homeowners and Bank Protection Act

*Two New Hampshire State Representatives, **Barbara Hull Richardson** (Cheshire), and **Barbara French** (Merri-mack), filed a House Concurrent Resolution on Sept. 18, 2007. Here is the text of their “Resolution to Congress—Implement the Homeowners and Bank Protection Act of 2007.”*

WHEREAS, the onrushing financial crisis engulfing home mortgages, debt instruments of all types, and the banking system of the United States threatens to set off an economic depression worse than the 1930s; and,

WHEREAS, millions of American citizens are threatened with foreclosure and loss of their homes over the upcoming months, according to studies released by RealtyTrac and Moody’s Economy.com; and,

WHEREAS, this financial crisis is now threatening the integrity of both state and federally chartered banks, as typified by the run on deposits of Countrywide Financial in California during the month of August; and such a banking collapse would wipe out the life savings of American citizens, and drastically undermine the economic stability of our states and cities; and,

WHEREAS, in a similar financial crisis in the 1930s, President Franklin D. Roosevelt intervened to protect banks and homeowners; for example, in April 1933, he introduced legislation as a “declaration of national policy . . . that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability,” and therefore,

BE IT RESOLVED, that the State of New Hampshire hereby endorses the Homeowners and Bank Protection Act of 2007. This crisis is such that it requires emergency action that only the United States Congress has the capability to enact. Congress must move quickly to keep people in their homes and avert social chaos. This act includes the following provisions:

1. Congress must establish a Federal agency to place the Federal and state-chartered banks under protection, freezing all existing home mortgages for a period of how ever many months or years are required to adjust the values to fair prices, and restructure existing mortgages at appropriate interest rates. Further, this action would also write off all of the speculative debt obligations of mortgage-backed securities, derivatives, and other forms of Ponzi Schemes that have brought the banking system to the point of bankruptcy.

2. During the transitional period, all individual homeowner foreclosures shall be frozen, allowing American families to retain their homes. Monthly payments, the equivalent of rental payments, shall be made to designated banks, which can use the funds as collateral for normal lending practices, thus recapitalizing the banking systems. These affordable

monthly payments will be factored into new mortgages, reflecting the deflating of the housing bubble, and the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. This shakeout will take several years to achieve. In the interim period, no homeowner shall be evicted from his or her property, and the Federal and state-chartered banks shall be protected, so they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. State governors shall assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.

AND THEREFORE,

BE IT FURTHER RESOLVED, that a copy of this resolution shall be forwarded to members of Congress from the state of New Hampshire, and also be delivered to the President of the United States for immediate implementation.

Petition to Congress: Implement the Homeowners and Bank Protection Act of 2007

The following petition from the Lyndon LaRouche Political Action Committee (LPAC) is being circulated across the United States by, and to, state and local elected officials, and to labor movement leaders, and other elected leaders, for presentation to the U.S. Congress. LPAC stated that emergency enactment of this bill is needed to erect a “firewall” to protect the life savings of American citizens, and to ensure that the hedge funds receive not one penny of bailout from the U.S. or any other government.

LPAC announced that it is currently soliciting signatures and endorsements for this petition, from elected officials, labor leaders, and constituency group leaders, only. LPAC asks that if you would like to endorse this petition, please send an e-mail to lpacpetition@gmail.com, and include your full name and your organization (for identification purposes only.)

The onrushing financial crisis engulfing home mortgages, debt instruments of all types, and the banking system of the United States, threatens to set off an economic depression worse than the 1930s.

Millions of American citizens are threatened with foreclosure and loss of their homes over the upcoming months, according to studies released by RealtyTrac and Moody’s Economy.com.

The hedge funds which spread this financial collapse among markets worldwide, by dominating speculation in all those markets, are now going bankrupt and demanding gov-

ernment bailout of their securities and derivatives. The nominal value of the derivatives based on mortgages alone is the size of the combined GDP of the nations of the world. The hedge funds, the mortgage-backed securities, the financial derivatives *can not* be bailed out.

This financial crisis is now threatening the integrity of both state and Federally chartered banks, as typified by the run on deposits of Northern Rock mortgage bank in Britain in September and Countrywide Financial in California during the month of August; and such a banking collapse would wipe out the life savings of American citizens, and drastically undermine the economic stability of our states and cities.

In a similar financial crisis in the 1930s, President Franklin D. Roosevelt intervened to protect banks and homeowners; for example in April 1933, he introduced legislation as a “declaration of national policy ... that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability....” One month earlier, his Bank Holiday reorganized the nation’s failing banks under Federal protection.

The principles of the Homeowners and Bank Protection Act of 2007, proposed by economist Lyndon H. LaRouche, Jr., meet this crisis. It requires emergency action that only the United States Congress has the capability to enact. This act includes the following provisions:

1. Congress must establish a Federal agency to place the Federal and state-chartered banks under protection, freezing all existing home mortgages for a period of however many months or years are required to adjust the values to fair prices, and restructure existing mortgages at appropriate interest rates. Further, this action would also write off all of the speculative debt obligations of mortgage-backed securities, derivatives, and other forms of Ponzi Schemes that have brought the banking system to the point of bankruptcy.

2. During the transitional period, all foreclosures shall be frozen, allowing American families to retain their homes. Monthly payments, the equivalent of rental payments, shall be made to designated banks, which can use the funds as collateral for normal lending practices, thus recapitalizing the banking systems. These affordable monthly payments will be factored into new mortgages, reflecting the deflating of the housing bubble, and the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. This shakeout will take several years to achieve. In the interim period, no homeowner shall be evicted from his or her property, and the Federal and state-chartered banks shall be protected, so they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. State governors shall assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.



EIRNS/Stuart Lewis

Pennsylvania State Rep. Harold James is gathering support in the State Legislature for a resolution calling on Congress to enact Federal legislation based on the principles of LaRouche’s “firewall” proposal.

I urge the Congress of the United States to pass legislation embodying these three principles immediately, as emergency legislation, halting a “tsunami” of foreclosures, keeping millions of American families in their homes to avert social chaos, and protecting chartered lending banks of the United States and the states.

Louisianans Endorse HBPA

Fred Huenefeld, a leading Democrat, realtor, and long-time member of the LaRouche movement in Louisiana, has not only endorsed the HBPA, but has organized three other endorsers so far: State Senator Robert Kostelko (R-Monroe); Mayor Jack Hammons of Winnsboro, La., and Mayor Reggie Skains of Downsville, La. Huenefeld was scheduled to present a resolution calling for support of HBPA to the executive board of the Louisiana Realtors Association on Sept. 19.

Pennsylvania Leader Introduces LaRouche Measures On Mortgage Crisis to Pennsylvania Legislature

On Sept. 21, LPAC reported that Pennsylvania State Rep. Harold James is gathering support in that state’s legislature, now in session, for a resolution to Congress calling for immediate, emergency Federal action on the principles of Lyndon LaRouche’s Homeowners and Bank Protection Act 2007. Three states now in legislative session have such legislative resolutions introduced, with others expected to join in demanding a Congressional action to halt the wave of foreclosures across the country. In addition, individual elected officials from several other states have endorsed a petition to Congress for this action. Here is the Pennsylvania resolution.

Memorial Resolution to the U.S. Congress for Emergency Action To Protect Homeowners and Banks

WHEREAS, the onrushing financial crisis involving home mortgages, debt instruments of all types, and the banking system of the United States, threatens to set off an economic collapse worse than the Great Depression of the 1930s; and,

WHEREAS, millions of Americans are faced with foreclosure and loss of their homes over the coming months, and,

WHEREAS, the hedge funds which spread this financial collapse among markets worldwide, by dominating speculation in all those markets, are now going bankrupt and demanding government bailout of their securities and derivatives, and the nominal value of the derivatives based on mortgages alone is the size of the combined GDP of the nations of the world;

WHEREAS, this financial crisis threatens the integrity of both state and federally chartered banks, as typified by the run on deposits of Countrywide Financial Corporation in California on August 16, which could wipe out the life savings of too many American people, and drastically undermine the economic stability of our states and cities; and

WHEREAS, under similar circumstances in the 1930s, President Franklin D. Roosevelt successfully intervened to protect banks and homeowners, addressing Congress with a “declaration of national policy” on April 13, 1933, which stated “that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability, and that to protect homeowners from inequitable enforced liquidation in a time of general distress is a proper concern of the Government”;

THEREFORE, BE IT RESOLVED, that the House of Representatives of the Commonwealth of Pennsylvania calls upon the U.S. Congress to take emergency action in the form of a Homeowners and Bank Protection Act of 2007, as proposed by economist Lyndon H. LaRouche, Jr., specifically to:

1. establish a Federal agency to place Federal and state-chartered banks under protection, freezing all existing home mortgages for a period of time, adjusting mortgage values to fair prices, restructuring existing mortgages at appropriate interest rates, and writing off speculative debt obligations of mortgage-backed securities, financial derivatives and other forms of financial pyramid schemes that have brought the banking system to the point of bankruptcy;

2. declare a moratorium on all home foreclosures for the duration of the transitional period, allowing families to retain their homes. Monthly payments, the equivalent of “rental payments,” shall be made to designated banks, which can use the funds as collateral for normal lending practices, thus re-



EIRNS/Lulien Lamaître

California State Assemblyman Mervyn Dymally, the chairman of the state Legislative Black Caucus, and former head of the Congressional Black Caucus, has endorsed the Homeowners and Bank Protection Act of 2007.

capitalizing the banking system. These affordable monthly payments will be factored into new mortgages, reflecting the orderly deflating of the housing bubble, the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. While this shakeout may take several years to achieve, in the interim period no homeowner shall be evicted from his or her property, and the Federal and state-chartered banks shall be protected, so that they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. authorize Governors of the several States to assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.

AND BE IT FURTHER RESOLVED, that a copy of this resolution shall be forwarded to each member of the Pennsylvania Congressional delegation, and also to the President of the United States, for immediate action.

Mervyn Dymally Endorses Resolution

On Sept. 20, LPAC announced that California State Assemblyman Mervyn Dymally has endorsed the Homeowners and Bank Protection Act of 2007, and added his name as an endorser of Pennsylvania Rep. Harold James’ resolution in support of the HBPA. Dymally is currently the chairman of the California Legislative Black Caucus. Dymally was elected Lt. Governor of California in 1974—the first African-American elected to statewide office; and then, to the U.S. Congress in 1980, serving as chairman of the Congressional Black Caucus. Petition to Congress: Implement the Homeowners and Bank Protection Act of 2007.