

that will force the Congress to act must come from the states. To win this fight, many more local leaders around the country have to put the kind of pressure on their Congressmen that is as unbearable as the reality of the crisis is for the average citizen. The region that is thus far conspicuously missing from this fight is California, a state that has one of the highest foreclosure rates in the nation. This silence comes despite the intensive work of the LYM and State Assemblyman Mervyn Dymally. When Dymally tried to introduce this to a recent California Legislative Black Caucus meeting, the resolution was shot down in favor of discussing Governor Schwarzenegger's energy policies. Besides this go-along-to-get-along farce, the LYM have contacted 70 city councils out of the 90 in Los Angeles County, and have maintained a continuous presence at the state house in Sacramento.

With the victories in Pennsylvania and Michigan, the first few bricks in LaRouche's firewall have been laid!

Documentation

Pennsylvania Action To Stop Foreclosures

Pennsylvania State Rep. Harold James introduced the following resolution, HR 418, on Sept. 27. It has already been co-sponsored by 35 members of the legislature (see www.larouchepac.com for list of co-sponsors.)

Resolution

Memorializing Congress to take emergency action to protect homeowners and banks and enact a Homeowners and Banks Protection Act.

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 foreclosures 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; and

WHEREAS, This financial crisis threatens the integrity of

both Federal and State 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 call upon Congress to take emergency action to protect homeowners and banks by enacting a Homeowners and Banks Protection Act 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 recapitalizing 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 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 entities.

(3) Authorize governors of 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 be transmitted to the President of the United States and to each member of the Pennsylvania Congressional delegation for immediate action.