

Resolutions To Deal With Housing Crisis

The LaRouche Youth Movement (LYM) has presented resolutions on how to deal with the housing crisis, to Democratic Party bodies in several states during the past few months. The first one was put forward by Ardena Clark, 43rd Assembly District, and a member of the Franklin Roosevelt Legacy Democratic Club. It was adopted by the Los Angeles County Democratic Central Committee on July 9, 2007. It must next be taken up by the state Democratic Party Executive Board. The second resolution was adopted by the Massachusetts State Democratic Convention on May 19, 2007.

Los Angeles

Whereas, keeping people in their homes and preventing predatory lending practices are values long supported by the Democratic Party, and are present in the rights established in the General Welfare clause in the Preamble of our Constitution;

Whereas, the projected number of foreclosures in 2007 is up to 2 million homes (John Burns Real Estate Consulting, May 22, 2007), many due to unethical lending practices; and

Whereas, the collapse of hedge funds, e.g., Bear Stearns, heavily invested in subprime mortgages threatens to set off a chain reaction collapse of the mortgage-backed securities (MBS) and collateralized debt obligations (CDO) markets, jeopardizing many national programs such as student loans and pensions, causing ultimately, the blowout of the global monetary and financial system.

Therefore be it resolved, that the California Congressional delegation lead the way in creating governmental institutions whose purpose is to direct credit to keep people in their homes in a manner similar to Roosevelt's Home Owner's Loan Corporation.

Be it further resolved, that the California Congressional delegation introduce legislation that would prevent and/or mitigate against a global financial crisis.

Massachusetts

Whereas, there are projections of up to 2 million families in danger of losing their homes in the near term because of foreclosure, with thousands of these in Massachusetts, due to false over-inflation of housing prices, and predatory loan practices which saddled families with unpayable mortgages;

Whereas, because of changes in law in the 1970s and 1980s, mortgage loans were allowed to become a financial instrument (mortgage-backed securities—MBSs) to be sold and traded on the markets, and the current popping of the speculative bubble of MBSs is rapidly bankrupting hedge funds and companies such as New Century Financial and GMAC;

Whereas, because of these bankruptcies, pensions and municipal health-care funds, which have been invested into these financial corporations are threatened with being wiped out, as well as the assets of major U.S. banks which have up to 50% of their assets tied up in these MBSs, putting the entire banking system at risk;

Whereas, the Preamble of the Constitution demands that the government put the General Welfare of the population before the rights of financial entities to collect debt;

Therefore, be it resolved, that the Democratic Party of the Commonwealth of Massachusetts calls on our delegation to the federal Congress to act as Franklin D. Roosevelt did in dealing with the housing crisis in the 1930s. We call on our Congressional delegation to introduce emergency measures which would immediately freeze the current debt and mortgage obligations, as well as the chain of financial instruments built upon them, until such obligations can be sorted out and reorganized in the context of a larger bankruptcy reorganization of the U.S. banking system, while placing a moratorium on foreclosures to keep the homeowners in their houses and prevent mass homelessness of thousands of American families in the near term.