

'The Right Approach'

Former Congressman Andrew Jacobs, Jr. (D-Ind.) issued this statement on Sept. 14, 2007.

I think the Homeowners and Bank Protection Act of 2007 is the right approach to an out of control, systemic problem, and I endorse Missouri State Rep. Juanita Walton's resolution for the National Black Caucus of State Legislators, which calls on Congress to implement the Act.

Our government should not be bailing out the hedge funds which enticed people to borrow trouble. Any Congressional hearings which do not intend to save the people and cut down these poisonous hedges once and for all, would only be held to repeal reality with political alchemy.

In 1997, I introduced HR 279 which would categorize payments from lobbyists to, or on behalf of, members of Congress as bribery under Federal criminal law. It did not pass. For a policeman or a judge to take money is against the law. For a member of Congress, or a Presidential candidate to take money from the hedge funds should be a felony.

Some years ago, we held hearings on a proposal by E.F. Hutton, which Congressional staff members called E.F. Glutton. Remember their commercial, "When E.F. Hutton talks, people listen?" What they wanted Congress to listen to was a plan to encourage new mortgages with huge fees for the brokers. I sponsored an amendment which would instead allow the new homeowner a reasonable tax credit. My fellow committeemen were quite excited about the amendment, but the committee chairman slyly announced that the fine amendment would be studied for several weeks. It was never heard again. E.F. Glutton made many financial contributions to those involved in the study which turned out to favor their proposal.

Some of the Members of Congress now holding hearings on the financial breakdown are friends of mine. They are smart people who I would count on in an emergency. But I was a young Marine in combat in Korea, and the question for them in these perilous times is: Can we count on them in combat?

Dems Invoke FDR Legacy

The LaRouche Youth Movement (LYM) presented resolutions on how to deal with the housing crisis, to Democratic Party bodies in several states earlier this year. The first resolution was put forward by Ardena Clark, 43rd Assembly

District, California, 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. Noting the rise in home foreclosures; the collapse of the hedge funds, and the threat of a blowout of the global financial system, 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."

The second resolution, adopted by the Massachusetts State Democratic Convention on May 19, 2007, is the following:

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.