

Editorial

Step One: Freeze the Foreclosures!

In the immediate weeks following his July 25, 2007 webcast, Lyndon LaRouche took a major initiative in an attempt to stop the disintegration of the U.S. economy, with the issuance of his Homeowners and Bank Protection Act of 2007.

The HBPA called for an immediate moratorium on foreclosures; the establishment of a Federal agency to place Federal and state chartered banks under protection, while freezing all mortgages; writing off the speculative debt on mortgage-backed securities (MBS), derivatives, and other frauds; and arranging for interim rental payments while people were kept in their homes. Such a measure would prevent both a social and financial crisis, LaRouche emphasized—and would halt speculative trading in mortgage paper, while starting the necessary process of bankruptcy reorganization of the banking system as a whole.

Despite massive public support for the HBPA, the nation's leading policy-makers not only didn't listen to LaRouche, but did just the opposite of what he proposed. They moved to try to protect the speculative paper, and let the people suffer. The devastation to communities, families, and, especially, smaller financial institutions, has been horrendous—and the foreclosures and repossessions are still climbing to ever higher levels. Yet Congress remained adamantly against Federal protection of homeowners and chartered banks.

What an irony, then, that, starting at the end of September 2010, the nation's major financial institutions themselves began to implement a moratorium on foreclosures. On Oct. 8, the Bank of America, the nation's largest, took the biggest step yet, in halting foreclosures on properties it claims title to in all 50 states. It can be expected that other major banking institutions will soon follow suit.

There is no reason to praise Bank of America, or the other mortgage-holding companies, of course. They are simply trying to cover their asse(t)s, in the face of the demonstrable fraud that has been turned up in dozens of state and local lawsuits, or is otherwise well-known.

But, as LaRouche noted in discussing the move, Bank of America's necessary move amounts to the equivalent of pulling the pin on a hand-grenade: the trillions of dollars in MBS, and the related derivatives markets, which are ostensibly holding up the world financial system. The only way the current financial-monetary system has been able to maintain even a semblance of existence, is by counting this wastepaper as assets—and now, it is going down the toilet.

In other words, the speculative bubble based on this phony paper—from Fannie and Freddie, to every major bank in the world—is about to go—poof!

So, in fact, we are back to the late Summer of 2007. If the HBPA had been implemented then, we would probably not be in the mess we're in. But now, the world financial system is ready to blow, and only the measures which LaRouche proposed back then, including the protection of the legitimate banking system, and the added measure of Glass-Steagall, can prevent a total breakdown crisis.

So, go to www.larouhepac.com and refresh your memory on the HBPA. That is the kind of thinking that must be adopted *now*—and every obstacle to it, starting with the incumbent President of the United States, must be removed immediately. We are out to save the homeowners, the legitimate banking system, *and*, most importantly, the people of our nation.