



ACTION ALERT

A Breach in the Wall: Watching for Justice

The current economic crisis has “left the [financial] institutions and [the public] shell shocked. They no longer know who to trust.”¹ As Barry Ritholtz put it, “in recent years, banks ran into three kinds of trouble. They made loans to people who failed to repay them; they did not keep adequate capital on reserve; they compounded their problems by borrowing money from each other to buy back all of those loans after they had been repackaged as fancy securities.”² The result was that *Wall Street*, the symbol of wealth, corporate business and banking embodied by American capitalism, experienced a breach of fiduciary trust, a breach of the wall of separation between depository and investment banks, an omission of good faith, and a breach of trust on the part of our elected officials, who failed to adequately regulate these institutions. In response to the crisis, the \$700 billion Emergency Economic Stability Act was passed by Congress and signed into law by the President. An additional \$250 billion in capital will be injected into banks. A second round of measures, including a stimulus package related to unemployment benefits, social protection, public investment in rebuilding infrastructures and job creation, and aid to small businesses is still under consideration. Cities and towns throughout the country are reeling from projected budget shortfalls further harmed by the Wall Street collapse: job cuts and reductions have already begun.

When financial trouble occurs early warning signs are usually visible. As the *rupture* was in process, was anybody watching? Banks and investors remained focused on profits, while government officials seemed focused on a commitment to deregulation. *The New York Times* reported that “Congressional leaders [were] stunned by [the] warnings” they initially heard from Federal Reserve chairman Ben S. Bernake.³ Why? Did they fail to see the warning signs? Yet as the crisis hits, the harsh realities of an economic downturn always disproportionately impact women—“with lower incomes and fewer assets than men, women are more vulnerable.”⁴ A majority of female lawmakers voted for the \$700 billion bailout bill. In the Senate 12 out of the 16 female members voted for the bailout bill while in the House of Representatives 52 out of the 71 female members voted for it. Lois Capps, who chairs the bipartisan Congressional Caucus on Women’s Issues, said they...believed “decisive action [was] necessary to head off what could be a huge economic calamity, one that would hurt women disproportionately.”⁵

Rabbi Michael Lerner, the editor of *Tikkun Magazine* and chair of the Network of Spiritual Progressives, recently wrote that “Once again, the responsibility is on ordinary citizens to stand up and talk back to politicians in both parties, and to do so in a way that demands a *new set of values* to run our economy, so that materialism and selfishness is put on the defensive and caring for each other becomes the central motif.”⁶ The economic crisis has shown us that while “some people are guiltier than others...in an independent reality all are responsible.”⁷ Watching for justice in our present situation challenges us to be ever mindful of the common good and “a healthy, balanced relationship between free enterprise, on the one hand, and public accountability and regulation, on the other...Government should encourage innovation; but it must also limit greed.”⁸ Are you watching? Are you asking questions? Are you talking to those who have responsibility to repair the wall and tasked to develop interventions that will ensure our economic security?



UNITED METHODIST WOMEN’S ACTION NETWORK

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ACTION



Explore ways to respond directly to the foreclosure crisis by working with our partners in faith, labor, community housing, women's, and racial justice organizations.



Provide Opportunities for Financial and Consumer Literacy



Rev. Dr. Marti Zimmerman: Rev. Zimmerman leads Conference and District events on “Heaven’s Wealth and Earthly Treasures” a combination of Bible studies and practical financial literacy skills. For further information you may contact her at Smoky Hill United Methodist Church at (303) 690-9816 or by e-mail at martiz@smokyhillumc.org



Provide Access to Counseling for Homeowners in Arrears



Host an information session at your church to provide critical information about accessing counseling services.

Resources for further information:

ACORN-Housing: ACORN-Housing provides free housing counseling to low to moderate income homebuyers. For further information contact ACORN-Housing at (888) 409-3357 or visit their website at www.acornhousing.org They are willing to partner with United Methodist Women to organize foreclosure fairs that will inform communities about counseling resources. To help in your area, contact Carol Barton, Executive for Community Action, Women’s Division, at (212) 682-3633.

U.S. Department of Agriculture (USDA) Rural Housing Service: Depending on household income and location, the Rural Housing Service of the USDA has loan programs that may be available to refinance mortgages. Contact USDA Rural Housing Service at (202) 690-1533 or visit their website at www.rurdev.usda.gov



Advocate for Federal and State Intervention on Mortgage Loans



Over the past year, several states, including New York, Michigan, Ohio and Texas, have begun legislative efforts to call for a moratorium on foreclosures and laws that force lenders to negotiate with borrowers through a mediator before foreclosure occurs. We now need a national response! Contact your members of Congress at (202) 224-3121 and let them know you are watching—watching as Congress takes steps to repair the breach on Wall Street with a focus on the economic needs of women and children and foreclosure assistance for those who have been harmed.



Mobilize to Stop Unjust Foreclosures and to Build Pressure for State and Federal Legislation



In the 1930’s during the Great Depression, communities organized to stop unjust foreclosures of farms and homes. Community based groups showed up at the time of a foreclosure, and moved furniture back into the home. “Penny Auctions” at farm foreclosures allowed neighbors to bid only a penny, and give assets back to the farmer. These efforts were echoed in the 1980’s during the farm crisis. With strong participation and support of the United Methodist and ecumenical church groups, citizens organized to picket federal offices, set up crisis hotlines and held rallies. To learn more about how you can get involved, contact Carol Barton, Executive for Community Action at (212) 682-3633.

Read *The Book of Resolutions 2004*, #211 Greed and #206 Economic Justice for a New Millennium.

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¹ Ritholtz, Barry. Fix the Credit Problem, Not its Symptoms. *The Big Picture*. October 10, 2008.

² Ibid.

³ Herszenhorn, David M. Congressional Leaders Stunned by Warnings. *The New York Times*. September 19, 2008.

⁴ National Women’s Law Center. October 2008 Update. www.nwlc.org

⁵ Stevens, Allison. Let’s Just Say You Had \$700 billion to Spend. *Womensenews*. October 8, 2008.

⁶ Lerner, Michael. The Economic Collapse. September 15, 2008. www.tikkun.org

⁷ Kula, Irwin. Economic Crisis: Some Are Guilty All Are Responsible. *On Faith-The Washington Post*. September 22, 2008.

⁸ Wallis, Jim. It’s the Morality, Sinner. *On Faith-The Washington Post*. September 22, 2008.