09-0234-S1

INTERGOVERNMENTAL RELATIONS

OCT 0 5 2011

RESOLUTION

WHEREAS, Angelenos, like citizens across the United States, are reeling from a continuing economic crisis that threatens our fiscal stability and our quality of life; and

WHEREAS, "Occupy Los Angeles" is fueled by Angelenos from all walks of life who have come together in a demonstration of solidarity with and support for the national movement started by the "Occupy Wall Street" protests that began 17 days ago; and

WHEREAS, on Saturday, October 1st, 2011, "Occupy Los Angeles" started a peaceful protest on the Lawn of Los Angeles City Hall that continues through this day, and "Occupy Los Angeles" demonstrators are working to secure permits to continue the protest; and

WHEREAS, over 70 additional "Occupy" protests have taken root across the Country, from large demonstrations in Boston and San Francisco, to dozens of smaller ones in between, with many more being planned every hour, including a large-scale "Occupy Colleges" movement set to begin at 12 noon today on college campuses across the United States; and

WHEREAS, the protest in Liberty Plaza called "Occupy Wall Street" released its first official Resolution on September 30th, 2011, available at http://occupywallst.org/forum/first-official-release-from-occupy-wall-street/, providing an overview of the goals and unifying principles of the "Occupy" movement; and

WHEREAS, the "Occupy" demonstrations are a rapidly growing movement with the shared goal of urging U.S. citizens to peaceably assemble and occupy public space in order to create a shared dialogue by which to address the problems and generate solutions for economically distressed Americans; and

WHEREAS, the causes and consequences of the economic crisis are eroding the very social contract upon which the Constitution that the United States of America was founded; namely, the ability of Americans to come together and form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense of, promote the general welfare of, and secure the blessings of liberty for all, allowing every American to strive for and share in the prosperity of our nation through cooperation and hard work; and

WHEREAS, today corporations hold undue influence and power in our country, and the key to this power is the corporate claim to "personhood," an opinion both U.S. Supreme Court Justices Hugo Black and William O. Douglas declared should be reversed; and

WHEREAS, the United States Supreme Court's recent 5-4 ruling in *Citizens United v. the Federal Election Commission* rolled back legal restrictions on corporate spending in the electoral process, consequently influencing the selection of candidates, the outcome of elections, and policy decisions -- threatening the voices of the people; and

WHEREAS, our economic system can only be called broken when one considers that currently, over 25 million Americans who seek work are unemployed; more than 50 million Americans are forced to live without health insurance; and, even using our current poverty measure that is widely recognized to be inadequate and outdated, more than 1 in 5 American children are growing up poor in households that lack access to resources that provide basic survival needs, such as food, clothing, and shelter; and

WHEREAS, the U.S. Centers for Disease Control (CDC) released a "CDC Health Disparities & Inequalities Report- United States, 2011" revealing that income inequality in the United States is the

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highest in the world among any advanced industrialized nation, with wide-spread inequities in U.S. health outcomes by income, race, and gender; and

WHEREAS, over the past 30 years, both the average and the median wage in America has remained almost stagnant while the average individual worker contribution to GDP has soared to 59% and the economy has doubled, all after adjusting for inflation; and

WHEREAS, over the past 30 years, almost all the gains to the economy have accrued to the very top income earners—largely the top 1%, who now control 40% of the wealth in the United States, in great part as a result of policy changes that are reversible such as taxation; and

WHEREAS, the Institute for Policy Studies indicates that the top 1 percent of Americans own half of the country's stocks, bonds and mutual funds; and

WHEREAS, the 400 richest Americans at the top control more wealth than the 180 million Americans at the bottom; and

WHEREAS, the Los Angeles County Federation of Labor has officially endorsed "Occupy Los Angeles" and "Occupy Wall Street" in a statement of support saying: "The Los Angeles labor movement stands with its sisters and brothers occupying Wall Street, downtown Los Angeles, and cities and towns across the country who are fed up with an unfair economy that works for 1% of Americans while the vast majority of people struggle to pay the bills, get an education and raise their families;" and

WHEREAS, the Los Angeles County Federation of Labor statement of endorsement continues: "The Occupy Wall Street movement is mobilizing for a fair economy across the country including in Los Angeles. This movement is taking a stand against the corporate bullies, banks and investment firms that not only created our economic collapse in 2008, but continue to take advantage of it today, making billions in profits while demanding further wage and benefit cuts from American workers;" and

WHEREAS, Americans must resolve some of the divisive economic and social realities facing our nation in a peaceful way to avoid the further deterioration of our greatest asset –our human capital—and;

WHEREAS, in cognizance that one of the factors spurring recent violent revolutionary protests in the Middle East is high income inequality, though the sobering reality is that income inequality in the United States is even higher than that of some of the countries torn asunder by violent revolution; for instance, according to the C.I.A. World Fact Book, the United States Gini coefficient, which is used to measure inequality, is higher than that of Egypt's pre-Revolution; and

WHEREAS, the fiscal impact of the continuing economic crisis is disastrous to education, public services, infrastructure and essential safety-net services that have historically made America successful, with school class sizes growing while teachers are laid off and forcing Cities and States to make sobering choices that just a few years ago would have been unthinkable, such as how to cut hours and services from public safety provision, delaying or neglecting to maintain essential physical infrastructure including roads, sewers, and water and power delivery; and cutting services provided by our libraries, recreation, and park facilities; and

WHEREAS, one of the largest problems causing our economy to continue to flounder is the foreclosure crisis, with some banks continuing the use of flawed, and in some cases fraudulent, procedures to flood the housing market with foreclosures, such as the recent revelations of widespread foreclosure mismanagement by mortgage servicers who fail to properly document the seizure and sale of homes, in some cases foreclosing without the legal authority to do so, prompting the 50-state Attorney General investigation of foreclosure practices; and

WHEREAS, California has been particularly hard-hit by the foreclosure crisis, with:

- 1 in 5 U.S. foreclosures in California; and
- 1.2 million foreclosures in California since 2008, with a projection of a total of 2 million California foreclosures by the end of 2012; and
- More than a third of California homeowners locked in an underwater mortgage, with few banks offering any type of principal reduction modification, even given Federal, State and City programs offering to split the balance of a modification with the bank; and

WHEREAS, the costs of the foreclosure crisis to California taxpayers includes:

- Property tax revenue losses estimated at $4 billion; and
- Local, county and state government losses to respond to foreclosure-related costs estimated at $17 billion --including costs such as the maintenance of blighted properties, sheriff evictions, inspections, public safety, trash removal, and other costs at $19,229 for every foreclosure; and

WHEREAS, on March 5th, 2010, the Los Angeles City Council unanimously passed the Responsible Banking measure, CF 09-0234 (Alarcon-Garcetti-Hahn-Parks-Reyes), which would create a Responsible Banking program for the City of Los Angeles, scoring financial institutions that the City pays to conduct City business along a Los Angeles-specific "Community Reinvestment Score" that measures the institution's Los Angeles investments in an objective, data-driven manner, for example, by measuring the amount of home loan modifications extended to Los Angeles homeowners, the amount and location of bank branches maintained throughout the City, and the amount of affordable housing dollars invested in the City; and

WHEREAS, the Responsible Banking program, a practical approach to ensuring accountability, would therefore provide an important financial incentive for banking institutions to 1) Invest more in our City and our citizens, particularly by stabilizing the housing market; 2) Provide our community development institutions and nonprofits with increased affordable housing funds, and 3) Provide incentive for additional economic development drivers to spur increased fair lending and equitable investment in Los Angeles, by leveraging a model similar to the federal Community Reinvestment Act;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby stands in SUPPORT for the continuation of the peaceful and vibrant exercise in First Amendment Rights carried out by "Occupy Los Angeles"
and urges the City Departments responsible for completing the implementation plan associated with the Responsible Banking measure (CF 09-0234) that was approved by the Council on March 5th, 2010, which would address some of the concerns of the "Occupy Los Angeles" demonstrators by demanding accountability and results from the Banks we invest taxpayer dollars in, to bring the Responsible Banking measure for a final vote to the Council by October 28th, 2011.

PRESENTED BY _____
RICHARD ALARCÓN
Councilmember, 7th District

BILL ROSENDAHL
Councilmember, 11th Council District

SECONDED BY _____

OCT 5 2011