

ration between productive credit and speculative financial activities)

Two centuries ago, Thomas Jefferson said: “I believe that banking institutions are more dangerous to our liberties than standing armies” (1816). Today, the situation is more or less the same, and so the time has come to put the State above finance, and finance below the State; to set a limit to the excessive power of finance. To finally do this, means to put an end to a 20-year cycle of unnatural supremacy of particular interests over general interests; it means “driving the money changers from the Temple”; conquering the spell of power still exercised by the high priests of money.

To do this means that it is only the State that issues money in the name of the people. It means that credit is for development and not for speculation. It means separating “the wheat from the chaff,” what is productive from what is speculative, as happened for centuries. It means beginning to defend and stabilize public budgets, and in general, to begin a different economic and social system, that is not only more ethical, but also more effective than the monetarist system that is currently coming down and, unfortunately, is taking us with it—if we don’t resist, if we don’t react, if we don’t change. . . .

. . . In some cases, it is necessary to make the banks that are, or call themselves systemic, less systemic, or not systemic at all: reduce their size, split them up, weaken them, because the time has come for the separation of banks that collect deposits and capital and invest them at their own risk in large industries, small enterprises, for families, communities, and youth, and the banks that gamble, that privatize their winnings, and socialize their losses. . . .

In other cases, banks must be nationalized, before their ruin makes it necessary to do so later, potentially at the public’s expense. . . .

First, we repeat, we must separate “the wheat from the chaff,” the good from the bad; open and force the opening of the accounts, impose voluntary or compulsory audits of how much of the one and the other there is in each bank, and in each large financial entity in general. Specifically, the healthy assets and liabilities must be separated from the toxic ones, which are to be sequestered. There are various techniques available for such a sequester, which are both ancient and very modern at the same time: from a sabbatical to a moratorium, to a bad bank. It is clear however, that in any

Documentation

Lega Nord Sponsors Glass-Steagall Law

April 4—*The following are excerpts from the introductory text to the Lega Nord-sponsored petition for a Glass-Steagall legislation in Italy. Italian law allows for a bill to be introduced in the Parliament by a popular petition that has a minimum of 50,000 signatures. The translation was provided by Movisol, the LaRouche organization in Italy.*

Proposed Bill of Law By Popular Initiative

Pursuant to Article 71(2) of the Italian Constitution and in application of Law No. 352 of May 25, 1970 and subsequent amendments

(Guarantee of credit for families and enterprises: sepa-

event, the enormous toxic financial mass that still exists in the so-called system, must be spread over the longest periods possible and saddled on the speculators, or just written off. A gambler cannot simply leave the table and have someone else take his place to pay for his losses. The one who loses a bet must be forced to pay!...

Many entities, sectors, banking and financial groupings must go through orderly bankruptcy procedures. For example, procedures based on the model of Chapter

11 bankruptcy in the United States. We cannot pretend that everything will be saved, especially when experience tells us that when you try to save everything, you end up saving the worst parts....

The absolute priority now is survival (*primum vivere*). Abandon the model of the so-called "universal bank," that is the DNA of systemic banks, the launching pad for the disastrous global megabank. To do this it is necessary to introduce a new, updated version of the Glass-Steagall Act of 1933....

Italian Parties Probed: Is Monti Now Dictator?

by Liliana Gorini, Chairwoman of
Movisol

This statement has been translated from Italian.

MILAN, April 6—Speaking to journalists in Seoul, South Korea, Italian Premier Mario Monti declared that he has "consensus, while the political parties do not." As soon as he returned to Italy, the police, together with the inevitable Naples Prosecutor John Henry Woodcock, whose investigations have been discredited in the past, raided the national office of the Lega Nord in Milan, and yesterday, also a building of the regional government. As Lombardy region president Roberto Formigoni declared this morning, "Watch out: At this moment, all the parties represented in Parliament are under investigation."

One cannot help but notice a particular fierceness towards the Lega Nord, the main opposition party to Monti's government, which just announced a proposed bill for a Glass-Steagall reform, for which it plans to gather 50,000 signatures, an initiative which has shaken the investment banks which created the crisis.

Leaving aside the question of the merit of the Milan investigation, I share Formigoni's view that such events are very dangerous, in a period in which the crisis, and the total absence of alternative proposals from those parties that support the Monti government, increase the divide between citizens and poli-

cymakers. Every day, we read about the suicides of entrepreneurs, pensioners, citizens who have lost their jobs, and Monti continues with his austerity package, aimed at bailing out those same investment banks which speculated on our state assets and created the present world crisis.

Greece, Spain, Portugal, Ireland, and now also Italy, have experienced the collapse of their real economies as a result of this. In Italy, 12,000 companies went bankrupt in 2011, because banks shut down the credit lines, despite the fact that they had received hundreds of billions in credit from the ECB, at near zero interest, which they used to bail out the speculative bubble, instead of financing enterprises and jobs, a speculative bubble which is now 12 times the world GDP. And while politicians and the press discuss the parties' financing and elections, the European Stability Mechanism has been approved without anyone taking notice, depriving us once and for all of our national sovereignty, and violating our Constitution.

In this situation, Monti brags of having a "consensus," makes deals behind the scenes in order to stay in government after 2013, abolishing national elections, after having formed a government without consulting voters. How long will it take before he repeats Mussolini's famous statement on the Parliament: "I shall turn this indifferent and gray room into a bivouac for my platoons"?

It's time for citizens to react against this dangerous dictatorial tendency, to oppose to the ECB and ESM dictatorship, and also the governments installed by Goldman Sachs (not only Italy's, but also Greece's). The best way to react is by supporting Glass-Steagall, which will deprive the financial oligarchy that put us in this situation, of its power.