

Kaptur: Glass-Steagall To Rebuild the Nation

Rep. Marcy Kaptur (D-Ohio), sponsor of the Return to Prudent Banking Act, to restore Glass-Steagall, made the following speech on the floor of the House Sept. 18. Her bill now has 74 co-sponsors.

This week marks the meltdown of Lehman Brothers, the five-year anniversary of the greatest financial crisis in a generation, that struck our country. This economic disaster nearly caused the destruction of our country's entire financial infrastructure, and led to what we now call the Great Recession.

However, Wall Street, during the past five years, has actually profited greatly from this crisis, and its profits have caused the continuing financial failures of millions of Americans. JPMorgan Chase, Bank of America, Citi-

group, Wells Fargo, Goldman Sachs, and Morgan Stanley have all reported record profits during the recession. Wall Street, in the past five years, has regained all of its pre-crisis wealth—with interest! Wouldn't the American people like to be in that position? Meanwhile, Main Street has yet to see a real robust recovery.

The roots of the recession began in the late 1990s, when a majority in this Congress first overturned something called the Glass-Steagall Act, which separated speculative banking from prudent banking, and then in 2000, refused to regulate the trading of derivatives, by hamstringing the Commodities Futures Trading Corporation and the Securities and Exchange Commission. Wall Street turned once stable investments into the toxic assets that brought down our economy. American taxpayers were then asked to bail out these same banks responsible for trashing our economy, and facilitating the single greatest redistribution of wealth from the poor and the middle class, to the rich, in our history.

Our middle class has shrunk. And guess what—the ranks of the poor shot up. It's no wonder people can't afford to pay for food. American citizens continue to struggle to recuperate their lost wealth from a clever banking system that stole their equity.

The Federal Reserve Bank of Dallas recently reported that the cost of the collapse to the U.S. economy was up to \$14 trillion. Is it any wonder we have rising debt levels? It could be more, when you factor in potential permanent losses in earning power by Americans who aren't paying taxes any more, because they're not working yet.

According to the Economic Policy Institute, from 2000 to 2011, the median income for working-age households, fell from approximately \$64,000 a year, to \$55,000. This is a decline of nearly 13%. The U.S. Census Bureau paints a similar bleak picture of the precipitous decline in American household income. It shows that the overall median income of households has continued to fall since the start of the recession, and now, people are earning—guess what—similar to what their median income was in 1988. They've lost decades of growth. Income inequality has only widened during the crisis. Only the top 5% of income earners in our country saw an increase in their earnings between 2010 and 2011. The top is doing fine; everybody else is not.

In addition, a GAO report earlier this year estimated that the total loss in household equity from the crisis, to be \$9 trillion. Those are some of your neighbors, and mine. What a property-taking that is!

Losses on this level prevent Americans from owning



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Rep. Marcy Kaptur

their own homes, opening their own businesses, or going to college, and ultimately creating their own American dream.

Meanwhile, on Wall Street, we see the enormous accumulation of banking assets, and vast financial power in a handful of institutions. JPMorgan Chase, Bank of America, Goldman Sachs—all of them—are making enormous profits, indeed, the highest profits in the nation, along with the oil companies. Fifteen years ago, the assets of the six largest banks were approximately 17% of Gross Domestic Product. Today, estimates for the assets of those same banks are equivalent to over half of our Gross Domestic Product. So six institutions—JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, and Morgan Stanley—control an enormous percentage of our banking assets, and, in turn, your future and our nation's future. That is too much power in the hands of the Big Six.

America is currently in the midst of the slowest recovery from a recession since World War II, and it's important that Congress not sit idly by. In the five years since the recession, we have only managed to put more money in the pockets of the top 1%, ignoring the difficulties of the bottom 99%.

One way to begin rectifying this situation, is to reinstitute the Glass-Steagall Act. Co-sponsor H.R. 129, the Return to Prudent Banking Act. And the Executive Branch should prosecute the predatory practices of those institutions that have led to this harm to the American people. There should be no statute of limitations on the justice that is owed to the American people.