

LaRouchePAC Demands Action On Glass-Steagall This Week

by Nancy Spannaus

July 30—“Bankrupt the Wall Street Bastards, Restore Glass-Steagall, Recess Is Cancelled.” That is the message which the LaRouchePAC Policy Committee is taking to Washington, D.C. for a third intensive week of activity aimed at passing the legislation that will crush Wall Street, and setting the stage for a real physical-economic recovery, just as Franklin Roosevelt carried out 80 years ago.

The LaRouche Policy Committee, a team of six young political leaders of the LaRouche movement, took their cue from Lyndon LaRouche himself, who engaged in a substantive dialogue about the nature of the transformation which Glass-Steagall must usher in, during his July 26 [webcast](#). In that address, LaRouche emphasized the time factor, and the need for total commitment to victory. “A Glass-Steagall victory is the only chance for the survival of civilization,” he said. “Otherwise, *there is no civilized solution*. And one of those non-solutions is nuclear power, thermonuclear fusion, as a weapon.”

In a statement made to colleagues the next day, LaRouche stressed that the Glass-Steagall policy, whose initial content is contained in three bills now before the U.S. Senate and House of Representatives (H.R. 129, S. 985, and S. 1282), *can* be passed in the days ahead, if the battle for their passage is waged the right way. Crucial evidence for that assertion comes from the momentum for the bills currently evident on Capitol Hill, espe-

cially since the introduction of the second Senate bill a little more than two weeks ago.

‘Glass-Steagall: The Last Chance’

On July 28, the LaRouchePAC Policy Committee issued the following call for mobilization in Washington and around the country. It is accompanied by a [mass leaflet](#).

“As the case of Detroit should make clear to anyone, there is no time for pragmatism or ‘go-along-to-get-along’ politics this week. Detroit is not being declared bankrupt because of petty corruption by a local mayor. Our nation has been in decline since the assassination, 50 years ago, of President John F. Kennedy, and then, that of his brother, both of which were followed by a horrible paradigm shift typified by the Indo-China war, the rock-drug-sex counterculture, and the environmentalist movement. That coup was consolidated on Sept. 11, 2001, when the events of the day were used, as Lyndon LaRouche warned that they would be, to impose dictatorial policies on the people of the United States. Between 12 years of Bushes and 5-plus years of Obama, thus far, we are at the end of the line.

“Every city in America is Detroit this week, and this is why anyone who wishes to survive, knows that Glass-Steagall must be reinstated immediately. Do you really believe that Camden, N.J.; or Stockton, Calif.; or Chicago, Ill.; or Buffalo, N.Y. are in better shape? Do you

seriously believe that once all the city workers lose their pensions, as Michigan Gov. Rick Snyder wishes them to do, the city will be poised for recovery? Do you like the Dodd-Frank policy of looting the ‘unsecured

creditors,’ that is, the depositors, to cover the losses of what should be considered criminal activity?

“Most Americans don’t like these policies, and as a result, nearly half of the 50 states have introduced res-

Sen. Folmer: ‘Banning Swaps and Bail-Ins’

Pennsylvania State Senator Mike Folmer (R-48th District), Central Pennsylvania (Lebanon, Berks, Dauphin, Chester, and Lancaster Counties), issued this statement July 22, 2013.

The recent City of Detroit bankruptcy filing highlights my call to ban swaps: contracts where a municipality and a financial institution agree to exchange—swap—cash-flow payments. Most swaps involve a municipality issuing a variable rate debt and then entering into a swap with a bank, which makes a variable rate payment to the municipality while the municipality makes a fixed-rate payment to the bank. However, if interest rates fall, the municipality could see losses—sometimes multi-million dollar losses.

Debt sales cost Detroit \$474 million, including underwriting expenses, bond-insurance premiums and fees for wrong-way bets on swaps that almost equals Detroit’s 2013 budget for police and fire protection. The largest part is \$350 million owed for swaps meant to lower borrowing costs on variable-rate debt.

I believe swaps represent gambling with other people’s money and state government needs to protect taxpayers by banning swaps as called for by my Senate Bill 903. At the same time, I believe the federal government needs to protect consumers by abandoning the Dodd-Frank Wall Street Reform and Consumer Protection Act and reinstating the protections of the Glass-Steagall Act. After the stock market crash of 1929, Congress passed the 1933 Banking Act, Glass-Steagall, which regulated commercial banks separately from investment banks. For 60 years, the United States had relative financial stability.



Then, in 1999, Congress passed the Gramm-Leach-Bliley Act, which allowed commercial and investment banks to come together again. Less than a decade later, we had the financial crisis of 2008, and passage of Dodd-Frank.

According to Bloomberg: Some of the key provisions of the Dodd-Frank Act of 2010, advertised as crucial to preventing a new financial crisis, won’t live up to the claims of its sponsors. As with most things in Dodd-Frank, the public knows little about the liquidation authority, although it has been touted by the Obama administration and others as solving the problem of bailouts for firms seen as too big to fail. But it does nothing of the kind; instead it makes the problem worse.

Dodd-Frank worsens the problem by replacing taxpayer-funded bank bailouts with consumer-funded bail-ins. A bail-in can force shareholders, bondholders and some depositors to contribute to the costs of bank failure. Cyprus used a “bail-in” to seize people’s savings to keep banks in that country from failing.

Recently, *The Wall Street Journal* reported that several bigger banks have presented plans to the Federal Reserve to shield depositors and taxpayers from losses in the event a bank subsidiary fails: a bail-in. While US regulators have yet to weigh in on this plan, Europe is reportedly writing rules to impose bail-ins for struggling banks.

My fear is that we too will soon begin to see bail-ins, which is why I’m introducing a Resolution calling upon Congress to again separate commercial and investment banking by repealing Dodd-Frank and getting back to Glass-Steagall. Like my call for banning swaps, we need to protect taxpayers and consumers for risks they did not make.

While some may argue bail-ins beat the alternative—bailouts, I believe both should be banned. Those who take risks need to shoulder the burdens of those risks should they fail.

olutions into their state legislatures in support of H.R. 129, the 'Return to Prudent Banking Act' which would reinstate Glass-Steagall. This bill has over 70 co-sponsors in the House, and there are now two Glass-Steagall bills in the U.S. Senate (S. 985 and S. 1282) with seven Senators from across the political spectrum on board.

"This fight has become so intense in the last weeks, that dark-suited bankers from JPMorgan, Bank of America, and elsewhere, have appeared in state houses to attempt to intimidate lawmakers from even thinking of supporting Glass-Steagall. These Wall Street lobbyists are on the Hill going from office to office to attempt to stop the generally cowardly Congress from acting in time to save the nation.

"The fight is intense because it is now clear that this fight can be won! It is not necessary to kill off our elderly and poor. It is not necessary to record every American's every conversation to keep them from rebelling against a fascist coup! We defeated the British Empire over two centuries ago, and we can finish them off now,

but time is short. The Congress must not be allowed to leave town without taking action to defend the people in a time of war. Glass-Steagall must be voted on and passed *this week!* Don't be a pragmatist, be a patriot!"

Even Congress Remoralized

According to the official schedule, Congress is scheduled to leave town on Aug. 2. Should they do so without passing Glass-Steagall, the way will be open for Wall Street banksters to move ahead with their murderous plans to steal pensions, cancel health care, and otherwise ram through their fascist police-state measures. The only alternative is to *bankrupt Wall Street*, before they bankrupt the rest of the country.

The potential for accomplishing what the LaRouchePAC Policy Committee is demanding is evident in a palpable shift in mood on Capitol Hill itself. Over the last two weeks, LaRouchePAC organizers have found that Congressmen who previously saw their sponsorship of Glass-Steagall as a "good but unwinnable gesture," are beginning to get the sense that victory

Asner Issues Letter: Restore Glass-Steagall

July 25—*The following letter was released today by noted Hollywood actor Edward Asner.*

It is time to acknowledge that the so-called financial reform efforts made after the crash of September 2008, including the Dodd-Frank bill, have failed to address the fundamental problem that caused the crash, that of increasingly wild speculation by the largest banks and financial institutions. This speculation has gotten far worse since the 1999 repeal of Franklin Roosevelt's Glass-Steagall Act, which served the nation well for more than six decades. Many of the financial institutions which engaged in the wild speculation which caused the crash, were involved in the campaign to



repeal Glass-Steagall, and they oppose restoring it today.

Since the passage of Dodd-Frank, the so-called Too Big to Fail banks have gotten larger. Despite trillions of dollars in bail-outs, they are making fewer loans today than before the legislation, and the injustice implicit in that—that Wall Street gets whatever it wants, while Main Street gets nothing—has worsened.

I am encouraged that there is renewed action in support of restoring Glass-Steagall, with HR 129 in the House having more than 70 cosponsors, and two bills, one from Sen. [Tom] Harkin, and one from Sen. [Elizabeth] Warren, in the Senate. I know that Wall Street lobbyists are spending millions to prevent Glass-Steagall from being passed. It will take

courage to stand up to them, but I expect that from you. I therefore urge you to immediately become a cosponsor of this crucial legislation, and act to see that it, once again, becomes the law, and ends the reign of the Too Big To Fail banks.

can be won.

One turning point was the July 11 introduction of S. 1282, the “21st Century Glass-Steagall Act,” by Senators Elizabeth Warren (D-Mass.), Maria Cantwell (D-Wash.), John McCain (R-Ariz.), and Angus King (I-Me.). This grouping has been highly vocal and polemical, and received a barrage of media coverage—both positive and negative. There are now two additional sponsors on S. 1282, Democrats Barbara Mikulski (Md.) and Sheldon Whitehouse (R.I.).

The second Glass-Steagall bill in the Senate followed on the introduction of S. 985, “Return to Prudent Banking Act of 2013,” by Sen. Tom Harkin (D-Iowa) on May 16. S. 985 is a companion bill to Rep. Marcy Kaptur’s (D-Ohio) H.R. 129 “Return to Prudent Banking Act of 2013,” which now has [71 co-sponsors](#), including five on the House Financial Services Committee, the committee responsible for holding hearings on the bill.

Over the past week, leading supporters of Glass-Steagall have taken an increasingly high profile in Congress, to press for passage of the bill. On July 23 Reps. Kaptur and Walter Jones (R-N.C.) released a “Dear Colleague” letter to all members of Congress, asking for their support on H.R. 129. On the same day, Kaptur gave a [Special Orders speech](#) on the House floor, also

urging others to co-sponsor, and citing such disasters as the declared bankruptcy of Detroit as what has to be stopped.

A special briefing, sponsored by the Main Street Alliance and Americans for Financial Reform, was held in the Senate July 18, featuring Federal Deposit Insurance Corporation vice-chairman Thomas Hoenig and former IMF chief economist Simon Johnson pushing for the passage of one or both of the Senate bills.

Constituent Pressure

Critical to the sense of urgency on the Hill, has been the intervention from constituents. Detroit political leader and School Board head LeMar Lemmons III visited Washington on July 24 and 25, to press the need for Glass-Steagall as a solution to his city’s disaster. Lemmons met many Congressmen, and gave a short address to the Congressional Black Caucus, demanding action. His discussions about how Glass-Steagall’s repeal led to the rape of Detroit, had an electric impact on the Hill, which was replicated in the discussions LaRouchePAC organizers and citizen activists had with Congressmen and their aides.

The National Farmers Organization and state legislators are also pushing to get the Congress to pass Glass-Steagall (see boxes).

South Dakota Lawmakers Demand Action

July 30—*In a letter to Sen. Tim Johnson (D-S.D.), the chairman of the U.S. Senate Banking Committee, made public July 29, thirteen current and former members of the South Dakota legislature called for “immediate emergency hearings” on the Glass-Steagall bills now before the Senate.*

The full letter and signers are reproduced below.

We, the undersigned South Dakota legislators, by virtue of the overwhelming passage of SCR 6 in the last S.D. legislative session, call upon you [Senator Johnson], as Chairman of the Senate Banking Committee, to hold immediate, emergency hearings on

the reinstatement of The Glass-Steagall Act. There is strong support for the Glass-Steagall Bills in the Senate and the House. Our people are facing economic and social ruin. The collapse of Detroit, which used to be the U.S. arsenal of democracy, is the handwriting on the wall for economic ruin across our once strong United States.

You follow in the footsteps of the great South Dakotan Peter Norbeck. You must act as he did in the present crisis that threatens to be more terrible than the Great Depression of his time.

Signed:

State Senators: Tim Begalka, James Bradford, Jason Frerichs, Ryan Maher, Jeff Monroe

State Representatives: Dennis Feickert, Kevin Killer, Stace Nelson, Betty Olson, Dean Schrempp

Former State Legislators: Frank Kloucek, Patty Miller, Lyndell Peterson