

Push Through Glass-Steagall Now, and We Will Survive

by Nancy Spannaus

Sept. 9—Don't let the current war crisis fool you. The drive for war against Syria, Iran, and other nations coming from the core NATO nations is just a reflection of the desperation of the London-based global financial empire, which is staring bankruptcy in the face and seeking to impose its own agenda of world domination and depopulation, even if it requires going to thermo-nuclear war. The only long-lasting solution to this war crisis, therefore, is to rid the world of domination by the financial oligarchy, by measures which begin with the re-imposition of Glass-Steagall in the United States.

Now, as Congress comes back into session, the passage of the bills restoring Glass-Steagall has to move to the top of the agenda, as part of the necessary measures to curb Obama's power to carry out the war aims of his British masters.

Over the Congressional recess, support for Glass-Steagall has continued to grow, to the obvious chagrin of the Wall Street bankers, who have deployed hysterically to try to prevent passage of memorials calling on Congress to pass the bills in various locations. But the test comes in the immediate weeks ahead, as to whether Members of Congress will act according to the will of their constituents, and the requirements to stem financial disintegration, or let the nation go deeper into Hell.

LaRouche Spells Out Necessity

In his Sept. 6 webcast, broadcast by LaRouchePAC, economist Lyndon LaRouche forcefully introduced the necessity that Congress move quickly to put through Glass-Steagall:

“We're on the edge of general breakdown crisis of the economy of most of the world. Particularly between Europe, the trans-Atlantic region, into the United States and so forth, it is most notable. In fact, in terms of Wall Street, there is no chance that Wall Street could actually survive in the coming months over that course of time, because they are intrinsically bankrupt. And any further collapse of the economy in general will also be multiplied as a collapse in the Wall Street organizations. It's obvious that the intention of the higher Wall Street ranks, like those of the British Empire, is to cancel most of the debt of the United States and other nations now, reducing it to a very small fraction of what is being carried on the books at this time. So, that's where we stand generally.

“Now, there are a lot of lies on the part of Wall Street—I guess they're very good at lying, they've become specialists at that. But the point is, there's no way that we can, under the present conditions and direction, or could, sustain Wall Street. We couldn't. Unless Wall Street were to reduce its own size, with its own version of a bail-in, so they could bail in the whole

bunch of their friends and neighbors up there. And that's what the situation is.

"So, the problem is far different than it might appear to be on the surface, in terms of what newspapers and others are saying today. Therefore, we have to take an entirely different view of the matter than what is apparent in the newspapers and whatnot.

"This system can not survive, and what this coincides with is the Queen of England. The Queen of England is operating on the assumption that, under her regime, she is going to bring about a reduction of the human population from 7 billion people to 1 billion or less. She's committed to that; she has the machinery in motion to do exactly that. Which means it's a general intention to reduce the population of the planet massively, and this is already in process in Europe; it's in process in the United States, and in process elsewhere.

"For example, we don't even have enough food supplies to meet the needs of our own people, going through this Winter season. We don't have the food supplies. Instead, they've turned food into gasoline, or the equivalent. And as a result of that, you have people who are going to starve during this Winter season. That's the reality.

"So, for political reasons, the motion is to try to pretend that everything is going to be normal, plus a few changes in law. But that will not work. The more likely case is that Wall Street will be forced to go bankrupt, because they're already at that stage now. There's no way of avoiding it, but that will mean that things are going to change rapidly. And unless we have a completely new approach to things, instead of what's going now, this system is going to crash in the worst possible way. There's no way that humanity can get by this thing safely through the first of the year, under the present conditions."

Put Glass-Steagall Through

LaRouche continued: "However, on the contrary side, if we put Glass-Steagall into play, properly, as we've intended to do so, we can solve this problem—except for the shortage of food—rather nicely. And that's exactly what we intend to do.

"So therefore, the answer is, if we succeed in pushing Glass-Steagall through successfully, then the nation will survive. If we're not successful in doing that, the nation will not survive; at least not as we have known it

heretofore. So that's the thing. We've got an alternative. You pick up Glass-Steagall, support it, and the nation can survive. If you don't, if you want to stick to the old Wall Street system, well, most of your Wall Street comrades will die anyway, of hunger or whatever they die of, and the situation of the people of the United States will be miserable."

Political Motion

Indicative of the political motion behind reinstating Glass-Steagall, is the fact that the most prominent Congressional proponent of that measure, Sen. Elizabeth Warren (D-Mass.), was selected by the AFL-CIO to give the keynote speech at its annual convention, which began Sept. 8 in Los Angeles. Since her sponsorship of S. 1282, a bill to restore Glass-Steagall, introduced into the U.S. Senate on July 11, Warren has been the most prominent protagonist for the bill in the national media, giving frequent interviews, and countering the idea, popularized in the pro-Wall Street press, that it is doomed to failure.

While S. 1282 has picked up five additional co-sponsors, following the original four of Warren, Senators John McCain (R-Ariz.), Sen. Maria Cantwell (D-Wash.), and Angus King (I-Maine), it is by no means the only such bill. In the House, H.R. 129, the Return to Prudent Banking Act, introduced by Reps. Marcy Kaptur (D-Ohio) and Walter Jones (R-N.C.) in January, has 75 sponsors in all (bipartisan), and there is a companion bill in the Senate, sponsored by Sen. Tom Harkin (D-Iowa).

Senator Warren's keynote speech to the AFL-CIO national convention included promoting Glass-Steagall reenactment. Her prepared remarks included the following: "Five years ago, experts said the banks had to be bailed out because there was too much concentration in banking and one failure would bring down the entire economy. Now the four biggest banks are 30% larger than they were five years ago. The five largest banks now hold more than half of all banking assets in the country. Because investors know they are too big to fail, those big banks get cheaper borrowing, which, according to one study, adds up to an annual \$83 billion subsidy from taxpayers—another benefit of being too big to fail.

"What about reform? The Dodd-Frank Act was an incredibly important achievement, but since it passed, the big banks and their army of lobbyists have fought

every step of the way to delay, water down, block, or strike down regulations. When a new approach is proposed—like my bill with John McCain, Angus King, and Maria Cantwell to bring back Glass-Steagall—you know what happens: They throw everything they’ve got against it.”

In her spoken keynote she went further, for example, describing Wall Street’s blocking of the Cantwell-McCain attempt to restore Glass-Steagall in 2010.

The AFL-CIO today voted up a “Resolution 14: Bankruptcy, Abuses, and the Unfinished Business of Financial Reform,” in which the trade union federation calls for 1) reversal of bankruptcy law changes which protect derivatives and steal pensions, 2) completion and enforcement of “what remains of Dodd-Frank,” 3) reenactment of Glass-Steagall.

President Obama had been scheduled to speak to the convention Sept. 10, but cancelled his speech and trip to California, to concentrate on his all-consuming attempt to start world war.

International Echoes

Meanwhile, thanks in large part to the LaRouche movement, the international motion in favor of Glass-Steagall is getting even more prominent.

Late this afternoon, the two major parties of Switzerland, the Swiss People’s Party (SVP) and Social Democrats, plus the Greens, presented themselves as a de facto united front with their motions demanding the government prepare for a *Trennbankensystem* (Glass-Steagall-style banking separation) at the opening Fall session of the Nationalrat (National Council, lower house of parliament) in Bern. Each party presented, briefly but dramatically, its own motion, and simultaneously praised the Glass-Steagall motions of the other two parties.

The Swiss government, known as the Bundesrat, called for rejection of their motions. The motions are not bills, as with the Glass-Steagall resolutions in the U.S. Congress, but are designed to force the government to act in the next crisis with Glass-Steagall separation measures against the London and Wall Street activities of UBS and Credit Suisse. All the motions were voted up by the Nationalrat, which, as a body, now demands that the government prepare for a Glass-Steagall approach, rather than the existing Swiss version of Basel III and Dodd-Frank.

Social Democratic leader Susanne Leutenegger-

Oberholzer challenged the government representative, declaring that, in the face of its rejection of the motions, a people’s initiative is ready to organize for a referendum on Glass-Steagall. In Switzerland, a successful referendum vote would make it the law of the land, irrespective of the Parliament and government.

Italy is also considerably focussed on Glass-Steagall, as five separate bills calling for its reinstatement have been introduced into the Parliament. On Sept. 4, in a letter appearing in Italy’s leading newspaper *Corriere della Sera*, Italian Senator and former Economics Minister Giulio Tremonti raised the profile of the Glass-Steagall debate in the context of his proposal for changing the way companies account for derivatives.

Tremonti was responding to a new round of attacks on him, which claim that he, as Economics Minister, was responsible for the disastrous derivatives contracts entered into by Italian municipalities.

First, Tremonti responded on the merits, indicating that he actually attempted to regulate and even ban the use of such derivative contracts, which became the modus operandi during the 1990s, when the center-left governments were preparing Italy for entry into the euro system. Then, he stated that his recent proposal—which would prohibit companies from recording derivatives on their books until any profits are actually realized—goes hand-in-hand with “the previous bill on ‘banking separation’ [Senate Act No. 717]. If, as a bank, you collect public savings, you can only use them for productive loans: for loans to companies, families, the community, etc. If, on the other hand, you want to speculate, you are free to do so, but at your own risk and danger. The model for this proposal, which is certainly not ‘pro’-speculation, is that of the Glass-Steagall law, introduced by President Roosevelt in 1933, and repealed by President Clinton at the end of the 1990s. And also, the model of the Italian banking law of 1936, which was repealed in the ’90s as well.”

Tremonti explained that “the obligation to record the results of derivatives only at maturity removes at the root the incentive for their distorted and/or toxic use, and thus derivatives can no longer be used as a tool for the fictitious and advance creation of ‘value.’ And thus the interest to use derivative and/or deviant finance is removed.”