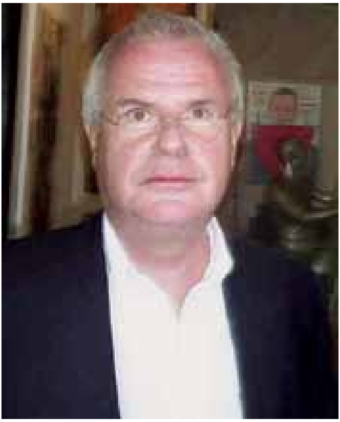
Top U.K. Bankers Now For Glass-Steagall

July 7—As of early July, as Lyndon LaRouche outlines above, a group of financiers at the center of the British financial empire, the City of London, made a unmistakable shift toward promotion of a Glass-Steagall banking reform. Those individuals and institutions now advocating what has been the signature policy of LaRouche and his political movement sit at the core of the financial oligarchy, an oligarchy now adjusting to the current situation in such a way as to secure what they see as their long-term survival.

We review some of their pedigrees, and then provide their recent statements.

Start with the **Financial Times**, the preeminent financial newspaper of the British Empire, which made an editorial statement for Glass-Steagall. The *FT* has long been associated with the Rothschild bankers, the kingpins of the Inter-Alpha Group which has led the empire's assault on the global economy, especially since 1971.



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Take the case of **Paul Myners**, otherwise known as Baron Myners, a life peer who is also a Commander of the Order of the British Empire. (Such titles may sound silly, but the Empire is largely run through chivalric and Masonic orders, which permeate all the major institutions.) Lord Myners, the former publisher of the *Guardian* and the *Observer*, is a former employee of N.M. Rothschild, a former director of NatWest bank, and currently a director of RIT Capital, the investment vehicle founded and chaired by Baron Jacob Rothschild. (Baron Rothschild is a member of the Queen's Order of Merit, and a Knight Grand Cross of the Order of the British Empire.) When Myners speaks, he is speaking for Queen and Empire.

Then there's **Peter Hambro**, chairman of Petropavlosk, a London-based company with extensive gold holdings in Russia. Hambro is descended from one of the empire's top banking dynasties. Hambros Bank was one of the constituent *fondi* in Assicurazioni Generali, the powerful Venetian insurance company founded by the Rothschilds and others, and was part of a syndicate—which included N.M. Rothschild—which funded Mussolini's corporatist government in Italy. Hambros was part of the powerful British Rhodes-Milner Round Table Group.

Lord Peter Hambro, scion of the venerable British merchant bank Hambros, stated that investment and retail banks "should never have been together, and now they should be split, completely."

Among the directors at Petropavlosk is **Field Marshal Charles Guthrie**, Baron of Craigiebank, a former director of N.M. Rothschild, and a Knight of the Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes and of Malta. Guthrie has also served as Gold Stick to the Queen; Gold Stick is a ceremonial bodyguard. Petropavlosk director **Dr. David Humphreys** spent 18 years at the Rothschild-controlled Rio Tinto.

The remnants of Hambros are now owned by Inter-Alpha member Société Générale as its private bank, SG Hambros. Banco Santander's **Emilio Botín López** worked for Hambros Bank for two years as a young man, before joining the Banco de Santander board. Santander is key member of the Inter-Alpha Group.

Yet another Petropavlosk director, **Sir Roderic Lyne**, is vice-chairman of Chatham House (the Royal Institute of International Affairs), and a Knight Commander of the Order of St. Michael and St. George.

In Their Own Words

July 1: Terry Smith, CEO of Tullett Prebon and of Fundsmith, who had first called for Glass-Steagall in 2008, authors an op-ed published in the London *Guardian*. After attacking the British Bankers Association for its reaction to the scandal over banks rigging the benchmark LIBOR (London Interbank Offered Rate), Smith writes:

"[T]he arguments against separating retail and investment banks were always thin. Now they are surely unanswerable." He concludes: "What needs to happen? The U.K. and the U.S. must enact a Glass-Steagall Act (the 1933 Banking Act passed in the wake of the Great Crash which separated commercial and investment banking) and separate retail and investment banks. Ringfencing, as proposed by the Vickers Commission, will not work." Why? "As this LIBOR scandal illustrates, ways will be found to climb over, burrow under and go round the ringfence. The only people who seem to have lobbied against such separation are bankers."

Also on July 1, *The Scotsman* reports that John Thurso, a Liberal Democrat, who sits on the Treasury select committee, said the day before: "I think we actually have to go further than Vickers. It is not just about ringfencing, it is about a total separation, and when bankers like Bob Diamond tell me, as he has done in committee, 'Oh well, nobody in the universal bank has failed,' I now say to him, that was because you were rigging the markets. If it had been a fair market you probably would have failed.

"The money that is going in from the high street is going into the City gambling dens instead of being available to be lent to businesses and I think there is no choice now than to, by law, separate investment banking from retail banking."

July 3: MP Jonathan Edwards, Treasury spokesperson for Plaid Cymru (the National Party of Wales), condemned Chancellor George Osborne's announcement that there won't be a full public inquiry into the LIBOR scandal: "This is a scandal of conspiracy, theft and fraud at the heart of the financial industries in London. . . . There is a structural and cultural problem with the UK banking industry which requires a complete overhaul. Crucially, we need a complete separation of retail and investment banks (Glass-Steagall Act) which goes further than the recommendations of the Vickers Report."

July 4: In an editorial entitled "Restoring trust after Diamond," the *Financial Times* says that measures for restoring trust include separating the investment and retail parts of universal banks, and, for the first time to our knowledge, argues *for* a Glass-Steagall-style approach, as opposed to the Vickers ringfencing approach, as follows:

"...The clash between retail and investment banking has always been evident. What is now clear, however, is that the hard-charging, revenue-seeking investment banking culture predominates when they are pushed together. The more herbivorous retail banking ethos—with its emphasis on patient stewardship—is marginalised. This seems to lead ineluctably to the proliferation of socially questionable trading activities and abuses such as the Libor scandal.

"The government accepted the principle of separation last year when it endorsed the conclusions of the banking commission presided over by Sir John Vickers. This argued for an internal split rather than a total separation on the basis that the diversity of assets within a universal bank could be a source of strength at times of financial stress.

"While the FT supported those conclusions, we are now ready to go further. For all the diversification benefits, the cultural tensions between investment and retail banking can only be resolved by totally separating the two, on formal Glass-Steagall-style lines...."

July 4: In a panel discussion hosted by Jon Snow on Channel 4 News, Lord Paul Myners, former Financial Services Secretary in the Labour government of Gordon Brown, calls for full Glass-Steagall legislation to deal with the corruption of the banks.

His comments came during a discussion of evidence given the same day by Bob Diamond, erstwhile chief executive of Barclays Bank, to the Treasury Select Committee. Snow said to Myners: "Well, Paul Myners, there's been the Vickers Report into banking, and yet Vickers wanted to ringfence the casino activities and the retail activities. But we can't trust the bankers to respect a ringfence. If you have a ringfence, you climb over it, dig under it, or work your way through it. The banks have to be broken up between retail and casino, agreed?"

Myners: "Yes, I do agree with that. I think the evidence of the last few weeks, and Diamond himself said that many of the problems that emerged in Barclays were within the ringfence as envisaged. Now the government has already diluted the ring fence that was proposed by Vickers, but the ring fence doesn't go far enough. We need to go to what is known as a Glass-Steagall model, which is a complete separation...."

July 5: The *Financial Times* publishes a commentary by Andrea Leadsom, a Conservative member of the Commons Treasury Committee and a former banker at Barclays, saying, "The issue of a complete separation of retail and investment banking should also return to the agenda.... It is right that the government should be the ultimate guarantor of retail deposits. But that guarantee should not extend to high-risk transactions."

The paper also cites Pat McFadden, a Labour member of the committee which questioned former Barclays CEO Bob Diamond, saying: "Through Bob Diamond's actions this [full bank separation] has been brought back on to the agenda. The question is whether the culture in hard riding investment banking sits easily with retail banking, which hopefully should be more boring."

July 6: In an interview with the *Evening Standard*, Peter Hambro argues that while retail banks should rightly lend to the real economy and therefore operate with a government-backed guarantee of deposits, merchant bankers should live off their wits and operate only with unlimited liability, so that if they lose money they are fully liable.

"It's this unlimited liability that made merchant—or investment—bankers more circumspect in the past because they put their balls on the block," he said. "But most of today's financial problems are because the investment bankers, using the balance sheets of the retail banks, don't share in the pain. They don't lose anything—and their culture has infected retail banking. They should never have been together and now they should be split, completely."

According to the *Evening Standard*, Hambro thinks that the Vickers Commission on banking reforms for ringfencing the banks does not go far enough, and that Glass-Steagall-type separation might be necessary.