

Action Revived for Glass-Steagall Law

The new year has seen renewed action for a return to President Franklin Roosevelt's Depression-busting Glass-Steagall law, as lawmakers, journalists, and economists confront the unravelling of the global financial/economic system. Here are a few of the latest developments.

New York State Assembly Resolution: A Glass-Steagall resolution was officially introduced into the State Assembly April 10, as [K. 1012](#). Its chief sponsor is Democrat Phil Steck, who introduced a similar measure last year. There are 13 official co-sponsors, with potential for others.

Six LaRouchePAC activists visited Albany April 8, holding 24 meetings in the state capital, six with legislators. A LaRouchePAC leaflet, "The Cable Has Been Cut" (<http://larouchepac.com/node/30395>), was handed out, along with copies of an *EIR* article reporting on Russia's top anti-drug official Viktor Ivanov's call for Glass-Steagall, as the best way to identify and shut down drug-money laundering (*EIR*, Dec. 2, 2011).

New York state is the 12th state where a Glass-Steagall memorial has been introduced in 2014; several more states have memorials still live from 2013.

Big Six 'Monstrosities'

Financial journalist Naomi Prins, a former director at Goldman Sachs, and author of the just-released book *All the Presidents' Bankers*, has issued a call for reinstatement of Glass-Steagall, as the way to finally put an end to the dominance of the Big Six banks (JPMorgan, Wells Fargo, Bank of America, Citigroup, Morgan Stanley, and Goldman Sachs) over "not just the U.S. banking industry, but American and global finance, traversing the power corridor between the White House and Wall Street to help themselves . . . in good times and bad, in partnership with the President."

In a *New York Daily News* commentary April 9,

Prins labels the Big Six as "monstrosities," which hold \$9.4 trillion, or 84% of U.S. FDIC-insured deposits, \$12.5 trillion, or 85% of all U.S. bank assets—and control 96% of all U.S., and 43% of the \$693 trillion of global derivatives positions. She notes that "American inequity is reaching pre-1929 heights" today, and that the only sane solution is to break up the banks "in such a manner as to split our deposits and taxpayers' dollars from their speculative activity—by finally reinstating the Glass-Steagall Act of 1933."

Sanity in the City of London

Two notable British advocates of a return to Glass-Steagall spoke out in early April, to insist that financial disaster is imminent without putting that crucial step back on the agenda.

Andrew Haldane, the Bank of England's financial stability head, who supports a return to Glass-Steagall, warned in a speech at the London Business School that the \$87 trillion fund management business is now a major risk for the entire financial system.

"Future illiquidity pressures in financial markets, generated by asset management distress or wholesale portfolio reallocation, may be larger and more potent. In other words, Black Swan risk in asset management may be real and rising," Haldane said, according to the April 7 *Telegraph*. Pointing to the danger of a sudden "fire sale" of assets by fund managers, Haldane added, "Falling asset prices may be the prompt for withdrawal or sales. In some respects, this would mimic a banking 'run,' albeit operating through non-conventional channels. This could itself induce a further round of asset sales in an amplifying loop."

Liam Halligan, in his *Telegraph* financial column April 5, wrote that fears about the impact of quantitative easing (QE), and the awful state of the banks could be "likely to reopen the U.K.'s debate about the need to impose a Glass-Steagall split between retail-commercial banks, where firms and households store their deposits, and investment banks, which take big risks." He noted recent parliamentary testimony by **Lord Lawson**, who renewed his long-standing call for the U.K. to implement a full Glass-Steagall separation of investment and commercial banks. "Regulators will never succeed in regulating the universal banks, never," Lawson warned. "It is foolish to think that you can."