

Glass-Steagall: The Only Solution to the Crisis

The following statement is being circulated by LPAC for endorsement. It is followed by Rep. Marcy Kaptur's "Dear Colleague" letter asking for support in Congress for H.R. 1489.

The current weight of trillions of dollars in gambling debts, foisted on the U.S. taxpayers in the 2008-11 bailout of Wall Street and the City of London, is currently obliterating and destroying the economy of the United States and its people. We must change course immediately.

The first step is to reinstate Glass-Steagall. Without a return to the original Franklin Roosevelt Glass-Steagall standard, to separate commercial from speculative banking, there is no possibility of the continued existence of the United States, as economist Lyndon LaRouche has insisted.

H.R. 1489, the "Return to Prudent Banking Act of 2011," is now before the House of Representatives. Its stated purpose is "to . . . revive the separation between commercial banking and the securities business, in the manner provided in the Banking Act of 1933, the so-called 'Glass-Steagall Act.'"

We, the undersigned, therefore *demand* that Congress immediately act to pass H.R. 1489, and identical legislation in the Senate, as the indispensable first measure to save the nation.

On April 12, Rep. Marcy Kaptur (D-Ohio) issued

this letter to fellow members of the House of Representatives, asking for their support in reinstating the Glass-Steagall law.

Dear Colleague:

I am writing to request your support for H.R. 1489, the Return to Prudent Banking Act. I recently reintroduced this legislation to strengthen our financial system by reinstating Glass-Steagall.

In response to the failure of thousands of banks across the country, Congress enacted the Banking Act of 1933, commonly known as Glass-Steagall, during the height of the Great Depression. This statute safeguarded the American economy for decades by legally separating commercial and investment banking. Such a common sense system provided greater security to banking deposits in commercial banks. Additionally, investment banks were only able to leverage their own funds, limiting the systemic risks of the American citizenry. For decades, Glass-Steagall was a cornerstone of the U.S. financial system, until the Gramm-Leach-Bliley Act unwisely completely ended this important financial regulation in 1999.

With the repeal of the Glass-Steagall Act over a decade ago, the U.S. economy was exposed to an intolerable level of risk, and the recent financial crisis was certainly exacerbated by the removal of these safeguards. I believe that we must limit the potential for future economic collapses by returning to a more prudent banking system in which banks must once again choose between investment activities or commercial lending. If you would like more information or would like to become a co-sponsor of H.R. 1489, please contact John Brodtke in my office at john.brodtke@mail.house.gov.