

# LaRouche: The Deadline For Glass-Steagall Is July 4

by Nancy Spannaus

June 8—In his message to the LaRouchePAC membership June 1, Lyndon LaRouche laid out an urgent timetable for the unique action which must be taken to save the world economy from plunging into a New Dark Age, and for removing President Obama from office: ramming the Glass-Steagall legislation through the U.S. Congress by July 4. There's no room for "maybe" under the current circumstances of increasingly violent weather, and financial-economic breakdown, LaRouche argued. We have to get this done now.

Leaders within top-level political circles, and in constituency organizations throughout the United States must take this perspective immediately, LaRouche stressed. This is an era of command decisions, as in war—specifically, the kind of war which Franklin Delano Roosevelt waged against the Wall Street-London financiers who brought on the Great Depression, and whom he fought to a standstill with Glass-Steagall, and other New Deal measures. The "go along to get along" mentality in Congress must be broken now.

In the week since LaRouche's marching order, LPAC supporters and many others have dramatically escalated their mobilization for the passage of Rep. Marcy Kaptur's (D-Ohio) Glass-Steagall bill, H.R. 1489, with interventions at city councils, state capitals, town meetings, and private discussions. And there are clear indications that their activity is bearing fruit.

## **Motion in Congress**

As of this writing, 14 Members of Congress have come forward to co-sponsor Kaptur's "Return to Prudent Banking Act," including two Republicans. The submission of a complementary bill, also bipartisan, is widely anticipated in the Senate.

The Democrats who have recently signed onto H.R. 1489, represent significant clout to help get a steam-roller moving. At present, three of the Democrats are ranking members on important House committees, or their subcommittees: Financial Services, Rules, and Ways and Means. Louise Slaughter (D-N.Y.) is the ranking member on the Rules Committee, which functions as an arm of the House Leadership. Maxine Waters (D-Calif.) is the chief deputy whip, and the ranking member on the Financial Services Subcommittee on Capital Markets and GSEs. And Jim McDermott (D-Wash.) is the ranking member on the Ways and Means Committee's Trade Subcommittee.

*EIR* is aware that Secretary of the Treasury Tim Geithner has been deploying to try to prevent additional co-sponsors for H.R. 1489, with a special emphasis on the House Financial Services Committee. The fact that Waters signed on is therefore a significant defeat for him, and his boss, Obama.

The two Republicans who have signed on are Walter Jones, a ninth-term Congressman from North Carolina, who has taken leadership on the issue of the wasting



LPAC-TV

*The fight for Glass-Steagall has reached a fever-pitch, and, LaRouche declared, must be accomplished by Independence Day. Here, LPAC organizers in Columbus, Ohio campaign for Glass-Steagall and Obama's impeachment, April 9, 2011.*

foreign wars launched by Republican and Democratic Presidents alike, and Roscoe Bartlett, a tenth-term Member from Maryland, who is distinguished by being one of three scientists in the Congress. They are expected to be joined by many others in the immediate future.

Of the other Democrats who have signed on, six are members of the Congressional Black Caucus, who are acutely aware of the President's choice of Wall Street, not African-Americans and the poor, as his major constituency. They include, in addition to Maxine Waters, Edolphus Towns (D-N.Y.), John Conyers (D-Mich.), Jesse Jackson Jr. (D-Ill.), Marcia Fudge (D-Ohio), and Danny Davis (D-Ill.) James Moran (D-VA) was an initial co-sponsor, and he has been joined by Kurt Schrader (D-Ore.), Lynn Woolsey (D-Calif.), and John Garamendi (D-Calif.).

### Institutions Get Active

Crucial to getting more Congressmen to act, of course, is pressure from their constituencies, ranging from the local officials on whom they depend for reelection, to trade unions and bankers, who provide similar backup. LPAC headquarters reports that there are increasing signs that these groupings are "burning the

tails" of their Congressmen on the need for Glass-Steagall.

On the trade union side, members of the International Association of Machinists (IAM) are working with LPAC, as well as on their own, to demand Congressional action. The IAM international leadership has endorsed Kaptur's H.R. 1489, and lobbied for it on Capitol Hill. In parallel, the National Farmers Union (NFU), which restated its support for restoring Glass-Steagall at its national convention in March of this year, is in motion.

As for local officials, some are writing letters to their Congressmen, as well as making calls. Their attitude is becoming increasingly tough, as in, "We won't take 'no' for an answer."

Perhaps more notable is the outspoken promotion of Glass-Steagall coming from the banking community. Robert G. Wilmers, the CEO of M&T Bank for 30 years, appears to be on a campaign against the continued predatory role of Wall Street, which has been, if anything, strengthened since the 2008 collapse. Wilmers, who took the bank from a \$2 billion operation to today's \$68 billion, told the *New York Times'* Joe Nocera recently that the American banking system was designed for "the prudent extension of credit that furthers commerce," but has become "a virtual casino. To me, banks exist for people to keep their liquid income, and also to finance trade and commerce. Yet the six largest holding companies, which made a combined \$75 billion last year, had \$56 billion in trading revenues."

Wilmers, pointed out Nocera, said that "banks were taking excessive risks that were never really envisioned when the government began insuring deposits. . . . Trading derivatives and other securities really had nothing to do with the underlying purpose of banking. He told me that he thought the Glass-Steagall act should never have been abolished and that derivatives need to be brought under government control."

Even some of the skunks are seeing the handwriting on the wall. Carl Icahn, the infamous hedge-fund speculator and corporate raider, told CNBC that the next

crash is imminent: “Now, will it happen next week, next year, I don’t know and certainly nobody knows, but I don’t think that the system is working properly. There’s just way too much leverage and way too much risk-taking, with other people’s money. I know a lot of my friends on Wall Street will hate my saying this, but the Glass-Steagall thing or something like it wasn’t a bad thing. In other words, a bank should be a bank. Investment bankers should be investment bankers.”

### Kaptur Ups the Profile

To create momentum in Congress requires nothing less than a political blowtorch, which has obviously not yet been applied. Yet, the understanding among some Congressmen there, that action must be taken *now*, due to the fragility of the bankrupt world financial and economic system, is obvious. One clear indication was the speech given during a meeting of the House Budget Committee on Fannie Mae and Freddie Mac on June 2.

On that day Kaptur gave powerful testimony to the House Budget Committee’s hearing on “Taxpayer Exposure in the Housing Crisis,” chaired by “Catfood Commission” fascist Paul Ryan (R-Wisc). Rather than sticking to the traditional line of blaming Fanny Mae and Freddie Mac, Kaptur went directly at the repeal of Glass Steagall:

“High-risk behavior in America’s housing market began during the early 1990s, when financial deregulation pushed by some here in Congress allowed the private financial sector to turn formerly prudent mortgage loans into bonds and then securitize them into the international market in a manner that bore no relationship to true value nor the local real estate market. . . .

“And when the Glass-Steagall Act that had separated banking and speculation since 1933 was wiped off the books in 1998 under that Leach-Bliley, the speculators were unleashed full-bore.

“I have a bill, H.R. 1489, that would restore important Glass-Steagall provisions. Fannie Mae and Freddie Mac were not the quarterbacks in this game of market manipulation. Wall Street was. But Fannie and Freddie were very important wide receivers in this high-stakes, big-bank hyperventilation of the mortgage market. . . .

She calls on the committee to follow up on the Angelides Commission report, by supporting another bill she has proposed, the Fannie Mae and Freddie Mac Investigative Commission Act, and she also put into the hearing record the article by Joe Nocera titled “The Good Banker,” about M&T Bank head Robert Wilmers, who attacks the repeal of Glass-Steagall. She says Wilmers and other “good bankers” out there should come to the committee to testify.



*Rep. Marcy Kaptur, author of H.R. 1489, for reinstating Glass-Steagall.*

### Mobilization en Masse

The six Congressional candidate slate of LaRouche Youth Movement leaders is spearheading the national on-the-ground campaign for Glass-Steagall. Keshia Rogers, Rachel Brown, Diane Sare, Bill Roberts, Dave Christie, and Summer Shields are out on the streets every day, in addition to attending meetings of constituency groups, including the Democratic Party.

Of particular note was Brown’s intervention, along with a team of LPAC organizers, to the Massachusetts State Democratic Convention June 3-4. The LPAC crew began the event by circulating two resolutions for signatures, both of which needed at least 50 signatures in order to be voted on by the Convention as a whole. One called for the removal of Obama; the other called for the immediate installation of Glass-Steagall.

While the response to the anti-Obama resolution was more positive than expected, mostly likely because of the President’s persistent, anti-Constitutional war-mongering, the Glass-Steagall resolution won well over the necessary number of signatures, at least 150. Thus, it came to the floor of the Convention for a vote, after the other eight resolutions which passed muster.

It was then that the atrocity occurred. Party official James Roosevelt, a grandson of FDR, was presiding, and proceeded to massacre the reading of the text, in such a way as to “signal” that it should be defeated in the voice vote that followed. Thus, as Rachel Brown later pointed out, James Roosevelt basically spit on the grave of his grandfather, who had struck holy terror into the ranks of the Wall Street/London bankers with Glass-Steagall. The question is, are the ordinary people of Massachusetts going to let these officials keep sabotaging the only pathway to a future?