

# Momentum Is Building For Glass-Steagall

by Jeffrey Steinberg

July 12—With President Obama pushing a \$4 trillion austerity package that would gut Social Security, Medicare, and Medicaid, and with the debt blowout already unfolding in Italy and Spain, the urgency of immediate passage of Glass-Steagall could not be clearer. This message appears to be sinking in with some leading Members of Congress, and with growing legions of citizens, local governments, trade unions, and community bankers.

As of this writing, Rep. Marcy Kaptur's (D-Ohio)

bill to reinstate Glass-Steagall, H.R. 1489, the Return to Prudent Banking Act of 2011, has 23 co-sponsors, with at least a dozen other Members of Congress pledged to co-sponsor during public appearances where they were pressed to take a stand by LaRouche Political Action Committee activists. Among the 23 co-sponsors already signed on to the bill are three Republicans—Walter Jones (N.C.), an initiating co-sponsor, Roscoe Bartlett (Md.) and Mike Coffman (Colo.).

Sen. John McCain (R-Ariz.), who co-sponsored Glass-Steagall legislation in the Senate in 2010 with Sen. Maria Cantwell (D-Wash.), recently told reporters in Washington that he plans to reintroduce that legislation with bipartisan support sometime very soon.

On July 7, Rep. Maurice Hinchey (D-N.Y.) introduced a second bill into the House to restore Glass-Steagall, H.R. 2451, the Glass-Steagall Restoration Act of 2011. So far, Hinchey has five co-sponsors, including three Members who are already co-sponsors of the Kaptur bill. Longtime Capitol Hill watchers confirm that it is not at all unusual to have several versions of bill introduced into the same Congress. It is an indication of building momentum in support of the legislation. And that certainly is the case with the restoration of Glass-Steagall.

## Strong Motivation

In introducing his bill, Hinchey issued a press release, strongly pushing for immediate passage of a restored Glass-Steagall separation of the commercial banks from the brokerage and insurance industry—an action taken in 1933 to break up the Depression era “too big to fail” banks, that had looted depositors’ savings in a frenzy of speculation that led to the stock market crash of 1929, and the Great Depression that followed. Wall Street was forced to accept the break-up of the megabanks but never gave up on the idea of gutting Glass-Steagall. It took 66 years, and hundreds of millions of dollars in campaign contributions, lobbying, and propaganda to finally repeal Glass-Steagall, with the Gramm-Leach-Bliley Act of 1999. From the time of the repeal of Glass-Steagall, it took all of eight years for Wall Street and London to blow up the entire U.S. banking system.

The Hinchey press release announcing his bill was blunt: “Following the Great Depression, Congress wisely separated investment banking from commercial banking to prevent big banks from using depositors’

money for risky trades. Unfortunately, Congress repealed the Glass-Steagall Act in 1999 and the American people are still paying the price after the financial market meltdown that occurred in 2008. We have made some progress in addressing this with the Wall Street Reform bill that was passed last year. Even so, the commingling of investment and commercial banking has persisted, and as a result, our economy is still at risk. This legislation would reinstate the basic rule that preserved the security of our financial markets for nearly 70 years and would help prevent another bailout.

“Rep. Hinchey strongly opposed and voted against repeal of Glass-Steagall in 1999. Gramm-Leach-Bliley paved the way for the establishment of super-sized banks that serve as both commercial lending institutions and investment companies. Today, just four huge financial institutions hold half the mortgages in America, issue nearly two-thirds of credit cards nationwide, and control about 40% of all U.S. bank deposits. In addition, the face value of over-the-counter derivatives at commercial banks has grown to \$290 trillion and 95 percent of those derivatives are held at just five financial institutions.”

### **A Broad Mobilization**

Under the leadership of Lyndon LaRouche and LaRouchePAC, scores of city councils, trade union organizations, and elected officials have thrown their weight behind the Glass-Steagall fight. In addition to the International Association of Machinists (IAM) and the New Jersey AFL-CIO, many local central labor councils and other AFL-CIO affiliates have endorsed H.R. 1489. The King County Democratic Party in Washington State, a powerful organization covering an area that is a hub of what remains of the defense industrial sector, has endorsed the Kaptur bill.

Support for the restoration of Glass-Steagall and the break-up of the too-big-to-fail mega-banks on Wall Street was palpable during Congressional town hall meetings, sponsored by the Progressive Caucus in Harlem, Detroit, and Milwaukee recently. When LPAC activists and Congressional candidates, includ-



*New York Democrat Maurice Hinchey*

ing Bill Roberts (Michigan) and Diane Sare (New Jersey), spoke from the audience, identifying the Members of Congress in the room who were co-sponsors, they received a standing ovation from the crowd. At the Detroit event, Rep. John Conyers (D-Mich.), a co-sponsor of both the Kaptur and Hinchey bills, declared that he was committed to getting every single Member of Congress to co-sponsor, to make sure that no parliamentary trick was used to prevent a debate and vote before the full House.

Conyers knows what he is talking about. In July 2010, as the

Dodd-Frank bill (sophistically named the Wall Street Reform and Consumer Protection Act) was being rammed through Congress, the Obama White House used every dirty trick in the book to prevent an up-or-down vote on a Senate amendment by Cantwell and McCain to reinstate Glass-Steagall. That amendment to the Dodd bill would have meant that Glass-Steagall was already in place, and that the \$17 trillion in taxpayer bailout of Wall Street's gambling debts was already charged back to the accounts of the brokerage and insurance firms that looted depositors and taxpayers in the speculative frenzy that blew out in 2007-08.

Now, with President Obama's flagrant efforts to wipe out every last vestige of Franklin Roosevelt's New Deal, along with President John F. Kennedy's manned space program, more and more people are waking up to the fact that passage of Glass-Steagall will only be possible with the removal of President Obama from office.

In a stark indication that this reality is sinking in, the United Autoworkers of America (UAW) issued a frontal assault on Obama and his Schachtian austerity schemes in a July 9 e-mail that went out to the union's entire membership, calling for a mobilization to block the cuts in Social Security, Medicare, and Medicaid. The e-mail read, in part:

“President Obama is making a huge mistake that will cost our country dearly. This is one of those moments where we either stand up and demand that the Democrats in Congress show a real spine. Or we sit

back and watch the Republicans destroy decades' worth of progress.”

What is becoming increasingly clear, as President Obama plays brinksmanship with Republicans over the debt ceiling, and prepares to impose \$4 trillion in murderous cuts on the American people to preserve the bailout of Wall Street, is that Obama must be removed from office. An overwhelming bipartisan support for Glass-Steagall will accomplish that—and then some.

LaRouche emphasized, in recent statements, that the poison destroying our Constitutional system is the partisanship that so-dominates Washington today. The fight for Glass-Steagall represents a break-point in that destructive dynamic. A new bipartisan alliance, among a wide spectrum of progressives and conservatives, is coming together to fight for the very survival of the Republic. The Glass-Steagall battle is the spear-point of that fight. Not only is Glass-Steagall an urgent first step towards restoring the United States to a Hamiltonian credit system, and rebuilding our crippled agro-industrial base and national infrastructure. Passage of Glass-Steagall over the course of this month—or August at the latest—is the last best opportunity for the United States to survive an otherwise certain disintegration of the entire trans-Atlantic world.