

AFL-CIO Endorses Glass-Steagall Bill

Aug. 16—Under the headline “Legislative Alert!”, the leadership of the largest U.S. labor federation, the AFL-CIO, released a letter Aug. 10 in support of H.R. 1489, to Rep. Marcy Kaptur (D-Ohio), who introduced the bill, to reinstate President Franklin Roosevelt’s Glass-Steagall bill. The letter puts the political weight of the 12-million-member union behind the indispensable measure for stopping the current economic/financial breakdown in its tracks, and starting on the road to recovery.

The AFL-CIO action comes after five state AFL-CIO federations, one international union, and more than a dozen local labor councils and union branches, have passed resolutions supporting H.R. 1489. The state federations coming out in support are: New Jersey, California, Wisconsin, Kentucky, and Minnesota. The international union is the International Association of Machinists and Aerospace Workers (IAMAW), which has more than 100,000 members, and which has lobbied Congress for H.R. 1489.

While Congress is out of session, and thus the roster of Congressional co-sponsors to H.R. 1489, currently at 32 (4 Republicans and 28 Democrats), is frozen until Congress returns, patriots within the labor movement are not taking a vacation, but moving to increase the endorsements and the pressure.

H.R. 1489 Needed

The text of the AFL-CIO letter, which appears over the signature of William Samuel, director of the Government Affairs Department, reads as follows:

“I am writing to express our support for your bill, H.R. 1489, “The Return to Prudent Banking Act.

“Because of the Dodd-Frank Act of 2010, we now have a foundation to rebuild our country’s financial sector and bring accountability to Wall Street. However, despite well-intentioned efforts, Dodd-Frank did not adequately address financial institutions that have become ‘too big to fail.’ Attempts to place proprietary trading restrictions on big banks were put in place, yet these efforts only scratched the surface on what is

needed to narrow the scope of institutions that are powerful and threaten the crumbling of our economy if they were to ultimately fail.

“H.R. 1489 would further strengthen our financial system by reinstating the Glass-Steagall Act of 1933. Glass-Steagall established three areas of financial activity: commercial banking, investment banking, and insurance. As a result of Glass-Steagall, no single company could be both an investment bank and a commercial bank. Glass-Steagall was intended to protect against potential conflicts between the function of protecting personal deposits, the insurance function and speculative investment activity.

“This structure worked for decades and proved to be an effective way of limiting the systemic risks posed by too big and too interconnected to fail financial institutions. However, in 1999 the Gramm-Leach-Bliley Act repealed Glass-Steagall and unwisely allowed for the creation of large banks that were no longer subjected to the safeguards that Glass-Steagall held in place. The removal of these safeguards arguably resulted in the beginning of our most recent financial collapse.

“Our financial markets were ultimately exposed to an insurmountable amount of risky behavior by these large financial institutions, and we must now limit the potential for further economic collapse by restoring safeguards once held in place by Glass-Steagall. H.R. 1489, the Return to Prudent Banking Act would do just that.

“We thank you for introducing such a vital piece of legislation and look forward to your continued support.”

Buttressing the AFL-CIO efforts are those of the National Farmers Union and the umbrella group, Americans for Financial Reform (AFR), consisting of some 200 organizations, ranging from the AFL-CIO and individual labor unions, to the NAACP, American Association of Retired Persons (AARP), the National Urban League, and a raft of consumer, housing, and other groups. AFR issued a statement of support for reviving Glass-Steagall back in December 2009.

Last week, a top official of AFR, affirmed to La-RouchePAC, the primary organizers for Glass-Steagall nationally, that the group is in full support of H.R. 1489, and has volunteered its services to the bill’s sponsors, to organize for passage of the bill.