

Glass-Steagall in The U.S. Congress

by Nancy Spannaus

Feb. 19—*EIR*'s sources in Washington, D.C. report that the Obama White House is moving “pro-actively” to stymie the immediate action on reinstating Glass-Steagall that LaRouchePAC organizers are pushing for. In the face of this campaign, cosponsorships for Rep. Marcy Kaptur's (D-Ohio) HR 129, the Return to Prudent Banking Act, are growing slowly, and have reached only 15 so far,¹ and no Senator has yet put in a companion bill to the Kaptur legislation.

Yet, it is clear that, unless the U.S. Congress moves *first* to restore Glass-Steagall, and prevent a blowout of the system that will devastate the nation and world, there is no chance of international action to save the economy.

Thus, throughout the nation, LaRouchePAC activists are putting their state legislators, city councilmen, and community leaders on notice that they have to move *now* to force Congress to move. Lobbying campaigns are underway in at least a dozen state capitols, and resolutions calling on Congress to pass HR 129 have been introduced into five state legislatures so far.

The latest of these resolutions, introduced Feb. 5, is in the Pennsylvania House of Representatives. It was introduced by Rep. Mark Cohen, a senior Democratic legislator, and has nine co-sponsors. Support for Glass-Steagall, and the other two aspects of LaRouchePAC's three-point program—a credit system and NAWAPA (North American Water and Power Alliance)—is very broad in Pennsylvania, where 25 township councils have debated and passed resolutions in favor of the program over the last six to nine months.

Resolutions have also been introduced into the Vir-

1. The Congressional co-sponsors of HR 129 are, in addition to Marcy Kaptur (D-Ohio): Walter Jones (R-N.C.); Michael Michaud (D-Me.); James McGovern (D-Mass.); James Moran (D-Va.); Michael Capuano (D-Mass.); Eleanor Holmes Norton (D-D.C.); Peter Welch (D-Vt.); Lloyd Doggett (D-Tex.); David Cicilline (D-R.I.); Judy Chu (D-Calif.); Daniel Lipinski (D-Ill.); George Miller (D-Calif.); Collin Peterson (D-Minn.); Susan Davis (D-Calif.); Louise Slaughter (D-N.Y.).

ginia, Kentucky, and Rhode Island Senates, and the Montana House.

The Obstacle Is Cowardice

With the threat of draconian budget cuts, including in the form of the sequester, hanging over Washington, D.C., one would think that the option of Glass-Steagall banking separation would be on the top of the agenda of concerned and patriotic Congressmen. After all, Glass-Steagall would *cut off* the bailout flow into the banking system, which is now proceeding at a hyperinflationary rate, and thus dramatically *reduce* the nation's debt burden. That reduction would literally *save lives*, by obviating the proposed cuts into entitlements, and other vital government programs.

Yet, while the idea of cutting off the bailout is broadly popular in the Congress, the urgency of doing so is generally not understood. It is seen as a “banking issue,” not a matter of life or death.

For example: a good number of Senators do understand the necessity for Glass-Steagall for a sound banking system. Sen. Maria Cantwell (D-Wash.), who previously co-sponsored legislation with Sen. John McCain (R-Ariz.) to restore Glass-Steagall, raised the matter in the confirmation hearings for President Obama's pick for Treasury Secretary, Jacob Lew, last week. She asked Lew point-blank: Do you support the reimplementation of Glass-Steagall? As befits his loyalty to his boss, Lew responded by defending Dodd-Frank, and claiming that “Glass-Steagall had, over the years become something of an anachronism, and much of the activities in the financial world have gotten beyond it. . . .” I'll take that as a “no,” Cantwell replied, while Lew hemmed and hawed.

Sen. Joe Manchin (D-W.Va.) took the occasion of a Senate Banking Committee hearing Feb. 14, to sing the praises of Glass-Steagall, noting that it “worked pretty well” for 66 years, but that after its repeal, the financial system had gone into the 2007-08 crash.

The fact remains: There is *no* legislation to revive Glass-Steagall banking separation introduced into the U.S. Senate—and this very fact is being used by members of the House to hold back on their side. After all, 85 of them had signed on to Kaptur's identical bill in the 112th Congress, and the Senate had never moved.

Are the Senators afraid of Wall Street, the President, or both? Regardless, it is the citizenry that must force them to act to save the nation, before it's too late.