Italy

Bank Separation Bill Goes to Parliament

by Our Milan Bureau

MILAN, April 26—The fight for Glass-Steagall-style banking separation has once again been brought to the Italian Parliament. After months of political chaos in the face of the EU austerity onslaught, astute politicians are taking up the fight on the level required.

The new Glass-Steagall bill was introduced into the Chamber of Deputies, the lower house, on March 22, and signed by Deputy Davide Caparini and several other Deputies, who represent a growing portion of the Lega Nord. It follows upon the expansion of the organizing process around Glass-Steagall over the last three years.

A similar bill was introduced by Sen. Oskar Peterlini in January of 2012, with similar measures then introduced by Sen. Giulio Tremonti and the Lega, but not brought to the floor in the last session of the legislature. The LaRouche movement in Italy, Movisol, has been a prime mover behind this effort, creating additional pressure on, and encouragement for, public officials. Over more than a decade, the LaRouche movement has built up significant support for returning to the FDR principle of public finance, including with a resolution calling for a "new financial architecture" in 2002, which passed the Chamber of Deputies in September of that year, and with a Glass-Steagall resolution introduced in 2011, which gained broad support.

Davide Caparini of the Lega Nord introduced a Glass-Steagall bill into the Italian Chamber of Deputies March 22.

Public Pressure

Caparini spoke, along with Liliana Gorini, chairwoman of Movisol, at a conference organized in Brescia last November by a regular listener to Roberto Ortelli's Radio Padania broadcast, "Che aria tira?" ("What's Up?"). Ortelli has himself been campaigning for Glass-Steagall, and has interviewed Movisol's Gorini and Andrew Spannaus, and also *EIR*'s Jeffrey Steinberg on the danger of thermonuclear war. Caparini told Gorini at the end of the conference, that he felt strong pressure from the rank and file of his party, to act on Glass-Steagall, instead of limiting himself to such single issues as "keep taxes in the North," or gay marriage.

Since then, numerous listeners of the same radio show have sent letters to their political representatives demanding that they introduce a Glass-Steagall bill into Parliament. The campaign has gained steam on the Internet, emanating from the Movisol website, and going beyond supporters of the Lega.

There is increasing interest in Glass-Steagall from members and supporters of Beppe Grillo's Five Star Movement as well, despite the focus on superficial, populist issues at the top. Movisol is playing a key role in orienting a new political movement, the National Liberation Committee, to adopt Glass-Steagall as the leading proposal in its campaign to return Italy to economic and political sovereignty.

More such bills are to be expected at the Italian Parliament. Here is the text:

Chamber of Deputies

Draft Bill N. 488

By Deputies Caparini, Gianluca Pini, Giovanni Fava, Nicola Molteni, Massimiliano Fedriga, Matteo Bragantini, Paolo Grimoldi

Delegation to the Government for the Separation of Banking Models

Presented on March 22, 2013

Art. 1.

(Delegation to the Government)

1. The purpose of this law is to establish the separation between commercial banks and investment banks, protecting financial activities involving deposits and credit related to the real economy, from those linked to investment and speculation on the national and international financial markets.

2. The Government shall adopt, within twelve months of the entry into effect of this law and in accordance with the principles and criteria under Article 2, one or more legislative decrees containing rules for the separation of commercial banks and investment banks, prohibiting banks that accept deposits or other funds with obligation of return from carrying out any activities linked to the trading of securities in general.

Art. 2.

(Principles and Guiding Criteria)

1. The legislative decrees as per Article 1 shall comply with the following principles and guiding criteria:

a) the prohibition for commercial banks, i.e., banks that accept deposits from the general public, to carry out any activities linked to the trading and brokerage of securities, thus establishing the separation between commercial banking functions and investment banking functions;

b) the prohibition for commercial banks to hold equity stakes or establish partnerships of any kind with the following entities: merchant banks, investment banks, brokerage firms and in general all financial companies that do not accept deposits from the general public;

c) the prohibition for the representatives, directors, reference shareholders, and employees of merchant banks, investment banks, brokerage firms, and in general, all financial companies that do not accept deposits from the general public, to hold executive positions or controlling interests in commercial banks;

d) establishing a fair period, however, not more than two years from the issue of the first Act, as in the relevant paragraph, during which banks can solve incompatibilities as in the current draft bill;

e) establish a different tax regime for commercial banks and investment banks, in order to favor the former, considering their activity in support of the real economy and in particular in favor of small and medium enterprises.

Art. 3.

(Opinions of the Parliamentary Commissions)

1. The drafts of the legislative decrees pursuant to Article 1(2) shall be transmitted to the chambers of Parliament by the sixtieth day prior to the expiration of the term set for the exercise of the delegation under that same Article 1(2), for the opinion of the relevant Parliamentary Commissions, to be given within forty days of the date of transmission.

Art. 4.

(Entry into Effect)

1. This law shall enter into effect on the day after its publication in the Official Journal.