

Glass-Steagall Resolution Introduced in New York State

by Nancy Spannaus

June 3—If the state that harbors Wall Street demands the reinstitution of FDR’s Glass-Steagall banking law, can victory in Washington be far behind? It was with that thought of the strategic significance of New York State in the Glass-Steagall fight in mind, that the LaRouche Political Action Committee (LaRouchePAC) mobilized an onslaught on the Albany State Legislature over the last five months, with the determination to get a memorial introduced and passed.

On May 29, the mobilization scored its first victory, as Assemblyman Phil Steck (D-Schenectady) introduced K. 490, with 21 co-sponsors. The Memorial resolves that “the Congress of the United States be and hereby is respectfully memorialized by this Legislative Body to support H.R. 129, and enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall Act, prohibiting commercial banks and bank holding companies from investing in stocks, underwriting securities or investing in or acting as guarantors to derivative transactions, in order to prevent American taxpayers from being called upon to fund hundreds of billions of dollars to bail out financial institutions, as well as secure a safe American banking system, which can protect deposits, and supply needed credit for a productive economy.”

The co-sponsors for this call for a return to sanity now include three Republicans, and come from widely different constituencies from all over the state—from upstate, to the Hudson Valley, to Buffalo, to Westches-

ter County, and the boroughs of New York City. They also include eight committee chairmen: Agriculture; Small Business; Mental Health; Environmentalism and Conservation; Tourism; Children and Families; Alcoholism; Real Property Taxation.

The bill has been sent to the Banking Committee.

With the legislative session ending June 30, the bill’s supporters are continuing their offensive—always with their eyes on Washington, where only three New York Congressmen have so far signed on to H.R. 129.

The end of June deadline corresponds with the objective LaRouchePAC has set for the nation: Glass-Steagall or bust!

The People vs. Wall Street

While many New York Congressmen have begged off from co-sponsoring the Kaptur-Jones H.R. 129 on the excuse that their “constituency is Wall Street,” and that bankrupting the predator banks would hurt that constituency, the legislators encountered in Albany often had entirely different concerns. (And, ironically, since New York is the home of Wall Street, there is a higher recognition of how close the global casino is to another blowout.)

Unemployment, housing foreclosures, the collapsing health-care system, and crumbling infrastructure often topped the list—not to mention the fact that known criminals on Wall Street were getting away scot-free.

Youth unemployment in New York State, for exam-



LPAC/Chris Jadatz

LaRouchePAC and supporters carried out a months-long blitz for revival of Glass-Steagall, leading to the breakthrough in the New York Assembly. Now the drive to get a memorial passed by the full legislature is underway. Shown: LPAC organizing in Washington, D.C. January 2013.

ple, tops 35%. The huge number of housing foreclosures has led to whole neighborhoods being dominated by abandoned homes, setting up the basis for crime and blight. Hospitals are being closed around the state—including five in Brooklyn alone. The concern for the health crisis is fueling a move to institute a single-payer plan in the state; a resolution in the legislature has 87 co-sponsors, out of total of 178.

These real-life concerns for the welfare of the population are combined with consternation at the lack of leadership against the criminal “too big to fail,” “too big to jail” financial interests. In this context, there was enormous interest in the story of Ferdinand Pecora, the Sicilian immigrant from the Lower East Side who, as chief investigator for the U.S. Senate Committee on Banking and Currency, in 1933-34, brought before the public eye the pernicious practices of the leading money-center bankers, such as J.P. Morgan and National City Bank.

In the excerpt from Pecora’s 1945 book, which the organizers circulated, the investigator warned of the return of such practices, without public vigilance.

What the LPAC organizers made clear is that, just as Glass-Steagall brought those banks under control then, so it must be done again. Wall Street is a wholly owned subsidiary of the London financial empire which is out

to depopulate the world. To save the empire is to sacrifice the country. Yes, these bankers should be sent to jail—but the first step is to cut them off from government support.

Home of Hamilton...

LaRouchePAC organizers captured the attention and interest of many of the state legislators by stressing that New York has a historical tradition in favor of productive banking, not Wall Street: Specifically, it is the home of Alexander Hamilton and Franklin Delano Roosevelt.

They circulated several quotes from Hamilton, who was an opponent of Adam Smith, and who had called the idea that the economy could regulate itself a “wild speculative paradox.” As Hamilton put it in Federalist Paper No. 7, an unbridled spirit of enterprise leads to “outrages, and these to reprisals and wars.”

Hamilton’s economic vision was laid out in his *Report on Manufactures*, written for the Congress in 1791. There he attacked Smith’s free-trade ruse, and stressed the need to promote the productive powers of labor, noting as well: “To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients by which the wealth of a nation may be promoted.”

The third quotation the organizers circulated from Hamilton came from his first *Report on Public Credit* (January 1790), namely: “Persuaded as the Secretary is, that the proper funding of the present debt, will render it a national blessing: Yet he is so far from acceding to the position, in the latitude in which it is sometimes laid down, that ‘public debts are public benefits,’ a position inviting to prodigality, and liable to dangerous abuse, that he ardently wishes to see it incorporated, as a fundamental maxim, in the system of public credit of the United States, that the creation of debt should always be accompanied with the means

of extinguishment. This he regards as the true secret for rendering public credit immortal. And he presumes, that it is difficult to conceive a situation, in which there may not be an adherence to the maxim. At least he feels an unfeigned solicitude, that this may be attempted by the United States, and that they may commence their measures for the establishment of credit, with the observance of it.”

The lesson of that, of course, was that public credit must be dedicated to creating an expansion of physical wealth and progress, by which the credit extended can be paid back, with profit, not only for the lending institution, but for the society as a whole.

...and FDR

Of equal importance, of course, was the legacy of Franklin Delano Roosevelt, who put through the original Glass-Steagall bill to prevent the speculators from continuing to loot the nation’s economy and people—at the same time as he made credit available, through institutions such as the Reconstruction Finance Corporation, to create millions of jobs rebuilding the nation.

The organizers made use primarily of FDR’s 1933 First Inaugural address, in which he directly identified the causes of the catastrophe facing the nation as stemming from the “money changers” who had seized control of the nation. The quotes hit home:

“...the rulers of the exchange of mankind’s goods have failed, through their own stubbornness and their own incompetence, have admitted their failure, and have abdicated. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

“True, they have tried. But their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit, they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They only know the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.

“Yes, the money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of that restoration lies in the extent to which we apply social values more noble than mere monetary profit.

“Happiness lies not in the mere possession of

money; it lies in the joy of achievement, in the thrill of creative effort. The joy, the moral stimulation of work no longer must be forgotten in the mad chase of evanescent profits. These dark days, my friends, will be worth all they cost us if they teach us that our true destiny is not to be ministered unto but to minister to ourselves, to our fellow men.

“Recognition of that falsity of material wealth as the standard of success goes hand in hand with the abandonment of the false belief that public office and high political position are to be valued only by the standards of pride of place and personal profit; and there must be an end to a conduct in banking and in business which too often has given to a sacred trust the likeness of callous and selfish wrongdoing. Small wonder that confidence languishes, for it thrives only on honesty, on honor, on the sacredness of obligations, on faithful protection, and on unselfish performance; without them it cannot live....

“Our greatest primary task is to put people to work....

“And finally, in our progress towards a resumption of work, we require two safeguards against a return of the evils of the old order. There must be a strict supervision of all banking and credits and investments. *There must be an end to speculation with other people’s money.* And there must be provision for an adequate but sound currency” (emphasis added).

The Next Step

New York is now the 21st state in which a memorial for Glass-Steagall has been introduced. Memorials have been passed in four—South Dakota, Maine, Indiana, and Alabama. Intense efforts are going on to get action in the rest, and at least four other states which are still in session.

Meanwhile, Congress came back into session June 3, with H.R. 129 stuck at 63 sponsors, and no co-sponsors yet on Sen. Tom Harkin’s Senate bill S. 985.

While Congress fiddles, the London financial Empire is rushing to steal everything it can, using its Dodd-Frank “bail-in” model, in addition to bail-outs of various sorts. New bubbles are bringing the world system to the edge of a new blowout—and genocidal economic dictatorships are being consolidated in Europe.

The progress in New York State is an optimistic sign that victory is possible, but the opportunity must be seized *now*, or there may never be another chance.