

JPMorgan Smoked Out in Delaware, Lies About Glass-Steagall

by Steve Komm

June 20—A dramatic confrontation occurred today at the Delaware State Senate, in the nationwide battle for Glass-Steagall, as the mega-bankers' lobby emerged from the shadows.

The weekly meeting of the State Senate Banking Committee had listed three bills for discussion, the last of which was State Senate Resolution No. 8, in support of the Congressional resolution H.R. 129 to restore Glass-Steagall. The chairman announced at the beginning that this was not an official session, because they lacked a quorum (only two of the seven members were there, the others being tied up with other committees), but they would take testimony on the bills. The testimony on the first two bills was heard, and those interested in them left the room, leaving six or seven men at the back of the room. Meanwhile, the chief sponsor of the pro-Glass-Steagall bill, Sen. Bruce Ennis (D), came in from another meeting.

Senator Ennis briefly introduced his resolution, saying that Glass-Steagall had worked for 66 years, but was repealed by Congress in 1999, under pressure from the big banks, which wanted to make riskier investments. "We all know what happened next," he said, describing the crash, the bailouts since 2008, and the new plans for bail-ins, from Cyprus to America. Millions have lost their jobs, factories have been closed. He cited the support from national unions and experts, and prominent Delaware local officials, for restoring Glass-Steagall.

The bill is co-sponsored by 10 of the 21 state senators. The six Democratic sponsors include the current Majority Whip and former Majority Leader.

A local activist spoke briefly after Ennis, in support of the urgency of passing the resolution, saying she had been active on this issue for years.

Then the fireworks started.

A representative of the Mid-Atlantic Financial Services Association told the Senators that it would be unwise to pass this resolution, and that they should table it for extensive further discussion of the many factors leading to the crisis of 2008. He cited the large role of financial services in Delaware's economy.

Then the lobbyist for JPMorgan Chase came forward, to tell the senators "it would be *very inadvisable* for Delaware, of all states, to pass this resolution at this time." He said that JPMorgan Chase has created 26,000 jobs in Delaware, and contributes greatly to the state's economy.

Then came the first whopper: "Similar resolutions have been introduced in 17 states, but only passed in 3," he said. Clearly, since JPMorgan Chase is closely following the pro-Glass-Steagall resolutions (the up-to-date figure is that resolutions have been introduced in 22 states, and passed so far in 4).

As soon as he was done, the activist spoke up: "I strongly resent the banks using this tactic of intimidation. You sound threatening to me." The JPMorgan man shot back, "We banks in Delaware don't threaten anyone. We try to work with everyone."

Senator Ennis responded, "The banks in Delaware don't threaten. It's the ones elsewhere that do, that we have to rein in with Glass-Steagall." He then said, "This isn't me, this is the GAO, a government agency, that says the banks were bailed out for \$16 trillion—others say it was more." The Morgan man jumped in with his next whopper: "That was the TARP [Troubled Asset Relief Program]. That was all repaid with interest. It was one of the best investments the U.S. ever made."

Ennis replied, "The millions of factory workers who lost their jobs and the millions of homeowners who lost their homes, were never bailed out." He then described the huge amounts of bank deposits seized in Cyprus from accounts belonging to grocery stores, colleges, churches, etc., to "bail in" the bankrupt banks.

When a Republican state senator claimed that Glass-Steagall would never be restored, and wouldn't work, Ennis replied, "No matter what happens with this resolution, if there is a bail-in in Delaware, remember: On June 19, Senator Ennis warned you!"

Not one of the half-dozen bank lobbyists (whom observers said looked like a group of vultures) said one word to refute him on the plans of their own banks for bail-ins!