

Kaptur and Warren Agitate For Passing Glass-Steagall

by Nancy Spannaus

Sept. 24—LaRouchePAC organizers have repeatedly told Congress how to get out of the trap which the current hype around the debt ceiling, continuing resolution, and budget crisis represents: Reinstate Glass-Steagall and foreclose on Wall Street's phony debts, thus paving the way for restoring a credit system based on physical-economic growth. The next days ahead, as the phony crisis comes to a head, provide the perfect opportunity to act.

Three bills are before the House and the Senate for restoring FDR's Glass-Steagall: H.R. 129 in the House, and S. 985 and S. 1282 in the Senate. They provide the immediate handle for decisive action out of the disastrous choices being put before the Congress by both the Obama Administration and the Republicans. What's missing is the overwhelming popular pressure on Congress to act *now*.

Leaders Speak Out

Two of the Congressional leaders for restoring Glass-Steagall went on the public offensive last week, in the attempt to get action. This is a welcome, and absolutely necessary, show of aggressiveness on the decisive issue before the nation.

Rep. Marcy Kaptur (D-Ohio), the principal sponsor of the Return to Prudent Banking Act (H.R. 129) in the House of Representatives, gave a speech on the floor on Sept. 18, directly challenging her colleagues to join her in co-sponsoring the bill (see box). Seventy-five Congressmen have already co-sponsored the Kaptur bill,

with the most recent being Rep. Ann Kirkpatrick, a Democrat from Arizona. While only a few of the co-sponsors are Republicans, support for the reinstatement among Republicans nationally, as shown in the state memorials for Glass-Steagall, is huge, and growing.

Following an indictment of Wall Street for ripping off the American population, Kaptur concluded with a direct appeal for co-sponsorship, and the demand that "the Executive branch should prosecute the predatory practices of those institutions that have led to this harm to the American people. There should be no statute of limitations on the justice that is owed to the American people."

On the same day, the sponsor of one of the Senate bills, "The 21st Century Glass-Steagall Act," Sen. Elizabeth Warren (D-Mass.) sent out a mass mailing and wrote an op-ed motivating support for her legislation, which has nine co-sponsors. While also documenting the enormous ripoff carried out by the Wall Street banks, Warren chose to emphasize the danger of a new financial crash, which, as financial insiders attest, is already knocking at the door, as the leveraging of bad debt in the banking system is even larger than it was in 2008. "The 21st Century Glass-Steagall Act would reduce the risk of another crash," read the subhead on her article as published in the *Boston Globe*.

Warren used her op-ed to describe how her Glass-Steagall bill would "reduce risk in the system and dismantle the behemoths." While erroneously claiming

that the Dodd-Frank bill was a positive step toward financial reform (in fact, it was intended to stop the drive for Glass-Steagall in 2010, and mandates a “bank resolution” procedure that amounts to the looting of bank deposits to save the predator banks), Warren insisted that the battle for Glass-Steagall can be won today, in the same way that “David beat Goliath.”

During the days these Congressional leaders were addressing their colleagues on the real solution to the problem, LaRouchePAC organizers, led by the LaRouche Policy Committee, were holding meetings and buttonholing Congressmen on Capitol Hill, on the approach needed to deal with the financial crisis which is devastating their constituents. Glass-Steagall must be reinstated because it’s the necessary first step toward creating a thermonuclear-fusion-power economy, they emphasized—the kind of economy required to put both the United States and the world back on the path to economic progress.

Policy Committee members reported a particularly positive response to their “changing the subject” to the vision of what must be done, at the Congressional Black Caucus convention being held on Capitol Hill last week, as Congress members acknowledged that what is required is not a return to the “good old days” prior to the 2008 collapse, but a whole new economy, more like that which was last dominant in the United States under the Presidency of John F. Kennedy.

More Clarity Needed

The political and psychological meltdown of President Obama is clearly aiding the environment for forcing through Glass-Steagall in the short run, and this improved environment is evident outside Washington, as well.

Notable was the Sept. 18 op-ed by former Labor Secretary Robert Reich, now a professor at the University of California at Berkeley, who has supported the restoration of Glass-Steagall for years, but often expressed his view that it would not be politically possible. In this particular piece, written, as many others, on the five-year anniversary of the bankruptcy of Lehman Brothers, Reich took a more decisive tack.

“The gambling addiction of Wall Street’s biggest banks is more dangerous than ever... Legislation is needed, however, to resurrect the Glass-Steagall Act that once separated commercial banking from casino capitalism... So forget the Volcker rule. Just bring back Glass-Steagall. Congress should have an up-or-down vote on whether to bring it back, so that America

can see for itself which of our representatives are in the pockets of the Street.”

It is well known to Wall Street lobbyists, who, LaRouchePAC organizers report, can still be seen going from office to office on Capitol Hill to press their insistence that nothing be done to destabilize their flow of loot, that any such vote on Glass-Steagall would lead to its overwhelming passage—and doom for the predators’ looting game.

At the conclusion of the Sept. 23 Policy Committee discussion with Lyndon LaRouche, the centrality of the Glass-Steagall reinstatement once again came to the fore. “You can’t just have an idealized solution, but a concrete one,” LaRouche emphasized. And Glass-Steagall is an example of just that kind of concrete solution, which would represent a liberation of American citizens from their submission to “things as they are,” and raise the hope of returning to the American identity last seen in the Kennedy years.

Policy Committee member Diane Sare identified the stakes: “If Americans can liberate themselves to be Americans, this will have such a profound spiritual impact on the planet—particularly Western Europe as a whole—it could transform everything.”

It’s now on the agenda of those Americans prepared for fight for that transformation, to force through Glass-Steagall, as the gateway to a fusion economy.

Kaptur: Glass-Steagall To Rebuild the Nation

Rep. Marcy Kaptur (D-Ohio), sponsor of the Return to Prudent Banking Act, to restore Glass-Steagall, made the following speech on the floor of the House Sept. 18. Her bill now has 74 co-sponsors.

This week marks the meltdown of Lehman Brothers, the five-year anniversary of the greatest financial crisis in a generation, that struck our country. This economic disaster nearly caused the destruction of our country’s entire financial infrastructure, and led to what we now call the Great Recession.

However, Wall Street, during the past five years, has actually profited greatly from this crisis, and its profits have caused the continuing financial failures of millions of Americans. JPMorgan Chase, Bank of America, Citi-

group, Wells Fargo, Goldman Sachs, and Morgan Stanley have all reported record profits during the recession. Wall Street, in the past five years, has regained all of its pre-crisis wealth—with interest! Wouldn't the American people like to be in that position? Meanwhile, Main Street has yet to see a real robust recovery.

The roots of the recession began in the late 1990s, when a majority in this Congress first overturned something called the Glass-Steagall Act, which separated speculative banking from prudent banking, and then in 2000, refused to regulate the trading of derivatives, by hamstringing the Commodities Futures Trading Corporation and the Securities and Exchange Commission. Wall Street turned once stable investments into the toxic assets that brought down our economy. American taxpayers were then asked to bail out these same banks responsible for trashing our economy, and facilitating the single greatest redistribution of wealth from the poor and the middle class, to the rich, in our history.

Our middle class has shrunk. And guess what—the ranks of the poor shot up. It's no wonder people can't afford to pay for food. American citizens continue to struggle to recuperate their lost wealth from a clever banking system that stole their equity.

The Federal Reserve Bank of Dallas recently reported that the cost of the collapse to the U.S. economy was up to \$14 trillion. Is it any wonder we have rising debt levels? It could be more, when you factor in potential permanent losses in earning power by Americans who aren't paying taxes any more, because they're not working yet.

According to the Economic Policy Institute, from 2000 to 2011, the median income for working-age households, fell from approximately \$64,000 a year, to \$55,000. This is a decline of nearly 13%. The U.S. Census Bureau paints a similar bleak picture of the precipitous decline in American household income. It shows that the overall median income of households has continued to fall since the start of the recession, and now, people are earning—guess what—similar to what their median income was in 1988. They've lost decades of growth. Income inequality has only widened during the crisis. Only the top 5% of income earners in our country saw an increase in their earnings between 2010 and 2011. The top is doing fine; everybody else is not.

In addition, a GAO report earlier this year estimated that the total loss in household equity from the crisis, to be \$9 trillion. Those are some of your neighbors, and mine. What a property-taking that is!

Losses on this level prevent Americans from owning



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Rep. Marcy Kaptur

their own homes, opening their own businesses, or going to college, and ultimately creating their own American dream.

Meanwhile, on Wall Street, we see the enormous accumulation of banking assets, and vast financial power in a handful of institutions. JPMorgan Chase, Bank of America, Goldman Sachs—all of them—are making enormous profits, indeed, the highest profits in the nation, along with the oil companies. Fifteen years ago, the assets of the six largest banks were approximately 17% of Gross Domestic Product. Today, estimates for the assets of those same banks are equivalent to over half of our Gross Domestic Product. So six institutions—JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, and Morgan Stanley—control an enormous percentage of our banking assets, and, in turn, your future and our nation's future. That is too much power in the hands of the Big Six.

America is currently in the midst of the slowest recovery from a recession since World War II, and it's important that Congress not sit idly by. In the five years since the recession, we have only managed to put more money in the pockets of the top 1%, ignoring the difficulties of the bottom 99%.

One way to begin rectifying this situation, is to reinstitute the Glass-Steagall Act. Co-sponsor H.R. 129, the Return to Prudent Banking Act. And the Executive Branch should prosecute the predatory practices of those institutions that have led to this harm to the American people. There should be no statute of limitations on the justice that is owed to the American people.