

Bankers' Lobby Again Blocks Resolutions for Recovery

Aug. 23—Despite unprecedentedly broad support for the re-enactment of FDR's Glass-Steagall legislation, and a growing realization internationally that the trans-Atlantic system is on the edge of a blowout more serious than that of 2007-08, the Wall Street-controlled banking lobby once again succeeded in killing a resolution for Glass-Steagall at this year's Legislative Summit of the National Conference of State Legislatures (NCSL). The summit was held in Minneapolis Aug. 19-22.

Two legislators, State Rep. Andrea Boland (D-Me.) and State Sen. Perry Clark (D-Ky.), had introduced resolutions for the NCSL to call upon Congress to reinstate Glass-Steagall, and, in Clark's resolution, to go on from there to implement the four-part program which has been presented by economist Lyndon LaRouche (see *Documentation*). Both resolutions had been accepted and put on the agenda prior to the meeting.

Through a behind-the-scenes maneuver, Clark's resolution for "Returning the United States to a Constitutional Credit System in Order To Accomplish an Actual Economic Recovery" was ruled out of order, and thus never came up for discussion in the committees where it had been scheduled. A similar effort to rule the Glass-Steagall resolution out of order when it came up in the Communications, Financial Services, and Interstate Commerce Committee failed, but in the face of banker intimidation, the resolution went down to defeat on Aug. 19.

Attempt To Marginalize the Issue

On Aug. 21, LaRouchePAC's Bill Roberts interviewed Boland

on her fight for the Glass-Steagall resolution. He began by asking her about the response from the legislators to her initial presentation, which explained the need for Glass-Steagall and the mass support for it, including a petition that has been signed by some 600,000 Americans, and 162 constituency organizations, calling for its re-enactment. She responded:

"From the leadership of that committee, the Communications, Financial Services, and Interstate Commerce Committee, there was a very strong description of the bill, even opening up the discussion, as 'something that we've heard before'—being quite dismissive of it, just by virtue of the fact that it had been brought up last year. They were trying to marginalize this subject, and that was really all they said to marginalize it: 'We've seen this before, and we didn't get passage last year.' As if there were no point in bringing it up."



LPAC-TV

Bill Roberts of LaRouchePAC interviews State Rep. Andrea Boland (D-Me.), at the meeting of the NCSL in Minneapolis on Aug. 21. Commenting on how the bankers effectively arm-twisted legislators not to pass her resolution, Roberts said, "The important thing is that now the Congress has to hear from the people."

Roberts responded: "It's not as though this is some sort of arcane topic or something that you just picked up yesterday."

Boland replied: "It's been presented as a resolution in, I think, 26 or 27 states, and Maine is one where it was passed unanimously in the House and Senate. And what it does is to just separate the investment and the commercial banks, meaning that the commercial banks where people go for their mortgages and savings, and where businesses go to get loans to expand—and those deposits are protected by the FDIC—this has always been considered a *conservative* place to be, a *safe* place for your money. And the two types of banks were brought together, with the loss of Glass-Steagall over the years, and the termination of it in 1999.

"The removal of the barrier between that kind of banking, and banking that could invest in highly speculative derivatives that have virtually little value, except the hope of the person that is buying the paper, has made everything more fragile; it has made the deposits in these local banks less safe, and the community less safe. Because the investment banks are taking advantage of the FDIC's basic insurance of funds that were always thought to be just in these commercial banks, just keeping them safe, just guaranteeing regular people and regular businesses real investment in real things. But now extending that protection to speculative investments like derivatives and mortgage-backed securities.

"And I might say, coincidentally, this morning's news announced that Bank of America has just agreed to pay \$17 billion in fees, due to their fraudulent handling and dealing in such derivatives."

Distortion of the Democratic Process

Boland reported that the attempt to prevent discussion and a vote on her resolution failed. The ensuing debate was characterized by hysterical attacks on her and on Lyndon LaRouche, the latter, widely understood as the prime political force behind the movement for Glass-Steagall. Boland stood her ground, and insisted upon the necessity for reinstatement, buttressing her argument with relevant facts about the disastrous state of the banking system today. Nonetheless, the vote was overwhelmingly against the resolution.

Roberts commented that because of the heavy-handed influence of the bank lobbyists, the broad support for Glass-Steagall was not reflected in the vote. She replied:

"Oh, no, not at all! It really made me lose a lot of confidence in and respect for the NCSL, to tell you the truth. It appears that now it has become more of a place where the top priority is to satisfy the major donors. And there's nothing like big banks for major donors.

"I've experienced it in another aspect of the activities here also, where they try very hard to block discussion of serious issues and not let people feel comfortable engaging in a free-flowing, democratic type of conversation. I could sit at the table, and maybe there were 50 people there, and look around the table and see people that I *knew* were supportive of returning to a Glass-Steagall kind of policy. And they sat silent, rather than speaking up. That's the kind of behavior that comes from intimidation, whether it be by banks or just these puffed-up chairs of the committees, saying 'how absurd!' And people don't want to look like they're absurd.

"And I saw some of the material that the banks sent out. The Association of Virginia Bankers had quite a strong letter to their people, saying basically, this bill is no good.

"A distortion of the democratic process is what really took place here."

It's Time Congress Heard from the People

In his concluding remarks, Roberts emphasized that the bankers' power is now much diminished, in the face of the moves toward a new global financial architecture by the BRICS countries, and that the U.S. population has to act on the knowledge that the bankers are bluffing. "The important thing is that now the Congress has to hear from the people," he said.

Boland concurred, noting that she told the Committee that the so-called prosperity of the banks is coming from their having been propped up by the Fed for years. "They are just feeding off the public and sucking the economy dry," she said, and "I think the average person on the street understands that."

Now, it's time for that "average person" to act.

The Glass-Steagall resolutions in Congress command support from 11% of the Senate, and almost 20% of the House of Representatives. The idea that passage is "not practical" is thus more than absurd; it depends entirely on the fact that the Democratic and Republican Congressional leaderships are also kowtowing to Wall Street, refusing even to schedule hearings on the subject.

Those leaderships, however, can be changed.

Resolutions Submitted to NCSL Minneapolis Meeting

I. Glass-Steagall

Interstate Commerce Committee

Policy: Resolution to urge the Congress and the President of the United States to enact legislation currently before the Congress, that would reinstate the separation of commercial and investment banking functions previously in effect under the Glass-Steagall Act.

Whereas, from 1933-1999, the Federal Banking Act of 1933, known as the Glass-Steagall Act, protected the public interest in matters dealing with the regulation of commercial and investment banking; and

Whereas, the Glass-Steagall Act was repealed in 1999, contributing to the greatest speculative bubble and worldwide economic distress since the Great Depression of 1933; and

Whereas, the impact on the states has been intense and growing, as the loss of revenue due to unemployment and U.S. Federal Government cuts and sequester provisions, and increased demands on state budgets for compensatory payments, have put severe financial strains on states, counties, and cities; and

Whereas, the Federal Reserve has issued several trillion dollars in cash to the Wall Street banks to buy their devalued derivatives securities, and the banks have used this money to increase their speculation in similar derivatives; and this bailout has ironically resulted in a net decrease in real lending to businesses, state and city projects, only now approaching levels of 7 years ago; and

Whereas, state resolutions urging the U.S. Congress to re-enact the Glass-Steagall banking law have been introduced in 27 states, and have passed by large majorities in four; and on June 16th, 2014, 162 organizations representing millions of Americans sent letters to the U.S. Senate urging adoption of the 21st Century Glass-Steagall Act (S. 1282); and on July 9, 2014, a group of six institutions, including Public Citizen and Americans for Financial Reform, delivered petitions with almost 600,000 signatures to the Senate requesting the same action; and

Whereas, A bill to restore the Glass-Steagall framework, H.R. 129, has been introduced into the U.S.

House of Representatives by Congresswoman Marcy Kaptur and currently has 81 bipartisan co-sponsors; and a similar bipartisan bill, the 21st Century Glass-Steagall Act, has been introduced into the Senate, S. 1282, by Sens. Warren, McCain, King and Cantwell with 6 other co-sponsors; and a companion bipartisan bill in the House, HR 3711, introduced by Reps. Tierney and Jones, has 11 other co-sponsors;

NOW, THEREFORE: BE IT RESOLVED that the National Conference of State Legislatures urges Congress to enact the Glass-Steagall legislation currently before the Congress, that reinstates the separation of commercial and investment banking functions, prohibiting commercial banks and bank holding companies from investing in stocks, underwriting securities or investing in or acting as guarantors to derivatives transactions; and

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the President of the United States, to presiding officers of each house of Congress, and to each member of Congress.

II. Four Laws

Committees: Communications, Financial Services and Interstate Commerce

Natural Resources and Infrastructure

Policy: Returning the United States to a constitutional credit system in order to accomplish an actual economic recovery

Type: Resolution

Whereas, the indebtedness of the global financial system has increased since 2008, with 2014 derivative holdings increasing to \$1.9 quadrillion, creating the conditions for a financial breakdown far worse than the 2008 crash, it is urgent and necessary that Glass-Steagall be passed and implemented immediately; and

Whereas, a New Development Bank was just established by the BRICS conference of Brazil, Russia, India, China and South Africa, to capitalize great projects such as canals, high speed rail corridors, and nuclear power plants, in nations from South America, Asia, and Africa; and

Whereas, this approach to economic growth and scientific progress originated with the U.S. Constitutional credit system designed by Americas founders, including Alexander Hamilton and Ben Franklin; and

Whereas, an American economic recovery will require a return to the U.S. Constitutional provisions for national banking and federal credit under the authority of the U.S. Treasury Secretary, as done under the Ad-

ministrations of George Washington and John Quincy Adams, and Abraham Lincoln's "Greenbacks"; and

Whereas, under these Constitutional provisions, national credit will be made available for creation of productive jobs, restoring the dignity of our workforce, and restoring full funding to high-technology investments, fusion power research and a science-driver program for the economy; and

Whereas, overcoming the deficits of the past lost decades while preparing humanity for the challenges of the future on earth and in the Solar system are essential for our nation's future;

NOW THEREFORE BE IT RESOLVED THAT the National Conference of State Legislatures hereby calls upon the Congress of the United States to initiate the following four part program, to remedy the current crisis and launch a dramatic and durable economic recovery:

1. Re-enact Franklin Roosevelt's Glass-Steagall protections, including the bills now before the Congress (HR 129, S 1282), to eliminate the worthless assets on the books of the major US banks, which are dragging the economy into imminent evaporation;

2. Return to a national banking-and-credit system, modeled on the principles of the Alexander Hamilton Bank of the United States, the Reconstruction Finance

Corporation of Franklin Roosevelt, and the Greenback program of Abraham Lincoln. This approach restores to the Treasury Department its rightful Constitutional role as the generator of direct federal credit to urgently needed infrastructure and industrial and farm programs;

3. Use the Federal credit-system, to generate high-productivity trends in improvements of employment, with the accompanying intention, to increase the physical-economic productivity, and the standard of living of the persons and households of the United States. This will include the launching of a reconstruction of our water, power, transportation and all categories of infrastructure, including the deployment of nuclear power and high speed rail, as is being implemented throughout Asia, and now South America.

4. Launch a crash program to finally bring nuclear fusion on line; this technology has been languishing for lack of funding, but is the immediate driver for a solution to the need for cheap, limitless power, and the source of whole new categories of raw and man-made materials.

BE IT FURTHER RESOLVED THAT a copy of this resolution be sent to the President of the United States, to the presiding officers of each house of the Congress, and to each member of Congress.

REVIVE GLASS-STEAGALL NOW!



"The point is, we need Glass-Steagall immediately. We need it because that's our only insurance to save the nation.... Get Glass-Steagall in, and we can work our way to solve the other things that need to be cleaned up. If we don't get Glass-Steagall in first, we're in a mess!"

—Lyndon LaRouche, Feb. 11, 2013



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'Glass-Steagall: Signing a Revolution'

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