

Editorial

The Issue Is Glass-Steagall

Back in 1932-33, the famous prosecutor Ferdinand Pecora both stunned and aroused the American people, with his hearings into the gory details of the fraud and corruption of Wall Street banking institutions. With the light of “pitiless publicity” focussed on arrogant bastards such as J.P. Morgan and Thomas Lamont, President Franklin Roosevelt was able to ram through the raft of banking regulation, led by the Glass-Steagall Act, which kept the U.S. banking system functioning for the next 50 years.

It’s no surprise that many people are today comparing the relentless prosecution by Pecora, with the drive by the senior Senator from Michigan, Carl Levin, to get to the bottom of the criminality of Wall Street institutions such as Goldman Sachs, in creating the current financial breakdown crisis. Levin is systematically building his case against Goldman for its ripoffs of its clients, but it is crystal clear to everyone that the abuses he is discussing, riddle the deregulated financial system as a whole.

While it would be satisfying, and just, for individuals like Goldman Sachs CEO Lloyd “I’m doing God’s work” Blankfein to go to jail for their crimes, the larger issue is whether Congress will finally get the guts to junk the *system* that created this mess, and go back to the Roosevelt regime which worked so well.

One major problem arises immediately: While Pecora had the blessing of FDR, Senator Levin has a President whose philosophy is the very antithesis of FDR’s, the philosophy that the way to prosperity of Main Street leads through Wall Street. The American people see through such sophisms, but so far, the Congress has submitted shamelessly to a President who is owned lock, stock, and barrel by the British and their Wall

Street tools (including Goldman Sachs).

One conclusion is inescapable, and that is that President Obama must be gotten out of office, by impeachment or resignation.

The next step is that the Administration, and the Congress, move immediately to put the financial system in order through a Glass-Steagall reform, of the form that Lyndon LaRouche has repeatedly outlined. Let us repeat the principles again:

- First, there must be a sorting out of legitimate debt (related to the requirements of the physical economy’s functioning), as against the hundreds of trillions of dollars in casino betting debts. The latter claims should be deemed illegitimate, and sent into the deep freeze, if not cancelled outright.

- Second, the Glass-Steagall rule separating the operations of commercial banking (linked to the physical economy) from investment banking (speculation), must be put into effect, with protections from the Federal government reserved for transactions of the first type.

- Third, the U.S. government must get together with the other three most powerful nation-states—Russia, China, and India—to cast off the entire British globalized financial system, and establish joint Glass Steagall-style rules for cooperation among them, including fixed currency exchange rates, and arrangements for long-term, low-interest investments in infrastructure development, in order to start a real industrial recovery.

Nervous Nellies who have, up until now, been afraid to acknowledge that LaRouche’s Glass-Steagall approach is right, are finally beginning to speak up. Now we have to take it the next step: Impeach Obama and ram through Glass-Steagall now.