

is in the heart of the old anthracite coal country of north-eastern Pennsylvania, and is the hometown of the current speaker of the State House.

The resolution was adopted on the initiative of the Council president, a Republican, who has been closely following LaRouche since he was contacted around the HBPA in 2007. The Council passed an HBPA resolution at that time by a vote of 6-1. He reported that when he read the resolution at the meeting, council members and the audience, who had been visibly bored up to that point, suddenly came to life, and began vociferously agreeing as he read it, and the turned out to be 7-0 in favor.

The Council president told LPAC before the vote on the Glass-Steagall resolution: "I just recently figured out derivatives, and they have no place in our economy." He was responding to the scandal over derivatives that has erupted in Pennsylvania, after the state Auditor General released a report last November showing that 107 out of 500 school districts, plus 86 local governments and other agencies, such as the Turnpike Commission, have been bamboozled out of tens of mil-

lions of dollars by Wall Street firms which convinced them to engage in interest rate swaps. The scandal exploded after the Bethlehem-area school district admitted to \$10 million in losses, and was forced to raise property taxes. This is also a factor in the bankruptcy crisis facing the city government of the state capital, Harrisburg.

Nor is Pennsylvania unique in being victimized by these derivative looting instruments. The cities of Oakland, Calif. and Montgomery, Ala. have both undergone huge crises, as a result of being conned into taking out derivatives contracts that went bad, and cost them tens of millions—and vital services.

It's long past time that these "innovative financial instruments" were banned from U.S. banking—and solid commercial lending into the physical economy took its place. But, with the Congress largely bought off by the big-money class, it's going to take a citizens' revolution to get back to sanity. But, by all indications, the American population is ready for such a revolution—and if it listens to LPAC's leadership, it can prevail.

Emergency LPAC Resolution: Shut Down Derivatives Now!

Here is the text of the Resolution, titled, "To Save Our Nation Congress Must Pass Glass-Steagall and Shut Down Derivatives Now!"

WHEREAS, the leadership of the U.S. Senate has sabotaged the inclusion of the Cantwell-McCain Glass-Steagall amendment into the so-called financial reform bill, thus leaving our banking system vulnerable to the ongoing blowout of the world financial system, as such is anticipated by the current freeze-up of bank lending, and the 1,000 point "flash" drop in the U.S. stock market; and

WHEREAS, that same leadership, under pressure from the Obama Administration and Wall Street, has similarly removed any significant enforcement mechanism from that "reform" bill in respect to the trading of derivatives, and has given every indication, as of May 24, that they intend to *remove* the

Lincoln amendment which imposes restrictions on banks' trading in derivatives, from the bill entirely, during Conference discussions with the House of Representatives; and

WHEREAS, the re-imposition of the Constitutional Glass-Steagall principle that separates commercial from speculative banking, and the shutdown of the hundreds of trillions dollar derivatives casino—both measures which have been strongly promoted and supported by leading economist Lyndon LaRouche—are the indispensable, and inseparable, first steps for saving the U.S. economy, and creating the basis for the launching of a real economic recovery program based on massive infrastructure projects;

THEREFORE, be it resolved that

demands that Congress immediately act to pass the Cantwell-McCain Glass-Steagall amendment (or law), and to adopt measures which will lead to the shutdown of the derivatives market, starting with the Cantwell-Lincoln amendment to the Dodd bill.