

European Outcry For Glass-Steagall

June 19—In addition to the campaign for implementation of a Glass-Steagall-like separation of commercial and investment banking being waged by the LaRouche movement in Europe, there is an increasingly audible outcry for that reform of the bankrupt banking system from other sources on the continent as well. These calls for a Glass-Steagall reform make clear that Western Europe will be ready to fall into line with the United States, once the U.S. government is forced to restore the FDR-era banking regulation here.

On June 17, Sen. Oskar Peterlini introduced a resolution in the Italian Senate, calling on the government to adopt a Glass-Steagall type of separation of commercial banking and investment banking, and, in particular, to work to establish international agreements based on this principle.

The resolution stresses that speculative financial activity has dried up all of the capital for the productive economy, and that in the past two years, governments have simply bailed out those who have caused the problem. The resolution concludes by calling on the Italian government:

“to revise Italy’s banking laws, in particular as regards the separation between commercial banks and investment banks, for the purpose of guaranteeing that the issue and trading of financial securities, and especially all of those speculative instruments under the name of derivatives (futures, options, swaps, etc.) be completely separate from the ordinary activities (deposits and loans) of commercial banks, de facto restoring the firewall that, until the 1990s, protected ordinary financial activities from speculative operations;

“to act in all international venues to promote multi-lateral agreements which establish a return to such a separation of commercial banks and investment banks, thus favoring a climate for long-term investment in the real economy.”

Peterlini, who has previously campaigned for LaRouche’s New Bretton Woods system to be ad-

opted by the Italian government, joins two other prominent Italians in advocating the Glass-Steagall reform. The first was European Member of Parliament Cristina Muscardini, who has introduced a resolution in favor of Glass-Steagall into that body. The resolution is still awaiting debate. The second, was the head of the Lega Nord faction in the European Parliament, Mario Borghezio.

Borghezio called for a return to the principles of the Glass-Steagall legislation, in a speech in the European Parliament June 16. According to a release issued by his office, Borghezio asked whether “the decisions which the European institutions are taking to overcome the crisis are coming from the recent secret meeting of the Bilderberg Club, a meeting crowded with high-level European bureaucrats and political leaders. Instead,” Borghezio continued, “Europe should immediately go back to the principles of the Glass-Steagall Act, which is currently being hotly debated in the U.S.A., in order to separate, once and for all, commercial banks from speculative activity.”

Even the Bank of England...

Meanwhile, the debate in favor of the Glass-Steagall principle was raised in a full-page article published by the leading Swiss daily *Neue Zürcher Zeitung (NZZ)*, June 17. Karl Socher, professor emeritus of economics at the University of Innsbruck and a former official at the Austrian Ministry of Finance, endorses a re-institution of the Glass-Steagall system. Giving the example of the Swiss bank UBS, he writes that, had it been regulated under a separated bank system, UBS would never have become involved in purchasing U.S. subprime mortgages, which it did, and which caused it serious trouble. The *NZZ* article is an updated version of another article Socher had published in the Austrian news daily *Die Presse* on April 14.

One can also find an often-distorted discussion of Glass-Steagall in the current monetarist financial institutions in Europe—the European Central Bank, and even the Bank of England itself—a phenomenon reflecting the fear of some insiders that survival might require this measure. The dominant view, however, remains that which was reportedly communicated by the British Foreign Office to the U.S. State Department recently: that Glass-Steagall’s restoration would be seen as an act of aggression against the British imperial financial system. It is with that in mind, that others have heartily endorsed it.