Obama Blocked Move To Revive Glass-Steagall

April 4—Nearly one year ago, a handful of Congressmen and Senators made a serious effort to restore the Glass-Steagall Act, which would have stopped the bailout of Wall Street and returned to the FDR policy of promoting the real—not speculative—economy. But President Obama and his team of pro-British flunkies, notably Sen. Christopher Dodd (D-Conn.) and Rep. Barney Frank (D-Mass.), used brass-knuckle tactics to defeat that initiative. As a result, the U.S. economy is more bankrupt than ever; cities and municipalities are being forced to shut down vital services; and the Federal government is battling over how much more to slash from the budget.

Following an all-night House-Senate Conference Committee session which produced Wall Street's Dodd-Frank financial reform bill, Obama announced, on June 25, 2010, that the product represented 90% of what he had wanted. The bipartisan effort by Sen. John McCain (R-Ariz.) and Sen. Maria Cantwell (D-Wash.) to reinstitute Glass-Steagall's separation of commercial banking from investment banking, which was considered a sure win if it came to the floor, had been blocked.

Obama's insistence on smashing the Senate opposition on this question came straight from his British controllers.

Lyndon LaRouche had nailed the problem earlier, in a May 8, 2010 webcast. The political fight here in the United States, he said, "is really a British crisis, because the British system is about to blow!" And President Obama, a British puppet, stepped in to follow London's orders. "What the British fear the most," LaRouche said, "is a Glass-Steagall reform by the United States. If the United States adopts the Glass-Steagall reform, which is now being pushed, *then the British Empire is defeated, and we are saved.*"

A Threat from London

During the discussion period, a prominent American economist and supporter of Glass-Steagall told LaRouche about a recent event at the London School of Economics. "I happened to be sitting at the table with some officials from the British Finance Ministry," she said, "and the issue of Glass-Steagall came up. I was not necessarily surprised that my British friend might oppose it, but I was surprised when he informed me that *any move in the United States to re-adopt a Glass-Steagall framework would, in fact, be viewed as a hostile act* by Great Britain and by the nations of Europe. . . . He went so far as to say that someone from the British Foreign Office would be contacting their counterpart in the U.S. State Department to make this position clear."

Then on June 26, the day after the McCain-Cantwell amendment was defeated, LaRouche held another webcast, emphasizing that Glass-Steagall was still absolutely indispensable to emerging from the global crisis, despite the vote in Congress.

This time, a U.S. Senator responded by providing an inside view of the White House role in getting the financial "reform" bill that Wall Street wanted:

"Mr. LaRouche, I think it's very important that the people who are listening to your webcast understand exactly what occurred in the Conference Committee that produced this legislation. Because what is right now in the press is disinformation, because despite the overwhelming revulsion of the U.S. population to the bailout of Wall Street and of the banks, and despite the fact that our President said, repeatedly, that he would veto any measure that did not include reining in derivatives, the fact is, that exactly the opposite has occurred. And in fact, I do very much regret to report that it seems that the President is a liar.

"First of all, Senator Levin was employed to introduce the so-called 'Volcker Rule' as a substitute for a different amendment, which was the re-introduction of Glass-Steagall, as you well know. Now, Glass-Steagall was, without question, preferable, and the Volcker Rule was flawed. But, President Obama opposed Glass-Steagall, and claimed to have supported the Volcker Rule. But, even with all of its flaws, the Volcker Rule, originally, as Senator Levin introduced it, banned banks from using their own taxpayer-backed cash to speculate in the financial markets."

However, the Senate conferees reached a deal that the banks could invest up to 3% of their tangible common equity in hedge funds and private equity firms. A few hours later, after pressure from both the Administration and Wall Street, the loophole was extended even further, and the speculators laughed all the way to the bank.