

# Glass-Steagall Resolution Introduced in California

by Harley Schlanger and Nancy Spannaus

Aug. 6—California has become the 25th state in the nation in which a resolution has been introduced calling on Congress to pass Glass-Steagall legislation, which is now before both Houses of Congress. The measure, ACR 73, was introduced Aug. 5 by Assemblyman Roger Hernandez, a Democrat from Los Angeles, and, so far, has one co-sponsor. As a “concurrent” resolution, it can be brought before the Senate, as well.

In its preface, the resolution states that the “measure would urge the President and the Congress of the United States to enact federal legislation to protect the public interest by reviving the separation between commercial banking and speculative activity embodied in the Glass-Steagall Act.”

The action for Glass-Steagall in California at this time underscores the fact that LaRouchePAC activists and concerned citizens are not taking an “August vacation” as is the U.S. Congress, but are still on a full-fledged mobilization to save the nation from Wall Street’s murderous assault. The drive for passage of the Glass-Steagall resolutions in the Congress, which, at the time of recess, had 75 sponsors in the House (H.R. 129) and 9 in the Senate (S. 985 and S. 1282), is going to be expanded at town meetings, conventions, and every other opportunity around the country, in the period leading up to Congress’s return.

## What ACR 73 Says

In the following “Whereas” clauses, the resolution describes what Glass-Steagall did; that it was repealed

in 1999, which allowed commercial banks to engage in “speculative activity [which] worked against the public interest by placing the commercial banks themselves in financial jeopardy and contributing to the Great Recession”; states that Dodd-Frank “does not provide the same level of protection . . . as the provisions of the Glass-Steagall Act”; and that the “public interest will continue to be at risk until commercial banks are prohibited from engaging in speculative activity again.”

After identifying the U.S. House and Senate bills, the memorial has a “Whereas” clause which identifies the support for restoring Glass-Steagall from “diverse” groups and individuals, citing, among others, the AFL-CIO, American Federation of Teachers, and the International Association of Machinists; FDIC director Thomas Hoenig, former OMB director David Stockman; economists Luigi Zingales and Lyndon LaRouche; former Labor Secretary Robert Reich; and “various state legislatures. . . .”

The resolution is the result of months of mobilization by LaRouchePAC activists, who have also succeeded in getting 15 of California’s 53 Congressmen to endorse H.R. 129. Opposition is expected to be intense, since the weighing-in of the nation’s largest state for the bill will significantly increase its momentum. Already, Wall Street bankers are getting more and more aggressive in seeking to squash the Glass-Steagall movement around the nation, as seen in Delaware, Louisiana, and Washington, D.C., in particular. The office of the California sponsor has already received calls from bankers demanding the resolution be lifted—to no avail.

## Shattering the Myth

That this resolution was introduced demonstrates that the line, that “California is back,” which is being spread due to the “achievement” of a “balanced budget” pushed through by a Democratic Party supermajority in the legislature, is recognized as a fiction. The state, like the rest of the nation, is suffering from an accelerating collapse in agriculture and manufacturing. This collapse was purportedly “overcome” in the budget by the combined effects of a short-term revenue increase related to capital gains from the stock market bubble, which is unsustainable, accounting gimmicks, and the cumulative effects of more than \$100 billion in cuts, especially in life-saving social programs, over the last decade.

The fact that the part-time, temporary and low-wage jobs created by this “recovery,” combined with “green” spending, represent no alternative to national action, has been acknowledged by many in the legislature, who agree that federal action, beginning with passage of Glass-Steagall, is a necessary pre-condition for a real recovery of the state, and national, economy.

Indeed, the case of Detroit, where public workers’ pension funds are threatened with confiscation to pay fraudulent debts to the banks, has spurred political leaders everywhere to take another look at Glass-Steagall, since the Administration-pushed “alternative,” Dodd-Frank, prescribes precisely this kind of “bail-in” in favor of the banks, over the welfare of the citizens.

## National Action

On Aug. 2, the National Caucus of State Legislatures, a bipartisan organization of all state legislators and staff, released its official Policy Directives and Resolutions for its upcoming annual National Legislative Summit (Aug. 12-16 in Atlanta), with a Glass-



EIRNS/Sylvia Rosas

*The introduction of ACR 73—a resolution in support of Glass-Steagall—makes California the 25th state in the nation to demand that Congress reinstate the FDR-era bill. Here, LaRouchePAC organizing in Camarillo, Calif., July 26.*

Steagall resolution on the agenda.

The NCSL Glass-Steagall resolution was introduced by Delaware State Sen. Catherine Cloutier, and will be heard by the Communications, Financial Services and Interstate Commerce Committee. Cloutier, a Republican, was one of the 10 co-sponsors of Delaware’s own Glass-Steagall resolution, S.R. 8. On June 20, during a hearing in Delaware’s banking committee, several lobbyists for JPMorgan Chase and other financial institutions appeared, threatening the legislators not to move forward with the passage of this non-binding state resolution.

The NCSL summit may become America’s “Second Crossing of the Delaware,” deciding whether America returns to its founding economic principles, or finds itself deliberately destroyed by a bankrupt Wall Street.

While most state legislatures are currently out of session, most, for the rest of the year, the fact that Members of Congress traditionally begin their drive for re-election at this time, means that there will be many town meetings and assemblies in August that will give citizens access to their elected representatives. There, the confrontation which began in Washington, D.C., during the three weeks of action led by the LaRouche Policy Committee in July, will continue, as Congress will be forced by their constituents to choose between submitting to Wall Street’s dictates, and taking the crucial first step toward a real recovery by fighting for immediate re-installation of Glass-Steagall.

The urgency of that fight is underscored daily, by the increasing immiseration of the population, and collapse of production, not only in the United States, but globally. Letters from political leaders around the world continue to come into Washington, making precisely that point.