

French, German Politicians Lead Effort To Expand Support for Glass-Steagall

by Our European Bureaus

Oct. 5—Eight French and German elected officials came together on Sept. 28 in the small city of Chamouille in northeast France, to discuss furthering the European campaign for Glass-Steagall and national sovereign development, which had been launched at a similar meeting in Arzviller, France on Aug. 10. At that meeting, French and German elected officials, after a discussion led by former French Presidential candidate Jacques Cheminade and Schiller Institute founder Helga Zepp-LaRouche, issued the Arzviller Declaration, which included the following:

“We believe the first step to be taken is to separate banks in order to prevent the financial criminals from doing further damage, because they know the state will protect them. This is known as the principle of the Glass-Steagall Act of Franklin D. Roosevelt, which we also had in Europe after 1945.

“At the same time, to jump-start our economies, we call for massive long-term investment projects, based on developing man and nature, from the Atlantic to the China Sea, through an understanding based on mutual development among sovereign nations. The issuance of credit by national banks will allow us to control our future.”

The Arzviller Declaration is being circulated throughout Europe, and presently has been endorsed by ten mayors and municipal councilors from France and four from Italy. In addition, in France, over 250 mayors have signed a separate call by Cheminade for the implementation of Glass-Steagall, as they understand very well that their local problems are ultimately due to the bankruptcy of the entire financial system. Various French municipalities are considering passing resolutions calling on their national parliamentarians to pass a Glass-Steagall law.

Parliamentarians Take Action

A few days after the Chamouille meeting, two French Members of Parliament went public to support the fight for Glass-Steagall. Senator Pierre-Yves Collombat and Deputy Eric Alauzet, both of whom fought against the

phony banking reform imposed by the French government, to replace it with true Glass-Steagall banking separation, decided to write to U.S. Sen. Elizabeth Warren (D-Mass.), sponsor of Senate bill S. 1282, and U.S. Rep. Walter Jones (R-N.C.), a co-sponsor with Rep. Marcy Kaptur (D-Ohio) of H.R. 129, to express support for a new Glass-Steagall Act. They called on the U.S. Congress to urgently pass it, as it is the only chance to trigger a change from the economic and financial disintegration now gripping the United States and Europe.

The parliamentarians' letters were released on Oct. 3. We reproduce them here.

Sen. Pierre-Yves Collombat (France)

Dear American colleagues,

I am writing this letter to both of you, leading representatives of the American people, as a French Senator who has been fighting very hard here to get a vote in favor of a French version of the Glass-Steagall Act, a true banking separation. For the time being, I have failed, and my elected colleagues have decided instead to enact a visual illusion incapable of facing the economic challenge of our dangerous and confusing times.

Therefore I come to you, in the United States, fully aware that your Dodd-Frank Act is no better than our own new law, and knowing that both of you are very courageously fighting for the Glass-Steagall principle. It would help us if you succeed there. Moreover, we are fully aware in Europe that “Glass-Steagall” should be a global principle, carried out in all countries of the world. Roosevelt enacted it in the United States, and we had a comparable law here, after World War II. But since then, Wall Street and the City of London, along with their financial and political collaborators here, have dismantled a system contrary to their interests, provoking a crisis potentially more dangerous than that of 1929 because this time it is global. That is why the Glass-Steagall principle should also be global and our fight a common one.

I know that you personally do not need my support,



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The BüSo party (LaRouche movement in Germany) organizes for Glass-Steagall-type reform in Frankfurt in August.

but I am convinced that this letter, coming from France, may help to convince your colleagues both in the Senate and the House of Representatives. Feel free to make the best use of it!

The world needs a change of direction, towards the common good and the service of our future generations. This is an emergency situation, and my hope is that you in the United States are going to fight here and now, because if we fail times of chaos, confusion and destruction are what we face. All my best for both of you, from across the Atlantic,

Pierre-Yves Collombat
French Senator from Var Département

Deputy Eric Alauzet (France)

Dear American colleagues,

I want to express my interest and support for the courageous fight you are leading in the American Congress to reinstate the Glass-Steagall Act of F.D. Roosevelt. This fight will be decisive not only for the American people, but also for us in Europe, as we are facing the same international financial system and its predatory logic.

I am part of the few elected representatives who have been fighting here in the French Parliament for a true separation of banks, with an amendment to transform the banking reform of our government into a French version of the Glass-Steagall Act. However, I

have failed in getting the votes for the time being, while the banking reform that has been adopted instead, like the Dodd-Frank Act in the United States, is not sufficient to protect the people and the economy from the devastating consequences of the next financial crash.

In fact, most of my colleagues are intimidated by the warnings from financial experts who claim that if the French or European banks were subjected to a Glass-Steagall principle, they would not remain competitive with the American ones. That is why a joint effort across the Atlantic Ocean is so needed if we really want to shut down the casino of Wall Street, the City of London, and all the offshore financial centers. I truly consider our fight to be a common one.

I know you are urging your colleagues to support your bills S. 1282 and H.R. 129. Please, feel free to use this letter to convince them. Hoping they realize that when the world economy desperately needs to recover its sanity,

passing your bill becomes an emergency.

Yours sincerely,

Eric Alauzet

Member of Parliament from Doubs Département
Member of the Finance Committee

Others Speak Out

Thanks to the activity of the LaRouche political movement, joining with patriots of other nations, support for Glass-Steagall is growing in smaller nations as well. In addition to the dramatic fight going on within the Swiss parliament (see *EIR*, Sept. 20), a Spanish mayor has committed to sign. Politicians in Belgium are also supportive of real bank separation.

The Prime Minister of Belgium, Elio di Rupo (Socialist), in response to a demand from the Belgian LaRouche Movement Agora Erasmus, that he clarify his position on Glass-Steagall-type legislation, sent a letter in which he indicated both his great interest in the issue and great fear of moving ahead before any other country, especially the United States, moves in that direction. Several proposed laws for banking separation have been introduced and stymied in the Belgian parliament for years, and di Rupo's previous prime minister-ship (2011) tried and failed to enact such a law. The letter reads in part:

Belgium, The Prime Minister, August 29, 2013

Regarding: A new Glass-Steagall
Mr. President [of Agora Erasmus]

I took full notice of your letter informing me about the bipartisan Congressional bill [Warren-McCain] aimed to reinstate in the United States a law introducing a strict separation between deposit banks and investment banks, on the model of the Glass-Steagall Act.

I am not unfamiliar with such a proposal. As you recall in your own letter, I myself favor the separation, as much as possible, of the activities of deposit banks from speculative activities, in order to minimize the threat of a new banking crisis.

MP Bruno Tobback (Belgium)

More outspoken is Member of the Belgian Federal Parliament Bruno Tobback, the president of the Socialist Party of Flanders, and the Minister for Environment and Pensions (2004-07). Tobback issued an open letter to all members of the U.S. House and Senate on Oct. 1, in which he called on them to reinstate Glass-Steagall banking separation “as soon as possible.” The full text is included here.

Dear Members of the United States Senate and House of Representatives,

In July 2013 Senators Ms. Warren, Mr. McCain, Ms. Cantwell and Mr. King introduced a bill, “The 21st Century Glass-Steagall Act of 2013.” Our party is very pleased to hear that the United States is considering reinstating the separation of commercial and investment banking.

Five years ago, Lehman Brothers collapsed. Since then, nothing has fundamentally changed in the banking system. This is evident from the fact that many banks are still gambling with our savings and their casinos have far from closed. This has to stop.

The financial crisis has cost the European Union EUR1.6 trillion (13% EU GDP), EUR1.080 billion of which went for guarantees, EUR320 billion for recapitalization measures, EUR120 billion for impaired assets, and EUR90 billion for liquidity measures. The European Commission required substantial restructuring of banks receiving aid, including cutting of certain activities, to ensure their future viability without further public support, and to offset distortions of competition caused by the subsidies received. Still, the system re-



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The Solidarity & Progress Party in France organizes for banking separation, July 2013 (the sign on the right reads: “Without banking separation, theft becomes legal”).

mains a threat to society and people’s savings.

The objective of all banking structure reform must be to deliver a safe, stable and efficient banking system that operates in a competitive market economy and serves the needs of the real economy and consumers. Banks need to stimulate economic growth by supporting the provision of credit to the economy, in particular to SMEs and start-ups, provide greater resilience against potential financial crises, restore trust in banks and change the banking culture. The separation of banks is the most effective way to make this happen.

Banking structures need to be simpler and more transparent. Investment banks should no longer work with savings. Commercial banks, on the other hand, should focus on providing basic banking services. Hence, those banks will be smaller and less expensive to save. Moreover, going back to the core business will improve the quality of basic banking services. Finally, splitting banks means fair competition and more breathing room for smaller commercial banks. What are politicians waiting for?

It is clear that in the coming years, efficient regulation of the financial sector should finally be on the political agenda, including in the European elections in 2014. We therefore ask you to reinstate the separation of commercial and investment banks as soon as possible, giving the European Union the courage to do the same.

Sincerely,

Bruno Tobback

President of the Flemish Socialist Party