

Glass-Steagall Drive Spreads Nationwide

Special to EIR

Feb. 24—Three new memorial resolutions for Glass-Steagall were introduced into state legislative bodies over the last two weeks, bringing the total number of states in which such memorials have been filed during 2014 to 10. The pattern shows a substantial increase in the number of sponsors, and breakthroughs into new states which had not been among the 25 that saw resolutions introduced in 2013.

The motion reflects the fact that state legislators are not insulated (as Members of Congress tend to be) from the worsening conditions afflicting their constituencies, who are not buying any of the official propaganda about a “recovery” of the U.S. economy, now supposedly in its fifth year. Rage at Wall Street is growing across the United States—and LaRouchePAC organizers have made it clear that the way to stop Wall Street’s looting is to enact President Franklin Roosevelt’s 1933 Glass-Steagall law once again.

In fact, the urgency for the reinstatement of Glass-Steagall, which was killed in 1999, is even greater than most of the legislators realize. The Wall Street/London-centered banks which caused the 2008 crash to begin with, have not only *not* reformed, but have escalated their binges of speculation to create ever-more-unpayable debts, along with the looting of living standards. *All the major trans-Atlantic banks are bankrupt and scrambling to survive*—which is why not only are the banks fighting Glass-Steagall’s reinstatement tooth and nail, but the London royal oligarchy is pushing for confrontation with Russia, even potentially to the point of thermonuclear war.

The States in Action

Over the last two weeks, memorials for Glass-Steagall have been introduced in three more states: Kentucky, West Virginia, and Massachusetts. In Maryland, where a House resolution (HJR 8) had been put in on Feb. 6, with 50 sponsors, a companion bill (SJ8) was introduced into the Senate on Feb. 11. The official synopsis describes it as “Urging the United States Con-

gress to support efforts to reinstate the separation of commercial and investment banking functions in effect under the Glass-Steagall Act and to support H.R. 129.” The Senate bill has six sponsors, all Democrats from Prince Georges County or Baltimore City/County.

On Feb. 12, Democratic State Senator Perry Clark introduced SCR 149 in the Kentucky State Senate, a resolution which calls on Congress to reinstate Glass-Steagall.

That same week, in West Virginia, an updated, bipartisan resolution, “Respectfully urging Congress to reenact provisions of the Glass-Steagall Banking Act,” was introduced by Rep. Mike Manypenny, with 49 co-sponsors, 37 Democrats and 12 Republicans. By comparison, last year’s resolution had 32 co-sponsors. Five of last year’s signers did not sign on this time, and one has left office, meaning that there are 23 new names. The number of Republicans has more than doubled. The House is controlled by the Democrats (as are the Senate, and top statewide offices). Of the Democratic House leadership, three of the four top officers are co-sponsors (Speaker pro-Tempore, Majority Leader, and Majority Whip), as well as six of the ten Assistant Majority Whips.

The tenth state to consider a Glass-Steagall memorial is Massachusetts, where S 1824, dubbed the “Millbury’s Citizens’ Petition, Resolution Urging Congress to Enact Glass-Steagall,” will be heard at the Massachusetts State House Joint Committee on Financial Services on Feb. 26. All Massachusetts citizens are invited to attend.

This resolution, [S 1824](#), was first passed at a Millbury town meeting, by a gathering of 500 citizens lead by activist Terry Dotson (now a candidate for State Representative) early last Summer, and forwarded to the Statehouse by her local State Representatives. During the Fall, the chairs of the respective Rules Committees of the Senate and the House cleared it for consideration by the legislature at large.

A Glass-Steagall resolution passed in Massachusetts would carry tremendous weight, but even an honest debate in the Statehouse on the future of the nation will be extremely important. Citizens are permitted to make three-minute statements, and submit written testimony to the open hearing.

A Non-Partisan Issue

As in 2013, the pattern of support for reinstating Glass-Steagall crosses party, and even class, lines. On



YouTube

Of all people! Billionaire speculator Carl Icahn, on Feb. 11, called for a return to Glass-Steagall, in a TV interview: “A lot of my friends at these investment banks are going to be real mad at me for saying it, but I really think that was one of the problems in ‘08.”

what other issue could you get former Clinton Labor Secretary Robert Reich and billionaire takeover artist Carl Icahn to agree?

Reich, of course, has been a longtime, if pessimistic, supporter of Glass-Steagall. But then on Feb. 11, Icahn, a well-known, veteran investor and speculator in corporate equity and debt, called for the restoration of the Glass-Steagall Act, in a televised interview with Fox Business News.

“I think what they should do is go back to Glass-Steagall,” Icahn said. “A lot of my friends at these investment banks are going to be real mad at me for saying it, but I really think that was one of the problems in ‘08.”

Icahn is not the only top-level financier to support a return to Glass-Steagall. Others are the self-described slayer of Glass-Steagall Sandy Weill, and former Citibank Chairman John Reed, and, perhaps most notably, the City of London mouthpiece, the *Financial Times*.

What the Repeal Did

While the Obama Administration and top Wall Street spokesmen deny it, it has been thoroughly documented that Glass-Steagall’s repeal in 1999—a repeal taken by President Bill Clinton under the pressures put on him by the British intelligence operation aimed at destroying his Presidency through a sham impeach-

ment—was an absolutely crucial step in causing the crash of 2007-08. The famous Angelides Report of January 2011, among others, demonstrated how the bill that was passed to kill Glass-Steagall, Gramm-Leach-Bliley, eliminated the last barriers to a level of speculation which led to the devastating crash.

In a lengthy article in *Rolling Stone* Feb. 12, Matt Taibbi amplified the picture of what Gramm-Leach-Bliley did, showing that the legislation contained a number of hidden “time bombs” which have since gone off, and destroyed the availability of essential commodities such as aluminum, electricity, oil still in the ground, the tankers that move it across the sea, the refineries that turn it into fuel, the pipelines that deliver it; and zinc, copper, tin, nickel, natural gas, and precious metals. Taibbi called Gramm-Leach-Bliley “one of the most transformative laws in the history of our economy—a law that would make possible a broader concentra-

tion of financial and industrial power than we’ve seen in more than a century.”

The “explosive” part of Gramm-Leach-Bliley was that it legalized new forms of monopoly. The law also contained a provision which permitted commercial banks to go into any activity that is “complementary to a financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally,” Taibbi says, and quotes University of North Carolina Law Prof. Saule Omarova, who says that from the standpoint of the banks, “pretty much everything is considered complementary to a financial activity.”

Banks that owned chains of business interests have been caught rigging prices in those industries; e.g., JPMorgan Chase and Barclays have been fined \$400 million for allegedly manipulating the delivery of electricity in California and elsewhere.

Another time bomb introduced by Gramm-Leach-Bliley was its “grandfather clause,” which said that any company that became a bank holding company after the passage of the law in 1999 could engage in, or control shares of a company engaged in commodities trading. No one is clear on what this “grandfather” clause means; e.g., in 2012, the Federal Reserve Bank of New York—the most powerful branch of the Fed, and primary regulator of these matters—wrote, “The legal scope of the exemption is widely seen as ambiguous.”