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# Economics in Brief

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## Dutch Newspaper Promotes Return to Glass-Steagall

July 11—In an article titled, “Problematic Choice: Commercial or Merchant Bank,” in the Dutch news daily *Trouw*, Jan Kleinnijenhuis wrote that the profit drive and the general welfare cannot exist under one roof. Nor will the “softer” alternatives to Glass-Steagall, such as the British ring-fencing or the Dutch interminable talk shop in the parliament, work, he said.

Pointing out that since Barclays is not alone among the banks being exposed for their Libor crimes, Kleinnijenhuis asked the rhetorical question: “Can or may the banks continue?”; he concluded that nothing other than Glass-Steagall will work. He said that the call by the *Financial Times* for Glass-Steagall means that the City of London has concluded that a strict separation between the commercial and merchant banks is now inevitable.

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## Brits’ Strategic Message With Glass-Steagall Move

July 8—The July 7 column in support of Glass-Steagall in the London *Telegraph* by Prosperity Capital Management chief economist Liam Halligan, is notable for giving a strategic account of the turning point in history now arrived. Halligan also, like Lyndon LaRouche, makes clear that the Glass-Steagall policy will take away a lot of power—and a large amount of “big money”—from bankers on Wall Street and in the City of London.

Entitled, “Liborgate could trigger crucial banking reform,” Halligan’s column calls for a new policy. “Finally, the British political classes are starting to get it. Finally, a head of steam is building. Over the past week, calls to impose a proper division between investment and commercial banking have become louder, more authoritative and part of mainstream debate. Pressure for the introduction—or reintroduction—of this

crucial split could soon become irresistible, however much the politicians wiggle and the investment bankers deceive.

“Until now, it’s been mainly nerds like me who have advocated a full Glass-Steagall separation. Given the vested interests that would lose from this change, we’ve been lampooned for our hot-headed views.

“Yes, our message is awkward. Life would become difficult (and less lucrative) for a lot of powerful people, were we to prevail. Yet we Glass-Steagallers are right. We have history, logic and common sense on our side. And now—thanks to Barclays’ ex-CEO Bob Diamond, and Liborgate—we also have political momentum....”

Halligan reviews all the prominent Britons who have suddenly come out calling for Glass-Steagall, and demands that Liberal or Labour MPs introduce it immediately: “This split needs to happen and someone needs to get it done. There really is no alternative.”

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## Brit Glass-Steagall Calls Invoke Franklin Roosevelt

July 7—Two of the many more calls for Glass-Steagall emanating from Britain in the aftermath of the Barclays Libor scandal, invoke the model of Franklin Roosevelt, underscoring Lyndon LaRouche’s contention that the endorsement of Glass-Steagall by the British financial elites is a message intended for him personally, since LaRouche is known for his repeated emphasis on the FDR precedent.

In the first, Oxford physics Prof. Gerald Elliott, in a letter to the editor to the *Independent*, suggests that Labour Party leader Ed Miliband announce that, as prime minister, he would at once bring in a British version of the Glass-Steagall Act. “The prestige of Roosevelt is palpable and the history of the 70-plus years of financial stability after the Depression is compelling,” he wrote.

The *Daily Mail*’s Dominick Sand-

brook also invokes FDR as a “good model.” “When he became U.S. President in 1933, the economy was in ruins and there seemed a genuine chance that an anti-capitalist demagogue might capture the imagination of the American people.

“Roosevelt’s historic contribution was to rekindle ordinary people’s faith in capitalism. As soon as he took office, he passed the Glass-Steagall Banking Act, limiting excessive bank speculation and effectively insuring most people’s bank deposits. A year later, he set up the Securities and Exchange Commission (SEC) to end the culture of corporate abuses in the stock market.

“Not surprisingly, there were howls of outrage from Wall Street. But in the following decades, many of its excesses having been eliminated, Western capitalism boomed, allowing ordinary Americans to enjoy the new comforts of an affluent society.”

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## Financial Times: Sadly, Mr. Miliband Remains Vague

July 10—As part of its campaign for Glass-Steagall, the *FT*, in an editorial today, criticized Labour Party leader Ed Miliband’s policy statement in reaction to the Libor scandal, stating, “Sadly, Mr. Miliband remains too vague on one of the biggest questions: Whether to force an outright Glass-Steagall type separation of retail from investment banking. This would go further than what was advocated by the Vickers Commission and has been adopted by the government. It is now clear that ring-fencing is not enough.

“The LIBOR scandal demonstrates that Britain needs a cultural as well as a policy revolution in banking. After a week of skirmishing Britain’s leading parties should show they have understood what is at stake.”

In his statement, Miliband said that the Vickers Commission and its ring-fencing was only the starting point of Labour’s bank-reform policy, but mentioned nothing about Glass-Steagall.