

# The Deadline for Reinstating Glass-Steagall Is Upon Us

by Nancy Spannaus

June 17—“Our job is to *defend the people of the United States*, the United States and its people! The present government is destroying the people, destroying all their rights, taking all their rights away. *Killing them!* And our government can do nothing to defend the lives of our people, against these swindlers, the greatest swindlers known to mankind. They should be *bankrupted!* And there’s only one way to do it: Pass Glass-Steagall now. Any member of Congress who is not voting for Glass-Steagall’s immediate installation is a *coward, and a traitor.*”

That was the way Lyndon LaRouche discussed the necessity for immediate action in the U.S. Congress, during his weekly [webcast](#) on June 14. There is no way to pay the hundreds of trillions of dollars in debt that is being generated by the money economy, he stressed; to try to do it is to kill people en masse—and that is precisely what is presently being done. There can be no delay in reinstating FDR’s 1933 law, he said.

In fact, the time is extremely short. Congress is scheduled to be in session until the end of June, after which it goes into a Fourth of July recess, and then comes back for a very short period before a planned August recess. The Congressional leadership, both Obama’s Democrats and the Republicans, is wildly misdirecting the attention of the Members away from the one matter—other than impeachment of the President—which would make a positive difference in the lives and the future of the American people: Glass-Steagall.

## Congressional Stalemate

Over the last few weeks, despite intense activity by LaRouchePAC and its supporters, the addition of new signers on the Glass-Steagall resolutions in Congress, H.R. 129 and S. 985, has slowed to a crawl.

Since Sen. Tom Harkin (D-Ia.) introduced the Senate bill May 16, no Senators have co-sponsored, and only one Representative has signed on to H.R. 129, Rep. Cynthia Lummis (R-Wyo.), on June 14. Pressure against moving forward on this bill is intense, as reflected in the fact that legislation in the opposite direction, such as lifting all regulation on the foreign trading of derivatives (H.R. 1256), is being rammed through with super-majorities. And in fact, more than a handful of Representatives who have endorsed H.R. 129, were stampeded into supporting this bill, which defends the derivatives that Glass-Steagall’s reenactment would wipe out.

Those who have led the effort for Glass-Steagall in Congress have made clear that they are standing on principle. [Interviewed](#) by examiner.com journalist Kenric Ward on the occasion of the 80th anniversary of the passage of Glass-Steagall (June 16), Senator Harkin said: “As one of eight senators to vote against repealing Glass-Steagall in the first place, I am proud to offer legislation to reinstate Glass-Steagall. The sensible regulations provided for by the Glass-Steagall Act protected our economy for over 60 years, during which time the United States rose to prominence as the world’s largest economy. It is clear from recent history that repealing

this Act was a mistake that made our financial system riskier and left our economy vulnerable.”

Ward also interviewed Rep. Walter Jones (N.C.), the Republican who co-sponsored H.R. 129 with Democrat Marcy Kaptur (Ohio). He told the Examiner: “Allowing commercial banks—with access to the Federal Reserve discount window and deposit insurance guarantees—to enter the Wall Street casino means they are gambling with taxpayers’ and depositors’ money. That is wrong and it needs to end.”

But it’s going to take an upgraded effort from citizens themselves, to convince more Congressmen to act with such moral conviction.

Among those already acting is the Alabama Council of Machinists, a state chapter of the International Association of Aerospace Workers and Machinists (IAM). In a letter dated June 11, the Council urged their Senator to co-sponsor S. 985, and urged other unions to join the mobilization.

### Big States Coming on Line

On June 13, New Jersey became the 22nd state to have a Memorial in favor of restoring FDR’s Glass-Steagall submitted to its state legislature. Assemblywoman Linda Stender, the representative from Middlesex, Somerset, and Union, put forward Assembly Resolution No. 182, which “urges the U.S. Congress to adopt H.R. 129, the ‘Return to Prudent Banking Act of 2013,’ in order to strengthen our financial system.” So far, Stender, a Democrat, is the only sponsor.

With this action, which comes as a result of intensive organizing in the state led by LaRouche candidate for governor Diane Sare, the movement to restore sound economic growth instead of speculation and gambling now has Wall Street surrounded. Resolutions are before the Assembly in New York State and the lower House in Pennsylvania as well, with more co-sponsors being added every week.

The lead sponsor of New York Assembly Resolution K. 490, Assemblyman Phil Steck (D-110th District), issued a press release announcing his action and its purpose on June 13. The release states: “We can’t allow taxpayers to shoulder the burden when the next bank failure happens. Congress must act now to put in place stronger regulations to protect our families and stop banks from gambling with other people’s money.... If something isn’t done to restore these critical regulations, there is nothing in place to stop commercial banks and powerful CEOs from causing the same mess we had in 2008—

one that we’re still trying to dig ourselves out of. Congress must take action and make sure that taxpayers are protected from another unnecessary financial disaster.”

### At the Top of the Agenda

There has been an increase of media coverage in favor of Glass-Steagall over the past week, in part stimulated by the 80th anniversary of FDR’s signing of the original bill on June 16, 1933, an anniversary emphasized by LaRouchePAC organizers. Much of this is in online publications.

Among the tiny grouping of sane bankers who support Glass-Steagall, the motivation is the recognition that the acceleration of massive money-printing is going to create a new blowout crisis, which may make 2007-08 look like a blip on the radar screen. The most notable of these is Daisuke Kotegawa, a former representative of the Government of Japan at the Board of the International Monetary Fund, and member of the Japanese Ministry of Finance during that nation’s financial crisis of the 1990s. Kotegawa, whose [speech](#) to the April Schiller Institute conference in Germany was previously published in this magazine, recently sent that speech as an Open Letter to the U.S. Congress, in the interest of pushing that body to reinstate Glass-Steagall.

And on the U.S. side, there is former Fed Governor Thomas Hoenig, now vice chairman at the Federal Deposit Insurance Corporation. In an interview with Germany’s *Handelsblatt* business daily, given to its New York correspondent and published June 13, Hoenig charged the banks with using funds for purchasing shares rather than for loans to the real economy. Therefore, banking operations should be separated, he says: “Classic banking and money trade should no longer be allowed to exist one next to the other, in a bank.”

Hoenig categorically discarded the argument of separation opponents that investment banking is “systemic” and therefore has to be protected, saying that “only traditional banks are irreplaceable,” and that the state should stop granting tacit guarantees to investment banks. “They should leave the investment banks to [the good will of] the financial markets,” he said, adding that the next big financial crisis is preprogrammed, and that one should be prepared for it. Banks that fail, even bigger ones, should not be rescued, if they are not banks of relevance for the real economy, he said.

*Watch for updated status reports on H.R. 129 and S. 985 at [www.larouchepac.com](http://www.larouchepac.com).*