

Wall Street Bankers Scurry To Block Glass-Steagall

by Nancy Spannaus

Aug. 26—How far will Wall Street go, in its attempt to squelch the death sentence for their government-supported gambling, which would be imposed by the passage of a new Glass-Steagall Act? With the momentum behind the Glass-Steagall revival growing, in the face of increasing signs of a new financial blowout on the eve of the return of Congress, the evidence is that Wall Street, the outpost for Anglo-Dutch finance in the U.S., is in a panic mode, and mobilizing all the assets at its disposal to try to kill the bill.

The pattern is straightforward, and clearly coming from the top of the Anglo-Wall Street banking establishment:

- On Aug. 7, JPMorgan Chase's chief executive Jamie Dimon, head of the most powerful criminal bank on the Street, took the occasion of an interview with Oklahoma's leading paper, the *Daily Oklahoman*, to oppose the reinstatement of Glass-Steagall and endorse the "bail-in" alternative, Dodd-Frank.

- On Aug. 9, the California Bankers Association

issued a letter to a wide array of members of the California State Assembly, declaring its opposition to the Glass-Steagall Memorial (ACR 73) which had been introduced there Aug. 5, branding it a "Lyndon LaRouche measure"—in an almost laughable attempt to ignore the broad support in Congress (75 sponsors in the House, 9 in the Senate) and the financial community.

- On Aug. 12, an unprecedented contingent of bank lobbyists, including advocates for JPMorgan Chase, Citibank, and Bank of America, descended on the National Conference of State Legislatures in Atlanta, to defeat a resolution calling on Congress to pass the Glass-Steagall bills now before Congress.

- On Aug. 19, President Obama summoned his top financial advisors to the White House, to demand immediate action to complete the Dodd-Frank regulations, in a desperate attempt to head off the momentum for Glass-Steagall.

- On Aug. 21, a letter by the Chief Operating Officer of the American Bankers Association, Michael J. Hunter, appeared in the *Daily Okla-*



Flickr/Steve Jurvetson

Jamie Dimon, CEO of JPMorgan Chase, the biggest bandit bank on Wall Street, has made no secret of his visceral hatred of Glass-Steagall, and support for the Dodd-Frank "bail-in" swindle.

homan, attacking any revival of Glass-Steagall as “dangerous,” and attempting to counter a pro-Glass-Steagall op-ed published Aug. 14 by *EIR* Economics editor Paul Gallagher (see boxes).

Sensing that Glass-Steagall means the end of their murderous looting, by calling the question on their worthless gambling debts, these bankers are going berserk. But they can only succeed if Americans fail to summon the courage to fight for a total victory—beginning with imposing Glass-Steagall, and proceeding immediately to the installation of a Hamiltonian credit system for launching huge projects for technological progress, starting with NAWAPA XXI.

An Impending Deadline

When Congress returns Sept. 9, it will, in all likelihood, face a dramatic new phase of the bankruptcy crisis of the financial system. Lyndon LaRouche, in his Aug. 23 webcast, projected that this Fall will see the outbreak of a debt blowout leading to the crash of the system. Then, he said, the question is not going to be who will end up on top, but who will lose. The top bankers know that their massive debts can never be paid, so what they will do is the so-called “bail-in,” a wipeout of trillions of dollars of fake assets that will pull the livelihood out from under whole sections of the U.S. population.

Unless an entirely new system, based on Glass-Steagall and the credit system, is put in place, there will be a mass shutdown of incomes, bank accounts, and food—just as in the Cyprus and Detroit situations. The U.S. will be subjected to just what the Queen of England and her cohorts intend: a rapidly increasing death rate leading to depopulation.

LaRouche laid it out again Aug. 23:

“So the point is, if you’re a patriot, your only option is to destroy this oligarchical system. So therefore, you have to shut it down. Now, the question is then, what’s the shutdown? Well, there’s only one option we have; it’s called Glass-Steagall. And under Glass-Steagall, under the policy which I’ve specified, which is Glass-Steagall—but you have to have certain specifications as to how this is going to work. And the way I have it, we



EIRNS/Sylvia Rosas

While many Americans seem to have lost a vision of the future, LaRouchePAC has taken up the mission of providing that vision, centered on Glass-Steagall, and a thermonuclear fusion-based NAWAPA. Here, LPAC organizing in Irvine, Calif., August 2013.

will simply put the whole thing through reorganization. It means that we will wipe out the people who are behind the bail-in and bail-out and so forth. They don’t have any value. They’ve been going along with gambling, gambling, gambling, gambling, and never doing anything to secure that gambling. This money, their supposed assets that they keep rolling over—there’s no value in them. . . .

“With Glass-Steagall we do two things: First of all, we cancel all these debts that are fake. Most of the inflation that you’re experiencing in the United States and Europe is a result of an inflated value of worthless money. There may be some small amount of all that debt that has some intrinsic value, or could be claimed to have intrinsic value. Most of it is going to have to be wiped out. Either it will be wiped out voluntarily, or by law, it will wipe itself out, because it can not continue to survive because the money is all fake. So that being taken into account, that is what we’re faced with.

“Now, most people, unfortunately, including bankers generally, and a lot of accountants and general forecasters, really don’t understand what this is all about. It’s not that somebody is hiding it from them, it’s that they don’t want to believe the truth. So what we do, simply, is this: We would take and enact Glass-Steagall. What that means is we would go to a new system, it’s the same system the nation was founded on. The first George Washington Administration had the same policy

I'm talking about now. Which means that you give credit, you don't put out money and tell people to buy the money and then spend the money. What you do is, you give them credit.

"Now the way it would work—for example the way Alexander Hamilton approached it—what you would do first of all, is you would have a season, just to take a simplistic view of how this thing actually worked with him. You have a season. Now, a season will generally

start with a year, which means that you're getting into the beginning of the year, which is the time you start to get into crops. So you have this period from Christmas on, from New Year's on, until the crops begin to be planted and harvested, and similar kinds of things done. And the farmer, in the meantime, is getting ready for the growth of the crops and whatever else is involved in this. Then at that point, harvest time comes. And at harvest time, now the farmer's product is now on the

Gallagher Op-Ed: Restore Glass-Steagall Act Now

The following op-ed by EIR economics editor Paul Gallagher was published Aug. 14, 2013 in the Daily Oklahoman.

In "JPMorgan Chase's CEO sounds off on regulation, growth of institution" (Business section, Aug. 7), Jamie Dimon said we shouldn't restore the federal Glass-Steagall Act because Australia and Canada have supposedly done all right without such a law. I disagree.

America isn't a sparsely developed and grossly underpopulated British former colony; it became the world's leading industrial and agricultural power on the basis of the credit and commercial banking system originated by George Washington's treasury secretary, Alexander Hamilton. The 1933 Glass-Steagall Act was a return to Hamilton's principles of national banking after Wall Street had taken the country far astray in the 1920s, leading to collapse.

Dimon and fellow bankers did that again after Glass-Steagall's repeal in 1999, with the same catastrophic result. Re-enactment of the American System Glass-Steagall legislation should have been accomplished by now. It prevented government-insured commercial bank deposits from being used for speculation by investment firms.

Three bills to restore Glass-Steagall are pending in Congress. Glass-Steagall memorial resolutions are pending in 25 state legislatures; consideration of it has gone worldwide (including four Glass-Steagall bills in Italy's parliament).

Today, nearly five years after the bailout, Dimon says his firm, which just agreed to a \$500 million fine for California electricity price-manipulation, doesn't need Glass-Steagall. Dodd-Frank works for him, comparing that fine to what Enron and its chief executives ultimately faced.

Glass-Steagall didn't allow banks to own and speculate with commodities, power plants, oil tankers and metals warehouses. It would have prevented JPMorgan Chase's electricity ventures. Detroit, Philadelphia and other cities are being bankrupted by interest-rate swaps based on banker-rigged LIBOR rates. Banks could not have sold those swaps under Glass-Steagall. If they had not been sold by a bank floating its municipal bonds, what city would have bought swaps?

The United States has lost its essential industries, like auto, steel and power, which provide the material for the transportation, water and power systems, and the good-paying jobs the people need. Instead, banks speculate with 60 percent of the nation's deposits.

Wall Street investment banks' speculative losses on mortgage-backed securities were backstopped by the federal government. Glass-Steagall protects citizens from paying for their losses. Glass-Steagall isn't simply sane banking legislation. It represents a return to the principles of Alexander Hamilton, who rebuilt an indebted nation after the War of Independence by creating credit for each wave of production, which in turn, would fund the next one.

At every point, humankind's power over nature, reflected in improved potentials of productivity and intelligence in the workforce, is enhanced. Congress must restore Glass-Steagall now.

Gallagher is an economics editor of Executive Intelligence Review's online weekly magazine, which has supported restoration of the Glass-Steagall Act.

market, and people are buying that product. So then we go into another phase, when the farmer has now become enriched in a sense.

“So now we go to the next phase. How about the production, the physical production and so forth? And also building of canals and things of that sort, which were essential for the economy. So what we have is, we denote the value of transactions in those terms, as credit terms. And the credit of the farmer is then used to buy the goods of the machinist or the other trader.

“And it goes around in that circle, so that really you are never looking at money as such. You may use money as a way of denoting something. Paper money, as a way of denoting an obligation. Who’s got it? What’s the score? But the actual foundation of this is what are we producing and consuming. And what is the benefit of what we’re consuming for us?”

“So on that basis, what I would do—and probably will do if I ever get a chance to do this, right now; it’s what we have to do right now—we have to put the whole thing through bankruptcy reorganization. And we do that simply by Glass-Steagall. The Glass-Steagall law, carried out in the same design that Franklin Roosevelt did it the first time around. And that’s the first thing we do.

“Now, we have to go to increase the productivity of

the labor force, which means we have to give not only more productive work, producing things that are needed. Transportation, all kinds of things. But we must also *increase* the actual physical value in terms of production. More and better crops; more and better manufactures; more and better services; more and more canals, railways, things of that sort. So this whole process is a cycling, a recycling of the process of productivity. And that’s what we have to do.”

What Wall Street Is Protecting

There are few honest Americans who don’t realize that Wall Street, under the recent Presidential administrations, and especially since the repeal of Glass-Steagall in 1999, is the crime capital of the United States. “Money” is used to enrich a financial oligarchy, at the expense of the living standards, labor power, and productive potential of the real U.S. economy upon which human life and progress depend. The methods range from fraud to outright theft.

What people don’t know is that a restored Glass-Steagall would outlaw the major looting practices now underway.

Take the case of JPMorgan Chase, which is now under investigation for wrongdoing in at least 10 different scams. So far, most of these cases are civil suits, and

ABA Attacks Glass-Steagall

Aug. 27—*In a letter to the editor in the Daily Oklahoman Aug. 21, American Bankers Association (ABA) Chief Operating Officer Michael J. Hunter published the following inane attack on Glass-Steagall. EIR has learned that this op-ed is being distributed to bankers who call ABA state or national headquarters on the issue.*

Unfortunate myths

Paul Gallagher’s call to revive the 80-year-old Glass-Steagall Act (Point of View, Aug. 14) [see box: “Gallagher Op-Ed: Restore Glass-Steagall Act Now”] propagates a number of unfortunate myths about the American economy and banking system. Allowing bank holding companies to build diversified businesses in lending, securities, insurance and

other sectors strengthened our financial systems. The biggest firms to fail or be bailed out during the 2008 financial crisis—Lehman Brothers, AIG—weren’t traditional banks at all. Had Glass-Steagall remained in place, even more investment banks would likely have collapsed, plunging the world economy into an even deeper trough.

Reviving Glass-Steagall would also break apart America’s largest banks, severely diminishing the banking sector’s ability to meet the needs of our economy. This would likely crush the tenuous economic recovery and push American businesses to seek financing either offshore or in the lightly regulated shadow banking system, which wouldn’t eliminate risk-taking but instead move it out of sight where it’s harder to monitor. Gallagher’s call for a return to Glass-Steagall simply ignores the facts.

Glass-Steagall would not have prevented the financial crisis. Bringing it back would do enormous damage and little good.

JPMorgan has walked away with fines of hundreds of millions of dollars—which they consider just the cost of “doing business.”

One of the latest fines JPMorgan paid was to settle a lawsuit accusing it of mishandling the money of pension funds and other clients by investing it in notes from Lehman Brothers Holdings Inc., which went bankrupt. The Lehman notes had been bought on behalf of participants in JPMorgan’s securities lending program, led by the Operating Engineers Pension Trust of Pasadena, Calif. JPMorgan’s pouring of money into Lehman, which it knew to be hyper-overleveraged 35-40:1 in securities trading, would have been *outlawed* by Glass-Steagall, which did not permit commercial banks, which JPMorgan Chase claims to be, to support securities broker-dealers by these methods.

JPMorgan Case is also under investigation, once again, for mortgage securities fraud, according to an Aug. 18 article in the *Wall Street Journal*. Then there is its price racketeering in commodities, and its practice of electricity price gouging, for which it paid a \$500 million fine recently. Both of the latter two practices would be banned by Glass-Steagall.

Life Without Wall Street

What lies behind Wall Street’s hysteria to stop Glass-Steagall is the realization that it would represent a death sentence, not just for the bankers’ crimes, but for their very existence. Wall Street’s gambling excesses have been so enormous that it could not survive an honest bankruptcy reorganization, such as FDR put the banks through in the 1930s.

Unfortunately, the American and European population largely suffer from the same disease of monetarism, and find it frightening to think of life without the dictatorship of the markets. What they have lost is the vision of the future, last provided by President Kennedy, and a conviction that progress is not only necessary for human survival, but also possible.

It is in this context that LaRouchePAC has taken up the mission of providing that vision—the nuclear/thermonuclear NAWAPA that is initially outlined in the *Feature* in this issue of *EIR*.

The first step to that future is to defeat Wall Street by ramming through Glass-Steagall. Wall Street’s death is the pathway to a prosperous life again, not only for our nation, but for the world.

REVIVE GLASS-STEAGALL NOW!



“The point is, we need Glass-Steagall immediately. We need it because that’s our only insurance to save the nation... Get Glass-Steagall in, and we can work our way to solve the other things that need to be cleaned up. If we don’t get Glass-Steagall in first, we’re in a mess!”

—Lyndon LaRouche, Feb. 11, 2013



LaRouchePAC is now leading a nationwide effort to push through legislation for Glass-Steagall (www.larouchepac.com).

WATCH the [LaRouchePAC video](#):

‘Glass-Steagall: Signing a Revolution’

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