Glass-Steagall: To Save Lives, But Not JPMorgan

by Nancy Spannaus

Oct. 29—Asserting leadership against the insanity in Washington, and the genocide being inflicted upon Detroit, eight state senators in Michigan stepped forward Oct. 23 to introduce a resolution calling on the Congress to re-enact Glass-Steagall as the law of the land, now. Resolution 98, introduced by Sen. Bert Johnson of Detroit, cites the bills already before the U.S. House and Senate, and states that "overwhelming pressure must be brought to bear on members of the U.S. House of Representatives and U.S. Senate to take action to pass this important legislation." Six other Democrats and one Republican joined Senator Johnson in sponsoring the resolution, which has been referred to the Committee on Banking and Financial Institutions.

The Michigan action, which brings the number of states where Glass-Steagall memorials have been introduced to 25, represents a stark contrast with the agenda dominating Washington, which should be moving rapidly forward with the Glass-Steagall legislation now before Congress. In the wake of the government shutdown, Wall Street and the Obama Administration are aggressively pursuing their pre-set plan of drastic cuts in Medicare and Social Security, while maintaining a vigorous defense of the Wall Street banks through the Fed's bond-purchasing program called Quantitative Easing. And while popular rage against Wall Street's thieves, such as JPMorgan's Jamie Dimon, is mounting, the Obama Administration is negotiating terms of a "deal" on JPMorgan's vast crimes, which would keep the criminals in business, and out of jail.

Passage of Glass-Steagall would be the first step to dealing with both of these outrages, first, by freeing the government of obligations to support the gambling banks on Wall Street, for whose worthless paper the government is spending over a trillion dollars a year to take off their hands (that's only a small part of the rip-off); and second, by effectively foreclosing on banks like JPMorgan—which would put them out of business for good. (And I do mean, for good.) In both cases, it's a matter of life or death.

Death for JPMorgan?...

Since the Summer of this year, it has been clear that JPMorgan was fighting for its survival. The biggest threat to this British-pedigreed bank, with the largest bulk of derivatives of any money-center bank, is the momentum for Glass-Steagall. With a popular groundswell reflected in the 24 states then considering memorials, and the introduction of two bills in the U.S. Senate, to complement one in the House, CEO Jamie Dimon and his flunkies had to face the real danger that Glass-Steagall would soon put an end to their life of financial crime. Flunkies from the bank and the ABA began to appear in state capitals, conventions, and other venues around the nation—to insist that, above all, Glass-Steagall be stopped.

The highest profile of these visits was by the delegation of 12 top Wall Street bankers to the Oval Office on Oct. 2, where they delivered the message to Obama to *kill Glass-Steagall.*

But Jamie Dimon faced another major problem: the mass of investigations by state and Federal authorities for its malfeasance leading into the 2007-08 blowout. Dimon's problem was not with the Obama Administration. Indeed, Obama's Attorney General Eric Holder had already openly declared the "Holder doctrine," by which the Administration foreswore any prosecutions against banks which might threaten the "financial system" itself. But Holder and Obama were under enormous pressure to show that they were "doing something," and that the investigations in New York and California, among others, were not going away.

On Sept. 26, Dimon had gone to Washington for a high-level negotiating session with Holder, to try to make a deal. Rumors swirled that the bank would get away with a $13 billion settlement, which, after tax deductions, would amount to a mere $6 billion. Even more scandalous, as former S&L regulator William Black has pointed out, was that such a deal would amount to a settlement that would apparently let the bank off scot-free on eight of the nine areas of fraud that it was accused of. Dimon, whom Barack Obama has repeatedly praised as one of the nation's most successful bankers, would, of course, stay out of jail.

Still up in the air, then and now, is whether the bank would admit wrongdoing, and all state prosecutions would be ended. As former Security and Exchange Commission attorney Edward Siedle pointed out Oct. 28 in the *Wall Street Journal*, a criminal prosecution against JPMorgan Chase could bring down the whole system.

JPMorgan Chase is, of course, actually bankrupt—as a withdrawal of Federal government support through reimposing Glass-Steagall would show. Its demise would be a boon for the real economy—the sooner, the better.

...No, for Older Americans

Rather than kill JPMorgan, the Obama Administration is dutifully proceeding to lay the groundwork for deep new cuts in the health care and livelihood of senior citizens. In addition to the ongoing murder policy embedded in the Affordable Care Act, Obama and his team have intended to reach a "Grand Bargain" of "reforms" for Social Security and Medicare that would further gouge the standard of living of the elderly and the sick.

The most recent spokesman for this policy is Gene Sperling, the head of Obama's National Economic Council. *Business Week* reporter Joshua Green reported in an Oct. 25 story that Sperling told a "Democrat business group" that "they'll have to swallow entitlement cuts." Sperling's spin was that cutting back on these crucial supports would "give more confidence in the long run that we have a path on entitlement spending and revenues that gives confidence in our long-term fiscal position and that we're not pushing off unbearable burdens to the next generation."

As set up in the debt ceiling/budget agreement of Oct. 17, responsibility for coming up with this deal currently rests with a House-Senate budget conference committee, which is due to report the results of their negotiations on Dec. 13. The leaders of that committee, Sen. Patty Murray (D-Wash.) and Rep. Paul Ryan (R-Wisc.) have both indicated their support for austerity measures such as the "chained CPI," and raising the retirement age.

LaRouchePAC organizers report vigorous opposition to such measures among a core group of Senators and Congressmen. Massachusetts Democrat Elizabeth Warren told the *Boston Globe* last week that the "chained CPI is just a fancy way to say 'Cut benefits for seniors, permanently disabled, and orphans.'" Sen. Tammy Baldwin (D-Wisc.) responded to a question on Glass-Steagall at a press conference Oct. 29 by saying she agreed that passing Glass-Steagall is a *prerequisite* for being able to rebuild the American manufacturing sector.

Urgency

Statements like that of Baldwin reflect the fact that there is strong support for Glass-Steagall in the House and the Senate. Top level Washington sources have told *EIR* that it would comfortably pass in both houses, if brought to a vote. It would need a veto-proof majority, however, to overcome an expected Obama veto.

Responsibility lies with patriot-leaders across the country to force Congress to act, before more murder and/or a new financial crash occur. The appropriate attitude was shown by Machinists Union President Tom Buffenbarger in an Oct. 29 press conference against pension cuts, held outside a House hearing room in Washington. We're in a war, Buffenbarger said. The lines have been drawn. It's Wall Street versus Main Street. You stand on one side or the other.

"Raiding pension plans and robbing seniors of retirement benefits is not the way to solve any financial crisis.... The proposals being considered by Congress ask our nation's most vulnerable citizens to pay for a problem created by Wall Street...."

The solution, which Buffenbarger supports, is Glass-Steagall. The question is whether it will be imposed in time.

Obama's Budget: Meet The Elephant in the Room

If you are fed up with all the arguments for justifying genocidal budget cuts coming from Obama and his Democrats, as well as the Republicans, consider the following. After the orchestrated government shutdown and debt ceiling crisis, the American people are now being told that we have no choice but to:

• Cut some $100 billion per year in health expenditures via Obamacare, by wiping millions of Americans from the rolls of the insured, reducing payments to hospitals and other providers, and denying care to the elderly and sick whose lives are "not worthy of being lived"—just as Hitler did under the T-4 euthanasia policy;

• Eliminate $140 billion per year through the "sequester"—half from defense expenditures and half from other budgetary items; and

• Chop another $95 billion per year from Social Security and other entitlements, through such ruses as the so-called chained CPI (consumer price index).

Those items alone add up to some $335 billion per year in cuts whose predictable—and intended—effect will be genocide. And yet the Federal Reserve is bailing out the bankrupt Wall Street banking system to the tune of $1 trillion per year in Quantitative Easing. That's three times what we are told we have to cut from the flesh and blood of our people and our productive economy! Not to mention the much larger speculative bubble of worthless international financial assets, which now totals some $1.6 quadrillion, which the British Empire says has to be saved no matter how many billions of humans are killed in the process.

And yet when Lyndon LaRouche says we should stop the bailout of Wall Street, and reorganize the banking system based on the Glass-Steagall standard, people holler that he's "over the top." The only thing that's "over the top" here is the damned elephant sitting in the living room. Get rid of him.