Economics in Brief

Glass-Steagall

Resolution Introduced In New Mexico Senate

Jan. 29—Sen. William P. Soules (D) introduced a Glass-Steagall Memorial Resolution into the New Mexico Senate yesterday, Senate Memorial 37. Its preface "urges the New Mexico congressional Delegation in Washington, D.C., to support efforts to reinstate separation of commercial and investment banking functions in effect under the Banking Act of 1933."

The Memorial devotes one "whereas" to the fact that "many financial industries entities were bailed out by the U.S. Department of the Treasury at a cost of hundreds of billions of dollars to American taxpayers."

Another "whereas" reports Rep. Marcy Kaptur's H.R. 129, and a third describes "The 21st Century Glass-Steagall Act of 2013 (S. 1282) introduced by U.S. Sens. Elizabeth Warren, John McCain, Maria Cantwell, and Angus King."

New Mexico is the fourth state where Glass-Steagall has been introduced in 2014. Others are: Washington State, Senate Joint Resolution 8012, sponsored by Sens. Bob Hasegawa (D) and Maralyn Chase (D), with 17 cosponsors; Virginia, Senate Joint Resolution 22, sponsored by Sen. Richard Black (R); and Alabama, where House Resolution 75 was introduced by Rep. Tom Jackson (D).

Italy

Venetian Council Backs Glass-Steagall

Jan. 29—The Venetian Regional Council today passed a resolution for Glass-Steagall-style banking separation. The signers include the entire Lega Nord faction plus three councilmen from three other parties; there were two abstentions.

The motion had been introduced by a Lega Nord faction on Nov. 14. It was composed of the text voted up by the Lombardy Regional Council and includes a section dedicated to the regional economy. The group is the same that organized a conference in Treviso on Nov. 23 for Movisol (LaRouche movement) expert Massimo Lodi Rizzini.

"Credit represents an indispensable driver for growth and development of an economic system," the motion states. The five most developed Italian regions (Lombardy, Latium, Veneto, Emilia-Romagna and Piedmont) provide access to 66.6% of total credit issued to firms in Italy.... The total amount of bank loans to firms in Veneto as of June 30, 2013, is slightly above EU100 billion. Compared to one year before, loans to firms have dropped by 3.4%, less than the national average indeed, where the drop was 4.7%. This confirms the hypothesis of a contraction in the volume of credit issuance (credit crunch) to firms in our region too."

Since 2008, "the Veneto economy has been thrown back seven years"; unemployment has risen to 7.5% and household consumption has fallen by 2.3%.

The Motion calls on the Italian government to draft a bill for "separating commercial banks and investment banks after the principles and the model of the Glass-Steagall Act," and promoting banks linked to local communities. It also calls on the European Parliament, the European Central Bank, and the European Enomics and Finance Ministers to review the bail-in mechanism in order to exclude all depositors' and firms' accounts, "even those not protected."

Unemployment

Greek Rate Is Highest In Europe

Feb. 1—The latest figures from Eurostat, the European Union's statistical agency, show that Greek unemployment stood at 27.8% as of October 2013, up from 27.7% in September. Overall, the rate of unemployment in the Eurozone between October and December 2013 remained at a very high 12%. The figures for Spain are 25.08%, Croatia 18.6%, and Cyprus 17.5%.

Meanwhile, austerity accelerates. The government has told doctors of the main public health-care provider, EOPYY to reduce their number of referrals for patients. EOPYY called on doctors to "assume their share of the responsibility for the excessive and provocative use of health services, especially with regard to outpatient exams."

The Panhellenic Medical Association said it would take the case to the Supreme Court. Doctors and medical staff have also taken to the streets to give a direct message to the fascist Health Minister Adonis Georgiadis.

Nuclear Power

EC Moves To Block British Project

Feb. 1—The European Commission is trying to sabotage nuclear power in Europe, this time in Great Britain. The EC published a 70-page report attacking the British government's subsidy for the first new plant at Hinkley Point, claiming it may constitute illegal state aid. This plant is the first of what some sources have said will be up to 50 new nuclear power reactors over the coming decades.

In a letter to the U.K. government, Commission Vice President Joaquin Almunia, announced the EC's December 2013 decision to launch an investigation into subsidies for the plant, based on the claim that energy companies could build new nuclear reactors without a penny of public support.

Putting aside the complexities of the financial arrangements for the plant, the EC reveals its anti-nuclear intentions, stating that support for nuclear power may affect investment in so-called renewables, which require huge subsidies, and even questions whether nuclear energy can be "argued to be aimed at a common EU objective in terms of environmental protection in general, and decarbonization in particular."