

# Glass-Steagall—Then and Now

by Robert Ingraham

July 25—It is sometimes said that since the events of September 11, 2001, society, politics, and security concerns have all been radically transformed by the events and aftermath of that day, such that we are all now living within a new paradigm, designated as the “post-9/11” world. The Patriot Act, unprecedented levels of warrantless government spying, ongoing permanent warfare, and seemingly non-stop incidents of terrorism and mass killing have all become commonplace in this new reality.

To simply confine the definition of this new paradigm to the realm of military and related spheres, however, would be a critical mistake. It must also be remembered that 18 months, to the day, prior to the 9/11 attacks, the repeal of Franklin Roosevelt’s Glass-Steagall Act went into effect on March 11, 2000. Since that day, we have been living in a *post-Glass-Steagall world*, and all of the ensuing events and developments since March 11, 2000 and Sept. 11, 2001 must be seen as two components of one unified unfolding process.

The repeal of Glass-Steagall was not merely a legislative act. It was accomplished only after a more than ten-year process, a bloody process which included the assassination of the German Deutsche Bank Chairman Alfred Herrhausen, the impeachment of the President of the United States, the imprisonment of Lyndon LaRouche, and the near annihilation of his organization. The destruction of Glass-Steagall opened the door for an unprecedented seizure of power by the London-Wall Street financial interests, the same interests who then unleashed a still ongoing dynamic of permanent warfare throughout the

planet, a dynamic which is now leading directly toward a strategic confrontation with Russia and China. It is precisely the underlying importance of this financial and banking crisis that motivated Helga Zepp-LaRouche to issue the statement “Deutsche Bank Must Be Saved, for the Sake of World Peace!” on July 12, 2016.

## The Present Opportunity

On July 18, 2016, the Republican National Convention, meeting in Cleveland, voted as a body to demand the immediate re-enactment of Glass-Steagall legislation. That vote has sent shock-waves through the corridors of power and elicited horrified reactions from Wall Street stooges, both in New York City and Washington, D.C.

The pre-platform of the Democratic Party also contains a pro-Glass-Steagall plank, and expectations are high that when its convention meets on July 25, the full



U.S. Navy/Mass Comm. Spc. 2nd Class Julio Rivera

*In what has become common place in the post-9/11 world, Marines board the assault ship USS Bataan, March 2011, for deployment to the Libyan coast to participate in overthrowing the government.*

body will also endorse a return to Glass-Steagall.

Thus, for the first time since 1999, we find ourselves at a moment where both of the major U.S. political parties are in the process of placing themselves, on record, calling for a return to Glass-Steagall.

None of these developments came about through accident. It was in the midst of the global financial crisis in 2008 that Lyndon LaRouche, in [a video broadcast](#), issued the call for the immediate re-imposition of Glass-Steagall measures, and it has been the LaRouche PAC, during the last eight years, which has spearheaded this effort, garnering support from hundreds of elected officials, European and other foreign dignitaries, and many influential policy-makers and leaders. Over 600,000 American citizens signed a LaRouche PAC-circulated petition calling for a return to Glass-Steagall.

This fight reached a milestone in 2011, when Ohio Congresswoman Marcy Kaptur introduced into the U.S. House of Representatives, H.R.1489, the Return to Prudent Banking Act, legislation which would reenact the Glass-Steagall Act of 1933. Since that date, a number of different bills have been introduced into every session of the U.S. Congress, with the 2013 legislation gaining 83 co-sponsors, and the current bill, H.R.381, already having more than 70 co-sponsors.

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### The Actual Glass-Steagall Battle

Even a cursory examination of current discussion of Glass-Steagall on the Internet reveals that there is, at present, an enormous amount of discussion on the issue. For a select few among Wall Street leaders, the full implications are known—and feared. For many others, however, Glass-Steagall is still too often discussed and understood as only a matter of banking “reform,” essentially a measure seen as correcting certain “abuses” within the financial community. The profound implications of what is at stake are simply not comprehended.

To grasp the full import of this battle, it is necessary to go back to 1989, to the period of the fall of the Berlin Wall, and the decisions that were made at that time by the British Empire, its puppet Mitterrand’s France, and the U.S. Bush Administration.



U.S. Army

*The scene of the assassination of Alfred Herrhausen.*

In January 1989, prior to the fall of the Wall, Lyndon LaRouche, together with many of his closest associates, were imprisoned in the United States. As subsequent events would show, this action—to “remove LaRouche from the scene”—was an essential prerequisite for the successful designs of London and Wall Street.

The Berlin Wall fell in November 1989. Deutsche Bank Chairman Alfred Herrhausen was scheduled to deliver a speech in New York City on Dec. 4, 1989, a speech in which he would call for a Marshall-Plan-type approach for western investment in Eastern Europe, modeled on the practice of the German *Kreditanstalt für Wiederaufbau*, for massive investment in industry, manufacturing and infrastructure (see [EIR, Vol. 43, No. 30, July 22, 2016](#)). Herrhausen was also an outspoken advocate of Third World debt forgiveness and global physical economic investment. Four days before Herrhausen was scheduled to deliver this speech, on Nov. 30, 1989, he was assassinated in a very sophisticated professional attack, and his murderers remain unidentified to this day.

In the same month that Herrhausen was assassinated, Lyndon LaRouche, from his prison cell, issued his proposal for the creation of a European “Productive Triangle.” Fully coherent with Herrhausen’s design for advanced industrial and technological development in Eastern Europe, LaRouche’s proposal would then be published in January 1990 as “The Productive Triangle, Paris-Berlin-Vienna: Locomotive for the World Economy.”

The killing of Herrhausen and the subsequent imposition of “financial shock and awe” against Russia, de-

signed to utterly destroy that nation, then proceeded in tandem with the drive for a full Wall Street policy dictatorship within the United States, the key component of which was the abolition of Glass-Steagall.

Earlier, in 1987, the Ayn Rand cultist Alan Greenspan had already been appointed as Chairman of the U.S. Federal Reserve, and then, in 1988, Wendy Gramm, the wife of Senator Phil Gramm—who one year later would author the bill to repeal Glass-Steagall—was named Chairman of the Commodity Futures Trading Commission (CFTC), an organization created in 1974 by the Nixon Administration. Under Gramm’s leadership, the CFTC exceeded its authority in several actions to bring about further deregulation of banking and financial markets. Under the leadership of Greenspan and Wendy Gramm, a non-stop campaign was launched, which escalated throughout the 1980s, to remove all government oversight over banking and the financial markets and to transform the banking system into one giant speculative gambling operation. Although the motives of Greenspan and his ilk may have simply been delusional, for the actual controllers of the Empire, this was all about power and domination, not simply financial looting.

In 1998 the trap was set when Citicorp and the Travelers Group announced to the world that they had merged, creating “Citigroup,” becoming at that time the largest financial corporation in the world. Under the provisions of Glass-Steagall, this merger was illegal, since Glass-Steagall prohibited banks from merging with insurance underwriters. The Citicorp/Travelers announcement was



*A map of the productive triangle, from Paris to Berlin to Vienna, the industrial area proposed by Lyndon LaRouche as a locomotive to the world economy.*

Schiller Institute

a de facto challenge to the authority and sovereignty of the U.S. government, posing the question, “who exactly is in charge” of American economic and financial policy? In 1999 Senator Phil Gramm announced his intention to repeal Glass-Steagall, and in November of that year, the Gramm-Leach-Bliley Act was passed, with the strong support of Alan Greenspan and the pro-Wall Street grouping around Vice-President Gore in the Executive Branch. It took effect 120 days later, thus abolishing the entirety of the Glass-Steagall provisions.

### Seeing the Larger Context

During the period of 1990 through 1995, led by Helga Zepp-LaRouche, the Schiller Institute conducted an aggressive worldwide campaign on behalf of the principles and economic initiatives contained in the Productive Triangle proposal. This led into the 1992 Eurasian Landbridge proposal, which expanded the original concept into one which included the entirety of the former Soviet territories in Russia and central Asia, stretching all the way to the Pacific coast of China. Later, at a 1994 conference in Eltville, Germany, in which Lyndon LaRouche was able to personally take part for the first time since his imprisonment, this perspective was further refined by Mrs. LaRouche as the “New Silk Road” project, whose effects we continue to see unfold in the present day.

The Asian Financial Crisis of 1997-1998 and the collapse of Long Term Capital Management in September 1998 brought matters to a head. On the one side, on Feb. 17, 1997, the Schiller Institute, under the direction of Lyndon and Helga LaRouche, issued an appeal to U.S. Pres-



House Financial Services  
*Former Federal Reserve Chairman Alan Greenspan testifying to Congress.*



courtesy of the William J. Clinton Library

*President William Clinton signs the Gramm-Leach-Bliley Act on Nov. 12, 1999, which removed the separation between investment banking and commercial banks that had been the law of the land since the 1933 Glass-Steagall Act of President Franklin Roosevelt.*

ident Bill Clinton, calling on him to convoke a New Bretton Woods Conference for the purpose of monetary reform. Within weeks this appeal was endorsed by dozens of leading political figures from throughout the world, including former presidents from Mexico, Brazil, and Uganda.

An intense policy debate emerged within the Clinton Administration. In the opening weeks of 1998, U.S. Treasury Secretary Robert Rubin spoke of an urgent need to devise “a new architecture.” Rubin also stated repeatedly that he “would not spend a nickel to ‘bail out’ failing, bankrupt speculators and banks.” This potential policy shift was also echoed in Senate Bill 1769, the Clinton Administration’s “1998 Supplemental Appropriations Act for the International Monetary Fund.” Although this bill increased IMF spending authority, it tied any increase to the creation of a Presidential Advisory Commission to review the “future role . . . if any” of the IMF, and mandated the convening of a “New Bretton Woods Conference” within 180 days. Finally, on Sept. 14, 1998, President Clinton delivered a speech to the Council on Foreign Relations in New York City where he was explicit in his call for a “new financial architecture.”

The response of the financial oligarchy to these developments was two-fold: First, to move immediately for Bill Clinton’s impeachment and his removal from office; second, to escalate the drive for the full abolition of Glass-Steagall.

Bill Clinton’s involvement with Monica Lewinsky occurred in 1995 and 1996, but it was not until Linda Tripp handed over recordings of her telephone conversations with Lewinsky to Kenneth Starr in January 1998 that the legal targeting of Clinton went into high gear. For almost the entirety of 1998, and continuing until his acquittal by the Senate on Feb. 12, 1999, Bill Clinton was under siege in a manner almost unprecedented in U.S. history. Despite his eventual acquittal, this process, including the Dec. 19, 1998 votes of 228-206 and 221-212 by the full House of Representatives to impeach Clinton on two counts, essentially destroyed the Clinton Presidency.

Nine months after Clinton’s acquittal by the U.S. Senate, both houses of Congress voted to pass the Gramm-

Leach-Bliley Act repealing Glass-Steagall. The act took effect in March 2000, and later in that December, Congress enacted the Commodity Futures Modernization Act, which both legalized Over the Counter (OTC) speculative derivatives trading, effectively opening the floodgates for the emergence of the financial casino which exists today, and simultaneously vastly reducing the oversight powers of the Securities and Exchange Commission.

Nine months later, two planes piloted by British/Saudi-sponsored terrorists struck the World Trade Center.

### **The Financial Security State**

Some have dubbed the 20th Century as “a century of war.” If that appellation is true, then the 21st Century, up until now, can only be understood as the last blood-thirsty stand of the British-London imperial financial system. And properly understood, this imperial grab for absolute power, this new 21st Century paradigm, began in 1998 and 1999 with the impeachment of the sitting U.S. President and the abolition of Franklin Roosevelt’s Glass-Steagall policy.

The key thing to grasp in all of this is that which is axiomatic, not the specifics or all of the details. A British Empire *coup d’etat* was carried out within the United States from 1998 to 2001, placing the London-allied Wall Street interests in control of our govern-

ment. All of the wars, the terrorism, the suffering, and the deaths of the last fifteen years stem from these developments, and now we are witnessing these same interests move towards a nuclear showdown with both Russia and China, attempting to “bluff” those nations into kowtowing to the demands of London and Wall Street.

The post-9/11 passage of the Patriot Act, the massive expansion of government spying and the military trappings of the “war on terrorism” all must be seen within this context. The TARP bailout of 2008, and the even more staggering Citigroup bailout of that year, are indicators of the fascist-type apparatus which has been created by George W. Bush and Barack Obama. As we move toward the November U.S. Presidential election, frantic efforts are now being made by the U.S. Federal Reserve and its allies at the Bank of England and the European Central Bank, in the form of “helicopter money,” to try to stave off their own financial collapse, regardless of the lunacy of such actions, and regardless of the effects on either the populations of these nations or the precarious balance of war and peace in the world.

### **Action ... And Action Now!**

It would be the height of foolishness to believe that, simply because of the current Democratic and Republican platforms, there is a guarantee that either Hillary Clinton or Donald Trump will seriously challenge the paradigm of the last sixteen years, or that either of them will act to restore Glass-Steagall. Nevertheless, the current crisis is severe and worsening by the day. The solution—the pathway out—was indicated by Lyndon LaRouche in his proposal for taking a Hamiltonian approach to saving the now desperate Deutsche Bank.



EIRNS/Robert Wesser

*LaRouche PAC activists rally to revive Hamilton's program at Federal Hall, Manhattan, on July 16, 2015.*

The inclusion of pro-Glass-Steagall planks in the platforms of both the Republican and Democratic parties is an indicator of the potential which exists in the near term for a fundamental shift in policy. Glass-Steagall, and all that it implies, is now fully part of the national policy debate. To succeed in this fight, however, will require that greater numbers of people reach a full realization of the manner whereby Glass-Steagall was destroyed. In that context, the recent revelations of the Chilcot Commission in regard to the Iraq War, and the U.S. decision to release the 28 pages on Saudi involvement in 9/11 may play a pivotal liberating role in helping people to understand what transpired during this period.

Only then can we get beyond impotent dead-end discussion of “banking reform.” The Russians and the Chinese are offering full partnership with the United States in both a real War on Terrorism as well as in the economic development projects of the New Silk Road. What is required is a revolution in thinking in the United States, a true return to an actual Hamiltonian economic approach. Perhaps, if people understand what was done to them, and why it was done, the needed changes might be accomplished.