

May 8th LaRouchePAC Webcast: GLASS-STEAGALL NOW



The combined impact of our campaign to reinstate Glass-Steagall in the United States, and realize FDR's dream of a Global Glass-Steagall to wipe out the British empire; and the radiating impact of the quasi-Pecora expose of the racketeering conspiracy known as Wall Street, particularly through Senator Levin's Subcommittee hearings, has created a groundswell for passage of Glass-Steagall. Sen. Mark Warner (D-Va.), the dot-com millionaire and staunch opponent of Glass-Steagall, admitted in a CSPAN interview on April 25th that the votes are probably there in the U.S. Senate for the repeal of the 1999 Gramm-Leach-Bliley bill and the restoration of Glass-Steagall. It is our job to lead the charge and make sure it happens right now!

As one astute blogger on firedoglake wrote last Sunday, in an item titled "The Glass-Steagall Test," "As the whole blogosphere knows,

the Glass-Steagall Act forced banks to choose between being a commercial bank or an investment house. During the Clinton regime, the despicable Gramm-Leach-Bliley Act (also known as the Financial Services Modernization Act of 1999) allowed commercial banks, investment banks, securities firms, and insurance companies to merge... The final vote on Gramm-Leach-Bliley was a gutcheck that most Senators failed."

The "whole blogosphere knows" about Glass-Steagall because of the radiating impact of the LPAC website, and the other LaRouche points of intervention on this issue, including the impact of the past 14 months' dialogue with the Stanford Group of leading American economists. It is not only the repostings from the LPAC site, but the impact on the viewers of the key LPAC videos, often reflected in their own attempts to promote the LaRouche agen-

da in their own names, that has created the conditions where a restoration of Glass Steagall, and a new, global iteration of that system is well within reach.

LaRouche specified yesterday, as in Saturday's webcast, that the Glass-Steagall principle is virtually a matter of war between Britain and U.S. constitutional interest: "The clear threat to the United States of this British crisis, goes away if the U.S. adopts the Glass-Steagall policy put forward by Senators McCain and Cantwell. If it were to adopt the Glass-Steagall principle, then the British policy evaporates. If we go with my proposal, all of the crap is off the table: The United States is saved, the Brits go to Hell, and the Europeans are off their present hook. Their problem is still there, but now the problem can have a solution.

"It's now clear that some people were confused about this. Some people in the Democratic Party have opposed this, and the infection was spread from there. That's over. Nobody should be confused. The Glass-Steagall proposal from McCain and Cantwell is fully consistent with my intention and my policy over a long period of time.

"The U.S. adopting or coming close to adopting the Glass-Steagall policy would mean the sinking of the British pound. If we don't sink this British policy, we lose civilization."

"There's a virtual landslide for this, out in the mass strike among the American people. Get it through!"

The single most important tool for policy-makers, as well as those within the population who are not brain-dead, is LaRouche's May 8th Webcast, which is available on the LaRouchePAC Website. Lyndon LaRouche addressed our current fight for Glass-Steagall, and fielded questions from an international audience of economists, policy-makers, and diplomats. Download it, now!

Ram the Glass-Steagall Amendment Through the Senate, Now!

With the May 6 introduction of their explicit amendment, calling for Glass-Steagall measures to be applied to the U.S. banking system, to the Dodd financial reform bill, Senators Maria Cantwell (D-WA) and John McCain (R-AZ) have created the crucial strategic opening required to defeat the British imperial system, which is currently exploding toward total breakdown. If the amendment is passed, it will totally transform the Dodd bill, and be a giant step forward to carrying out the FDR-style American System reform, which Lyndon LaRouche has championed virtually alone over his career.

"This amendment is the most serious threat to the British Empire running loose on this planet today," LaRouche said May 6. "The bill must be fully supported, without quibble. If you don't support this, it means you don't care about civilization."

"The question is not the bill itself; the question is the policy: It is the only access we have for actually winning a Glass-Steagall reform. And, without a Glass-Steagall reform, there is no hope for the survival of the United States. So anybody who's not supporting this Glass-Steagall expression, in this bill, is not a loyal citizen of the United States."

This development is so urgent for the United States and civilization in general, that people must have a clear idea of what the authors of this amendment intend. We are thus including the full press release issued by Senator Cantwell's office on May 6, 2010. The amendment itself is identifiable as SA 3884:

Cantwell, McCain Seek to Restore Glass-Steagall Safeguards by Separating Commercial and Investment Banking Amendment would limit bank size and systemic threats to the whole economy. The Press release follows:

May 6—Today, U.S. Senators Maria Cantwell (D-WA) and John McCain (R-AZ) introduced a bipartisan amendment to separate commercial and investment banking. The proposed change in the banking and financial reform legislation being debated in the Senate is also cosponsored by Senators Ted Kaufman (D-DE), Tom

Harkin (D-IA), and Russell Feingold (D-WI). The amendment restores safeguards modeled after the 1933 Glass-Steagall Act that protect bank deposits from being used in Wall Street's risky speculation. The amendment is based on the Cantwell-McCain Banking Integrity Act introduced in December 2009.

"Behemoth banks are putting their money into risky, get-rich-quick Wall Street schemes instead of investing in Main Street," Senator Maria Cantwell said. "So much U.S. taxpayer-backed money is going into speculation in dark markets that it has diverted lending capital from our community banks and small businesses that depend on loans to expand and create jobs. This is stifling America and it is why there is bipartisan support for restoring the important safeguards that protected Americans for decades after the Great Depression. It's time to go back to separating commercial banking from Wall Street investment banking."

"I want to ensure that we never stick the American taxpayer with another \$700 billion — or even larger — tab to bail out the financial industry," said Senator John McCain. "If big Wall Street institutions want to take part in risky transactions — fine. But we should not allow them to do so with federally insured deposits. It is time to put a stop to the taxpayer financed excesses of Wall Street. No single financial institution should be so big that its failure would bring ruin to our economy and destroy millions of American jobs. This country would be better served if we limit the activities of these financial institutions."

"It's no coincidence that our financial sector got completely out of line once the Glass-Steagall prohibitions were overturned in 1999. By consolidating commercial banking, investment banking and insurance into single financial companies, institutions grew so large and became so interconnected that they were too big to fail," said Senator Tom Harkin. "It is clear to me that going back to the Glass-Steagall era regulations will help end the problem of too big to fail and will restore order to our financial sector."

The amendment filed today would prohibit commercial banks from affiliating in any manner with investment banks and vice versa; prevent officers, directors, and employees of a commercial bank from serving as an officer, director, or employee of an investment bank and vice versa; prohibit commercial banks from engaging in all insurance activities; and establish one year from date of enactment as the deadline for financial houses to transition and separate their commercial and investment banking operations.

Beginning in 1933, Glass-Steagall established a wall between commercial and investment banking to protect depositor money from being put at risk by Wall Street speculation. For nearly 60 years, this firewall maintained the integrity of the banking system; prevented self-dealing and other financial abuses; and limited stock market speculation. But since its repeal, banks have blended banking and brokerage, using loopholes in the Act and other statutes to market financial products like stocks, mutual funds and underwriting stocks to their consumers at the same time. When these megabanks default under the current system, taxpayers pay for the losses twice over.

The biggest banks keep getting bigger in the bailouts and the acquisitions. While there are 7,000 commercial banks in the United States, just five of them hold over 50 percent of our nation's bank-owned assets. Those same five entities hold over 95 percent of banks' risk in the derivatives markets.

Under the amendment, major financial firms currently operating both commercial banks and investment houses will have to make a decision on whether to focus on commercial banking or investment banking. In most of these institutions, the investment banks and the commercial banks will both be very valuable independently and profitable for their stockholders. By separating the commercial banks from the investment banks, the amendment ends speculation with depositor money and returns investments to Main Street.

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