



Explosion of calls for bank separation

The following calls for banking separation over the last several years can be added to those by the prominent individuals listed in the pamphlet *Glass-Steagall Now!* (CEC, 2013).

Politicians

Australia: Former Victorian Premier **Steve Bracks**, now head of industry super fund CBUS, and former Minister for Financial Services and Superannuation in the Rudd government **Nick Sherry**, both advocated breaking up the banks. (Sydney Symposium, 19 Nov. 2018).

Fifteen Senators voted for One Nation's Senate Motion for Glass-Steagall: National Party Senator **Barry O'Sullivan**, One Nation Senators **Peter Georgiou** and **Pauline Hanson**, Greens Senators **Peter Whish-Wilson**, **Nick McKim**, **Janet Rice**, **Sarah Hanson-Young**, **Richard Di Natale**, **Rachel Siewert**, **Larissa Waters** and **Mehreen Faruqi**, Centre Alliance Senators **Stirling Griff** and **Rex Patrick**, Katter's Australian Party then-Senator **Fraser Anning**, and Independent Senator **Tim Storor**. (18 Oct. 2018)

The Greens announced a policy for the full separation of Australia's banks. (8 Aug. 2018)

Bob Katter MP tabled CEC's Glass-Steagall bill in the House of Representatives, it was seconded by **Andrew Wilkie**. Federal MP **Rebekha Sharkie** also agreed to second the bill. (25 June 2018)

Leading National Party politicians, Senator **John Williams** and MP **Barnaby Joyce** responded to banking royal commission hearings by calling for the banks to be broken up. (Apr. 2018)

Greens finance spokesman Senator **Peter Whish-Wilson** said the royal commission "shouldn't be afraid of recommending breaking up existing vertical integration within the big banks". (25 Jan. 2018)

Chief economist of Industry Super Australia, **Stephen Anthony**, suggested banks should be "structurally separated". (*Sydney Morning Herald*, 3 Oct. 2017).

Labour frontbencher **Matt Thistlethwaite** said the Labor Party would support bank separation if recommended by a royal commission. (Sky News, 14 Mar. 2017)

The late former prime minister **Malcolm Fraser** demanded "Australia should fully separate retail banking from the speculative activities of investment banks, which the Glass-Steagall law did in the United States". (Submission to the Financial System Inquiry, 2014)

Several local councils passed resolutions against bail-in and in favour of Glass-Steagall during the CEC's 2013-15 campaign.

Former Qld Premier **Peter Beattie** (2012) and former Prime Minister **Paul Keating** (2009) both acknowledged the importance of Glass-Steagall in the USA.

USA: Prominent advocates include Democratic Senators **Elizabeth Warren**, **Maria Cantwell** and **Kirsten Gillibrand**, Representative **Marcy Kaptur** and Independent Senator **Angus King**. Both the Republican and Democratic parties included Glass-Steagall in their 2016 election platforms, and **Martin O'Malley**, **Bernie Sanders** and **Donald Trump** campaigned for it.

Asked about Glass-Steagall, American billionaire and US Secretary of Commerce **Wilbur Ross** said "we think it might be better for the banks to stick to lending". (Fox News, 25 Oct. 2016)

28-year old political greenhorn **Alexandria Ocasio-Cortez** won a seat in the House of Representatives, running on a platform that included Glass-Steagall, having defeated a prominent 20-year incumbent in the Democratic primary in July. (Nov. 2018)

Outgoing US Vice President **Joe Biden** said the repeal of Glass-Steagall was the "worst vote I ever cast". (Georgetown University, 5 Dec. 2016)

More than 25 US state legislatures have passed resolutions for Glass-Steagall.

Europe: Italy's governing coalition of the Northern League and Five Star Movement (M5S) called for a system "in which the retail credit bank and the investment bank are separated". (May 2018) Three bills for bank separation have been presented in the new Italian parliament by the Brothers of Italy party and the Free and Equal party. Many regions and local councils have supported the proposal.

Members of the European Parliament including **Marco Zanni** (Italy), **Fabio De Masi** (Germany) and **Philippe Lamberts** (Belgium) have campaigned for Glass-Steagall in Europe. Zanni has organised for "trans-Atlantic" Glass-Steagall collaboration in Washington, DC. (AAS, 5 Dec. 2018)

Former UK MP **John Browne** said, "I think the re-introduction of Glass-Steagall—which divided banks, corporately, from investment banks—should spread, to Britain and other countries. Because it takes the speculation out of banking..." (Interview with Fox Business, Feb. 2017)

UK Shadow Chancellor **John McDonnell** called for "a full-blown Glass-Steagall system to separate day-to-day and investment banking" (*Guardian*, 11 Aug. 2015); the Labour party later incorporated the policy into its Manifesto. (May 2017)

Following Donald Trump's election, British peer **Lord Stoddart** of Swindon tabled a question in the House of Lords about the President's call to reinstate Glass-Steagall. (Nov. 2016)

Former French Prime Minister **Jean-Pierre Raffarin** said the GFC "imposed the need to come back to the *Glass-Steagall Act*". (May 2015)

Regulators/Institutions

Australia: Banking expert **Martin North** of Digital Finance Analytics stated: "The large players are too big to fail and too complex to manage, and need to be broken apart. A modern Glass-Steagall separation would achieve this." (Submission to royal commission)

Former APRA Principal Researcher **Dr Wilson Sy** recommended: "The financial system should be structurally separated to simplify regulation, increase competition and innovation, and better serve the community." (Submission to royal commission)

Experts endorsed the Greens policy to break up the banks, including former ASIC chief economist **Alex Erskine** (it "directly addresses several of the failures inherent in the existing regulatory architecture") and financial regulation expert at the University of Wollongong, **Andy Schmulow** ("I cannot see lesser responses breaking the cycle of misconduct-cum-consumer abuse"). (*Guardian*, 8 Aug. 2018)

Former Australian Competition and Consumer Commission (ACCC) chairman Professor **Allan Fels** said, "A structural solution is the only way. Financial institutions must be forced to sell off their advisory businesses." (Fairfax Media, April 2018)

Kevin Davis, research director at the Australian Centre for Financial Studies and a member of the 2014 Financial System Inquiry panel, said the royal commission might recommend caps on both “vertical” and “horizontal” integration. (*SMH*, 18 Apr. 2018)

Small Business Ombudsman **Kate Carnell** proposed banks be treated like utilities because they are “essential services” and can’t deny service, pointing to the reality that such services should be kept separate. (Jan. 2018)

Head of the Australian Securities and Investments Commission (ASIC) **Greg Medcraft** challenged the vertical integration of banks, saying the banking model is going to change dramatically. (Senate Estimates Committee, 30 May 2017)

USA: Americans for Financial Reform and Our Revolution launched a renewed mobilisation for reinstating Glass-Steagall, led by **Bart Naylor** of Public Citizen, finance author and former Wall Street banker **Nomi Prins**, Americans for Financial Reform representative **Marcus Stanley**, and AFL-CIO representative **Heather Slavkin Corzo**. (“Webinar” at AFL-CIO union headquarters, Washington, DC, 26 Sept. 2017) **Robert Kuttner**, co-founder and co-editor of political magazine *The American Prospect*, and Prof. **Arthur Wilmarth** of George Washington University Law School joined the discussion forum a year later. (Washington, DC National Press Club, 27 Sept. 2018)

Michael Collins, former vice president of Columbia Machine called for Glass-Steagall in “How financialisation is starving manufacturing”. (*Industry Week*, 21 Sept. 2018)

The National Association of Federally-Insured Credit Unions (NAFCU) made a strong case for reinstating the *Glass-Steagall Act* in a policy paper, “Modernising Financial Services: The *Glass-Steagall Act* Revisited”. (Sept. 2018) **Carrie Hunt**, NAFCU executive vice president, proposed a modernised *Glass-Steagall Act*. (*The Hill*, 11 Sept. 2018)

Vice chairman of the Federal Deposit Insurance Corporation **Thomas Hoenig** spelled out a tough and detailed version of “ring-fencing”. (Institute of International Bankers, Washington, DC conference, Mar. 2017)

President of Minneapolis Federal Reserve Bank and former Goldman Sachs veteran, Treasury Department official and Troubled Assets Relief Program (TARP) head, **Neel Kashkari**, declared he was not opposed to bringing back Glass-Steagall. (Brookings Institute, 23 Feb. 2016)

Fourteen labour and activist groups circulated a petition demanding a Congressional vote on Glass-Steagall. (Aug. 2016)

Europe: Italian economist and author based at the Chicago Booth School, **Luigi Zingales**, participated in a Minneapolis Federal Reserve symposium organised by Neel Kashkari. (May 2016) Earlier he wrote “Why I was won over by Glass-Steagall”. (*Financial Times*, 10 June 2012)

The European Economic and Social Committee voted for “the establishment of a *Glass-Steagall Act* in the European Union”. (17 Mar. 2016)

Bankers

Australia: Former ANZ director **John Dahlsen** said, “Problems in banking will not be solved until the structure is changed” following the principle of the US *Glass-Steagall Act*. “[E]nforced separation in Australia seems inevitable....” (*Australian Financial Review*, 21 Aug. 2018)

Former Reserve Bank governor **Bernie Fraser** supported moves to end vertical integration. “I think there’s such momentum now that changes are going to be made”, he said. (*SMH*, 26 Apr. 2018)

The *AFR* reported an unnamed “retired senior local

banker” saying “Australia’s banks were too big and complex and should be broken up”. (*AFR*, 6 Aug. 2012)

USA: US-London hedge fund operator Jonathan Tepper observed “we have to have principles-based regulation, rather than rules-based. Glass-Steagall was 35 pages and worked well for years”. (*The Myth of Capitalism: Monopolies and the death of competition*, Nov. 2018)

Nomi Prins demanded a return to the “Glass-Steagall environment where investment banks can’t leverage their balance sheets by so much and rely on government support”. (UK interview with long-time Glass-Steagall supporter **Liam Halligan**, Jun. 2018)

American financial commentator **Jim Rickards** stated that “The Global Financial Crisis was the predictable result of the repeal of Glass-Steagall. So what’s the answer? Bring it back!” (“Perfect Wealth Transfer Storm” conference, Adelaide, 3 Nov. 2017)

“Welcome Back, Glass-Steagall?”, by former Goldman Sachs partner turned New York University Prof. **Roy C. Smith**, argued for a return to the law. (*Financial News*, Nov. 2016)

Europe: Former Goldman Sachs investment banker **Paul Goldschmidt** called for ending Europe’s “Universal Banking model”. (*The Globalist*, 3 Aug. 2016)

Economists/Journalists

Australia: Financial commentator **Alan Kohler** wrote, “Royal commission chief Kenneth Hayne should break up the banks” (*The Australian*, 16 Feb. 2018), advocating the same again after reading royal commission submissions on Glass-Steagall. (*The Australian*, 3 Dec. 2018)

David Llewellyn-Smith, co-author of *The Great Crash of 2008*, asked, “How about some structural reform to address a structural problem? ... Even Bob Katter’s Glass-Steagall [bill] offers a better blueprint than business as usual.” (*MacroBusiness*, 2 May 2018)

Journalist **Jerry Roberts** reviewed Glass-Steagall laws saying the CEC has campaigned for an Australian version to “make our banking safer”. (“Pearls and Irritations”, 2 May 2018)

Two University of Melbourne economists, **Paul Kofman** and **Carsten Murawski**, argued in their paper “Does Australia Need a New Banking Model?” that “An alternative solution is the break-up of large banks ... under Glass-Steagall.” (*The Australian Economic Review*, June 2015)

USA: Political commentator “**Harper**” wrote “Happy Anniversary Glass Steagall—We Miss You, Come Back”. (“Sic Semper Tyrannis”, 16 June 2018)

“The case for *Glass-Steagall Act*, the Depression-era law we need today”, was the title of an essay by **Ganesh Sitar-aman**, a long-time adviser to US Senator Elizabeth Warren. (*Guardian*, 16 June 2018)

Bloomberg’s financial wealth advisor **Barry Ritholtz** wrote a column titled “Breaking up the banks offers a lot to like”. (7 Apr. 2018)

Roll Call magazine senior editor **David Hawkings** said Glass-Steagall can become one of the top legislative items in Congress overnight if the administration’s support becomes clear and public. (Federal News Radio, Apr. 2017)

Europe: Italian economist **Giulio Sapelli** called for “separation between investment and commercial banks, with the termination of universal banks”. (*Euronews*, 15 Sept. 2018)

Philip Aldrick, Economics Editor London *Times* said “regulation has not remade the banks in the way that Glass-Steagall did after the Great Depression...” (23 Feb. 2016)

British economist **John Kay** advocated for banking separation in his book *Other People’s Money: Masters of the Universe or Servants of the People?* (2015)