

BRUTISH BASTARDS ARE AT IT AGAIN!

LaRouche Demands Patriots Act To Pass Glass-Steagall

FLASH: *The British swine have once again imposed a 1923-style hyperinflationary collapse on modern Germany, with the trillion-dollar bail-out scheme imposed on the Eurozone this past weekend. Only the immediate enactment of a Glass-Steagall law could prevent the United States itself from falling into the same fate now destined for continental European victims such as, above all other targets for total destruction, the Federal Republic of Germany.*

Chancellor Frau Merkel's Germany was given virtually no option in this matter. Indeed, only the immediate enactment of the return to President Franklin Roosevelt's Glass-Steagall law in the U.S.A. could create the shift in global conditions which would prevent the British hyperinflationary policy for continental Europe from plunging the entirety of this planet into the darkest dark age in known history now.

—Lyndon LaRouche

by Nancy Spannaus

May 10—As the British imperial financial establishment scrambled desperately to pull together a self-doomed “rescue” for their imploding system, Lyndon LaRouche took the stage for an international webcast from Northern Virginia on May 8, to demand that U.S. patriots to protect the United States, and ultimately the world, by passing the Glass-Steagall amendment which has been submitted to the U.S. Senate banking reform bill (see *Documentation*, below). “The bill must be fully

supported, without quibble,” LaRouche said. “If you don’t support this, it means you don’t care about civilization.”

The Glass-Steagall amendment, introduced on May 6 by a group of Senators led by John McCain (R-Ariz.) and Maria Cantwell (D-Wash.), is the act of a growing group of patriotic Members of Congress, LaRouche asserted. While they introduced their Franklin Roosevelt-style legislation to protect commercial banking from speculative trading back in December of 2009, they have now sprung into action under pressure of the crisis now erupting in the Eurozone. They know that the only way the U.S. system can save itself from being sucked into the collapse spiral which British monetarist policies have caused in Europe, is to implement Glass-Steagall at home, and prepare to institute a recovery process that will bring in the rest of the world as well.

LaRouche’s presentation was punctuated by up-to-the-minute reports from the battle zone in Europe, where the media was reporting the pressure being put on Germany, in particular, but also all other Eurozone nations, to pour untold billions of funds into trying to save the bankrupt system. LaRouche’s response, at every turn, was to re-emphasize his crucial point:

“There is only one thing to do with this thing. Obviously, the operation in Germany is British-run. . . .

“Now, what we do, is we, in the United States, mobilize to the extreme, for this reform which we’re pushing: Back to Glass-Steagall. The Glass-Steagall reform



The Glass-Steagall Amendment, introduced on May 6 by a group of Senators led by John McCain (R-Ariz.) and Maria Cantwell (D-Wash.), is the act of a growing group of patriotic Members of Congress, LaRouche asserted. The two Senators are shown here at a press conference in December 2009.

will crash the British system. When we have crashed the British system, by re-establishing Glass-Steagall, by doing that, we're going to create a situation where the British will no longer be able to impose these things."

The next day, the British, with Obama's aid, succeeded into putting together promises, from continental EU member-states, of a more than *\$1 trillion* bailout, to try to save their system. That action—Weimar hyperinflation on a world scale—only increases the urgency for U.S. patriots to act.

The U.S. Battleground

The Senators leading the Glass-Steagall offensive at present, represent a growing bipartisan grouping, which is acting as patriots, as well as in response to the mass strike ferment within the U.S. population. The intensity of that ferment, which—despite all news media tripe to the contrary—is primarily focussed against the murderous and criminal economic policies of the Bush and Obama administrations, is dramatically increasing.

McCain and Cantwell are joined by four Democratic Senators—Barbara Boxer (Calif.), Tom Harkin (Iowa), Russ Feingold (Wisc.), and Ted Kaufman (Del.)—and Independent Sen. Bernie Sanders (Vt.), in sponsorship of the original bill (S. 2886). But the small number of names belies the broad support for the measure.

For example, there are 14 sponsors of a similar bill for the simple restoration of the Glass-Steagall standard, in the House of Representatives (H.R. 4375).

Democratic insiders have reported to the LaRouche Political Action Committee (LPAC) that extensive polling on the Glass-Steagall issue per se, has shown that 78% of the electorate is in favor of the reform, which would erect a firewall between commercial and investment banking. Also indicative of the mood, is the fact that a growing number of "Prodigal Son patriots" from the banking community

are issuing public statements indicating that they now realize that the repeal of Glass-Steagall in 1999 was a very bad mistake. These include Warren Buffett's number two Berkshire Hathaway executive Steve Munger, Merrill Lynch former CEO David Komansky, Kansas City Federal Reserve Board chief Thomas Hoenig, and former Citibank CEO John Reed, among others.

The leading voice for restoring Glass-Steagall, of course, has been LaRouche himself, who issued a call on Sept. 27, 2008, for bringing back the FDR standard, as an essential follow-on to his Homeowners and Bank Protection Act. LaRouche has emphasized that the thinking expressed by McCain and Cantwell, in their public statements on the bill, is fully consistent with his intention and policy.

While the McCain-Cantwell initiative has now been introduced as an amendment to Sen. Chris Dodd's 1,400-page financial reform bill, LaRouche has emphasized that its passage would totally change the character of the bill as a whole, by putting forward the only statement of principled intent. President Obama, who, along with the leaders of his economic team, has promised to veto the financial "reform," if it were to include this measure, would be put on the spot, as to whether he would support it, or expose his traitorous nature by acting against it. If he did the latter, this could well be the issue that leads to his impeachment.

The Washington Post

Chaos on Wall Street

On a day of global turmoil, Dow is briefly down nearly 1,000 points



THE MARKETS

Electronic exchanges under scrutiny after wild momentary price swings

BY DAVID COO AND JIA LIXIN YANG

Stock markets went haywire on Thursday. Shares were already falling over fears of fiscal problems in Europe when something, perhaps a structural flaw in U.S. markets, dragged prices into a historic and breathtaking plunge.

In the span of minutes, the Dow Jones Industrial average plummeted nearly 1,000 points from its previous close — a record — and whipped back up, creating one of the wildest trading days ever. The Dow still closed down more than 3 percent, and more unrest may be in store for Friday as market officials and regulators try to sort through the aftermath.

MARKETS CONTINUED ON A21

Shares were rampant on Wall Street and in Washington. Some traders speculated about human error, such as an electronic trade of stocks entered with the wrong amount. Regulators offered little clarity, saying they would investigate.

Some price swings of stocks defied logic. The shares of Accenture, a consulting firm, fell from \$40 to a single penny and then back to \$40 again. Procter & Gamble traded at \$54 on the New York Stock Exchange. But at the same time, Nisqually was reporting that the company's shares were selling for \$39.

Thursday's dramatic gyrations added fuel to the biggest policy debate in Washington: how to

MARKETS CONTINUED ON A21

2:00 p.m. The Dow was down as traders watched protests in Athens on TV. -272

A trader error, possibly a typo, may have triggered the panicked selling. The plunging price then set off the New York Stock Exchange's circuit breakers, which slowed trading. But other markets continued selling en masse using automated computer systems that kept selling price lower and lower. Accenture, for instance, dove from \$40 dollars a share to zero.

2:58 p.m. 17 minutes after the free fall halted, GEICO courted book. -357

Clear 4:05 p.m. -342 -5,700 -3.2%

THE CONTAGION EFFECT

Wary investors look at Greece, see a death spiral in Spain and beyond

BY NEIL IRWIN

MADRID — A third straight day of declines in world financial markets on Thursday was vivid evidence of a scary proposition: That the fiscal crisis that began in Greece months ago is spreading across Europe like a virus, causing growing doubt even about the fates of nations with far more manageable levels of government debt.

It is called the contagion effect, economists' metaphor for the rapid and hard-to-predict spread of a financial crisis, and it's driven by the fragility of investors' perceptions. Contagion is a function of vicious cycles in which confidence in a country's ability to repay its debts falls. If investors lose

plenty of money on the debt of one country, they realize that covering the debts of other countries with similar finances might cause them to lose even more. So they sell their investments in the second country, which in turn must pay higher and higher interest rates to get any loans, which adds to its debt and creates a fiscal death spiral that can well move on to the next country.

Spain is in the path of the storm and at the mercy of global investors, who are operating under the twin pressures of fear and greed. The country has less debt relative to the size of its economy compared with the United States or Britain, but contagion can threaten even countries that have

CONTAGION CONTINUED ON A21

STEVEN PEARLSTEIN

It is easy to dismiss Thursday's 30-minute, 1,000-point bonfire on the Dow Jones Industrial average as a freak event that resulted when everyday human error collided with high-speed, high-volume computerized trading.

But was it that easy? A20

2:46 p.m. No one knows what triggered the next bounce. Some traders may have pounced on the chance to buy, causing the markets to get a technical glitch. -905



On May 6, the British financial predators received a new jolt, with the so-called unexplained 1,000 point drop on the U.S. stock market—an indication that their global system was going through a totally uncontrolled meltdown.

It is quite possible that the British-controlled President, acting through Senate Majority Leader Harry Reid, will try to prevent the Glass-Steagall amendment from being added to the Dodd bill, by denying it a vote. Should this happen, Cantwell and Feingold, at least, have indicated that they are so determined to put this protection in place, that they will filibuster the bill as a whole. It remains to be seen whether the U.S. public, under LaRouche's leadership, will permit Reid's shenanigans to prevent this crucial piece of legislation

from coming to the floor for debate, and near-certain passage.

Europe Implodes

Meanwhile, the breakdown crisis of the world financial system is setting the world on fire.

LaRouche stressed, in his webcast address, that it was the British themselves, acting through their Inter-Alpha Group, who detonated this new, more dramatic stage of the crisis, by the way they detonated the Greek crisis. They were going for a “game-changer,” which would take the next giant step toward destroying all sovereign nation-states, with Germany as one major target—to be followed by the United States.

On May 6, they received a new jolt, with the so-called unexplained 1,000 point drop on the U.S. stock market—an indication that their global system was going through a totally uncontrolled meltdown. The British escalated.

The British government and its puppet, Barack Obama, went into action. Through a series of weekend emergency meetings, they pushed European Union finance ministers and heads of state into new, huge panic bailouts “for the euro”—in which Her Majesty’s U.K. government itself does not intend to take part. The new bailouts, announced Sunday night in a rush before Asian markets opened on the morning of May 10, ended up totalling over \$1 trillion.

It won’t succeed. As LaRouche said at the webcast, “The attempt to pull a swindle . . . using a bailout of Greece, to try to wreck the nations of the continent of Europe, the euro group, has backfired, and has struck

at the heart of the system, the euro system, which is controlled by the British monarchy, the British Empire group.” If the United States now adopts LaRouche’s Glass-Steagall policy through the Senate, defeating Obama’s moves to stop it, the British pound, and the whole British policy swindle, will sink to the ground.

As bank and bond credit conditions in the past week plunged back to their “freeze-up” status during the crash phase of early 2009, three and perhaps more new



White House/Pete Souza

President Obama called Chancellor Merkel on May 7 and May 9, and “stressed the urgency of all European Union members taking resolute steps to build confidence in the markets,” the White House confessed. Germany then capitulated to the \$1 trillion bailout of the British banks. The two leaders are shown here, at the G20 meeting in September 2009.

bailout schemes were being whipped up by the finance ministers for instant attempts at implementation. British Prime Minister Gordon Brown had called Germany’s Chancellor Angela Merkel, whose government is supposed to cough up the greatest part of the bailout funds, on May 7 and 8, to break her resistance to the schemes. Obama called Merkel on May 7 and 9, and “stressed the urgency of all European Union members taking resolute steps to build confidence in the markets,” confessed the White House.

But British Chancellor of the Exchequer Alistair Darling had the following nice formulation for Sky News: “When it comes to supporting the euro, that is for the Eurogroup countries [Britain is not one]. We need to show again today that by acting together we can stabilize the situation.”

One scheme will add EU60 billion to an existing EU50 billion “currency stabilization fund”—up to now, a back-up facility for currencies of non-EU member countries—and turn it to one that would “defend the euro.” A second crazy element would let the European Commission, a wholly appointed (i.e., non-elected) supragovernmental bureaucracy, use the European Union’s budget as collateral to borrow bailout funds, immediately for the sovereign debts of Spain and Portugal this week. A third scheme is to create a

“European IMF,” requiring all EU governments to cover any debts if one country defaulted on loans backed by its EU “partners.” The *Wall Street Journal* reported that the 27 euro-fools pledged to accelerate budget cuts across the bloc, and devise severe sanctions for violations of the “Maastricht 3% rule,” which bars EU nations from incurring deficits greater than of GDP. A fourth scheme would have the U.S. Federal Reserve bank flood the European central banks with currency swaps liquidity. And the European Central Bank will probably play a role, said the *Journal*.

The Federal Reserve provision, while not highlighted in any of the discussion of the agreements, is perhaps the most crucial of all. It means that, without the Glass-Steagall protections, the U.S. currency will be drawn into the vortex of the European collapse, and be set up for destruction, faster than you can say “Weimar hyperinflation.”

If you didn’t like the bailouts of 2008, wait until you see this one.

Heaven or Hell

LaRouche’s May 8 webcast was dominated by the Glass-Steagall question, both in the opening presentation, and throughout the questions and answer period that followed, in which he came back repeatedly to the fact that passage of this crucial amendment was the *only* issue on the agenda, the strategic opening available to shift the entire system. (The full webcast can be viewed at www.larouchepac.com, and the transcript will be available there in the near future. The next issue of *EIR* will also publish the entire transcript.)

We include some crucial elements here, beginning with the challenge LaRouche posed at the end of his opening statement:

Glass-Steagall is “the only thing that’s important right now, because *it’s going to determine the course of future history: Is the Glass-Steagall reform, which is now on the table, going to be immediately implemented, to prevent the United States from joining the British in going to Hell? Because, if not, we don’t have a future, at least, not for a long time to come. If we do, then there is a future. And then, once we decide we’re going to do that, how do we maintain the morale, the moral character of our populations? We do that, by providing*

them the assurance, of a knowable, understandable science education, and practice, where they can understand in their own terms of reference, at least in good approximation, that mankind has a future! And that we must organize our policy, not simply for our comfort—we must do that; but we must organize our policy, with a view to what is going to happen to future generations of humanity. We have to earn the respect of future humanity! That we are not only providing the solutions for these problems, or the seed for the solutions, but we are creating a system of commitment, which will ensure that we will continue to progress in that direction, indefinitely; and will give people some sense of what the practical measures are, which can lead to that result.

“So, let’s take the issue: The issue of the collapse of society, the collapse of the present world system, which is now ongoing, which exploded in your face on Thursday [May 6], in the stock market, and which is going to explode in a higher form this coming week, because it’s already exploding. Are you going to respond to this, with this change, which I indicate—the Glass-Steagall reform? Otherwise, if you’re not going to respond to the Glass-Steagall reform now, you’re wasting your time by being alive! It’s that true.

“This is the only thing that’s morally significant: Are we willing to commit ourselves to this Glass-Steagall perspective now?! Now, that leading political forces have put the thing on the table? It’s the only thing that’ll save us, and there’s nothing else worth doing. Anything else, is a damned waste of time! Just babble.

“So, let’s take the position: Understand the crisis; we can solve it. We have a core of recognized American leaders, who are now leading an effort which will grow very rapidly, not only in the United States, but will grow also, by reputation, in Europe and elsewhere. Let us assume that we are going to win! Because there’s no time worth spending on the alternative: You’re looking at Hell or Heaven. And once you’ve made the choice, then you better to start exploring Heaven. Not



EIRNS/Stuart Lewis

In response to a question at his May 8 webcast, Lyndon LaRouche declared: “What the British are afraid of, right now, most of all is a Glass-Steagall reform by the United States.” LaRouche is shown here addressing the webcast.

going there faster—that may happen, but in terms of, you are committed to ensure, that our victory over the enemy, our victory through initiation of a Glass-Steagall reform, will empower actions, which will lead to the salvation of mankind, from the kind of threat that’s immediate.”

The ‘Greek Crisis’

The first question to LaRouche, following his keynote address, came from Russia, and dealt with the Eurozone crisis, in terms of the Greek situation. LaRouche elaborated on the significance of that blowout, and its solution, as follows:

“So what there is, is there’s an effort of this empire, which is an international financial empire, of a monetary system—this empire has now gone to the point, with the aid of Alan Greenspan, of creating a mass of nominal monetary debt, which exceeds all imagination! Nobody knows how big this thing is! It’s growing like a wild cancer. And the world can not live with this debt. But the people who are behind it, insist on having the power to rule.

“Now, the tendency to have under these conditions are two: one, is to simply proceed to blow up the world, as has been done by empires before. This was done in the 14th-Century New Dark Age: 30% of the popula-

tion or more was wiped out by this process! And a completely new form of civilization eventually emerged. That's the one thing that's coming out of the British Empire.

"And the British Empire also controls most of the financial-monetary systems of the world. So, if you're going to save civilization, you have to destroy it, you have to destroy the British Empire. The British Empire has gone ahead, under the filthy Presidents, such as George H.W. Bush, George W. Bush, and now, Obama, who are completely alien in terms of their policies to anything that corresponds to the interests of civilization generally, or the United States in particular.

"And the system is coming down.

"What they're trying to do, is blow up the system, by, instead of allowing Greece to reorganize its money system, they are imposing that the Greek debt be bailed out by Europe! Now, the debt is *worthless*, in large part! Therefore, asking a Europe, which is already on the edge of breaking up, to absorb an unpayable debt, which the Greeks can never repay—not possible!—means you're going to blow up Europe. And the British are doing that.

"Now, what the British are afraid of, right now, most of all—the thing they fear the most—is a *Glass-Steagall reform by the United States*. If the United States adopts the Glass-Steagall reform, which is now being pushed, as I mentioned earlier, *then the British Empire is defeated, and we are saved*.

"Europe, in the meantime, would go through a collapse. But it could be temporary, if the United States had reestablished itself as a Roosevelt-style reform, as I indicated earlier today. Then we can make it, and we could save Europe, we could save Russia. We could also by doing that, we could ensure the security of China, of India, of other parts of the world. We could stop this world crisis, even now, if we did that.

"If we don't do it, if we don't push through the Glass-Steagall reform, which I specified, there is no hope for humanity's decent existence in the immediate future—beginning this week! And next. What happened on Thursday was no accident: it was a lawful development in a system which is doomed.

"The center of the power of fake money, is the British Empire. It's located, as I said, in this group that was organized by Jacob Rothschild, back in 1971, called the Inter-Alpha Group: That is the center of political-monetary power on this planet. And that thing is ready to collapse, especially with the case of a very sloppy elec-

tion in Britain, which is another factor of instability.

"So what we have to do, is say: 'You're finished' to them. 'We are establishing a U.S. dollar system again. *We're going to cancel all these forms of debts which are fraudulent*. We're going to reorganize the banks, the way we know how to do it, and have done in the past, following our laws which we voted in our Constitution and other forms. We're going to survive! And the world

"Now, what the British are afraid of, right now, most of all—the thing they fear the most—is a Glass-Steagall reform by the United States. If the United States adopts the Glass-Steagall reform, which is now being pushed, as I mentioned earlier, then the British Empire is defeated, and we are saved.

is going to turn around to cooperate with us, to replace the British system, with a system consistent with the Glass-Steagall principles.'

"That's what has to happen, and that's the way you have to look at it.

"Actually it was no coincidence that it happened in this period. When I scheduled this appearance, here, today, for this time, I knew we were entering into exactly this type of property. And that's what's happened to us.

"But the problem is, that most people who call themselves economists, don't understand economy! They believe in monetary systems! And the point is, you're in a monetary system, where the values are largely fake! Most of the listed monetary values in the world today are totally fake! And if you keep blowing that bubble up, it's going to pop! And it came *popping time*! And that's what's happened.

"And it was going to happen about this time, and I knew it was going to happen about this time, but it happened a few days before this time! There was nothing coincidental, nothing surprising about that that—history is like that. And if you do as I do, and think as I do, in terms of physical economy and not this papier-mâché kind of economy, or an invisible papier-mâché economy which we have now—it's gone! It's doomed, it's

The New York Times

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NEW YORK, SATURDAY, JUNE 17, 1933.

TW

PRESIDENT STARTS RECOVERY PROGRAM, SIGNS BANK, RAIL AND INDUSTRY BILLS; WHEAT GROWERS WILL GET \$150,000,000

AIDS FARMERS THIS YEAR

Wheat Processing Tax, 30 Cents, to Take Soon After July

ACREAGE CUTS IN

Payments to Growers Reduction Allotments Will Include This Year's

WILL PROTECT CONS

Wallace Promises No Price Rise—Will Give Decision on Cotton To

WILL PROTECT CONS

Wallace Promises No Price Rise—Will Give Decision on Cotton To

Special to The New York Times
WASHINGTON, June 16.—Secretary Wallace announced today, the farm program under which wheat growers will receive approximately \$150,000,000 will become operative.

The acreage reduction program provisions of the Farm Act will be applied to the crops of 1934 and 1935, and of \$100,000,000 will be reduced processing tax of around 2 bushels levied against mill Sept. 15 two-thirds of the \$100,000,000 will have been distributed among wheat growers who complied with the government.

Eligibility to share in distribution requires that growers agree to reduce planting maximum of 20 per cent of the exact reduction called for depend on the outcome of the national conference for joint national action to reduce world wheat production. It is possible that no

Powers Granted to the President

Special to The New York Times.
WASHINGTON, June 16.—Extraordinary powers granted in the first session of the Seventy-third Congress to President

Text of President's statement on recovery policies, Page 2.

Special to The New York Times.
WASHINGTON, June 16.—Assuming unprecedented peacetime control over the nation's economic life, President Roosevelt placed in operation today his sweeping program for recovery from the depression. Within two hours he signed acts of Congress giving him control over industry, power to coordinate the railroads, and authority to start work on a \$3,300,000,000 public works program, and then began the active administration of these and other major measures.

In signing the National Industrial Recovery Act the President declared that it was "the most important and far-reaching legislation ever enacted by the American Congress," and said that it "represents a supreme effort to stabilize for all time the many factors which make for the prosperity of the nation and the preservation of American standards."

The Glass-Steagall Banking Reform Act which the President de-

ROOSEVELT HAILS GOAL

He Calls Recovery Act Most Sweeping Law in Nation's History.

JOHNSON ADMINISTRATOR

Col. Sawyer Is Named to Direct Public Works, Eastman as Railway Coordinator.

'MILLION JOBS BY OCT. 1'

Employers Urged to Hire More Men With Government Stopping Unfair Competition.

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The Glass-Steagall Banking Reform Act which the President de-



National Archives

If the United States enters into an agreement with Russia, India, China, and other nations, we will have created a new international system, a Bretton Woods system like that of Franklin Roosevelt. "Under those conditions, we can survive, we can progress. And we can say, 'bye-bye,' to the British Empire!" Shown: The New York Times, forced to cover FDR's recovery program on June 17, 1933; President Roosevelt in 1933.

gone! No mystery about it. The problem is, people attach too much value to this crazy system. They depend upon it. They think it has some intrinsic value, and it doesn't. It's only paper—and it's not even paper any more! It's electronic whisps some place. So, that's what happens.

"So this thing is inevitable. What we have to do, is, presuming we carry through the Glass-Steagall reform, and everything depends on the Glass-Steagall reform—if we carry that through, then we will survive, and we will be a power, to go into Europe, and talk to nations such as Germany, and Russia, and Italy, and France—even the French'll probably agree—and we will say, 'Okay, why don't you just join our system: Resume your sovereignty as sovereign nation-states, and enter into an agreement with us, like the Roosevelt agreement at Bretton Woods. And we will create a fixed-exchange-rate system, based on this, our tradition of our

system.' And, that's the solution!

"But, see, Russia, in particular, has a stinking monetary system, right now, financial system, which is owned by the Caribbean pirates, who own Russia from afar. And the poor Russians can't get access to the money the Caribbean pirates have, and they call it 'Russian money.' And they're looting Russia for the sake of the profits of the Caribbean pirates. So, we can help them with that. We can enter into agreements with governments in Western Europe, and with Russia, and China—China will be very happy to have such an agreement—and India. And a few other countries.

"If we enter such an agreement, we've created a new international system, a Bretton Woods system like that of Franklin Roosevelt. Under those conditions, doing the kind of work I indicated, we can survive, we can progress. And we can say, 'bye-bye,' to the British Empire!"

Cantwell-McCain on Glass-Steagall

This press release was issued by Sen. Maria Cantwell's office, under the title "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."

Thursday, May 06, 2010

WASHINGTON, DC—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 bank's 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.