

Alþingi
Erindi nr. P 141/1931
komudagur 11. 3. 2013

From: Michelle Rasmussen [<mailto:mich.ras@hotmail.com>]
Sent: 11. mars 2013 14:56
To: Eiríkur Áki Eggertsson
Subject: World-wide bank separation legislation

228. maí

Dear Eiríkur,

We spoke earlier about the Icelandic parliament's bank separation proposal.

Here is a link to the international legislation that has been proposed that we are aware of, as of the middle of January 2013:
http://larouchepac.com/files/20130114-global-gs-support_0.pdf

I would appreciate it if you could circulate this to the members of the committee, if possible. Thank you.

Sincerely,

Michelle



INTERNATIONAL OVERVIEW

THE GLOBAL SUPPORT FOR GLASS-STEAGALL

Worldwide Support

The urgency of enforcing full, Glass-Steagall separation of the banks, as specified in Franklin D. Roosevelt's 1933 law—not the fraudulent self-policing schemes ("ring-fencing," "the Volcker rule," Liikanen, etc.) put forward by speculative finance—is being recognized and debated by leading figures and representatives across all continents as the first, necessary step towards ending the disintegration of the international financial system.

As of this writing, legislation to implement Glass-Steagall has been introduced in the legislatures of six countries, and is being pursued as a central issue of government in both the United Kingdom and in France. In the latter, a call for a global Glass-Steagall has been signed by over 250 elected officials, including a member of the National Assembly. The French fight is being led by the Solidarité et Progrès party, headed by former Presidential candidate and Lyndon LaRouche co-thinker Jacques Cheminade, which is mobilizing the political forces required to replace the fraudulent banking reform bill presented by the Hollande government on Dec. 19, 2012, with a real Glass-Steagall law.

Legislation can and must be quickly prepared and entered in other countries. For example, Paavo Arhinmäki, party leader of Finland's major leftwing party, Vasemmistoliiton, and Minister of Culture in that government, supported the implementation of a Glass-Steagall law in an October 28, 2012 article in Finnish newspaper *Kansan Uutiset*. Three committees of the Danish Parliament have heard testimony from Schiller Institute representatives on implementing Glass-Steagall to end global hyperinflation and chaos.

Glass-Steagall is being discussed at the highest levels of the Russian government as well. For example, Victor Ivanov, head of Russia's Federal Drug Control Service,

has repeatedly urged the implementation of "the logic of the Glass-Steagall Act" as critical "to liquidate global drug trafficking" (cf. his November 18, 2011 presentation at the CSIS in Washington, D.C.)

United States

Within hours of the opening of the 113th Congress on Jan. 3, Rep. Marcy Kaptur (D-OH) and Rep. Walter B. Jones (R-NC) had reintroduced legislation to revive Franklin D. Roosevelt's Glass-Steagall Act. The official title of that bill, H.R. 129 reads: "To repeal certain provisions of the Gramm-Leach-Bliley Act and revive the separation between commercial banking and the securities business, in the manner provided in the Banking Act of 1933, the so-called 'Glass-Steagall Act', and for other purposes."

By the close of the previous 112th Congress, 85 Congressmen, from both major parties, had signed onto H.R. 1489, the Glass-Steagall bill sponsored by Rep. Kaptur in the 2011-2012 Congressional session with the same title and intent.

H.R. 129 has been referred to the House Financial Services Committee, and its full text will be available soon.

A companion Glass-Steagall bill is expected soon in the U.S. Senate. The legislative battle to restore Glass-Steagall was kicked off in 2010 in the Senate, when Senators Maria Cantwell (D-WA) and John McCain (R-AZ) introduced an amendment to the fraudulent Dodd-Frank bank reform bill, reinstating Glass-Steagall. That effort was shot down by President Barack Obama, Treasury Secretary Timothy Geithner, and Wall Street, the sponsors of Dodd-Frank.

Since that time, a remarkable and growing force of state legislators and city councilmen, trade unions (including the AFL-CIO and the powerful machinists union), community bankers, farm institutions, and others have joined

the LaRouche movement in vociferously demanding restoration of Glass-Steagall. Notable figures include former Federal Reserve Governor Thomas Hoenig, now Vice Chairman of the Federal Deposit Insurance Corporation, and former Citibank chairman Sandy Weill, who in July 2012 publicly declared that Glass-Steagall was necessary, even though he had led the fight to overturn it in 1999.

United Kingdom

In early July 2012, a group of leading financiers at the center of the British financial empire, the City of London, made an unmistakable policy shift toward promotion of full Glass-Steagall bank separation, by name, in recognition that not even they could survive the onrushing collapse of their system, and therefore the system itself had to be radically reorganized. An editorial in the *Financial Times* on July 4, 2012 summed up the shift:

"The government accepted the principle of separation last year when it endorsed the conclusions of the banking commission presided over by Sir John Vickers. This argued for an internal split rather than a total separation on the basis that the diversity of assets within a universal bank could be a source of strength at times of financial stress.

"While the FT supported those conclusions, we are now ready to go further. For all the diversification benefits, the cultural tensions between investment and retail banking can only be resolved by totally separating the two, on formal Glass-Steagall-style lines..."

No Glass-Steagall legislation has yet been introduced in the British Parliament, but the battle between its supporters and opponents continues to rage. The final report issued by the select Parliamentary Committee on Banking Standards on December 21, 2012 called for "electrifying" the government's proposed ring-fencing with the threat that, should that not suffice, full-scale separation would be required. Committee chair Conservative MP Andrew Tyrie said, in releasing the report:

"Parliament took the unprecedented step of creating its own inquiry into banking standards, in the wake of the first revelations about the Libor scandal. The latest revelations of collusion, corruption and market-rigging beggar belief. It is the clearest illustration yet that a great deal more needs to be done to restore standards in banking.... The Commission welcomes the creation of a ring-fence. It is essential that banks are restructured in a way that allows

them to fail, whether inside or outside the ring-fence.... But the proposals, as they stand, fall well short of what is required... [W]e recommend electrification. The legislation needs to set out a reserve power for separation; the regulator needs to know he can use it."

A week later, on Dec. 27, the *Financial Times* reported the remarkable results of a poll taken by the Ipsos Mori public opinion firm at the end of 2012: More than 60% of the Members of the British Parliament, across all parties, "would support a full-scale separation in British banking, modeled on the Glass-Steagall reforms implemented in the 1930s in the United States." 66% of Tories polled supported it, as did 60% of Labour. Ipsos Mori CEO Ben Page said, "MPs are completely divided over a whole range of issues—including regulation of business generally, but are united in their view that retail and investment banking should be separated."

Italy

Four Glass-Steagall bills were introduced into the Italian parliament in 2012, between the Chamber of Deputies and the Senate. None of the bills were taken up by the respective parliamentary committees, and as the legislative term just ended, the bills will have to be reintroduced following the February 24-25, 2013 general elections. That is quite likely to occur, given that former Economics Minister Giulio Tremonti (Pdl, Popolo della Libertà), the sponsor of one of the bills and a candidate in the upcoming elections, has made the implementation of Glass-Steagall and creation of a national bank to ensure a sufficient supply of productive credit, a major focus of his electoral campaign. Since March 2012, the Northern League (Lega Nord) party has been collecting signatures on a petition ("Legge di Iniziativa Popolare") calling for passage of a Glass-Steagall law. The Lega Nord petition, and Tremonti in introducing his bill, both insist that it is necessary to "abandon the model of the so-called 'universal bank,' that is the DNA of systemic banks... In order to do this, it is necessary to introduce a new, updated version of the Glass-Steagall Act of 1933. In short, now as then, it is necessary to set up a fire-wall, to distinguish between ordinary banks and gambling banks, so that ordinary banks can no longer lend money from their account holders to the gambling banks, or buy their structured products. This distinction can and must be made instantaneously..."

Jan. 25, 2012: Sen. Oskar Peterlini (Svp, Sudtiroler

Volkspartei) introduced Bill No. 3112 into the Italian Senate: "Delegation to the Government for the Separation of Ordinary and Speculative Banking Activities." It was co-sponsored by 11 Senators from the Svp, the Democratic Party (PD), the Lega Nord, and Italy of Values (Italia dei Valori).

March 15, 2012: The Lega Nord introduced Bill No. 5054 into the Chamber of Deputies: "Delegation to the Government for the Separation of the Commercial Banking Model from the Investment Banking Model." The same text was introduced on October 10, 2012 to the Senate by the Lega Nord, as Bill No. 3514.

May 18, 2012: Giulio Tremonti introduced Bill No. 5218 into the Chamber of Deputies: "Delegation to the Government for the Reform of the Banking System through the Separation of Productive Credit and Speculative Financial Activities."

Iceland

On Oct. 24, 2012, Motion 239 for the separation of commercial banks and investment banks was reintroduced into Parliament, sponsored by 17 of its 63 members, representing all parties but one—the conservative Independence Party which did not co-sponsor the bill because it had its own motion for bank separation. The motion reads:

"Parliament resolves to entrust the Minister of Economic Affairs with the task of appointing a committee which is to revise the framework of banking services in Iceland in order to minimize—through the separation of commercial and investment banks—the risk of disruptions within the banking sector for the national economy. The committee is to examine the policy-making of neighboring countries in this regard, and to submit its proposals before Feb. 1, 2013."

The motion, debated and supported by representatives of all the parties, is now before the Economic Affairs and Trade Committee. As the government plans to put forward a more general proposal for a banking reform early this year, the co-sponsors of the motion want the government to include bank separation in their proposals for financial reforms before February 1. Then there will be time for a final vote in the Icelandic Parliament (Althingi) before the national Icelandic elections in April 2013.

In a message submitted to the Nov. 24-25, 2012 Schiller Institute conference on "A New Paradigm for the Survival of Civilization," the Deputy Speaker of the Icelandic Parliament, Álfheidur Ingadóttir, called for "parliamentarians from around the world to familiarize themselves

with [this] bank separation motion ... and seriously consider taking similar actions."

Belgium

Belgian Prime Minister Elio di Rupo (Socialist Party) told the Belgian daily *La Libre Belgique* (Sept. 1, 2012), when asked what kind of banking reform he was considering: "The financial assets circulating in the financial world aren't any longer, in a sufficient way, dedicated to the real economy. That isn't normal. There exists a demand, in Belgium as in other countries—for example in the United States—to break up the banks: on the one side the deposit banks, on the other the investment banks. Ideas are being worked out, in Belgium at the national bank and on the European level."

He elaborated: "The situation is untenable. It is madness. When [Belgian banks] Dexia, Fortis ... had difficulties, they knocked on the door of the State. To help them, the Belgian State had no other choice then to lend money and increase its volume of debt. But the same banks now are giving us lessons and claim the state is overly indebted! ... My conviction is that we have to arrive at breaking up the banks, to reduce their size and protect the assets of the citizens in a way we can avoid States having to intervene. Legislation has to be adopted which makes it so that the consequences of all risk behavior go to those engaging in it..."

Draft legislation (DOC 53/ 0166/001) was introduced in the House on Sept. 10, 2010, and reformulated and reintroduced on October 21, 2011 (DOC 1835/001) by Ecolo-Groen party members Meyrem Almaci, Georges Gilkinet, Muriel Gerkens, and Stefaan Van Hecke. It remains filed before the Finance Committee.

SWITZERLAND:

In September 2011, Motion 11.3857, "Introduction of a Bank Separation System (Glass-Steagall)," was submitted to the Parliament Lower House (Nationalrat) by the Green Party. It mandates the government to undertake steps to introduce a Glass-Steagall bank separation reform, including conducting an analysis of the best way to implement it. This motion is before the Plenum.

A companion bill has not been submitted to the Upper House (Staenderat), but on Sept. 19, 2012, during Upper House discussion of the "Too Big to Fail" (TBTF) law, member Thomas Minder stated that the TBTF law, with its increased bank reserve requirements, would not suffice,

and when the next crisis hits, they would have to return to implementing Glass-Steagall: "Again, soon we will be obliged to debate the bank separation system, as Motion 11.3857 is still in the pipeline. I will support it." During 2011, Glass-Steagall amendments to the TBTF law were submitted and defeated in both houses.

In Dec. 2011, Motion 11.4185, "Fewer Risks with a Trennbankensystem," was submitted by the Social Democratic Faction to the Lower House. It calls on the government to prepare a study on a bank separation system and how it could protect the Swiss economy, with the United States Glass-Steagall considered as one model. The motion is still before the Plenum.

SWEDEN:

On Oct. 3, 2011, Motion Fi234, "Commercial Banks and Investment Banks," was submitted by parliamentarians Valter Mutt and Annika Lillemets from Miljöpartiet (the Green Party). The motion referred to the U.S. 1933 Glass-Steagall Act, and proposed: "The parliament declares to the government what is stated in the motion, to investigate a new law for the bank sector with the purpose of separating commercial banks from investment banks, and to limit the state bank guarantee to the former." The motion was defeated on June 19, 2012 by a vote of 280 to 41. All representatives of both the Green party and the Left Party voted in support of the motion.

On Sept. 18, 2012, Motion Fi201, "Financial Regulation," was submitted by six parliamentarians from the Left Party (Ulla Andersson, Josefin Brink, Rossana Dinamarca, Christina Höj Larsen, Wiwi-Anne Johansson and Jacob Johnson), which proposes: "The parliament declares to the government what is stated in the motion, that it speedily mandate a parliamentary investigation for the purpose of preparing a bill that separates traditional banking activities from so-called investment activities." The motion has been referred to the Financial Committee, where it will be prepared in meetings on March 5 and 26, 2013.

On Oct 5, 2012, Motion Fi298, "Stabilize the Banking and Finance Sector," was submitted by parliamentarians Valter Mutt, Annika Lillemets and Jan Lindholm from Miljöpartiet (the Green party). The motion refers to the U.S. 1933 Glass-Steagall Act, and proposes: "The parliament declares to the government what is stated in the motion, that it investigate a new law for the Swedish bank sector, for the purpose of separating commercial banks from investment banks, and limiting state bank guarantees to the former." The motion has been referred to the Financial Committee where it will be prepared in meetings on March 5 and 26, 2013.

LaRouchePAC links all of the motions & legislation mentioned in this overview online:

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