

Russians Welcome Glass-Steagall Fight

by Rachel Douglas

May 21—Illustrating how the current and historical fights for the Glass-Steagall principle find resonance in Russia, the May 17 [LaRouchePAC press release](#) on Sen. Tom Harkin’s introduction of legislation in the U.S. Senate to restore Glass-Steagall banking separation was quickly republished following its release in Russian on May 19. The portal of the Institute of Higher Communitarianism, with which several anti-monetarist economists are associated, published the release in full, under the headline “Quiet Battle Against the Financial Octopus Underway in the USA.”

The release has also appeared on several blogs, on the Pravda-Inform site, and in Ukraine it was issued by the press agency of Natalia Vitrenko’s Progressive Socialist Party of Ukraine. The Russian release incorporated LPAC’s reports on its mid-May Week of Action, and on the advocacy of Glass-Steagall by FDIC Vice Chairman Thomas Hoenig.

As in many countries, “Glass-Steagall” has become a well-known concept in Russia lately, thanks to the LaRouche movement, which, in recent years, has issued 67 Russian-language releases, speeches, resolutions, articles, and videos, discussing Glass-Steagall. The Russian-dubbed video of Lyndon LaRouche’s speech at the April 13-14, 2013 Frankfurt conference of the Schiller Institute, with his central emphasis on Glass-Steagall as “the fundamental law of the United States,” has drawn over 2,300 views and downloads in the ten days since it was posted online.

In that speech LaRouche says, “And the core of what we are proposing is Glass-Steagall. Simply, the Glass-Steagall policy, if applied, will save the United States. If Europeans wish to survive, they will do the same thing. They will take a carbon copy of Glass-Steagall and bring it into Europe immediately, and eliminate any other variety of economic-policy system.”

Last November during pre-meetings for the inaugural Moscow Economic Forum, analyst Maxim Kalash-

nikov (a member both of agricultural-implements producer Konstantin Babkin's Party of the Cause, and of the Izborsk Club of intellectuals) put out video and written commentaries, calling for application of the same principle in Russia: "We have to set up a sovereign banking system, including strong specialized banks; adopt something analogous to the Glass-Steagall law to prevent the flight of investment rubles into currency speculation; and nationalize the Central Bank, subordinating it to a government of national salvation."

The Izborsk Club's economic policy white paper "Strategy for a Major Breakthrough," issued in early 2013, said: "We must learn lessons from the lamentable effects of the anti-crisis policies of 2008-2009. As soon as Russian banks received cheap, unsecured credits from the Central Bank, they immediately put them into speculative operations in the currency market. In order to secure the economic system against such practices, Russia ought to introduce legislation similar to the Glass-Steagall law, adopted in the USA in 1933 in the heat of the Great Depres-

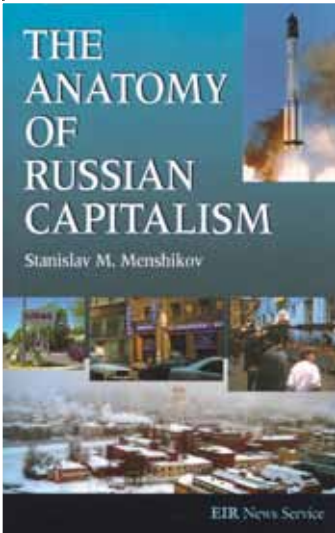
sion, restricting the banks' opportunities to speculate."

'Roosevelt Saved the USA'

On May 16, 2013, the day of Harkin's action, and the 80th anniversary of introduction of the original Glass-Steagall, Voice of Russia radio took note of the historical landmark in a broadcast titled "Roosevelt Saved the USA from Economic Chaos." The station interviewed Dr. Alexander Petrov, a researcher at the Russian Academy of Sciences Institute of Universal History, who underscored that two outstanding events among FDR's "first steps to overcome the hideous economic depression" took place on May 16, 1933. One was the introduction of Glass-Steagall, the other was Eleanor Roosevelt's personal visit to the Bonus Marchers' camps in Washington, which helped diffuse the still tense political situation and began to build support for the newly launched employment programs of the New Deal.

About Glass-Steagall, Petrov said, "On May 16 discussions began on the famous law, which would later become the Glass-Steagall Law. It guaranteed a certain division within banking. During the presidencies of Coolidge and Hoover, banks and investment companies ... had become entangled, and the ordinary American had no protection." Citing FDR's Fireside Chat on the banking crisis, which had been delivered in March, Petrov underscored that Roosevelt explained to the population how the banking system works, how it should work, and what banks couldn't do. The Russian historian then drew out some implications for Russia today, saying that the defense of healthy banks is crucial for the economy, and that Russia's small depositors need protection. He said that conventional wisdom "since Adam Smith" had favored government non-interference in banking, but in 1933 this would have been "very dangerous" to continue.

Petrov discussed how waves of criminality in the USA, including organized crime, had been based on the presence of large numbers of unemployed youth lacking confidence in the future. The New Deal public works projects provided productive employment in infrastructure construction as a basis for the future. Petrov outlined the positive chain of development from an increased standard of living, to population growth, to economic recovery, to scientific and technological progress. Roosevelt not only "saved the USA from chaos," he said, but became a figure of international stature in history.



This English translation of the work of Russia's authoritative economist, Stanislav Menshikov presents a critical analysis of the complex economic processes in Russia over the last 15 years.

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