

1 **COMMITTEES: COMMUNICATIONS, FINANCIAL SERVICES,**
2 **AND INTERSTATE COMMERCE**

3 **POLICY: RESOLUTION URGING THE UNITED STATES**
4 **CONGRESS TO SUPPORT H.R. 129 and S. 985,**
5 **TO RESTORE THE GLASS-STEAGALL ACT.**
6

7 **TYPE OF POLICY: RESOLUTION**
8 **Introduced by Senator Cathy Cloutier (DE)**
9

10 WHEREAS, an effective money and banking system is essential to the functioning of
11 the economy; and

12 WHEREAS, such a system must function in the public interest, without bias; and

13 WHEREAS, since 1933, the Federal Banking Act of 1933, known as the Glass-Steagall
14 Act, protected the public interest in matters dealing with the regulation of commercial
15 and investment banking, in addition to insurance companies and securities; and

16 WHEREAS, the Glass Steagall Act was repealed in 1999, partially contributing to the
17 greatest speculative bubble and worldwide recession since the Great Depression of
18 1933; and

19 WHEREAS, the worldwide recession has left millions of homes in foreclosure; and

20 WHEREAS, the worldwide recession has cost the loss of millions of jobs nationwide,
21 with special impact on youth unemployment, where as of 2008, three states had
22 effective youth unemployment above 30%, and as of 2013, thirty states do; and during
23 the same time frame, the number of jobs considered "low wage" increased from 28% to
24 40%, severely hollowing out the tax base; and

25 WHEREAS, the worldwide recession, the loss of revenue due to increased
26 unemployment and U.S. Federal Government cuts and sequester provisions, and
27 increased demands on state budgets for unemployment compensation and related
28 payments, have put severe financial strains on states, counties and cities, exacerbating
29 unemployment and loss of civil services; in the state of Ohio, for example, leading to
30 cuts in state aid to local government in the current budget by \$1 billion; and

31 WHEREAS, restoration of the Glass-Steagall banking framework releases the Federal
32 Government from financial obligation to prop up the non-commercial bank sectors of
33 financial activity, thereby freeing Federal financial and credit resources for expansion of
34 lending directly and through the commercial banks, into farms, factories, infrastructure
35 development, business and household needs, thus expanding jobs and taxable income;
36 and

37 WHEREAS, The United States Senate and House of Representatives have been
38 making efforts to restore protections of the Glass-Steagall Act; and

39 WHEREAS, Congresswoman Marcy Kaptur has introduced H.R. 129, known as the
40 Return to Prudent Banking Act of 2013, and reviving the separation between
41 commercial banking and the securities business in the manner provided in the Glass-
42 Steagall Act, and Senator Tom Harkin has introduced the companion Senate bill S. 985;
43 and

44 WHEREAS, the Glass-Steagall Act has widespread national support from such
45 organizations as the American Federation of Labor and the Congress of Industrial
46 Organizations (AFL-CIO), the American Federation of Teachers and the International
47 Association of Machinists, as well as from prominent economic and business leaders,
48 including Thomas Hoenig, Vice Chairman of the FDIC, Sanford Weill, former CEO of
49 Citigroup, economist Luigi Zingales, the New York Times, the St. Louis Post Dispatch,
50 the Los Angeles Times, and many others;

51 NOW, THEREFORE:

52 BE IT RESOLVED that the National Conference of State Legislatures urges Congress
53 to enact legislation that would reinstate the separation of commercial and investment
54 banking functions that were in effect under the Glass-Steagall Act, prohibiting
55 commercial banks and bank holding companies from investing in stocks, underwriting
56 securities or investing in or acting as guarantors to derivatives transactions, in order to
57 prevent American taxpayers from being called upon to fund hundreds of billions of
58 dollars to bail out financial institutions; and

59 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the President of
60 the United States, to presiding officers of each house of Congress, and to each member
61 of Congress.