

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

3 **POLICY: RESOLUTION CONCERNING REGULATION OF**
4 **COMMERCIAL AND INVESTMENT BANKING**

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6 **TYPE OF POLICY: RESOLUTION**
7 **Introduced by Representative Andrea Boland (ME)**
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9 The National Conference of State Legislators believes that a considerable effort needs
10 to be undertaken by the United States Congress and President of the United States to
11 enact legislation that would separate commercial and investment banking functions.
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13 The NCSL recognizes that from 1933 to 1999 the Federal Banking Act of 1933, known
14 as the Glass-Steagall Act, worked effectively to protect the public interest in matters
15 dealing with the regulation of commercial and investment banking.
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17 The NCSL recognizes that the Glass-Steagall Act was repealed in 1999, which
18 contributed to the greatest speculative bubble and subsequent worldwide economic
19 distress since the Great Depression of 1933;
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21 The NCSL recognizes that the impact on the states of repeal of Glass-Steagall and the
22 subsequent financial crash, has been painful, intense, and growing, and that the states
23 have suffered under the loss of revenue due to unemployment, Federal Government
24 cuts and sequester provisions, and increased demands on state budgets for
25 compensatory payments.
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27 The NCSL understands that there is currently legislation before Congress that would
28 reinstate provisions of the former Glass-Steagall Act. Following passage of Glass-
29 Steagall, the federal government will be able to launch emergency infrastructure and
30 water projects, in concert with a vibrant commercial banking sector. This will increase

31 employment by construction of state and federal projects that have been put on hold for
32 too long.

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34 The NCSL recognizes that the Federal Reserve has been issuing \$85 billion per month
35 in cash to the “too big to fail” Wall Street banks, to buy their devalued derivatives
36 securities, a thinly disguised bailout. The banks that have received this money have
37 used it to increase their speculation in similar derivatives and failed to increase lending
38 to Main Street. They have decreased lending to businesses and state and city projects
39 by over \$1 trillion!

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41 The NCSL understands that state legislatures have joined other organizations and
42 prominent economists and bankers across the nation to demand a restoration of the
43 Glass-Steagall Act.

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45 The NCSL recognizes that 25 state legislatures have filed bi-partisan resolutions urging
46 the United States Congress and the President of the United States to re-enact the
47 Glass-Steagall banking law to return balance to banking activities, and that these
48 resolutions passed in four states thus far.

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50 The NCSL knows that H.R. 129, a bill to restore Glass-Steagall, has been introduced
51 into the U.S. House of Representatives by Congresswoman Marcy Kaptur, which
52 currently has 75 bipartisan co-sponsors, and that similar bills have been introduced into
53 the Senate, S. 1282 by Senators Elizabeth Warren and John McCain, currently with 10
54 bipartisan co-sponsors, and S. 985 introduced by Senator Tom Harkin.

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56 Given the urgency of the economic and banking crisis that has so heavily burdened
57 average United States citizens, their businesses, and their state and local governments,
58 the National Conference of State Legislatures urges the United States Congress and

59 the President of the United States to enact the Glass-Steagall inspired legislation
60 currently before Congress, which will reinstate the separation of commercial and
61 investment banking functions, and prohibit commercial banks and bank holding
62 companies from investing in stocks, underwriting securities, or investing in or acting as
63 guarantors to derivatives transactions.

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65 Upon passage, a copy of this resolution shall be sent to the President of the United
66 States, to presiding officers of each house of Congress, and to each member of
67 Congress.