

2013-K490

LEGISLATIVE RESOLUTION urging the Congress of the United States to support efforts to reinstate the separation of commercial and investment banking functions in effect under the Glass-Steagall Act, and to support H.R.129 - the Return to Prudent Banking Act of 2013

WHEREAS, An effective money and banking system is essential to the functioning of the economy; and

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

WHEREAS, The Federal Banking Act of 1933, commonly referred to as the Glass-Steagall Act, was written, as stated in its introduction: to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; and

WHEREAS, Since 1933, and for 66 years, the Glass-Steagall Act protected the public interest in matters dealing with the regulation of commercial and investment banking, in addition to insurance companies and securities; and

WHEREAS, The Glass-Steagall Act was repealed in 1999, permitting members of the financial industry to exploit the financial system for their own gain in disregard of the public interest, contributing to the greatest speculative bubble and worldwide recession since the Great Depression of 1933; and

WHEREAS, The worldwide recession has left millions of homes in foreclosure; has cost the loss of millions of jobs nationwide; and has put severe financial strains on states, counties and cities, exacerbating unemployment and loss of social services; and

WHEREAS, Many of the financial industry entities were "bailed out" by the United States Treasury at a cost of hundreds of billions of dollars

to American taxpayers; and

WHEREAS, Within the high-hundreds of pages of the Dodd-Frank Wall Street Reform and Consumer Protection Act, there are no prohibitions that prevent "too big to fail" commercial banks and bank holding companies from investing in, or undertaking, substantial risks involving speculative securities and trillions of dollars of derivatives exposure; and

WHEREAS, The American taxpayers continue to be at risk for the next round of bank failures; and

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

WHEREAS, Congresswoman Marcy Kaptur (D-OH), and Congressman Walter Jones (R-NC) have introduced H.R. 129, known as the Return to Prudent Banking Act of 2013, which calls for reviving the separation between commercial banking and the securities business in the manner provided in the Glass-Steagall Act; and

WHEREAS, In the previous 112th Congress, the Return to Prudent Banking Act of 2011 (HR 1489) had listed as co-sponsors from New York: New York Congressmen and Congresswomen Louise McIntosh Slaughter (D-NY), Edolphus Towns (D-NY), Rep. Charles Rangel (D-NY), Yvette D. Clarke (D-NY), Paul Tonko (D-NY), and Maurice Hinchey (D-NY); and was endorsed by The Port Jervis City Council, The Rochester & Genesee Valley Area Labor Federation AFL-CIO, The Common Council of the City of Buffalo, NY, and The United Federation of Teachers, representing the 5 boroughs of New York City; and

WHEREAS, The reinstatement of Glass-Steagall, and H.R.129 also has widespread national support from prominent economic, banking, labor,

academic, legislative and business leaders, many of the major and respected national newspapers and many others; now, therefore, be it RESOLVED, That the Congress of the United States be and hereby is

respectfully memorialized by this Legislative Body to support H.R.129, and enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall Act, prohibiting commercial banks and bank holding companies from investing in stocks, underwriting securities or investing in or acting as guarantors to derivative transactions, in order to prevent American taxpayers from being called upon to fund hundreds of billions of dollars to bail out financial institutions, as well as secure a safe American banking system, which can protect deposits, and supply needed credit for a productive economy; and be it further

RESOLVED, That copies of this Resolution, suitably engrossed, be transmitted to the President of the Senate of the United States, the Speaker of the House of Representatives, to each member of the Congress of the United States from the State of New York, and Congresswoman Marcy Kaptur.