

State Rep. Andrea Boland's Glass-Steagall Resolution

Resolution Concerning Regulation of Commercial and Investment Banking

Sponsor: Representative Andrea Boland

The National Conference of State Legislators believes that a considerable effort needs to be undertaken by the United States Congress and President of the United States to enact legislation that would separate commercial and investment banking functions.

The NCSL recognizes that from 1933 to 1999 the Federal Banking Act of 1933, known as the Glass-Steagall Act, worked effectively to protect the public interest in matters dealing with the regulation of commercial and investment banking.

The NCSL recognizes that the Glass-Steagall Act was repealed in 1999, which contributed to the greatest speculative bubble and subsequent worldwide economic distress since the Great Depression of 1933;

The NCSL recognizes that the impact on the states of repeal of Glass-Steagall and the subsequent financial crash, has been painful, intense, and growing, and that the states have suffered under the loss of revenue due to unemployment, Federal Government cuts and sequester provisions, and increased demands on state budgets for compensatory payments.

The NCSL understands that there is currently legislation before Congress that would reinstate provisions of the former Glass-Steagall Act. Following passage of Glass-Steagall, the federal government will be able to launch emergency infrastructure and water projects, in concert with a vibrant commercial banking sector. This will increase employment by construction

of state and federal projects that have been put on hold for too long.

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

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

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

The NCSL knows that H.R. 129, a bill to restore Glass-Steagall, has been introduced into the U.S. House

of Representatives by Congresswoman Marcy Kaptur, which currently has 75 bipartisan co-sponsors, and that similar bills have been introduced into the Senate, S. 1282 by Senators Elizabeth Warren and John McCain, currently with 10 bipartisan co-sponsors, and S. 985 introduced by Senator Tom Harkin.

Given the urgency of the economic and banking crisis that has so heavily burdened average United States citizens, their businesses, and their state and local governments, the National Conference of State Legislatures urges the United States Congress and the President of the United States to enact the Glass-Steagall-inspired legislation currently before Congress, which will reinstate the separation of commercial and investment banking functions, and prohibit commercial banks and bank holding companies from investing in stocks, underwriting securities, or investing in or acting as guarantors to derivatives transactions.

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

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