Regular Session, 2014

HOUSE CONCURRENT RESOLUTION NO. 83

BY REPRESENTATIVE KATRINA JACKSON

## CONGRESS: Memorializes congress relative to the reinstatement of the Glass-Steagall Act separating commercial and investment banking functions

1	A CONCURRENT RESOLUTION
2	To memorialize the United States Congress to take such actions as are necessary to reinstate
3	the separation of commercial and investment banking functions that were in effect
4	under the Glass-Steagall Act.
5	WHEREAS, an effective monetary and banking system is essential to the proper
6	function of the economy and must function in the public interest without bias; and
7	WHEREAS, in 1933, the response from the United States Congress to the stock
8	market crash and the Great Depression was to pass the Banking Act of 1933 which is often
9	referred to by its sponsors Senators Glass and Steagall or the Glass-Steagall Act; and
10	WHEREAS, the term Glass-Steagall Act is most often used to refer to four
11	provisions of the Banking Act of 1933 that limited commercial banking securities activities
12	and affiliations between commercial banks and securities firms, thereby separating
13	commercial banking from investment banking; and
14	WHEREAS, the tenets of the Glass-Steagall Act were to allow banks to take deposits
15	and make loans and allow brokers to underwrite and sell securities, prohibiting any firm
16	from doing both due to conflicts of interest and risks to insured deposits; and
17	WHEREAS, starting in the early 1960s, federal banking regulators began to interpret
18	provisions of the Glass-Steagall Act to permit commercial banks, and especially commercial
19	bank affiliates, to engage in an expanding list and volume of securities activities; and
17	WHEREAS, starting in the early 1960s, federal banking regulators began to interpret

## HLS 14RS-3123

1 WHEREAS, in 1999, the United States Congress repealed the Glass-Steagall Act, 2 once again allowing banks to use insured depositories to underwrite private securities and 3 allowing commercial and investment banks to merge; and 4 WHEREAS, the repeal of Glass-Steagall partially contributed to the greatest speculative bubble and worldwide recession since the Great Depression of 1933, leaving 5 6 millions of homeowners in foreclosure, causing the loss of millions of jobs nationwide, and 7 placing severe financial strains on states, counties, and cities, exacerbating unemployment 8 and loss of civil services; and 9 WHEREAS, many believe that it is time to reinstate the repealed provisions of the 10 Glass-Steagall Act in order to prevent the possibility of fraud being perpetrated on customers 11 without the separation of banking and underwriting; and 12 WHEREAS, congress has been making efforts to restore the protections of Glass-13 Steagall through House Resolution No. 129, known as the Return to Prudent Banking Act 14 of 2013, which seeks to revive the separation between commercial banking and investment 15 banking; and 16 WHEREAS, restoration of the protections of the Glass-Steagall Act has widespread 17 national support from several labor organizations, economic and business leaders, and 18 entities, media outlets, and others. 19 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby 20 memorialize the United States Congress to take such actions as are necessary to reinstate the 21 separation of commercial and investment banking functions that were in effect under the 22 Glass-Steagall Act, to prohibit commercial banks and bank holding companies from 23 investing in stocks, underwriting securities, or investing in or acting as guarantors to 24 derivative transactions, in order to protect citizens and to prevent future bailouts of financial 25 institutions. 26 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
presiding officers of the Senate and the House of Representatives of the Congress of the
United States of America and to each member of the Louisiana congressional delegation.

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

## Katrina Jackson

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Memorializes the U.S. Congress to take such actions as are necessary to reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall Act.