

Senate Joint Memorial 11

Sponsored by Senator SHIELDS, Representatives KENY-GUYER, VEGA PEDERSON, SMITH; Senators BOQUIST, STEINER HAYWARD, THOMSEN, Representatives BARKER, BARNHART, BENTZ, BOONE, BUCKLEY, DEMBROW, FAGAN, FREDERICK, GALLEGOS, GORSEK, HARKER, HOLVEY, JENSON, LIVELY, REARDON, THOMPSON, TOMEI, WILLIAMSON, WITT

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Urges Congress to support efforts to reinstate separation of commercial and investment banking functions in effect under Banking Act of 1933.

JOINT MEMORIAL

To the Senate and the House of Representatives of the United States of America, in Congress assembled:

We, your memorialists, the Seventy-seventh Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas an effective money and banking system is essential to a functional economy; and

Whereas such a system must function in the public interest and without bias; and

Whereas the Banking Act of 1933 (P.L. 73-66), 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 for 66 years following its passage in 1933, the Glass-Steagall Act protected the public interest in matters dealing with the regulation of commercial and investment banking as well as 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Whereas the Glass-Steagall Act was repealed in 1999, permitting members of the financial industry to exploit the financial system for their own gain in disregard of the public interest, contributing to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 global economic crisis since the Great Depression of 1933; and

Whereas the worldwide economic collapse has left millions of homes in foreclosure, has cost millions of jobs nationwide and has put severe financial strain on states, counties and cities, exacerbating unemployment and the loss of social services; and

Whereas many of the financial industry entities were bailed out by the United States Department of the Treasury at a cost of hundreds of billions of dollars to American taxpayers; and

Whereas within the hundreds of pages of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203), there are no provisions preventing universal banking, such as prohibitions that would bar commercial banks and bank holding companies from investing in, or undertaking substantial risks involving, speculative securities and trillions of dollars in derivatives exposure; and

Whereas Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act vests the Federal Deposit Insurance Corporation with the authority to seize depositors' funds to recapitalize

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 failing financial institutions; and

2 Whereas American taxpayers continue to be at risk for the next round of bank failures; and

3 Whereas the Congress of the United States has been making efforts to restore the protections
4 of the Glass-Steagall Act; and

5 Whereas Congresswoman Marcy Kaptur and Congressman Walter Jones introduced the Return
6 to Prudent Banking Act of 2013 (H.R. 129, 113th Cong., 1st Sess.) in the House of Representatives,
7 and Senator Tom Harkin has introduced a companion bill (S. 985, 113th Cong., 1st Sess.) in the
8 Senate, that calls for reviving the separation of commercial banking and the securities business in
9 the manner provided for in the Glass-Steagall Act; and

10 Whereas during the 112th Congress, the Return to Prudent Banking Act of 2011 (H.R. 1489,
11 112th Cong., 1st Sess.) gained 84 bipartisan cosponsors and had listed among its cosponsors Con-
12 gressman Peter DeFazio, Congressman Earl Blumenauer and Congressman Kurt Schrader, all from
13 Oregon; and

14 Whereas the reinstatement of the Glass-Steagall Act has widespread national support from
15 prominent economic, banking, labor, academic, legislative and business leaders, including the
16 American Federation of Labor and Congress of Industrial Organizations, the United Federation of
17 Teachers and the International Association of Machinists and Aerospace Workers, Thomas Hoenig,
18 Vice Chairman of the Federal Deposit Insurance Corporation, David Stockman, Director of the Of-
19 fice of Management and Budget under President Ronald Reagan, and many others; and

20 Whereas 22 state legislatures have introduced measures urging Congress to reinstate the pro-
21 visions of the Glass-Steagall Act, and four of these measures have been adopted; now, therefore,

22 **Be It Resolved by the Legislative Assembly of the State of Oregon:**

23 That we, the members of the Seventy-seventh Legislative Assembly, respectfully urge the Con-
24 gress of the United States of America to support the passage of the Return to Prudent Banking Act
25 of 2013 and to enact legislation that would reinstate the separation of commercial and investment
26 banking functions that was in effect under the Banking Act of 1933, commonly known as the
27 Glass-Steagall Act; and be it further

28 Resolved, That such legislation should prohibit commercial banks and bank holding companies
29 from investing in stocks, underwriting securities or investing in or acting as guarantors to deriva-
30 tive transactions, in order to prevent American taxpayers from being called upon to fund the bailout
31 of financial institutions in the amount of hundreds of billions of dollars, and to secure a safe
32 American banking system that can protect deposits and supply needed credit for a productive
33 economy; and be it further

34 Resolved, That a copy of this memorial shall be sent to the Senate Majority Leader, to the
35 Speaker of the House of Representatives and to each member of the Oregon Congressional Delega-
36 tion.

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