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SENATE JOINT RESOLUTION NO. 273

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Memorializing the Congress of the United States to enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall Act (Banking Act of 1933).

Patrons—Black; Delegate: Marshall, R.G.

Referred to Committee on Rules

WHEREAS, an effective monetary and banking system is essential to the proper function of the economy; and

WHEREAS, an effective monetary and banking 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, protected the public interest in matters dealing with the regulation of commercial and investment banking, in addition to insurance companies and securities firms; 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WHEREAS, the Glass-Steagall Act was repealed in 1999, permitting members of the financial industry to exploit the financial system for their own gain in disregard of the public interest; and

WHEREAS, many financial industry entities were saved by the United States Treasury at a cost 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, there are no prohibitions that prevent "too big to fail" financial services organizations from investing in or undertaking substantial risks involving trillions of dollars of derivative contracts; and

WHEREAS, the American taxpayers continue to be at risk for the next round of bank failures, as enormous risks are undertaken by financial services conglomerates; and

WHEREAS, In 2011, Democratic Congresswoman Marcy Kaptur, with Republican Congressman Mike Coffman, Chairman of the Balanced Budget Amendment Caucus, sponsored H.R. 1489, known as the Return to Prudent Banking Act of 2011, to reinstate the provisions of the Glass-Steagall Act; and

WHEREAS, H.R. 1489 was before the 112th Congress with 84 cosponsors and should serve as the model for future legislation on this matter; and

WHEREAS, Glass-Steagall has widespread national support from organizations such as the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), the American Federation of Teachers, and the International Association of Machinists, as well as from prominent economic and business leaders including Thomas Hoenig of the FDIC, Sanford Weill, former CEO of Citigroup, economist Luigi Zingales, the New York Times, St. Louis Post Dispatch, LA Times, and many others; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Congress of the United States be urged to enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall Act (Banking Act of 1933). Such Act prohibited 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; and, be it

RESOLVED FURTHER, That the Clerk of the Senate transmit copies of this resolution to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Virginia Congressional Delegation so that they may be apprised of the sense of the General Assembly of Virginia in this matter.

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