

Restore Laws for the Separation of Banking, Insurance and Security Firms

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4 **WHEREAS** an effective and stable banking system is essential to the functioning of our
5 economy;

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7 **WHEREAS** from 1933 to 1999 the Federal Banking Act laws (also known as “Glass-
8 Steagall”) did protect the public interest by separating and regulating commercial
9 banking, investment banking, insurance companies and securities firms;

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11 **WHEREAS** the lack of such protection since 1999 has encouraged financial industry
12 segments to exploit the financial system for their own gain, in violation of the public
13 interest and to the severe detriment of the economy and general welfare:

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15 **WHEREAS** the U.S. Congress and Senate have attempted to restore the Banking Act of
16 1933/Glass-Steagal laws by means of S.2886 Banking Integrity Act (now under the
17 jurisdiction of the Senate Banking Committee), Senate Amendment 3884, H.R. Glass-
18 Steagall Restoration Act, H.R. 4377 Return to Prudent Banking Act, and H.R. 4461
19 Banking Integrity Act to benefit our nation and people;

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21 **WHEREAS** on April 12, 2011, H.R.4377 was reintroduced as H.R. 1489 Return to
22 Prudent Banking Act stating, to repeal certain provisions of the Gramm-Leach-Bliley
23 Act and revive the separation between commercial banking and the securities business
24 in the manner provided by the Banking Act of 1933, the so called Glass-Steagall Act and
25 for other purposes;

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27 **WHEREAS** Representative McDermott (WA-07) has cosponsored H.R. 1489;

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29 **WHEREAS** in 2009 Senator Maria Cantwell proposed amending the Banking Integrity
30 Act (S. 2886) to reinstate the Glass-Steagall regulations;

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32 **WHEREAS** on April 12, 2011 Kansas District Federal Governor Thomas Hoenig
33 recommended reclassifying government subsidized financial institutions as
34 Government Sponsored Enterprises for the purpose of preventing them from engaging
35 in activities not prescribed under Glass-Steagall standards; and

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37 **WHEREAS** the Financial Crisis inquiry Report, issued January 2011, finds that our
38 financial system is, in many respects, still unchanged from what existed on the eve of
39 the crisis and the U.S. financial sector is now more concentrated than ever in the hands
40 of a few large, systematically significant institutions;

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43 **THEREFORE BE IT RESOLVED** that we, the Washington State Democratic Central
44 Committee urge our representatives in the Unites States Congress and Senate, in order
45 to prevent American taxpayers from having to bail-our financial institutions, to enact
46 legislation to reinstate the Banking Act laws of 1933 to prohibit commercial banks and
47 bank holding companies from investing in stocks, underwriting securities and investing
48 in or acting as guarantors of derivatives transactions.
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51 Submitted by the Jefferson County Democrats to the Washington State Democratic
52 Central Committee for consideration at its September 17, 2011 meeting in Bellingham.
53 (Date Submitted 9/6/2011)
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55 The Resolutions Committee recommended that this resolution be "PASSED WITH
56 AMENDMENTS" at its September 17, 2011 Meeting in Bellingham.
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58 The WSDCC "PASSED" this resolution at its September 17, 2011 Meeting in Bellingham.