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SENATE MEMORIAL 37

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

William P. Soules

A MEMORIAL

URGING THE NEW MEXICO CONGRESSIONAL DELEGATION IN WASHINGTON, D.C., TO SUPPORT EFFORTS TO REINSTATE SEPARATION OF COMMERCIAL AND INVESTMENT BANKING FUNCTIONS IN EFFECT UNDER THE BANKING ACT OF 1933.

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

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

WHEREAS, since 1933, the federal Banking Act of 1933, also known as the Glass-Steagall Act, protected the public interest through the regulation of commercial and investment banking, insurance companies and securities; and

WHEREAS, the Glass-Steagall Act was repealed in 1999, permitting members of financial institutions to exploit the

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1 financial system for their own gain with disregard of the
2 public interest, contributing to the greatest speculative
3 bubble and global economic crisis since the great depression;
4 and

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

10 WHEREAS, many financial industry entities were bailed out
11 by the United States department of the treasury at a cost of
12 hundreds of billions of dollars to American taxpayers; and

13 WHEREAS, the United States house of representatives and
14 the United States senate have been making efforts to restore
15 the protections of the Glass-Steagall Act; and

16 WHEREAS, United States Representative Marcy Kaptur has
17 introduced H.R. 129, known as the Return to Prudent Banking Act
18 of 2013, which would revive the separation between commercial
19 banking and the securities business in the manner provided by
20 the Glass-Steagall Act; and

21 WHEREAS, United States Senator Elizabeth Warren, along
22 with United States Senators John McCain, Maria Cantwell and
23 Angus King, has introduced the 21st Century Glass-Steagall Act
24 of 2013 (S. 1282), which would reduce risk for American
25 taxpayers in the financial system and decrease the likelihood

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1 of future financial crisis; and

2 WHEREAS, the reinstatement of the Glass-Steagall Act has
3 widespread national support from prominent economic, banking,
4 labor, academic, legislative and business leaders, including
5 the American federation of labor and congress of industrial
6 organizations; the united federation of teachers; the
7 international association of machinists and aerospace workers;
8 Thomas Hoenig, vice chair of the federal deposit insurance
9 corporation; and David Stockman, director of the office of
10 management and budget under President Ronald Reagan; and

11 WHEREAS, twenty-two state legislatures have introduced
12 measures urging congress to reinstate the provisions of the
13 Glass-Steagall Act;

14 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
15 OF NEW MEXICO that congress and the president of the United
16 States be urged to support the passage of the Return to Prudent
17 Banking Act of 2013 and to enact legislation that would
18 reinstate the separation of commercial and investment banking
19 functions that were in effect under the federal Banking Act of
20 1933; and

21 BE IT FURTHER RESOLVED that such legislation should
22 prohibit commercial banks and bank holding companies from
23 investing in stocks, underwriting securities or investing in,
24 or acting as, guarantors to derivative transactions, to prevent
25 American taxpayers from being called upon to fund the bailout

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1 of financial institutions; and

2 BE IT FURTHER RESOLVED that copies of this memorial be
3 transmitted to the president of the United States, each member
4 of the New Mexico congressional delegation and the chief clerks
5 of the house of representatives and the senate of the United
6 States congress.

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