

Regular Session, 2013

HOUSE CONCURRENT RESOLUTION NO. 93

BY REPRESENTATIVES KATRINA JACKSON, ANDERS, HOFFMANN, HUNTER,  
AND JAY MORRIS

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 was 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 was 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

1           WHEREAS, in 1999, the United States Congress repealed the Glass-Steagall Act,  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  
5 speculative bubble and worldwide recession since the Great Depression of 1933, leaving  
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 was 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  
27 presiding officers of the Senate and the House of Representatives of the Congress of the  
28 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)]

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Katrina Jackson

HCR No. 93

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