

2014 -- S 2176

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

SENATE RESOLUTION

RESPECTFULLY REQUESTING CONGRESS TO RE-ENACT PROVISIONS OF THE
GLASS-STEAGALL BANKING ACT

Introduced By: Senators DiPalma, Ruggiero, Lombardo, and Metts

Date Introduced: January 30, 2014

Referred To: Senate Commerce

1 WHEREAS, From 1933 to 1999 the Federal Building Banking Act of 1933, known as
2 the Glass-Steagall Act, worked effectively to protect the public interest by separating the
3 functions of commercial banking from investment banking, insurance, and securities trading; and

4 WHEREAS, The Glass-Steagall Act was repealed in 1999, expanding the ability of
5 financial entities to exploit the financial system for their own gain in disregard of the public
6 interest, and contributing to the greatest speculative bubble and subsequent worldwide economic
7 distress since the Great Depression; and

8 WHEREAS, Many of the financial services entities were saved by the United States
9 Treasury at a cost of billions of dollars to American taxpayers; and

10 WHEREAS, The Federal Reserve continues the bail-out process today, issuing \$85
11 billion per month in cash throughout 2013 to the "too big to fail" Wall Street banks, to buy their
12 devalued derivatives securities; and these banks have used the money to increase their speculation
13 in financial derivatives, and have decreased lending to Main Street by \$700 billion since 2008;
14 and

15 WHEREAS, Within the thousands of pages of the Dodd-Frank Wall Street Reform Act,
16 there are no prohibitions preventing "too big to fail" financial services organizations from
17 investing in or undertaking substantial risks in hundreds of trillions of dollars of derivative
18 contracts; and

19 WHEREAS, A new set of financial bubbles are in full swing, and the American taxpayers

1 are at renewed risk of being forced to cover for losses incurred by derivatives gambling of the
2 financial services conglomerates; and

3 WHEREAS, Re-enactment of the Glass-Steagall provisions would protect the public
4 from these bail-out costs, and free credit resources to be directed into large-scale infrastructure
5 and other physical economic investments, with attendant restoration of skilled employment and
6 the tax base; and

7 WHEREAS, A bi-partisan resolution urging the United States Congress to re-enact the
8 Glass-Steagall banking provisions have been introduced into 25 state legislatures as of December
9 2013, and these resolutions have passed in four states thus far; and

10 WHEREAS, In the United States House of Representatives, Congresswoman Marcy
11 Kaptur has introduced House Resolution 129, known as the Return to Prudent Banking Act of
12 2013, to reinstate the provisions of the Glass-Steagall Act, with 78 bipartisan cosponsors as of
13 December of 2013; and Representatives Walter Jones and John Tierney have introduced House
14 Resolution 3711, the "21st Century Glass-Steagall Act of 2013"; and

15 WHEREAS, In the United States Senate, Senator Tom Harkin has introduced Senate Bill
16 985 to restore Glass-Steagall provisions; and Senators Elizabeth Warren, John McCain, Maria
17 Cantwell and Angus King have introduced Senate Bill 1285, the "21st Century Glass-Steagall Act
18 of 2013", with six co-sponsors as of December of 2013; now, therefore be it

19 RESOLVED, That the Senate of the State of Rhode Island and Providence Plantations
20 urges the United States Congress and the President of the United States to enact Glass-Steagall
21 inspired legislation currently before Congress, and prohibit commercial banks and bank holding
22 companies from investing in stocks, underwriting securities, or investing in or acting as
23 guarantors to derivatives transactions; and be it further

24 RESOLVED, That copies of this resolution shall be sent to the President of the United
25 States, to the presiding officers of each house of Congress, and to each member of the State of
26 Rhode Island Congressional Delegation.

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