

SENATE RESOLUTION No. 43

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Urges President and Congress to enact legislation reinstating the separation between commercial and investment banking.

CURRENT VERSION OF TEXT

As introduced.



1 **A SENATE RESOLUTION** urging the President and Congress of the
2 United States to enact legislation reinstating the separation
3 between commercial and investment banking.
4
5 **WHEREAS**, The United States Congress enacted section 20 of the
6 “Banking Act of 1933,” Pub.L. 73-66 (12 U.S.C. s.377 et seq.)
7 (commonly referred to as the “Glass-Steagall Act”) in order to
8 eliminate the speculative activities which caused the collapse of the
9 banking system during the Great Depression; and
10 **WHEREAS**, The “Glass-Steagall Act” curbed speculative activities by
11 erecting a firewall between commercial and investment banking;
12 and
13 **WHEREAS**, Following the repeal of the “Glass-Steagall Act” in 1999,
14 commercial banks were permitted to merge with investment firms,
15 insurance companies, mortgage companies, and other financial
16 services firms to form vast conglomerates; and
17 **WHEREAS**, Some of the newly formed financial conglomerates began
18 engaging in irresponsible financial practices and speculative
19 activities which brought them to the brink of failure and contributed
20 to the collapse of the housing market; and
21 **WHEREAS**, The collapse of the housing market helped trigger the
22 worst recession since the Great Depression, which cost millions of
23 jobs and hundreds of billions of taxpayer dollars to bailout financial
24 conglomerates considered too big to fail; and
25 **WHEREAS**, Congress enacted the “Dodd-Frank Wall Street Reform
26 and Consumer Protection Act,” Pub.L. 111-203, in 2010, in
27 response to the speculative activities and irresponsible financial
28 practices which drove the economy into recession; and
29 **WHEREAS**, Although the purpose of the “Dodd-Frank Wall Street
30 Reform and Consumer Protection Act” was to address the root
31 causes of the recession, the law does little to separate commercial
32 and investment banking; and
33 **WHEREAS**, The “Return to Prudent Banking Act of 2017,” H.R.790
34 and the “21st Century Glass-Steagall Act of 2017,” H.R.2585 and
35 S.881, would revive the separation between commercial banking
36 and investment banking by imposing restrictions on affiliations
37 between commercial banks and securities firms, and in a manner
38 similar to that formerly provided in the “Glass-Steagall Act;” and
39 **WHEREAS**, Resolutions urging the President and U.S. Congress to
40 enact a law similar to the “Glass-Steagall Act” have been
41 introduced in at least 25 state legislatures and have been passed in
42 at least four states; and
43 **WHEREAS**, The reinstatement of the separation between commercial
44 banking and investment banking is necessary to strengthen our
45 financial system and to put an end to the irresponsible financial
46 practices and speculative activities that led to the collapse of the
47 housing market and the subsequent recession; now, therefore,

