

SENATE RESOLUTION No. 71

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JUNE 4, 2020

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Urges Congress to reinstate “Glass-Steagall Act.”

CURRENT VERSION OF TEXT

As introduced.



1 **A SENATE RESOLUTION** respectfully urging the United States
2 Congress to enact legislation to reinstate the “Glass-Steagall
3 Act” in order to strengthen the financial system.

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; and

12 **WHEREAS**, Following the repeal of the “Glass-Steagall Act” in 1999,
13 commercial banks were permitted to merge with investment firms,
14 insurance companies, mortgage companies, and other financial
15 services firms to form vast conglomerates; and

16 **WHEREAS**, The newly formed financial conglomerates began
17 engaging in irresponsible financial practices and speculative
18 activities which brought them to the brink of failure and contributed
19 to the collapse of the housing market; and

20 **WHEREAS**, The collapse of the housing market helped trigger the
21 worst recession since the Great Depression, which cost millions of
22 jobs and hundreds of billions of taxpayer dollars to bailout financial
23 conglomerates considered too big to fail; and

24 **WHEREAS**, The United States Congress enacted the “Dodd-Frank Wall
25 Street Reform and Consumer Protection Act,” Pub.L. 111-203 in
26 response to the speculative activities and irresponsible financial
27 practices which drove the economy into recession; and

28 **WHEREAS**, Although the purpose of the “Dodd-Frank Wall Street
29 Reform and Consumer Protection Act” was to address the root
30 causes of the recession, the law does little to separate commercial
31 and investment banking; and

32 **WHEREAS**, The reinstatement of the “Glass-Steagall Act” is necessary
33 to strengthen our financial system and to end the irresponsible
34 financial practices and speculative activities that lead to the collapse
35 of the housing market and the subsequent recession in 2008; now,
36 therefore,

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38 **BE IT RESOLVED** *by the Senate of the State of New Jersey:*

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40 1. This House respectfully urges the United States Congress to
41 enact legislation to reinstate the “Glass-Steagall Act” in order to
42 strengthen the financial system.

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44 2. Copies of this resolution, as filed with the Secretary of State,
45 shall be transmitted by the Secretary of the Senate to the Majority
46 and Minority Leaders of the United States Senate, the Speaker and

1 Majority and Minority Leaders for the United States House of
2 Representatives, and each member of the United States Congress
3 elected from this State.

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STATEMENT

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8 This resolution respectfully urges the United States Congress to
9 reinstate the “Glass-Steagall Act” in order to strengthen the
10 financial system. The “Glass-Steagall Act” was enacted to
11 eliminate the speculative activities that caused the collapse of the
12 banking system during the Great Depression. The “Glass-Steagall
13 Act” curbed speculative activities by erecting a firewall between
14 commercial and investment banking.

15 Following the repeal of the “Glass-Steagall Act” in 1999,
16 commercial banks merged with investment firms and other financial
17 firms to form vast conglomerates. The newly formed financial
18 conglomerates began engaging in irresponsible financial practices
19 and speculative activities that contributed to the collapse of the
20 housing market and in turn led to the worst recession since the
21 Great Depression.

22 The United States Congress enacted the “Dodd-Frank Wall
23 Street Reform and Consumer Protection Act” to address the root
24 causes of the recession. However, the “Dodd-Frank Wall Street
25 Reform and Consumer Protection Act” does little to separate
26 commercial and investment banking. The reinstatement of the
27 “Glass-Steagall Act” is necessary to strengthen our financial system
28 and to end the irresponsible financial practices and speculative
29 activities that led to the collapse of the housing market and the
30 subsequent recession in 2008.