

2016 -- H 8028

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LC005617  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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HOUSE RESOLUTION

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

Introduced By: Representatives Palangio, Amore, Maldonado, Carson, and Ajello

Date Introduced: April 01, 2016

Referred To: House Corporations

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4           WHEREAS, The Glass-Steagall Act was repealed in 1999, expanding the ability of  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 has issued several trillion dollars through 2014 to the  
11 "too big to fail" Wall Street banks, to buy their devalued derivatives securities; and these banks  
12 have used the money to increase their speculation in financial derivatives, which has resulted in a  
13 net decrease in real lending to businesses, state, and city projects, and only now is approaching  
14 levels of seven years ago; 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, Bi-partisan resolutions urging the United States Congress to re-enact the  
8 Glass-Steagall banking provisions have been introduced into 27 state legislatures as of December  
9 2014, and these resolutions have passed by large majorities in four states thus far; and

10 WHEREAS, A bill to restore the Glass-Steagall framework, H.R. 129, was introduced  
11 into the U.S. House of Representatives by Congresswoman Marcy Kaptur and had 81 bipartisan  
12 co-sponsors; and a similar bipartisan bill, the 21<sup>st</sup> Century Glass-Steagall Act, was introduced into  
13 the Senate, S. 1282, by Senators Warren, McCain, King, and Cantwell with 6 other co-sponsors;  
14 and a companion bipartisan bill in the House, H.R. 3711, introduced by Representatives Tierney  
15 and Jones, had 11 other co-sponsors; now, therefore be it

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

21 RESOLVED, That the Secretary of State be and hereby is directed and authorized to  
22 transmit duly certified copies of this resolution to the President of the United States, the presiding  
23 officers of each house of Congress, and each member of the State of Rhode Island Congressional  
24 Delegation.

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