

REFERENCE TITLE: **Glass-Steagall Act; urging Congress**

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SM 1002

Introduced by
Senator Mendez: Representative Salman

A MEMORIAL

**URGING CONGRESS TO REINSTATE PORTIONS OF THE GLASS-STEAGALL ACT AND TO
SUPPORT NATIONAL BANKING POLICIES.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Congress of the United States of America:

2 Your memorialist respectfully represents:

3 Whereas, an effective monetary and banking system is essential to
4 the proper functioning of the United States economy; and

5 Whereas, certain provisions of the Banking Act of 1933, commonly
6 referred to as the Glass-Steagall Act, protected the public interest in
7 matters dealing with the regulation of commercial and investment banking;
8 and

9 Whereas, the Glass-Steagall Act was repealed in 1999, contributing
10 to the greatest speculative bubble and worldwide recession since the Great
11 Depression by allowing members of the financial industry to exploit the
12 financial system for their own gain in disregard of the public interest;
13 and

14 Whereas, in recent years, the Federal Reserve has fed a speculative
15 bubble on Wall Street, much like that of 2007; and

16 Whereas, the current speculative bubble is tied to more than \$250
17 trillion of derivatives officially on the books of the major Wall Street
18 banks; and

19 Whereas, this speculative bubble has soaked up all available credit
20 and resulted in a weak performance of the United States economy; and

21 Whereas, state budgets throughout the nation have reflected the
22 constriction of revenue due to the collapse of production and high-paying
23 jobs; and

24 Whereas, the prudent course of action would be to restore the
25 provisions of the Glass-Steagall Act that separate investment and
26 commercial banking; and

27 Whereas, as law for 66 years, the Glass-Steagall Act prevented
28 banking crises like the Great Recession; and

29 Whereas, growing a productive economy will also require a return to
30 the policies that successfully guided the nation out of similar crises,
31 including the creation of direct credit to industry, infrastructure
32 investment and science-driven innovations; and

33 Whereas, the early infrastructure of the United States, from canals
34 to rail systems, was built by national banks; and

35 Whereas, the Reconstruction Finance Corporation (RFC), a federal
36 credit program approved in 1932, was modeled on the War Finance
37 Corporation and on Alexander Hamilton's prototype, the First National
38 Bank; and

39 Whereas, the State of Arizona recovered from the Great Depression
40 through significant RFC projects, including copper mining and
41 infrastructure and irrigation projects; and

42 Whereas, a new national bank could be chartered to finance new
43 projects, putting millions of unemployed or underemployed people back to
44 work.

1 Wherefore your memorialist, the Senate of the State of Arizona, prays:

2 1. That the United States Congress immediately reinstate the
3 separation of commercial and investment banking functions in effect under
4 the Glass-Steagall Act and support efforts to return to national banking
5 policies to repair our nation's infrastructure.

6 2. That the Secretary of State of the State of Arizona transmit
7 copies of this Memorial to the President of the United States Senate, the
8 Speaker of the United States House of Representatives and each Member of
9 Congress from the State of Arizona.