

NFO Backs Revival Of Glass-Steagall

July 23—*The National Farmers Organization (NFO), based in Ames, Iowa, today issued the following statement in support of the restoration of the Glass-Steagall law.*

For Immediate Release: National Farmers supports legislation for increased banking, economic security.

At the National Farmers national board meeting July 17, national board members supported measures in the proposed 21st Century Glass-Steagall Act and the proposed Return to Prudent Banking Act, citing the need to prevent a potential banking crisis domino effect, and ultimately protect the economy.

Both bills would remove the connection of investment banking and commercial banking in one institution. In investment banks, products such as hedge funds rule the day. Commercial banks primarily provide services such as checking and savings. The 21st Century Glass-Steagall Act (S. 1282) was introduced July 11 by Elizabeth Warren, (D-Mass.), John McCain, (R-Ariz.), Maria Cantwell, (D-Wash.) and Angus King, (I-Me.)

If passed, large financial institutions would be unable to access FDIC-insured savings and deposits, using the money and a variety of investment products to speculate. Ultimately, it would end practices relying on the belief that a banking type of entity could grow too large to buckle under financial strain.

National Farmers leadership recognizes debate continues about the causes of the Great Recession, and whether the safeguards this bill provides would have prevented that crisis. However, the internal connection in an institution between investment and commercial banking increases risk exposure. At National Farmers, we are intentional about managing price risk for producers, and respectfully request Congress to be intentional, manage banking risk and protect lending customers on farms and in cities alike.

Many economists say this is a more secure system, and would prevent future problems of investment risk

exposure to commercial banks and their customers. National Farmers, for the benefit of agriculture and consumers, supports reinstating long-held safeguards.

The Return to Prudent Banking Act of 2013 was introduced in the U.S. House (H.R. 129) and the U.S. Senate (S. 985) in May. Previously protective measures were in place in The Glass-Steagall Act (Banking Act of 1933), but those were repealed in 1999, with the Gramm-Leach-Bliley Act.

Some who urged repeal of the original Glass-Steagall now publicly say they were wrong. Former President Bill Clinton. Former Speaker of the House Newt Gingrich. Former Merrill Lynch CEO David Komansky. U.S. Representative Steny Hoyer (D-Md.).

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was a start toward correcting problems, and was meant to fill loopholes for over-the-counter derivatives, asset-backed securities, hedge funds, mortgage brokers and payday lenders. It was also intended to end taxpayers' vulnerability to picking up the bill if a large conglomerate failed, known as Too Big To Fail bailouts. And the 2010 Act created a council to examine systemic risks caused by conglomerates and products or financial activities that could threaten the economy.

But the 2010 legislation didn't go far enough.

Other organizations support addressing core banking security issues, such as the systemic risk of Too Big To Fail, including the Independent Community Bankers Association, and National Farmers Union, which supported the Return to Prudent Banking Act.

Farmers, ranchers and consumers count on their financial institutions to remain sound. National Farmers national board members support measures isolating commercial banking and investment banking, and other provisions in these bills. The organization urges passage of legislation that increases security of America's banking system.

National Farmers is a group marketing and price negotiation provider for the nation's farmers and ranchers.

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