

Glass-Steagall Amendment Debated In Plenary Session

Aug. 16—*The following debate occurred in the Aug. 15 plenary session of the National Conference of State Legislatures.*

As a resolution on Federal Deficit Reduction and the impact on the States was raised, Rep. Andrea Boland of Maine rose to submit an amendment, co-sponsored by Sen. Perry Clark (Kentucky), Sen. Maralyn Chase (Washington), Sen. Bob Hasegawa (Washington), Rep. Ronald Waters (Pennsylvania), and Rep. Robert Saucier (Maine). Boland then read the amendment aloud, as follows:

“NCSL believes a broad deficit reduction plan must ... include the restoration of the Glass-Steagall Act of 1933 by the U.S. Congress through H.R. 129, S. 985 and S. 1282. This would greatly reduce the Federal deficit and massively increase aid to the states, by:

“a. cancelling the trillions of dollars in bailouts provided by the U.S. Treasury and Federal Reserve to a few giant banks;

“b. allowing for the issuance of Federal credit that would finance massive job creation in infrastructure, industry, and agriculture, thus expanding the Federal and states’ tax base; and

“c. cancelling the vast interest-rate-swaps, and other derivatives, that the megabanks have used to steal over \$30 billion from many states, including Illinois, Kentucky, New Jersey, and Pennsylvania; and from hundreds of cities, school districts, and pension funds, including Detroit, Philadelphia, Chicago, and Birmingham.”

Immediately following the reading of Boland’s amendment, Rep. Delores Kelley of Maryland raced to the microphone to demand the amendment be ruled out of order: “The sponsor withdrew this resolution in the Financial Services Committee. That committee would have been the proper place for discussion. Here, I question its germaneness.”

Rep. Brian Kennedy of Rhode Island, a front man for big insurance interests, added: “I understand there may be an attempt to do so again later on. It just is not germane at this point in time.”

At that point, the chairwoman promptly so ruled.

Amendment co-sponsor Chase then spoke: “I appeal the ruling of the chair,” an action which, according to the rules, automatically initiates a debate. The chairwoman forced a smile and said cynically, “You have to love democracy.”

Chase then said: “The purpose of this famed resolution, Federal Deficit Reduction and Impact on States, has to do with reducing the debt—the reason I’d like to read, with your permission: ‘NCSL believes a broad deficit reduction plan ... such as the propagating of Glass-Steagall bills, would reduce the Federal deficit. And I’d like to say, for those who are not, do not understand the Glass-Steagall [law], which I didn’t before our last session in our legislature—this reinstatement of Glass-Steagall would separate the commercial and the investment activities of banks. It would prohibit banks from being able to use their deposits, our deposits, in their investment procedures. It would also prohibit their ownership of electrical plants, aluminum plants,’ etc.

“When those of us who invest have an investment that goes south, we don’t get bailed out. But these banks have been bailed out to the tune of over \$15 trillion. I am proud to have NCSL support Sen. Maria Cantwell, my Senator, and Sen. Elizabeth Warren, for their courageous battle in the U.S. Congress to get a hold of the deficit problems that we are having, because we don’t have protection. The protection we need to have is Glass-Steagall, in guarding our deposits. And for that reason I believe this is an absolutely germane issue for a Federal Budget Deficit program.”

The View from Wall Street

Rep. John Kowalko of Delaware spoke next: “The fact that the issue is germane is demonstrated by Senator Chase’s remarks. The issue is the rules, and we’ve discussed the last week in a rather contentious time in the Rules Committee, to ensure that the process of every member of the NCSL has an opportunity to present, under a process, a controlled process. I think that we have an interest here; if the body determines that this amendment is not germane in their minds, then they can vote it down, but not hearing the amendment, I think, is a violation of the process that we’re here rep-

resenting. And that's representation of all the states...."

Then Sen. Curtis Bramble of Utah addressed the body: "We just heard the legitimate concern raised about Glass-Steagall, and its impact on banking and depositors, and a number of other issues, and that is a very good debate to have, but not relative to a set of principles dealing with the deficit reduction. The resolution before us deals with a set of principles that are being advocated in the Federal government.... This amendment is a thinly veiled attempt to circumvent the Committee process where we would have a presentation; there are serious questions about the validity of the statistics put in this resolution. That's an important debate to have, to bring in experts before a committee process.

"But the question before us, is germaneness to this particular motion on deficit reduction; all of the debate is going to the banking policy, financial institutions, and regulatory policy, depository protection—we can get into securities and insurance and all those other issues; that is not a set of principles on deficit reduction.

"I strongly speak in support of the ruling of the chair. This should be ruled out-of-order based on germaneness."

A state representative from Minnesota then requested a roll call on the appeal of the ruling of the chair.

The chair responded that she would address the roll call at the end of the debate.

An Indiana state representative moved to call the question.

At this point, in response to a question from the chair on the question of a roll call, members from four other states, stood to request a roll call vote: Maine, Kentucky, Washington, Pennsylvania—i.e., those states whose representatives sponsored the amendment.

It was clarified that a "yes" vote was to sustain the chair's ruling, a "no" vote was to overrule. It was to be a majority vote.

The roll call proceeded with the following result: 11 "no" votes (against the chair), 32 "yes" votes (for the chair), and 4 abstentions (delegation split, with no consensus). The "no" votes were: Alabama, Arkansas, Idaho, Maine, Minnesota, Montana, Nebraska, New Mexico, Puerto Rico, Vermont, and Washington State.

Abstentions: Hawaii, Kansas, North Carolina, and Oregon.

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—Lyndon LaRouche, Feb. 11, 2013



LaRouchePAC is now leading a nationwide effort to push through legislation for Glass-Steagall (www.larouchepac.com).

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