

Dear Senator,

We are writing to express our support for the 21st Century Glass-Steagall Act of 2013 (S. 1282), introduced by Senators Warren, Cantwell, McCain, and King and to ask you to co-sponsor this important legislation.

The proposal would narrow the scope of activities that banks are permitted to engage in, and refocus them on their traditional core functions of lending to businesses and individuals. This change would improve the safety of the banking system by simplifying banks' structure and activities so that they are easier for directors to manage, for regulators to supervise and for investors to evaluate.

The original Glass-Steagall law, also known as The Banking Act of 1933, was a key part of the response to the Crash of 1929. The 1933 law separated commercial banking, which consists of deposit taking and lending to individuals and business, from investment banking, which involves underwriting and trading assets on financial markets. That division served our nation's economy well for roughly fifty years. Beginning in the 1980s, however, the divisions between investment and commercial banking were gradually dismantled through financial deregulation, culminating in the formal repeal of Glass-Steagall through passage of the Gramm-Leach-Bliley Act of 1999.

The decade following repeal saw steady growth in the size and complexity of the major banks at the center of the U.S. financial system. During the 2008 financial crisis, as the largest, most complex financial institutions were failing, the government reacted by bailing out those institutions and sponsoring a flurry of further mergers and acquisitions. Today, the six biggest banks by assets are roughly 37 percent larger than they were before the crisis.

The 21st Century Glass Steagall Act would reverse that growth in size and complexity by forbidding commercial banks, which take deposits and are eligible for FDIC insurance, from engaging in activities such as speculative trading, market-making, and exotic financial engineering. Investment banks that participate in trading markets would not be allowed to take publicly insured deposits. Their risks would not be supported by a public guarantee and would have to be funded by their own investors' capital. Separating commercial from investment banking would limit the public subsidy to speculative activity, and make financial institutions simpler and smaller.

By requiring banks to focus on lending to the real economy, the 21st Century Glass Steagall Act would also help create a banking system that better serves consumers, small businesses and the overall economy. Insured lenders would have to make money by successfully lending to non-financial businesses, rather than by using their funds to engage in speculative trades that benefit only the banks themselves and their most highly paid traders and executives. Traditional banking is based on a long-term customer relationship where the interests of the bank and the customer are aligned. Both the bank and the borrower benefit when sustainable loans are made and repaid. This contrasts with trading markets, which involve short-term, zero-sum interactions with counterparties. When

banking and trading activities are intermingled, banks face incentives to sacrifice the well-being of their customers to short term benefits to themselves.

The 21st Century Glass Steagall Act is an important step in addressing the problems in our financial system. We urge you to support and cosponsor this legislation.

Sincerely,

National Signatories

AFL-CIO

Alliance for a Just Society

American Federation of State, County and Municipal Employees (AFSCME)

Americans for Financial Reform

Center for Effective Government

Center for Popular Democracy

Communication Workers of America

Consumer Action

Demos

Green America

Institute for Agriculture and Trade Policy

International Brotherhood of the Teamsters

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)

International Association of Machinists and Aerospace Workers

Jobs with Justice

Main Street Alliance

National Association of Consumer Advocates

National Community Reinvestment Coalition

National Housing Law Project

National People's Action

New England Fuel Institute

PICO National Network

Public Citizen

SAFER--Committee of Economists for Safe and Efficient Financial Reform

Service Employees International Union (SEIU)

The Leadership Conference on Civil & Human Rights

U.S. PIRG

United for a Fair Economy

USAction

State and Local Signatories

Alabama

Alabama Appleseed Center for Law & Justice

Arkansas

Arkansas Community Organizations

California

ACCE (Alliance of Californians for Community Empowerment)

California Reinvestment Coalition

CourageCampaign.org

Housing and Economic Rights Advocates (HERA)
People Organized for West Side Renewal (POWER)

Colorado

Colorado Progressive Coalition

Connecticut

CT Citizen Action Group
Community Capital Fund/Bridgeport
Connecticut PIRG

Delaware

Delaware Alliance for Community Advancement

Florida

Florida Consumer Action Network
Law Office of Robert Murphy
Progress FL
Organize Now

Georgia

Georgia Rural Urban Summit

Idaho

Idaho Community Action Network
National Association of Social Workers, Idaho Chapter
Idaho Civic Engagement
United Action for Idaho

Illinois

IIRON - Illinois Indiana Regional Organizing Network
Woodstock Institute
Citizen Action/Illinois

Iowa

Iowa Citizens for Community Improvement
Iowa Citizen Action Network

Kansas

KS Appleseed

Maine

Maine People's Alliance
State Rep. Andrea Boland
Maine Small Business Coalitoin

Maryland

Maryland PIRG
Maryland Consumer Rights Coalition
Progressive Maryland

Michigan

Representative Rashida Tlaib
Representative Sarah Roberts
Representative Jeff Irwin
Michigan Citizen Action

Minnesota

Lyons Law Firm, Pa
Institute for Agriculture and Trade Policy

Missouri

GrassRoots Organizing
Missouri Progressive Vote Coalition (Missouri ProVote)
Missouri Citizen Education Fund

Montana

Montana Organizing Project
MT Main Street Alliance

New Jersey

New Jersey Citizen Action

New York

Citizen Action of New York
New Economy Project
Voices Of Community Activists & Leaders (VOCAL-NY)
Fishman & Mallon LLP

North Carolina

Reinvestment Partners (Community Reinvestment Association of North Carolina)

Ohio

Empowering and Strengthening Ohio's People
Ohio Organizing Collaborative
Progress Ohio

Oregon

Oregon Action
The Main Street Alliance of Oregon
National Association of Social Workers, Oregon Chapter

Pennsylvania

Representative Bryan Cutler, 100th legislative district
Representative RoseMarie Swanger, 102nd legislative district
Keystone Progress

South Carolina

SC Appleseed Legal Justice Center
SC Small Business Chamber of Commerce

Tennessee

Cornucopia Network/NJ/TN Chapter
Caney Fork Headwaters Association
Cumberland Countians for Ecojustice
Network for Environmental & Economic Responsibility of United Church of Christ
Tennessee Citizen Action

Texas

Texans Together

Virginia

Virginia Organizing
Senator Richard H. Black, 13th District
Sen. Edwards, 21st District
Len Bennet law firm

Washington

Washington Community Action Network

West Virginia

West Virginia Citizen Action Group

Wisconsin

Citizen Action of Wisconsin
Consumer Justice Law Center, Big Bend
Law Offices of Rollie Hanson