

STATEMENT ON REINTRODUCTION OF WARREN-MCCAIN 21ST CENTURY GLASS STEAGALL ACT

AFR applauds the introduction of this bipartisan legislation to re-establishing the Glass-Steagall firewall between ordinary commercial banking and Wall Street trading markets. That division was in place from the 1930s to the 1990s, a period that saw a generally stable and well-functioning financial sector. On the other hand, less than ten years after Glass-Steagall protections were eliminated our economy was devastated by the worst financial crisis since the Great Depression.

The Warren-McCain bill would restore the Glass-Steagall firewall and update it for the 21st century by fully addressing new developments like the massive growth in the market for complex derivatives and securities lending. By forcing the separation of commercial and investment banking, it would break up “too big to fail” banks that combine both activities, and reduce their power over the financial markets and the economy.

The American public recognizes that something has gone deeply wrong with Wall Street and that more needs to be done to address financial sector dysfunction. In the past election both parties responded to the public desire for action by endorsing the restoration of Glass-Steagall protections. More recently White House economic advisor Gary Cohn also expressed support for the idea. Now it’s time for Congress and the Administration to take real action by supporting the Warren-McCain 21st Century Glass Steagall Act. AFR urges Senators to join in co-cosponsoring this bill, and Congress to act on it expeditiously.

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