

Senators Warren, McCain, Cantwell and King Introduce 21st Century Glass-Steagall Act

Introduction Follows Announcements of Support for Reinstating Glass-Steagall from the President and Administration, Inclusion in Both Democratic and Republican Party Platforms

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Bill Text ([PDF](#))

Washington, D.C. - United States Senators Elizabeth Warren (D-Mass.), John McCain (R-Ariz.), Maria Cantwell (D-Wash.), and Angus King (I-Maine) today will re-introduce the 21st Century Glass-Steagall Act, a modern version of the Banking Act of 1933 (Glass-Steagall) that protects American taxpayers, helps community banks and credit unions compete, and decreases the likelihood of future financial crises. Reinstating Glass-Steagall has broad bipartisan support from the public and policymakers, including from [President Trump](#), [Treasury Secretary Steve Mnuchin](#), and [National Economic Council Director Gary Cohn](#). Both the 2016 Democratic and Republican party platforms supported reinstating Glass-Steagall.

The legislation, first introduced in the 113th Congress by Senators Warren, McCain, Cantwell and King, would separate traditional banks that have savings and checking accounts and are insured by the Federal Deposit Insurance Corporation from riskier financial institutions that offer services such as investment banking, insurance, swaps dealing, and hedge fund and private equity activities. The bill would clarify regulatory interpretations of banking law provisions that undermined the protections under the original Glass-Steagall and would make "Too Big to Fail" institutions smaller and safer, minimizing the likelihood of a government bailout.

"Despite the progress since 2008, the biggest banks continue to threaten our economy," **said Senator Warren**. "For fifty years, the original Glass-Steagall Act helped produce broad-based economic growth and avoid any major financial crisis. The 21st Century Glass-Steagall Act will re-establish the wall between commercial and investment banking and make our financial system more

stable and secure. Reinstating Glass-Steagall has broad bipartisan support, and it's time to get it done."

"Since core provisions of the Glass-Steagall Act were repealed in 1999, a culture of excessive risk-taking has taken root in the banking world, placing the financial security of millions of hardworking American taxpayers at risk," **said Senator McCain**. "Even with the thousands of pages of misguided and burdensome regulations imposed by Dodd-Frank in the wake of the 2008 financial crisis, there are indications that this culture of risky behavior continues today. That's why I believe it is critical for Congress to reinstate the protections that separated main street banks and investment banks. Our 21st Century Glass-Steagall Act of 2017 would return banking 'back to the basics' and go far to restore Americans' confidence in the banking system."

"It has been clear for 60 years that separating commercial and investment banking would protect consumers from having to pay for the debts of bad financial practices of Wall Street. We need to reinstate this sharp bright line," **Senator Cantwell said**.

"Congress should take steps to see that taxpayers across Maine and America aren't again faced with having to bail out big Wall Street institutions at the expense of Main Street," **Senator King said**. "This bill will advance common-sense reforms that will provide strong protections for Americans against the spillover effects of another financial institution failure."

The original Glass-Steagall legislation was introduced in response to the financial crash of 1929 and separated depository banks from investment banks. The idea was to divide the risky activities of investment banks from the core depository functions that consumers rely upon every day. Starting in the 1980s, regulators at the Federal Reserve and the Office of the Comptroller of the Currency reinterpreted longstanding legal terms in ways that slowly broke down the wall between investment and depository banking and weakened Glass-Steagall. In 1999, after 12 attempts at repeal, Congress passed the Gramm-Leach-Bliley Act to repeal the core provisions of Glass-Steagall. Text of the bill is available [here](#).

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