

Glass-Steagall - A Phoenix About To Rise Again?

Allan J. Weiner, Aaron D. Rosenfeld

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The article presents a brief history of governmental regulation of the banking and securities industries. Additionally, the article covers findings and recommendations of a recent Congressional Oversight Panel's report on the current state of the financial system that likely will form the base for a reform package and provides additional thoughts about what Congress should consider in its reform package. In considering financial services reform, it notes that "to ensure the long-term viability of the United States financial system, any reforms must seek a balance between the reduction of systemic risks to the financial system and preservation of the freedom of the nation's economy to grow and successfully participate in the global economy." The article also notes that, "any new legislation should embody the spirit of Glass-Steagall," the defining legislation that transformed America's banking and securities industries following the Depression and prohibited entities from engaging in both commercial and investment banking, "while maintaining the benefits of the Gramm-Leach-Bliley Financial Modernization Act," which was passed in 1999 and allowed commercial and investment banks to engage in activities formerly prohibited by Glass-Steagall.