The significance of this event is explored and analyzed in When Corporations Wield the Constitution (http://www.ratical.org/corporations/WCWtC.html), by Richard L. Grossman and Ward Morehouse, Co-Founders, Program on Corporations, Law & Democracy, November 2002.

Depression-Era Rules Undone
Clinton Signs Legislation Overhauling Banking Laws
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Justin Lane for The New York Times

Depression-Era Rules Undone
Alan Greenspan, left, the Federal Reserve Chairman, and Congressional leaders applauded President Clinton yesterday after he signed the Financial Services Modernization Act, which allows merging of banks, securities firms and insurers. It repeals parts of the 1933 Glass-Steagall Act. Page C3.

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Clinton Signs Legislation Overhauling Banking Laws

WASHINGTON , Nov. 12 (*Reuters*) - President Clinton signed into law today a sweeping overhaul of Depression-era banking laws. The measure lifts barriers in the industry and allows banks, securities firms and insurance companies to merge and sell each other’s products.

"This legislation is truly historic," President Clinton told a packed audience of lawmakers and top financial regulators. "We have done right by the American people."

The bill repeals parts of the 1933 Glass-Steagall Act and the 1956 Bank Holding Company Act to level the domestic playing field for United States financial companies and allow them to compete better in the evolving global financial marketplace.

Analysts and industry leaders say the measure will probably fuel a wave of mergers as companies compete to build financial supermarkets offering all the services customers need under one roof.

Financial stocks were winners on Wall Street today, with **J.P. Morgan** & Company, **Citigroup, American Express** and **Merrill Lynch** all posting big gains. That helped the Dow Jones industrial average end up 174.02 points, at 10,769.32.

The Senate approved the final bill by 90 to 8 on Nov. 4 and the House followed suit by a vote of 362 to 57. Congress had previously made almost a dozen unsuccessful attempts over the last 25 years to revise the statutes, which had increasingly come to be viewed as anachronisms.

"The world changes, and Congress and the laws have to change with it," said Senator Phil Gramm of Texas, chairman of the Banking Committee and one of the bill’s prime sponsors.

Supporters of the legislation say it will also benefit consumers, providing them with greater choice and convenience and spurring competition that will lead to lower prices.

"With this bill," Treasury Secretary Lawrence H. Summers said, "the American financial system takes a major step forward toward the 21st Century -- one that will benefit American consumers, business and the national economy." Opponents said it would have the opposite effect, creating behemoths that will raise fees, violate customers’ privacy by sharing and selling their personal data, and put the stability of the financial system at risk.

The privacy issue was a key focus in the long and often heated negotiations that produced a compromise bill, and President Clinton made clear he still wanted to see more done to safeguard consumers’ personal financial information.

President Clinton said the Treasury and White House would put together a legislative proposal to take to Congress next year that would extend the privacy provisions of the legislation.

The Financial Services Modernization Act is also called the Gramm-Leach-Bliley Act and was known in the 106th Congress as Bill Number S.900. On 12 November 1999 it became Public Law No: 106-102.