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A Conceptual Analysis of Bank Strategies towards the Glass-Steagall Act in Terms of the Public Policy Life Cycle

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Introduction

Corporations are surrounded by many parties whose interests conflict with their own, namely, their customers, vendors, peers, affiliated companies such as parent and/or subsidiary, business entities in other relevant industrial segments including banks and other financial institutions, policy makers, the executive branch, regulatory agencies, mass media, courts, interest groups such as trade associations, consumer groups, etc. These comprise the market and nonmarket environments of a firm. In the context of these interacting environments, which can be either supportive or restrictive to the activities of a corporation, top management has to determine which industry and its specific business segments the firm can profit in and how to stay competitive in their chosen industry and market segments. Here, the former is defined as corporate strategy and the latter as business strategy.(1) Since many laws and regulations set rules and restrictions on business activities, an essential part of a business strategy is a political strategy for government public policy which analyzes and defines ways of coping with the nonmarket environment. A political strategy has to be formulated and applied with thorough consideration of changing environments and their influence on corporate activities.

This paper is the beginning of research on a theory of corporate and political strategy changes related to diversifications under market and nonmarket forces. The U.S. banking sector, money center banks in particular, was selected to be analyzed with a focus on the dynamics of the parties influencing bank strategies.

As is well known, the banking industry has been heavily affected by the Glass-

Steagall Act which has separated commercial and investment banking since 1933. The act constrains the activities of commercial banks; that is, they are not legally permitted to engage in securities activities. With this disadvantage commercial banks compete in today's banking market where they are constantly exposed to fierce competition from domestic non-banking institutions, such as General Electric, American Express and Merrill Lynch (See Table 1 for the types of financial businesses allowed to non-banks.), and overseas universal banks and securities firms which are not regulated as tightly as U.S. commercial banks. The rapid development of information technologies has been drastically changing the shape and nature of financial products, adding more complexity to business practices for product development, operations and marketing activities. Out-dated laws and regulations like Glass-Steagall flaw the business playing field and eliminate players' competitiveness in the market against new entrants to which the same legal restrictions do not apply.

Commercial banks in the U.S. are trying to counter the erosion of their business areas and diversify into new business segments such as securities activities and the insurance business. To cope with the competitive business environment and the changing political views of the Glass-Steagall Act, U.S. banking institutions have adopted various counter strategies, sometimes those of compliance and other times those politically proactive toward legal and regulatory bodies seeking the abolition or revision of the law.

Now, US banks are employing two strategies concurrently: a plea for the amendment of the act and, since this takes a long time to achieve its goal, an approach to the regulatory bodies seeking their flexible interpretation of it. In a similar vein, Article 65 of Japan's Securities and Exchange Act of 1948 also strictly separates the banking system. On both sides of the Pacific basin, active debate and movement toward the abolition of these ineffective laws are currently under way. Prime Minister Hashimoto launched his vision of the "Big Bang" of financial industries.[2] Japanese banks, insurance companies, securities firms and other relevant parties are now seeking strat-

Table 1
Financial Activities of Selected Non-Bank Firms

Firms	FDIC Insured Depository	Consumer Loans	Credit/Debit Cards	Mortgage Lending	Commercial Lending	Mutual Funds	Securities	Insurance
General Electric	X	X	X	X	X		X	X
Ford	X	X	X	X	X			X
General Motors		X	X	X	X			X
Prudential	X	X	X	X	X	X	X	X
John Hancock	X	X	X	X	X	X	X	X
Beneficial Corp.	X	X	X	X	X			X
American Express	X	X	X	X	X	X	X	X
Merrill Lynch	X	X	X	X	X	X	X	X
Primerica	X	X	X	X	X	X	X	X
ITT	X	X	X	X	X			X

Data sources: "Report of the Market Share Task Force", American Bankers Association, p.25, June 27, 1994, and "Glass-Steagall Reform, The Time Has Come", p.11, ABA Securities Association, Drawn from Testimony of Richard Roberts, Executive Vice President and Treasurer of Wachovia Corporation and Chairman of the Board of the ABA Securities Association, Before the Committee on Banking and Financial Services, U.S. House of Representatives, March 7, 1995.

egies for survival and success for the future. Appropriate strategies for a specific issue are not developed from narrow business perspectives but from a combination of various views on business, legal and regulatory factors which are affecting or might affect corporations.

Therefore, it is important that this paper analyzes U.S. bank strategies from both the business and political perspectives pertaining to the history of the Glass-Steagall Act and to its related regulations. Tracing how the American banks have strategically acted will contribute to strategy formulation for Japanese banks facing the Big Bang.

Here, a view of the inter-relationship among law, government and business, in general, is discussed, including the legal and political constraints over corporate strategies and business activities in banking. The Public Policy Life Cycle is used to analyze the major milestones of Glass-Steagall and corresponding banking strategies. We also review the driving forces of the enactment of the act.

1. Business, law and government

According to Halverson (1984), the concept that free competition of goods and services is fundamental to a sound market has been accepted since the early days of American business history.[3] The structure and conduct of big business enterprises

have been under legal and regulatory constraints for over a hundred years. The Sherman Act of 1890, the Clayton Act of 1914 and other anti-trust laws were introduced to prevent a "big" business enterprise from intentionally or unintentionally controlling a large majority share of a market. Exclusion of monopoly and promotion of fair competition have been an important goal of the American society. Buchholz (1988) states that government is expected "to maintain a workable competition by both enforcing policies that deal with the size of corporations and the structure of the industries in which they function as well as mergers and other forms of combination and promoting fair competition by making certain anti competitive practices illegal".[(4)]

These socially prevalent and accepted philosophies sometimes encourage law makers to pass new acts which end up excessively controlling economic activities of business entities and destroying their dynamics. It can easily be said that what happened in Congress in the late 1920s and the early 30s was a perfect example of this. When Senator Glass was persistently trying to enact the Banking Act, the U.S. and the world were in the midst of the Great Depression. Day after day countless business entities went bankrupt. Those were also difficult times for banks. During the four years between 1930 and 1933, more than nine thousand banks suspended operations.[(5)] As written in *The House of Morgan*, in those economically difficult times, citizens and quite a few politicians were not comfortable with prospering financial giants like J.P. Morgan.[(6)] Also, various incidents of unethical activities and misconduct by officers involved in securities transactions at commercial banks and their securities affiliates caused financial damage to their customers, thereby scarring bank reputations and fueling distrust among citizens. The resentment against large banks opened the door to the introduction of the Glass-Steagall Act. The forming of negative public opinion toward corporations is the first stage of the Public Policy Life Cycle model by Ryan, Swanson and Buchholz (1987) which is explained in section three.[(7)]

2. Underlying Forces in the Enactment of Glass-Steagall

The Banking Act (the Glass-Steagall Act) passed in Congress in 1933. The driving force was Senator Carter Glass. His efforts to pass the law took several years and what he finally won is still in effect although regulatory bodies, including the Federal Reserve Board (the Board), are currently flexible in their interpretation of the act. Under Glass-Steagall, the separation of commercial banking and investment banking has been keeping U.S. commercial banks including money center banks from underwriting corporate securities, handling investment advisory, managing mutual funds, and dealing corporate bonds, etc. (However in recent years, certain of these activities have been gradually allowed subject to regulatory approval.) The only operations permitted to a bank under the law are the underwriting of general obligations of federal, state and local governments and purchasing or selling securities as agents on behalf of customers pursuant to the customers' specific instructions.

Prior to the Great Depression in the 1930s, a number of major commercial banks were aggressively expanding their securities activities through their securities affiliates. According to Mabuchi (1997), the number of banks directly or indirectly engaged in securities activities was 566 among the approximately 24,000 U.S. commercial banks (a sum of national banks and state chartered banks) and the vast majority of small regional banks were not involved in this.(8) Although traditional investment banks had held a dominant share in underwriting new issue securities, banks based in large cities such as the National City Bank of New York (Citicorp) and the Chase National Bank (Chase) established a wide distribution network to service the retail customers which the investment banks did not court. The ordinary business practice of traditional investment banks were the sale of underwritten bonds and equities to securities firms with strong distribution capabilities in their retail sales networks. However, some powerful commercial banks with strong retail banking capabilities set up their own securities business affiliates targeting the banks' retail accounts and entered the investment banking arena.

In the case of Chase which had primarily grown as a wholesale bank, a geographical expansion beyond New York state was initiated by their security affiliate, The Chase Securities Corporation (Chase Securities) established in 1917.[9] The company added retail sales to their business ten years later. Since corporate borrowers were shifting to securities issuance to finance their necessary funds, holding a strong distribution capability with an extensive sales network was a key success factor for banks. Chase decided to sell securities underwritten by themselves to individual accounts as well as to institutional investors. The issuers were not only major corporations but also states and municipalities in the U.S. and foreign borrowers. The financing needs of the issuers in the securities market was so big that there was enough room for commercial banks to economically justify their entry into the underwriting of bonds and equities. The volume of new issues underwritten by commercial banks' securities affiliates surpassed that of investment banks by the late 1920's.[10] In 1929, forty-five percent of the total securities issues were underwritten by commercial banks.[11] Their securities operations geographically expanded. For example, Chase Securities operated in many parts of the United States and overseas in London, Paris, Rome, Warsaw and Berlin.[12]

When some of the major commercial banks were expanding their securities activities, the share prices at the New York Stock Exchange experienced a historical overall crash starting on October 24, 1929. The bearish sentiment of the stock market immediately spread through the nation's economic system including the banking sector. The number of bank defaults jumped from 659 in 1929 to 1,350 in 1930 followed by 2,293 in 1931, 1,453 in 1932 and 4,000 in 1933.[13] Many depositors rushed to the teller windows of banks to withdraw their deposits and banks and depository institutions had difficulty in managing the liquidity necessary to cope with their customers' requests. Even the Bank of the United States, one of New York's large commercial banks, failed. On March 6, 1933, newly inaugurated Franklin Roosevelt closed all the banks in the nation for a week.

Senator Glass submitted a proposal to separate commercial banking from investment banking in the midst of this financial disorder and finally it was enacted as the Banking Act of 1933. A number of factors are said to have contributed to the passage of the law; there are four major ones. First, people lost confidence in the banking system with over 9,000 banks in suspension of operations from 1930 through 1933. The losses due to the bank failures imposed on depositors, stockholders and other creditors reached about $2.5 billion in total.(14)

Second, American society became critical of bank securities affiliates partly due to the financial damage their customers suffered. More than this, the Pecora Hearings brought unfavorable bank activities to the public eyes. The hearings on stock exchange practices were held by Ferdinand Pecora, counsel to the Senate Banking and Currency Committee. The top management of a number of leading banks in the nation were called in as witnesses. What was disclosed at the hearings, activities such as insider trading and other unfair trading practices conducted by officials of banks or their securities affiliates, largely contributed to the formation of negative opinions amongst the public against major banks.(15)

Third, Senator Glass was very convinced that banking and securities operations must be separate. He believed in the "real bills" doctrine.(16) This idea argued that bank assets should consist of only short term and self-liquidating loans to be able to meet withdrawal of deposits since long term lending would cause unacceptable levels of liquidity risk to banks.(17) The "real bills" doctrine convinced Senator Glass that the securities activities of commercial banks and their affiliates brought the banks to financial difficulty and default. However, it is important to note that "Glass never produced any data to support his belief that banks' involvement with securities had an adverse effect on either the banking system or the economy, or even on some banks."(18) ABA Securities Association asserts that the vast majority of the bank failures were those of small rural banks that did not underwrite securities and banks with securities affiliates survived the difficulty better than those without such affiliates.(19)

Last, the top management of Chase and Citicorp, two of America's leading banks, changed their political strategy and agreed to divest their securities arms, abandoning any further efforts to halt the passage of the act. Part of the reason for this change of heart towards compliance was that the volume of underwriting plummeted becoming a much less attractive business in the troubled securities market and weak economy. Also, bank management thought presenting the divestiture program of their securities operations would improve their damaged corporate images.[20] The first reason is justified from a viewpoint of market environment. Once data shows a firm's business segment is highly unlikely to recover, it should not stay in that market. Also, together with the market factors, the nonmarket environmental factors, which were the prevalent negative public image of banks and the likelihood of the passage of Glass-Steagall, largely influenced their decision making.

3. Public Policy Life Cycle

The Public Policy Life Cycle (PPLC) model by Ryan, Swanson and Buchholz provides a framework to identify stages of phenomena, from the formation of driving forces to the implementation of public policy. The model also describes strategies with which firms manage their external environment; that is government and society. It consists of three stages: public opinion formation, public policy formulation and public policy implementation. A summary of the nature of the issues and key actors in society in each of the stages is listed in Table 2.

Table 2 Public Issue Life Cycle

Stage	One	Two	Three
Nature of issue	Idea	Legislation	Law
Key actor in society	Public interest groups	Office holders	Regulators

Source: Ryan, Swanson and Buchholz, *Corporate Strategy, Public Policy and The Fortune 500*, Basil Blackwell, p. 46, New York, N.Y.,1987.

The main concern of the corporate strategist at the initial stage is the growing strength of public opinion on an issue important to the firm. Because of the influential power of law makers' constituencies, politicians heed their opinions and sometimes present new legislation which reflects these opinions at congressional sessions. Since damage control is easier and cheaper if measures are implemented before legislation is written, a wiser strategy would be to publicize, in favorable light, the company's point of view on the issue at hand. Important here is positioning communication as a core part of a strategy toward external as well as internal parties of an organization. Proactive participation at press conferences, appearances on radio and TV programs, advertisement in major newspapers and magazines, speaking at seminars and meetings of the interest groups, and, nowadays, using the internet give the corporate management a chance to directly and indirectly influence public opinion. The key success factor in this communication strategy is to use resources in a manner consistent with goals and strategic objectives. Common objectives of this stage are to offer an alternative that would make regulation unnecessary or cast new light on the issue that would convince the public their opinion is unfounded.

In the second stage of their PPLC model which is public policy formulation, the issues are debated among politicians and specific legislative proposals are introduced to Congress. The degree of impact on corporate interests is far larger than the public opinion formation in the first stage. The primary aim is either to support or object to the proposed act or work to modify it. Corporate strategists add another ploy to the communication strategy, making direct or indirect contact with relevant office holders in charge of formal legislation or regulatory enactment. The methods used are lobbying, often through trade associations such as the American Bankers Association (ABA) and the Securities Industry Association (SIA), in order to make law makers and regulators clearly understand of where the firm (or the industry) stands on the issue and making campaign contributions through corporate PAC (Political Action Committee) to support candidates who take the same stance.

Corporate PAC is a method of contributing money pooled by qualified members such as executives or administrative personnel of firms.[21] A survey by Ryan, Swanson and Buchholz of Fortune 500 Industrials showed 56% of the firms had a PAC in 1980.[22] In the banking industry, many banks including Citicorp and Chase and also trade associations, such as the ABA, have a few PACs. When a firm wants to lobby, senior corporate officers are assigned to stay in contact with relevant lawmakers, key persons in the executive branch and regulatory agencies, and other influential persons like former top officials. Many of the firms have representatives stationed in Washington who directly contact politicians and also hire professional lobbyists.

The third stage is called the stage of public policy implementation. Here, since the new acts have passed and detailed regulations are being enforced, the available options for corporations are limited. Corporate management has to work with internal legal officers, if they have them, and external lawyers to lessen any negative financial impact of the new acts on the firm. The strategy is to contend their stance, usually on specific parts of the legislation, at regulatory hearings or court proceedings. Another strategy available to firms is non-compliance. If, when measured, the corporate costs of compliance with the new act exceed the sum of the estimated time, costs and resources to be spent in legal defense, the penalties at a regulatory settlement or court proceeding plus the expected loss of the firms' credibility in the market and society, then non-compliance could be chosen. However, if corporate management cannot live with the burdens brought on by the new regulations and prefers to take a further but time consuming step, they bring the problem back to the initial stage of PPLC by appealing to the public again. The goal for this action is to reform or completely abolish the new act, thus rejuvenating the life cycle. Table 3 shows a list of strategic options in each of the three stages of PPLC.

However, since this process requires a long period of time (current efforts to reform Glass-Steagall started in 1980s and have not been successful), some banks have chosen an avenue not described in Table 3: a strategy to seek a flexible reinter-

pretation. That is, while approaching the public and law makers again for public opinion formation, firms try to convince the relevant regulatory authorities that compliance with the legislation is causing a serious negative effect on the economy and seek to win a flexible reinterpretation of the act from the regulatory bodies. A series of approvals of greater bank involvement in the securities business by the Board since the late 1980s are to some extent products of major banks' practice of this political strategy; that is, stressing the social benefits of allowing commercial banks to handle securities. The Board believes the removal of the restrictions promotes efficiency of the financial system from which the public will enjoy better services.[23]

Table 3 Strategic Management Model for Public Policy Issues

Strategic	Process/PPLC	Strategic Options
Stage One :	Public opinion formation	Communication strategies Advocacy advertising Annual reports Corporate newsletters Direct meetings Economic education programs Image advertising Press releases Public service announcements Reports to government Special media presentations TV and radio talk shows
Stage Two :	Public policy formulation	Participation strategies Coalition building Lobbying Honorariums PAC contributions Political parties Public affairs groups Public service meetings Trade associations
Stage Three :	Public policy implementation	Compliance strategies Cooperation with agencies Creating a new issue Legal resistance Judicial proceedings Non-compliance

Source: Ryan, Swanson and Buchholz, *Corporate Strategy, Public Policy and The Fortune 500*, Basil Blackwell, p. 45, New York, N.Y.,1987.

4. Bank Strategies upon Passage of Glass-Steagall

In the wake of the enactment of Glass-Steagall, all banks armed with securities affiliates were compelled to take action to separate them from their banking group. J.P. Morgan was split into the wholesale commercial bank and Morgan Stanley, an investment bank. Chase and Citicorp decided to dissolve their securities affiliates. They no longer found the securities business economically and socially attractive because of the sharp reduction of business opportunities and their fallen reputation brought about by the abusive conduct of their officers disclosed in the Pecora Hearings. From the perspective of the third stage of PPLC, the political strategy of acquiescing to the separation of investment banking from commercial banking implemented by bank leaders in the 1930s was, through cooperation with regulatory agencies, a compliance strategy towards the government and the public. The banks' management tried to placate Congress, regulators and the public in order to win a mild regulatory implementation of the act, to obtain an elimination of restriction on interstate banking, etc. One other advantage of compliance was the ability to shift various corporate resources including time, competent personnel and money away from the ailing securities arms and toward their mainstream business line which was commercial banking. In other words, the political strategies taken by the banks interacted with other business strategies, corporate strategies and environmental changes. Subsequently, however, lack of preventive action in the early stage of PPLC resulted in costly legal constraints on their business activities.

Both the political strategies and the business strategies of business entities are formed to cope with current and future regulatory constraints, sometimes taking advantage of legal loopholes. However most banks, as well as, the vast majority of other corporations have had mixed success with this. They often fail to keep abreast of relevant and vital environmental changes and do not take appropriate action prior to the emergence of legal constraints. If political strategies are effectively implemented before a bill is passed, foreseeable costs and losses will lessen. Sometimes

the related business area will even expand or opportunities to enter new business areas will surface.

In reality, the major commercial banks in the 1930's spun off their securities affiliates only after losing credibility as a result of their unethical activities and mis-

Table 4

Underwriting League Table / All Domestic Issues
Source: Investment Dealers' Digest, January 8, 1996

Manager (Banks in bold letters)	Amount (USD Million)	Rank	%	Issues
Merrill Lynch	124151.6	1	17.6	859
Goldman, Sachs	68526.7	2	9.7	430
Morgan Stanley	68413.7	3	9.7	510
Lehman Brothers	68360.4	4	9.7	549
Salomon Brothers	67948.6	5	9.7	497
CS First Boston	64626.2	6	9.2	388
JP Morgan	40108.1	7	5.7	286
Bear, Stearns	25349.1	8	3.6	242
Donaldson, Lufkin & Jenrette	22479.5	9	3.2	194
Smith Barney	20516.7	10	2.9	274
Nations Bank	14310.8	11	2	121
First Tennessee Bank, N.A.	13403.1	12	1.9	231
Chase Manhattan	12003	13	1.7	123
Paine Webber	11320.1	14	1.6	151
Prudential Securities	8675.9	15	1.2	82
Industry Totals	703868.8	-	100.0	6,746

Table 5

Underwriting League Table / Eurobonds
Source: Investment Dealers' Digest, January 8, 1996

Manager (Banks in bold letters)	Amount (USD Million)	Rank	%	Issues
SBC Warburg	17966.1	1	6.4	97
Deutsche Morgan Grenfell	15637.4	2	5.6	69
Merrill Lynch	14820.3	3	5.3	88
ABN Amro Hoare Govett	14054.3	4	5	87
J.P. Morgan	13138.7	5	4.7	79
Morgan Stanley	12059.9	6	4.3	78
CS First Bos/Credit Suisse	11891	7	4.2	59
Lehman Brothers	11383.3	8	4.1	65
Goldman, Sachs	11151.4	9	4	47
Banque Paribas	10235.1	10	3.7	57
Dresdner Bank AG	9756.9	11	3.5	33
UBS	9353.3	12	3.3	61
Commerzbank AG	8747.5	13	3.1	31
BZW/Barclays PLC	8264.6	14	2.9	57
Nomura Securities	8235.6	15	2.9	60
Industry Totals	280399.3	-	100.0	1,840

conduct and, because of the political climate of the day, they viewed the enactment of Glass-Steagall as inevitable. This has proved a costly outcome for the banks. Opportunity losses for commercial banks arising from the constraints set by Glass-Steagall, such as a ban on underwriting corporate bonds, were not marginal. This is partly evidenced by a clear difference in the profiles of leading underwriters in the U.S. domestic securities and eurobond underwriting league tables (see Table 4 & 5). Table 4 shows U.S. domestic securities underwriting. Commercial banks' underwriting volume is lagging that of securities firms. This is largely due to the restrictions on the underwriting activities of banks' Section 20 (of the Glass-Steagall Act) subsidiaries.[(24)] Meanwhile, Table 5 indicates that, in the free eurobond market, the underwriting volume by banks (including both European and American banks) is larger than that of securities houses. This implies that the economic disadvantage of the commercial banks in the U.S. domestic market is not negligible because of the lack of equal footing with investment banks.

Since the late 1980s, more than fifty years after 1933, a series of relaxations in enforcement by regulatory authorities such as the Board and Office of Comptroller of the Currency paved the way for commercial banks, who have been honing their expertise in investment banking in euro markets, to reenter the domestic investment banking field and make it a major business line. The banks emphasized the social benefits of the relaxation and lifting of the law in their corporate advertising, publicity and pleas to law makers and regulators.[(25)] The Board also acknowledges the social benefits of the expansion of permissible activities for banks through Section 20 subsidiaries in terms of economic efficiency and available choices and options for consumers; that is better services for the public including lower costs from increased competition.[(26)] The costs to the society would be economic losses which banking group customers including bank depositors and trust department customers might suffer from conflicts of interest between the two business units and unethical activities by employees.

The Board and some other regulatory bodies became more accommodating to requests from large commercial banks, while all the attempts to abolish the Glass-Steagall Act failed in Congress due to power struggles among law makers, one of the major concerns of which is their electorate.[27] This goes to prove that political strategies have to be carefully managed to cope with changing environments.

5. Summary

We have reviewed some of the strategies of money center banks prior to and on the enactment of the Glass-Steagall Act using the PPLC model. Recent regulatory reinterpretation has been favorable to commercial banks although there has been no progress in this direction on the part of Congress. The excessively regulating Glass-Steagall Act passed in the midst of widely growing negative opinion against banks at a time when banks could not take effective preventive measures to halt the passing of the bill deprived the banks of major ways to diversify their revenue sources such as fee income, eventually tying down their competitiveness in the market. Reversing the situation, that is, rejuvenating the life cycle in order to reform the act, will require a high level of investment in terms of time, money and human resources as evidenced by the lack of success on Capitol Hill. Therefore, major commercial banks have been seeking a flexible reinterpretation from relevant regulatory bodies. This is making steady progresses.

The next part of this research will be an analysis of how Japanese bank strategies transformed reacting to the progress of governmental regulation on the separation of banking activities under changing business and political environments. The PPLC model will be modified to illustrate the history of the reform of the Japanese financial system and the shift of Japanese major banks' strategies. Clarifying how banking industries have acted under similar restrictions but in the different political, business and social settings of Japan and the U.S. will contribute to Japanese commercial banks establishing and modifying their business and political strategies to stay competitive in the global and universal banking markets.

Notes:

1. According to Lloyd Byars, corporate strategies are "strategies that address what businesses a multi business organization will be in and how resources will be allocated among those businesses" and business unit strategies "focus on how to compete in a given business". Lloyd L. Byars, *Strategic Management*, Harper & Row, p.62, New York, NY, 1987.
2. Tokyo Stock Exchange, *Securities*, pp.80-82, January 1997. （東京証券取引所「証券」、80-82頁、1997年1月号）
3. Presentation on the U.S. Anti-trust Laws by James T. Halverson in Japan, May 1984, Japanese Translation, Mitsuo Matsushita, Jetro, Tokyo, 1985. （松下満雄監訳「米国の独占禁止法概説」日本貿易振興会、4頁、1985年）
4. Rogene A. Buchholz, *Public Policy Issues for Management*, Prentice Hall, p.52, Englewood Cliffs, N.J., 1988. Also, workable competition is defined as, "a system where there is reasonably free entry into most markets, no more than moderate concentration, and an ample number of buyers and sellers in most markets.", ibid., p.48.
5. Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States 1867-1960*, Princeton University Press, p.351, Princeton, NJ, 1963.
6. Ron Chernow, *The House of Morgan*, Atlantic Monthly Press, New York, N.Y.,1990, Trans. Eiichi Aoki. （青木栄一訳「モルガン家（上）」日本経済新聞社、423、432、433頁、1993年）
7. Ryan, Swanson and Buchholz,*Corporate Strategy, Public Policy and The Foutune 500*, Basil Blackwell, pp. 41-47, New York, N.Y.,1987.
8. Noritoshi Mabuchi, *Kinyu Mochikabu Gaisha[Financial Services Holding Companies]*, Toyo Keizai Shimposha, pp. 106-107, Tokyo, Japan, 1997. （馬淵紀壽「金融持株会社」東洋経済新報社、106-107頁、1997年）
9. John D. Wilson, *The Chase*, Harvard Business School Press, p.13, Boston, Mass., 1986.
10. Benjamin J. Klebaner, *Commercial Banking in the United States: A History*, Dryden Press, p.120, Hinsdale, Illinois, 1974.
11. Ibid., Ron Chernow.（青木栄一訳「モルガン家（上）」370頁）
12. Ibid., John D. Wilson.
13. Ibid., Milton Friedman and Anna J. Schwartz, *A Monetary History of the United States, 1867-1960*, p.438.
14. Ibid., p.351.
15. Ingo Walter, *Deregulating Wall Street*, John Wiley & Sons, New York, N.Y. 1985, Trans. Shinji Kawaguchi.（川口慎二監訳、皆藤実、川口恭弘訳「銀行の証券業務参入」東洋経済新報社、59、74、83頁、1990年）
16. Anthony Saunders and Ingo Walter, *Universal Banking; The Origins and Justification for the Glass-Steagall Act, by George J. Benston*, Irwin, p.37, Burr Ridge, IL,1996.
17. Ibid., Ingo Walter, *Deregulating Wall Street*,（川口慎二監訳、皆藤実、川口恭弘訳「銀行の証券業務参入」89頁）

18. Ibid., Anthony Saunders and Ingo Walter, p.39. George Benston introduces interest-group theory as alternative or complementary to what he calls the three "traditional" reasons for passage of the act. The three reasons presented by George Kaufman, according to Benston, are:(1) to protect bank safety and soundness and restore public confidence in commercial banking, (2) to prevent inappropriate banking; improper channeling of funds from "legitimate" commercial uses to "speculative" uses and (3) to stop conflicts of interest and other abusive practices. Ibid., pp.35-59. His interest-group theory concludes the passage of the act was a product of blending various parties' interests including (a) investment bankers who supported the act because of the withdrawal of commercial banks from their business field, (b) many commercial bankers who were no longer interested in the securities business due to a dramatic reduction of business demand, (c) unit bankers, who suffered from deposit outflow to big banks, opposing the law for fear of unrestricted branching for national banks, and (d) the Roosevelt administration which wanted to "do something". The underlying current is the dynamics of political demand or willingness in market environment factors and political strategy to avoid more restrictive legislation. Ibid., p.60.
19. ABA Securities Association, *Glass-Steagall Reform, The Time Has Come*, p.5, Drawn from Testimony of Richard Roberts, Executive Vice President and Treasurer of Wachovia Corporation and Chairman of the Board of the ABA Securities Association, before the Committee on Banking and Financial Services, U.S. House of Representatives, March 7, 1995.
20. Ibid., Ron Chernow.（青木栄一訳『モルガン家（上)』439-440頁）
21. Ibid., Ryan, Swanson and Buchholz, *Corporate Strategy, Public Policy and The Fortune 500*, p. 105.
22. Ibid., p. 127.
23. *Federal Reserve Bulletin*, "Statement to the Congress by Alan Greenspan," pp.778-783, August 1995.
24. "Section 20 of the Glass-Steagall Act prohibits the affiliation of a Federal Reserve member bank with a company that is engaged principally in underwriting or dealing in securities. The Federal Reserve Board has authorized bank holding companies to engage, through separate subsidiaries (Section 20 subsidiaries), in underwriting and dealing in securities that a bank may not underwrite and deal in directly (ineligible securities). In order to ensure compliance with Section 20, the Board requires that the amount of revenue that a Section 20 subsidiary derives from ineligible securities activities may not exceed 10 percent of the total revenue of the subsidiary.", asserts from Price Waterhouse LLP, *The Securities Compliance Handbook, 1995-1996 Edition*, Irwin, p.77, Burr Ridge, IL, 1996. Some qualified Section 20 subsidiaries are allowed to be engaged in any type of corporate debt and equity securities by the Board. The 10 percent revenue limit was later raised to 25 percent in 1996. Also refer to the Glass-Steagall Act Section 20 (12 USC 377).
25. Ibid., ABA Securities Association, *Glass-Steagall Reform, The Time Has Come*, and John C. Dugan and Peter L. Flanagan, Covington & Burling, Counsel for the ABA Securities

Association, *Memorandum of the ABA Securities Association*, June 21, 1996, as examples of the P.R. materials made by the banks' interest group, ABA Securities Association.

26. Ibid., *Federal Reserve Bulletin*.

27. According to *Congressional Quarterly Weekly Report*, House Banking Committee Chairman Jim Leach called on the Board to use their regulatory power to increase the Section 20 companies' underwriting activities as a result of his failure to defeat the resistance against the Glass-Steagall repeal in the House. The opposition in Congress was lobbied by powerful insurance agents which fear the banks' entrance to their business. *Congressional Quarterly Weekly Report*, pp.1660-1661, June 15, 1996. Also refer to *The New York Times*, Section D, P1, November 2, 1995.

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公共政策ライフサイクルの観点による，グラス・スティーガル法をめぐる銀行の政治戦略の分析

前田　雅弘

企業戦略は市場参加者に対するだけでなく，多くの法規制が企業活動に多大な影響を与えることから，公共政策に対する企業戦略，即ち政治戦略の立案実行が重要である。更にこの政治戦略は変化する環境に対応しなければならない。本小論文では，米国で１９３３年以来，銀行の証券業進出を大きく制限しているグラス・スティーガル法に対する銀行の政治戦略を，当時の銀行と政府の動きを中心に公共政策ライフサイクル（Public Policy Life Cycle:PPLC）モデルの観点より考察する。即ち，同法成立に際しての社会的，政治的及び経済的背景，それに銀行の政治戦略を，同法の成立及び実施に関する段階的区分とその各段階に於ける政治戦略行動に即して議論する。その要点は以下の通りである。

米国では大恐慌を背景に，銀行の証券活動の大幅制限に向けての世論の形成がなされた（ＰＰＬＣモデルの第一段階)。銀行は同法成立以前のこの時点で効果的な防止策を打たなかった故に，その成立後，各行は証券業務からの撤退を強いられた。その時点で適切なる政治戦略がとられていたならば，第二段階である現行法の制定及び，第三段階のその実施に至らずに済み，それら第二，第三段階での政治戦略に比べて銀行にとってのコストは低くなっていたであろう。

更に第三段階では，近年，銀行は次の二つの戦略を異なる対象に向けて同時に実行している。まずは議会に対する法律改正への要求である。他の一つはそれが遅々として進まないことから，その代替策として行政監督機関に対する法律の運用解釈の緩和要請である。その結果，前者に於ては成果が無いものの，後者では，１９８０年代後半より連邦準備制度理事会他が銀行に有利な一連の政策を実施している。