

Opening Statement
Michael S. Barr
Nominee for Assistant Secretary of the Treasury for Financial Institutions
United States Senate Committee on Banking
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Remarks as Prepared for Delivery

Chairman Dodd, Ranking Member Shelby, and distinguished Members of the Committee, it is my honor to appear before you today as the nominee for the position of Assistant Secretary of the Treasury for Financial Institutions.

With me today are my wife, Hannah Smotrich; my children, Avital, Dani and Etai; my mom, Deborah Barr; my sisters Karen and Lisa; my uncle Gabe Stern; and my wife's parents, David and Bunny Smotrich. I'm sure my dad, David Barr, is here with us in spirit. I would not be here before you today without their love and support and I am enormously indebted to them.

My parents taught me the centrality of public service. My mom is a high school English teacher here in Washington, D.C. and gives her all to her students. My dad was a labor lawyer who represented hard-working Americans. My grandmother, Phyllis Stern, who turned 98 earlier this year, only recently had to give up her volunteer activities, and her son, Gabe Stern, here today, is a local hero in Gales Ferry, Connecticut for his work helping to preserve jobs at the local submarine base.

I am humbled by the faith that President Obama and Secretary Geithner have placed in me during these extraordinary times. The President and the Secretary have moved aggressively to stabilize our economy and our financial markets, and to provide relief to struggling homeowners and strength to our mortgage finance system. The Administration has put in place initiatives to help small businesses, consumers and students and to restore the healthy functioning of our financial markets.

While we address the current crisis, the President and the Secretary are committed to fundamental reform to reduce the likelihood of crises in the future and to contain such crises if they occur. The current financial crisis has revealed significant weaknesses and glaring inconsistencies in our system of financial regulation.

If confirmed, I look forward to working closely with you to take the necessary steps to reform our financial regulation and to restore honesty and integrity to our financial system. We need a comprehensive and effective system of prudential supervision and effective measures to reduce systemic risk. We need clear accountability and full transparency. We must ensure that we put in place robust protections for consumers and investors with strong and uniform enforcement. We must ensure that our financial system is inclusive, and fair. And we must have a system that evolves over time to keep up with the pace of financial innovation domestically and globally.

Innovation is a hallmark of America's financial system, and with the right changes in place, we can expect our financial system once again to be vibrant and strong.

I come before you having had the privilege of working on financial issues for a number of years. As a professor of law at the University of Michigan Law School, where I have taught for the last eight years, I teach courses on financial institutions policy and international financial regulation. I have published widely on financial policy and regulation and have conducted extensive empirical research on the needs and behaviors of consumers in the financial services system. My recent work has focused on ways in which a deeper understanding of how people think and behave based on real-world research can better inform public policy, rather than relying solely on abstract models.

While a professor, I have served as the Chair of the Financial Institutions and Consumer Financial Services Section of the Association of American Law Schools; as a Research Affiliate at the National Poverty Center; and as a senior fellow at the Brookings Institution and at the Center for American Progress. In these capacities, I have often spoken out about the need for reform of our financial system, and in particular, about the ways in which our financial system has ill-served many Americans.

Prior to entering academics, I served in senior positions in the U.S. government. From 1995 to 2001, I served in the Treasury Department, as Deputy Assistant Secretary for Community Development Policy (from 1997 to 2001), and prior to that, as Special Assistant to the Secretary (1995 to 1997). I also concurrently served from 1999 to 2001 as Special Adviser to the President and Executive Director of the federal District of Columbia Task Force at the Office of Management and Budget, where our work was largely focused on putting the District of Columbia's fiscal house in order. These positions gave me the opportunity to work with many of you and your staffs, to contribute to the work of the Administration in a wide range of areas, and to gain the experience to know that an open mind and honest dialogue lead to better policy judgments.

Before joining Treasury, I served in the State Department, from 1994 to 1995, as Special Adviser and Counselor to the Director of the Policy Planning Staff. Before entering the Executive Branch, I was a law clerk to Justice David Souter of the U.S. Supreme Court and to then District Judge Pierre Leval of the Southern District of New York.

I am hopeful that my experience will serve the Department well if I am confirmed, and I am even more hopeful about the future of our great nation. Working together, we can help to lay the foundation for a sound recovery and a bright economic future.

Thank you.