

REMARKS OF CHAIRMAN CHRISTOPHER J. DODD
U.S. SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
EMERGENCY ECONOMIC STABILIZATION ACT: ONE YEAR LATER
THURSDAY, SEPTEMBER 24, 2009

Good morning. A little over a year ago, Treasury Secretary Henry Paulson, Federal Reserve Chairman Ben Bernanke, and SEC Chairman Chris Cox came to Congress with an urgent message: The American economy was on the brink of total collapse. And they needed \$700 billion of taxpayer money to stop it.

Already, our nation was in the midst of an economic crisis that threatened small businesses' ability to make payroll, cost us more than half a million jobs, turned the American Dream of homeownership into a nightmare, kept students from getting college loans, and wiped out hundreds of billions of dollars in savings that Americans were counting on for their retirement.

With financial giants toppling what seemed like every day, and with businesses large and small suddenly unable to access the credit they needed to operate, we clearly needed to act.

But when the Bush administration's proposal emerged, it was clearly unacceptable.

They were asking Congress for a blank check, with no protections for the taxpayers on whose account it was being drawn.

Their proposal included no congressional oversight – and they even wanted to prohibit judicial and administrative review of the Secretary's decisions.

In short, the Bush administration asked Congress to put an unprecedented amount of taxpayer money and executive power under the unchecked control of one unelected individual, with no guidelines to ensure that it would be used properly – without even so much as an office with a dedicated staff to keep track of where it was going.

Doing nothing wasn't an option – but neither was this proposal.

The crisis demanded that we bring together members of the House and Senate, Republicans and Democrats, and hammer out a better solution for the American people.

So we fought hard to include taxpayer protections and meaningful oversight.

We fought to ensure that if ordinary Americans who had done nothing wrong were going to pay for this stabilization effort, they would get to share in the benefits if companies became more profitable – an initiative driven by Senator Reed.

We required Treasury to put homeowners and the financial security of American families at the top of its agenda.

We established the three oversight bodies that are before us today.

And we made certain that we put first and foremost the principle that with this assistance to the financial sector would come real change so that a crisis like this wouldn't happen again.

Am I glad that we had to spend this money? No.

Do I share the anger and frustration that many Americans felt and continue to feel that Wall Street greed and regulatory neglect left taxpayers on the hook? Absolutely.

But I am also proud of the hard work we did a year ago to protect taxpayers and introduce some accountability into the stabilization program.

I am relieved that we have managed to bring our economy back from the brink.

And I am more committed than ever to taking action so that the American taxpayers who funded this effort aren't asked to clean up another mess they didn't make in the future.

We need to take action to restore Americans' confidence – and their financial security – by reforming a regulatory system that still contains far too many gaps, loopholes, and redundancies.

The 20th century regulatory structure has been outpaced by 21st century innovations in the financial services industry, and if we don't fix it, we could be right back where we were a year ago, facing a dreadful choice between a massive outlay of taxpayer dollars or an unimaginable economic disaster.

I look forward to working with my colleagues on this committee and in both parties to make sure that doesn't happen.