

Dennis Kelleher - **Opening Statement**

“The Impact of Dodd-Frank on Customers, Credit, and Job Creators”

The Committee on Financial Services

Subcommittee on Capital Markets and Government Sponsored Enterprises

July 10, 2010

Good morning Mr. Chairman Garrett, Ranking Member Waters and members of the subcommittee. Thank you for the invitation to Better Markets to testify today.

I am the President and CEO of Better Markets, which is a nonprofit, nonpartisan organization that promotes the public interest in the domestic and global financial markets. It advocates for transparency, oversight and accountability with the goal of a stronger, safer financial system that is less prone to crisis and failure, thereby, eliminating or minimizing the need for more taxpayer funded bailouts.

I have detailed my background and what Better Markets does in my written testimony and it is also available on our website ([www.bettermarkets.com](http://www.bettermarkets.com)) and I will not repeat that here.

Let me begin by stating a fact: Wall Street is not a job creator. Wall Street is a job killer.... of historic proportions.

As we sit here today, our country and tens of millions of good, hard-working Americans are suffering through the worst economy since the Great Depression of the 1930s. That is a direct result of the Wall Street-created financial collapse of 2008, which was the worst financial crisis since the Stock Market Crash of 1929.

Tonight, many of our neighbors will sit at their dinner table, look their children in the eye, and worry about their future.

- 21 million Americans today can't find full time work.
- 11 million are paying mortgages higher than the value of their homes.
- 5 million have had to move out of their homes due to foreclosures and millions more are packing up as we speak.
- The American family's net worth has plummeted almost 40% in just three years, from 2007-2010, **wiping out almost two decades of hard work & prosperity.**

**None** of this happened because of the Dodd Frank financial reform law passed just two years ago. **None** of this has happened because of rules meant to implement the financial reform law, almost **none** of which have been put in place yet because of Wall Street's lawyers and lobbyists blocking them. **None** of this happened because regulators – who are the Wall Street policeman – are trying to make Wall Street follow the law like everyone else in our country.

That economic disaster happened as a result of Wall Street and the financial industry being deregulated in the 1990s and virtually unregulated starting in 2000. This unleashed a recklessness

and greed that took just 7 years to cause the biggest financial collapse since 1929 and almost caused a second Great Depression. Wall Street is a high crime area and deregulation took the cops off the beat. That is what killed jobs, credit, economic growth and so much more.

Wall Street was able to do that because it and its allies changed or eliminated the laws, rules and regulations put in place during the Great Depression of the 1930s, which protected the American people from Wall Street and the financial industry. After that, our country did not have a financial or economic crisis on that scale for more than 70 years.

And, remember -- even with the unprecedented degree of government regulation of Wall Street and the U.S. capital markets during those 70 years –

- our country prospered;
- we built the largest and most broad-based middle class in the history of the world; and
- Wall Street, our financial industry, our nonfinancial businesses and our economy all thrived.

De-regulation of the only industry in the country that threatens our financial system and entire economy changed all that. Financial predators were let loose. Doing anything and everything to make as much money as fast as possible became the Wall Street business model. And, as the JP Morgan London Whale bet of April and Barclays rate rigging scandal of today shows, little has changed.

That is why the Dodd-Frank financial reform law is more properly understood as **the Wall Street re-regulation law**. It is designed and intended to prevent Wall Street and the too big to fail banks from causing another financial collapse and economic crisis. **Nothing** in that law could ever cause the damage to jobs, our economy, our financial system, and our country that Wall Street did when it caused the financial collapse and the worst economy since the Great Depression.

Unfortunately, Wall Street, many of the major financial industry participants, and their trade groups and other allies are engaged in a misinformation campaign that attempts to **deflect** the public debate

- **away** from that crisis,
- away from Wall Street's role in creating it, and
- away from the real costs of the crisis they put on the American people
  
- **to** the new financial reform law,
- to the industry's alleged burdens, and
- to the rules being put in place to prevent another crisis and protect our country.

Listening to Wall Street and its allies would make you think that the financial reform law passed to prevent another Wall Street financial collapse and economic crisis is to blame for

everything. That is wrong, irresponsible and a gross disservice to the American people, who are still suffering at the hands of Wall Street.

As detailed in my written testimony, for more than 100 years the industry has complained nonstop about regulation. But, history proves again and again that these complaints are without merit, that the industry has adapted and that our country has prospered.

In closing, the important anniversary isn't the 2 years since the passage of the financial reform law meant to protect the American people. It is the almost 4 years since Wall Street created the crisis and inflicted economic wreckage across our country.

How long do the American people have to wait before there is a hearing on the impact of the financial crisis on customers, credit and job creators? How long before the financial reform law and rules are fully put in place to protect them? How long before the regulatory agencies are properly funded so that they can police Wall Street? How long before there is any accountability on Wall Street for what they have done and what they continue to do like JP Morgan's London Whale trading and Barclays' interest rate rigging? How long before Wall Street is prosecuted rather than pampered?

How long before we worry about taxpayers' pockets more than Wall Street's profits?