

## **SENATOR WARREN CALLS ON HOUSE TO STRIKE REPEAL OF DODD-FRANK PROVISION FROM GOVERNMENT SPENDING BILL**

**WASHINGTON, DC** - United States Senator Elizabeth Warren spoke on the Senate floor this afternoon to urge the House of Representatives to remove from the government funding bill a reckless provision that would repeal important financial protections in Dodd-Frank. The text of Senator Warren's remarks as prepared for delivery follows:

Mr. President, I come to the floor today to ask a fundamental question - who does Congress work for? Does it work for the millionaires, the billionaires, the giant companies with their armies of lobbyists and lawyers? Or does it work for all of us?

People are frustrated with Congress. Part of the reason, of course, is gridlock. But mostly it's because they see a Congress that works just fine for the big guys but won't lift a finger to help them. If big companies can deploy their armies of lawyers and lobbyists to get the Congress to vote for special deals that will benefit themselves, then we will simply confirm the view of the American people that the system is rigged.

And now the House of Representatives is about to show us the worst of government for the rich and powerful. The House is about to vote on a budget deal - a deal negotiated behind closed doors that slips in a provision that would let derivatives traders on Wall Street gamble with taxpayer money and get bailed out by the government when their risky bets threaten to blow up our financial system.

These are the same banks that nearly broke this economy in 2008 and destroyed millions of jobs. The same banks that got bailed out by taxpayers and are now raking in record profits. The same banks that are spending a whole lot of time and money trying to influence Congress to bend the rules in their favor.

You will hear a lot of folks say that the rule that will be repealed in the Omnibus is technical and complicated, and that you shouldn't worry about it because smart people who know more than you about financial issues say that it's no big deal. Don't believe them. Actually, the rule is pretty simple. Here's what it's called - the rule that the House is about to repeal - and I'm quoting from the text of Dodd-Frank - "PROHIBITION AGAINST FEDERAL GOVERNMENT BAILOUTS OF SWAPS ENTITIES." What does it do? The provision that's about to be repealed requires banks to keep separate a key part of their risky Wall Street speculation so that there's no government insurance for that part of their business. As the New York Times has explained, "the goal was to isolate risky trading and to prevent government bailouts" - because these sorts of risky trades - called 'derivatives' trades - were "a main culprit in the 2008 financial crisis."

We put this rule in place after the collapse of the financial system because we wanted to reduce the risk that reckless gambling on Wall Street could ever again threaten jobs and livelihoods on Main Street. We put this rule in place because people of all political persuasions were disgusted at the prospects of future bailouts. And now, no debate, no discussion, Republicans in the House of Representatives are threatening to shut down the government if they don't get a chance to repeal it.

That raises a simple question - why? If this rule brings more stability to our financial system, if this rule prevents future government bailouts, why in the world would anyone want to repeal it, let alone hold the entire government hostage in order to ram through the repeal?

The reason, unfortunately, is simple. It's about money, and it's about power. Because while this legal change could pose serious risks to our entire economy, it'll also make a lot of money for Wall Street banks. According to Americans for Financial Reform, this change will be a huge boon to just a handful of our biggest banks - Citigroup, JP Morgan, and Bank of America.

Wall Street spends a lot of time and money on Congress. Public Citizen and the Center for Responsive Politics found that in the run-up to Dodd-Frank, the financial services sector employed 1,447 former federal

employees to carry out their lobbying efforts -- including 73 former Members of Congress. And according to a report by the Institute for America's Future, by 2010, the six biggest banks and their trade associations employed 243 lobbyists who once worked in the federal government, including 33 who had worked as chiefs of staff for members of Congress and 54 who had worked as staffers for the banking oversight committees in the Senate and the House. That's a lot of former government employees - and senators and Congressmen - pounding on Congress to make sure the big banks get heard. No surprise that the financial industry spent more than \$1 million a day lobbying Congress on financial reform, and a lot of that money went to former elected officials and government employees.

And now we see the fruits of those investments. This provision is all about goosing the profits of the big banks. Wall Street isn't subtle about this one - according to documents reviewed by the New York Times, the original bill that is being incorporated into the House's spending legislation today was literally written by Citigroup lobbyists, who "redrafted" the legislation, "striking out certain phrases and inserting others." It's been opposed by current and former leaders of the FDIC, including Sheila Bair - a Republican who formerly chaired the agency, and Thomas Hoening, the current vice-chairman of the agency. For those who are keeping score, this is the agency that will be responsible for bailing out Wall Street when their risky bets go sour.

I know that House and Senate negotiators from both parties have worked long and hard to come to an agreement on the omnibus spending legislation. And Senate leaders deserve great credit for preventing the House from carrying out some of their more aggressive fantasies about dismantling even more pieces of financial reform.

But this provision goes too far. Citigroup is large, and it is powerful. But it is a single, private company. It shouldn't get to hold the entire government hostage - to threaten a government shutdown - in order to roll back important protections that keep our economy safe. This is a democracy, and the American people didn't elect us to stand up for Citigroup. They elected us to stand up for all of the people.

I urge my colleagues in the House - particularly my Democratic colleagues, whose votes are essential to moving this package forward - to withhold support from it until this risky giveaway is removed from the legislation. We all need to stand and fight this giveaway to the most powerful banks in the country.