

CONGRESSIONAL OVERSIGHT PANEL

Elizabeth Warren, Chair | Sen. John E. Sununu | Rep. Jeb Hensarling | Richard H. Neiman | Damon Silvers

Opening Statement of Professor Elizabeth Warren

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April 21, 2009

Mr. Secretary, thank you for coming. We know your time is valuable. With the hope of setting an example, I will keep this statement very brief and, as a result, short on the customary formalities and background. We have spent nearly six months, at the specific direction of Congress and the appointment of the leadership, reviewing the response of two Administrations to an unprecedented financial crisis. Today, all of us have an opportunity to speak directly to the American public about its \$590 billion investment in the financial system—an investment that ultimately must serve all Americans, not just Wall Street.

When the financial meltdown began, there was a strong sense of fear and uncertainty among many Americans. And who can blame them? More than a half million jobs have vanished each month since October, while the net worth of American families plummeted by 20 percent in less than 18 months. This sense of fear and uncertainty hasn't gone away, but it has been joined by a new sense of anger and frustration.

People are angry that even if they have paid their bills on time consistently and never missed a payment, their TARP-assisted banks are unilaterally raising their interest rates or slashing their credit lines. People are angry that small businesses are threatened with closure because they can't get financing. People are angry when they read headlines of record foreclosures because even if they aren't personally facing trouble with their mortgages, they see their own property worth less and their communities declining as a result of the foreclosures all around them.

People are angry because they are paying for programs that haven't been fully explained and that have no apparent benefit for their families or the economy as a whole, but still seem to leave enough cash in the system for lavish bonuses and golf outings. None of this seems fair.

I appreciate your repeatedly stated commitment to transparency and accountability, and I appreciate the important steps you have taken in this direction. But more remains to be done. People need to understand why you are making the choices you are making.

People want to see action described in terms that make sense to them and that seem fair. They want to see that taxpayer funds aren't being used to shield financial institutions from the consequences of their own actions. They want to see that their money—taxpayer money—is used to advance the public interest— not just the interests of Wall Street insiders. They also want to see that their

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government is moving to reform the regulatory system so that the economy will not veer into the ditch again—to see reforms that will prevent the financial system from **taking huge and reckless risks with everyone else’s money in the quest for short-term profits.**

In measuring progress, as well as in assessing the current state of the economy and institutions, we shouldn’t be afraid of facts. There may be initial pain as the market reacts and re-prices, but that short term pain is better than the problems we face from ongoing uncertainty and mistrust. In a crisis, transparency, accountability, and a coherent plan with clearly delineated goals are essential to maintain the confidence of the public and the capital markets. Sophisticated metrics to measure the success and failure of program initiatives are also critical.

One final note: Congress formed this panel, in large part, to ask difficult questions and to provide an outside perspective. Secretary Geithner, we all share a strong desire to help the economy recover and to protect taxpayers. I hope that the reports from this Panel have proved useful to you and your team at the Department of Treasury, and we appreciate your recent offer to initiate weekly meetings between our staffs. I hope that this hearing will be part of an ongoing dialogue. With trillions of taxpayer dollars on the line, we all need to work together to find the most effective strategies for restoring confidence, stabilizing our economy and bringing prosperity to all Americans.