

NOTE: The President spoke at 11:27 a.m. at the Patriot Center. In his remarks, he referred to Shirley S. Travis, dean, College of Health

and Human Services, and Jim Larranaga, head coach of the men's basketball team, George Mason University.

The President's Weekly Address *March 20, 2010*

On Monday, the Banking Committee of the United States Senate will debate a proposal to address the abuse and excess that led to the worst financial crisis in generations. These reforms are essential. As I've urged over the past year, we need commonsense rules that will allow our markets to function fairly and freely while reining in the worst practices of the financial industry. That's the central lesson of this crisis. And we fail to heed that lesson at our peril.

Of course, there were many causes of the economic turmoil that ripped through our country over the past 2 years. But it was a crisis that began in our financial system. Large banks engaged in reckless financial speculation without regard for the consequences and without tough oversight. Financial firms invented and sold complicated financial products to escape scrutiny and conceal enormous risk. And there were some who engaged in the rampant exploitation of consumers to turn a quick profit, no matter who was hurt in the process.

Now, I have long been a vigorous defender of free markets. And I believe we need a strong and vibrant financial sector so that businesses can get loans and families can afford mortgages, entrepreneurs can find the capital to start a new company, sell a new product, or offer a new service. But what we have seen over the past 2 years is that without reasonable and clear rules to check abuse and protect families, markets don't function freely. In fact, it was just the opposite. In the absence of such rules, our financial markets spun out of control, credit markets froze, and our economy nearly plummeted into a second great depression. That's why financial reform is so necessary.

After months of bipartisan work, Senator Chris Dodd and his committee have offered a strong foundation for reform, in line with the

proposal I previously laid out and in line with the reform bill passed by the House. It would provide greater scrutiny of large financial firms to prevent any one company from threatening the entire financial system, and it would update the rules so that complicated financial products like derivatives are no longer bought and sold without oversight. It would prevent banks from engaging in risky dealings through their own hedge funds while finally giving shareholders a say on executive salaries and bonuses. And through new tools to break up failing financial firms, it would help ensure that taxpayers are never again forced to bail out a big bank because it's, quote, "too big to fail."

Finally, these reforms include a new consumer financial protection agency. It would prevent predatory loan practices and other abuses to ensure that consumers get clear information about loans and other financial products before they sign on the dotted line. Because this financial crisis wasn't just the result of decisions made by large financial firms, it was also the result of many decisions made by ordinary Americans to open credit cards and take on mortgages. And while there were many who took out loans they knew they couldn't afford, there were also millions of people who signed contracts they didn't fully understand, offered by lenders who didn't always tell the truth.

This is in part because the job of protecting consumers is spread across seven different Federal agencies, none of which has the interests of ordinary Americans as its principal concern. This diffusion of responsibility has made it easier for credit card companies to lure customers with attractive offers and then punish them in the fine print or for payday lenders and others who charge outrageous interest rates to operate without much oversight and for mortgage brokers to entice home buyers

with low initial rates, only to trap them with ballooning payments down the line.

For these banking reforms to be complete, for these reforms to meet the measure of the crisis we've just been through, we need a consumer agency to advocate for ordinary Americans and help enforce the rules that protect them. That's why I won't accept any attempts to undermine the independence of this agency. And I won't accept efforts to create loopholes for the most egregious abusers of consumers, from payday lenders to auto finance companies to credit card companies.

Unsurprisingly, this proposal has been a source of contention with financial firms, who like things just the way they are. In fact, the Republican leader in the House reportedly met with a top executive of one of America's largest banks and made thwarting reform a key part of his party's pitch for campaign contributions. And this week, the allies of bank and consumer finance companies launched a multimillion-dollar ad campaign to fight against the proposal. You might call this air support for the army of lobbyists already arm-twisting members of the committee to reject those reforms and block this consumer agency. Perhaps that's why, after months of working with Democrats, Republicans walked away from this proposal. I regret that and urge them to reconsider.

Remarks to the House Democratic Caucus *March 20, 2010*

Thank you very much. Everybody, please have a seat. To Leader Reid, to Steny Hoyer, John Larson, Xavier Becerra, Jim Clyburn, Chris Van Hollen, to an extraordinary leader and extraordinary Speaker of the House, Nancy Pelosi, and to all the Members here today, thank you very much for having me. Thanks for having me, and thanks for your tireless efforts waged on behalf of health insurance reform in this country.

I have the great pleasure of having a really nice library at the White House. And I was tooling through some of the writings of some previous Presidents, and I came upon this quote by Abraham Lincoln: "I am not bound to win, but I'm bound to be true. I'm not bound to suc-

The fact is, it's now been well over a year since the near collapse of the entire financial system, a crisis that helped wipe out more than 8 million jobs and that continues to exact a terrible toll throughout our economy. Yet today, the very same system that allowed this turmoil remains in place. No one disputes that. No one denies that reform is needed. So the question we have to answer is very simple: Will we learn from this crisis, or will we condemn ourselves to repeat it? That's what's at stake.

I urge those in the Senate who support these reforms to remain strong, to resist the pressure from those who would preserve the status quo, to stand up for their constituents and our country. And I promise to use every tool at my disposal to see these reforms enacted, to ensure that the bill I sign into law reflects not the special interests of Wall Street, but the best interests of the American people.

Thank you.

NOTE: The address was recorded at approximately 5:55 p.m. on March 19 in the Green Room at the White House for broadcast on March 20. The transcript was made available by the Office of the Press Secretary on March 19, but was embargoed for release until 6 a.m. on March 20.

ceed, but I'm bound to live up to what light I have."

This debate has been a difficult debate, this process has been a difficult process, and this year has been a difficult year for the American people. When I was sworn in, we were in the midst of the worst recession since the Great Depression. Eight hundred thousand people per month were losing their jobs, millions of people were losing their health insurance, and the financial system was on the verge of collapse.

And this body has taken on some of the toughest votes and some of the toughest decisions in the history of Congress, not because you were bound to win, but because you were