The American Recovery and Reinvestment Act was an important first step, but we are still in the throes of recovery from the worst financial crisis since the Great Depression, which was caused m large part by more than a decade of regulatory failures. Reckless, abusive and irresponsible practices on the part of some in the mortgage issuance and financial services industries combined to create a perfect storm, resulting in a catastrophic economic collapse. The country had fallen into recession by the end of 2007, which exploded into an economic crisis as the subprime mortgage crisis unwound, Lehman Brothers filed for bankruptcy and AIG collapsed.

The impact on the American people has been profound. Household net worth dropped by more than $14 trillion from 2007 to mid-2009, the value of retirement assets dropped by 22 percent between 2006 and in mid-2008, total home equity dropped from $13 trillion in 2006 to $8.8 trillion by mid-2008, and as of today, almost one in four homeowners owes more on their mortgage than their home is worth. In addition, Americans in every income strata have simply not been protected from even the most egregious behavior. The Securities and Exchange Commission utterly failed to discover and prevent the collapse of a $65 billion Ponzi scheme, as well as several others which also resulted in billions in losses to investors. Meanwhile, millions of Americans who live paycheck to paycheck and rely on payday loans are being charged annual interest rates of 400 percent or more, totaling nearly $5 billion per year.

The Wall Street Reform and Consumer Protection Act is an aggressive and comprehensive response to the broad spectrum of problems the recent economic crisis brought to light. It creates a new Consumer Financial Protection Agency to ensure that bank loans, mortgages, payday loans, overdraft fees and credit card policies are fair, affordable, understandable, and transparent. It establishes a new Financial Services Oversight Council to monitor and respond to systemic risk, to prevent the sort of tidal wave of catastrophic interconnected developments that brought down the economy in 2008. It puts measures in place to ensure that there will never again be a company deemed ``too big to fail,'' and it establishes an industry-funded dissolution fund to ensure that taxpayers will not be asked to bail out any such company if it goes into collapse. The bill also includes legislation passed in the House earlier in the year, to regulate the type of incentive-based executive compensation that provoked some of the riskiest and most reckless behavior in the financial services markets, and to prohibit the sorts of fraudulent and abusive mortgage issuance practices that caused the subprime mortgage crisis.

I am also pleased that the bill includes several strengthening amendments I offered, and I thank

Chairman Frank again for his support of those amendments and for including them in the Manager's Amendment. My amendments would clarify that the newly-created Financial Services Oversight Council, rather than one dominant member thereof (the Federal Reserve Board), is the systemic risk regulator empowered under the Act. The amendments would also ensure that the Council is a broad-minded think tank staffed equitably by all of its Voting Members, rather than predominantly by one (the Department of the Treasury). The staff would remain on the payrolls of the detailing agency, pre-empting a budgetary problem for the Council

In addition, the bill includes two good government amendments I offered, which clarify that financial companies cannot be compelled by the systemic risk regulator to waive any privilege (such as attorney-client privilege) when providing data at the request of the systemic risk regulator, and that the same protection against compelled waiver of privilege applies to private funds, investment advisors and others. In times of crisis and crisis response, we must exercise heightened diligence in protecting and preserving our foundational rights and principles.