

Senator Warner's remarks:

I would like to begin by commending Chairman Dodd for his leadership in bringing forward this bill. It is bold, broad and comprehensive, and it is vitally necessary that we move forward with the process of reviewing, improving, and passing it into law.

It was not easy to get here – we have had dozens and dozens of hearings. I have tried to work across the aisle with my colleague from Tennessee, Senator Corker, to better educate myself and to bring in outside experts who could speak directly to us and our colleagues about these very complex issues.

Chairman Dodd's work and that of his outstanding staff obviously began before I arrived here last fall when they worked with the Bush administration to stabilize our financial system and prevent a depression. He started, and many of us have supported, this enormous effort to stabilize the economy -- some of it unpopular and an easy target of criticism.

We should all keep in mind that in March, the Dow was at 6500, GDP growth was negative 6.5% right after a previous quarter of negative 5.4%. If we said in March that by Thanksgiving we would have an economy with third quarter GDP growth of 3.5%... with a Dow once again over 10,000... and with indications of increased stability in the housing market, we would have been called wildly optimistic.

But while having the Dow over 10,000 is a positive development, it means nothing to those who have just lost their jobs and had their retirement savings depleted.

A basic trust in our financial system has been broken, and we must fix it.

We need to make sure that the small business owner in Norfolk has access to credit so they can buy inventory, or hire more workers.

We need to fix our capital markets so that the engineer graduating from Virginia Tech with an idea for a start-up can find access to capital and grow that startup and develop the next transformative technology.

We need to make sure that the retiree in Abingdon can have confidence that her financial advisor is looking out for her best interests and that her savings won't disappear because the markets have tanked.

Banking seemed exciting when it was booking year after year of record profits. But those gains were black magic. The magic of the marketplace has turned into a nightmare for families, homeowners, and most businesses. It is time to make banking boring again.

In recent years, we have been favoring debt over equity. Why would anyone invest in the equity of a start-up when you could leverage-up through debt and financial engineering to get a

guaranteed return, even though it doesn't create anything new or productive? Our bias towards debt over equity needs to be examined.

I'll match my free market credentials with anyone but I believe we need to have rules of the road. I emphatically believe we must fix our regulatory structure in order to grow and prosper once again. Right now, investors and entrepreneurs are sitting on the sidelines of our economy. They don't trust the current system and they aren't sure what the next one will look like. They need these rules so that they can go out and invest, innovate, and even take measured risks with some confidence.

This is the only way we can return to sustainable growth and innovation, and create jobs over the next ten, twenty, or thirty years.

We have to make this bill as good as we can. But we have to remember that none of us here is capable of writing a perfect bill because none of us can anticipate the future. If there is a risk, it is in not acting.

Each of us here has some concerns about various provisions in the bill, and I know there are some concerns that the language before us meets the real intent. But I also know Chairman Dodd knows that and wants to use this process to make this bill as strong as possible.

We should not lose sight of the forest for the trees. The bill that comes before us today is better than any proposal to date to accomplish three things:

- Preventing and mitigating systemic risk while ending too big to fail;
- Coordinating our various federal regulators and ensuring that we have consistent coverage of the entire financial sector; and
- Restoring transparency and accountability to our system so that from the most sophisticated derivatives transactions to the simplest checking account transaction, anyone can use our financial sector with confidence.

I have paid specific attention to systemic risk regulation and resolution authority. Earlier this year, I spoke on the floor of the Senate about the need to create a strong systemic risk council, and I would like to thank the Chairman for including a number of my ideas in his "Agency for Financial Stability." I may have one or two ideas to strengthen it further, but I know the bill starts from a strong base.

I am also concerned that we make sure our systemic resolution process is rarely, if ever, used, but is also effective and cost-efficient when implemented. I intend to keep working to ensure that prudential regulation is improved and that non-systemic resolution processes, such as FDIC's current authority over depositories and bankruptcy work well enough that we don't have to call upon the special process.

There are many more issues to talk about and discuss and there may be additional adjustments to make, but I would like to focus on the process we use here in the Senate. I know there are colleagues across the aisle who may not like everything in the bill. But for the sake of the confidence and well-being of the American people and our economy, we must move to legislate, and it would be best if we moved in a bipartisan manner.

I know Ranking Member Shelby has worked on these issues for many years, and cares very deeply about the work of this committee. I know he has spent many hours discussing this with Senator Dodd. I know other Senators across the aisle also care very deeply that we get this right. Senator Corker and I have had many discussions on these topics and tried to wrestle through these issues together.

As we move through this process, we should keep in mind that the vast majority of these are highly technical matters, and there is not a right or left, Democrat or Republican solution. We will have our disagreements, but I think we start by agreeing about the vast majority of this, and we have a real opportunity to come together in a bipartisan way and pass this vitally important and time-sensitive regulatory modernization.