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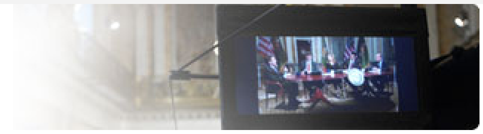

Wolin Op-Ed: ‘Main Street Needs Senate's Financial Reform Legislation’

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WASHINGTON – In an op-ed piece for McClatchy-Tribune News Service, U.S. Deputy Treasury Secretary Neal Wolin writes about the importance of Wall Street reform for families and businesses on Main Streets across America. To read the piece online: http://www.kentucky.com/2010/04/30/1245782/main-street-needs-senates-financial.html. The full text of the piece follows.

To read the Treasury Department's fact sheet "Financial Reform Boosts Main Street and Curbs Wall Street," click here.

Main Street needs Senate's financial reform legislation
By Neal S. Wolin

The U.S. Senate now has a historic opportunity to pass financial reform and fix the broken system that helped produce the financial crisis.

The crisis demonstrated, beyond doubt, that what happens on Wall Street has a direct and profound effect on Main Streets across America.

Irresponsible risk-taking and lax oversight at big financial firms brought our economy to the edge of collapse. Families and businesses paid a heavy price: millions of jobs lost, retirement savings decimated; businesses large and small shuttered.

We are now on the path to recovery. But even today, far too many Americans are struggling to find work and far too many small businesses cannot get the credit they need to operate and grow.

We cannot let the memory of the crisis fade without taking action.

The bill currently before the Senate will ensure that Americans have the information they need to make the financial decisions that are right for them.

As anyone knows who has ever had to wade through the jungle of mortgage disclosure forms when buying a house, or had their credit card interest rates jump without warning, or tried to finance a car only to have the terms changed after purchase, our current approach to consumer financial protection doesn't work.

Today, seven different federal agencies are supposedly responsible for consumer financial protection. But none of them sees consumer protection as its top priority. And "non-banks" like mortgage brokers and auto finance companies operate with virtually no federal oversight at all.

In place of this failed, confusing system, the Senate bill will establish one independent consumer financial protection bureau with a clear mission: to prevent abuse and to promote transparency and consumer choice.

This reform is long overdue.

The Senate bill will also reform the derivatives market that was right at the center of the financial crisis.

Derivatives can be useful. Businesses of all kinds use derivatives to manage their risks and run their business - the manufacturer who exports machinery around the world, the construction company that has to purchase steel or wood.

But today, the market for derivatives operates in the shadows, allowing irresponsible firms to take huge risks that can destabilize the entire system.

In place of the unregulated market we have today, the Senate bill will bring the derivatives market into the open and subject derivatives dealers to strong, comprehensive oversight.

The American people - everyday Americans, whose pensions and savings depend upon the health and stability of our financial system - cannot afford another AIG or another Enron.

The Senate bill will end, once and for all, the perception that any firm is "too big to fail."

Under the Senate bill, there is only one option for a large, complex financial firm that gets itself into trouble by taking irresponsible risks: failure.

We should never again have to choose between keeping our economy safe or bailing out an irresponsible financial firm. The bill gives regulators the tools to shut down and break apart failing financial firms in a safe, orderly way - without putting the rest of the financial system at risk, and without asking the taxpayers to pay a dime.

When the president signs financial reform legislation, no firm will be insulated from the consequences of its actions, no firm will be protected from failure, and taxpayers will never foot the bill for Wall Street's mistakes. The problem of "too big to fail" will be a thing of the past.

In addition, the bill will hold financial firms to higher standards, requiring them to hold more capital as a buffer against shocks; will give shareholders a say on executive pay; and will protect taxpayers and depositors by separating risky, speculative "proprietary trading" from the business of banking.

Financial reform matters to every American.

The teacher whose pension is invested in the stock market, the entrepreneur who needs credit to build her business, the parents saving for their kids' college tuition - each has a stake in making our financial system more stable and more prosperous.

In the wake of the worst financial crisis since the Great Depression, it is time to build a financial system that works for families and small businesses, not just for bankers or brokers; for long-term investors, not just for traders looking to turn a profit.

To put America back on the path to growth, stability and global economic leadership, we need financial reform.

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