

Senator Warren: Pass Glass-Steagall Bill

Sen. Elizabeth Warren (D-Mass.) took to the floor of the Senate on the evening of Dec. 12, blasting Wall Street bankers—notably Citigroup—for ramming through the omnibus spending bill, which takes out the only (weak) prohibition against bailing out derivatives from the Dodd-Frank Act. She explicitly put restoration of the Glass-Steagall Act on the table, which she generally has not done in her recent attacks on the bankers. Here are excerpts from her remarks.

Mr. President, I'm back on the floor to talk about a dangerous provision that was slipped into a must-pass spending bill at the last minute to benefit Wall Street. This provision would repeal a rule called, and I'm quoting the title of the rule, "Prohibition Against Federal Government Bailouts of Swaps Entities."

On Wednesday [Dec. 10], I came to the floor to talk to Democrats, asking them to strip this provision out of the omnibus bill and protect taxpayers.

On Thursday, I came to the floor to talk to Republicans. Republicans say they don't like bailouts either. So I asked them to vote the way they talk. If they don't like bailouts, then they could take out this provision that puts taxpayers right back on the hook for bailing out big banks.

Today, I'm coming to the floor not to talk about Democrats or Republicans, but about a third group that also wields tremendous power in Washington: Citigroup. Mr. President, in recent years, many Wall Street institutions have exerted extraordinary influence in Washington's corridors of power, but Citigroup has risen above the others. Its grip over economic policy-making in the Executive branch is unprecedented. Consider a few examples:

- Three of the last four Treasury Secretaries under Democratic Presidents have had close Citigroup ties. The fourth was offered the CEO position at Citigroup, but turned it down.

- The Vice Chair of the Federal Reserve system is a Citigroup alum.

- The Undersecretary for International Affairs at Treasury is a Citigroup alum.

- The U.S. Trade Representative and the person nominated to be his deputy—who is currently an Assistant Secretary at Treasury—are Citigroup alums.

- A recent chairman of the National Economic Council at the White House was a Citigroup alum.

- Another recent chairman of the Office of Management and Budget went to Citigroup immediately after leaving the White House.

- Another recent chairman of the Office of Management and Budget is also a Citi alum—but I'm double counting here because now he's the Secretary of the Treasury.

That's a lot of powerful people, all from one bank. But they aren't Citigroup's only source of power. Over the years, the company has spent millions of dollars on lobbying Congress and funding the political campaigns of its friends in the House and the Senate. . . .

Break Up the Biggest Banks

Mr. President, Democrats don't like Wall Street bailouts. Republicans don't like Wall Street bailouts. The American people are disgusted by Wall Street bailouts. And yet here we are—five years after Dodd-Frank—with Congress on the verge of ramming through a provision that would do nothing for middle class, do nothing for community banks—do nothing but raise the risk that taxpayers will have to bail out the biggest banks once again.

There's a lot of talk lately about how the Dodd-Frank Act isn't perfect. There's a lot of talk coming from Citigroup about how the Dodd-Frank Act isn't perfect.

So let me say this to anyone who is listening at Citi: I agree with you. Dodd-Frank isn't perfect. It should have broken you into pieces.

If this Congress is going to open up Dodd-Frank in the months ahead, let's open it up to get tougher—not to create more bailout opportunities.

If we are going to open up Dodd-Frank, let's open it up so that, once and for all, we end Too Big To Fail. And I mean let's really end it—not just say we did. Instead of passing laws that create new bailout opportunities for Too-Big-To-Fail banks, let's pass Brown-Kaufman. Let's pass the bipartisan 21st Century Glass-Steagall Act—a bill I've sponsored with John McCain, Angus King, and Maria Cantwell. Let's pass something—anything—that would help break up these giant banks. . . .