STATEMENT BY SEN. BERNARD SANDERS ON
'TOO BIG TO FAIL, TOO BIG TO EXIST ACT'
May 6, 2015

Here is the reality of the American economy today.

Despite a huge increase in technology and productivity, millions of Americans are working longer hours for lower wages and median family income is almost $5,000 lower today than it was in 1999. While the middle class continues its 40 year decline, we have 45 million people living in poverty and the highest rate of childhood poverty of any major country on earth. Half of the American people have less than $10,000 in savings, and have no idea as to how they will retire in dignity. The real unemployment is not 5.5%. It's close to 11%.

Here is another reality. Today, 99% of all new income is going to the top 1%. The top one-tenth of one percent now owns almost as much wealth as the bottom 90 percent. During the last two years, the 14 wealthiest Americans saw their wealth increase by $157 billion, which is more wealth than is owned by the bottom 130 million Americans.

In the midst of this grotesque level of income and wealth inequality is Wall Street.

As we all know, the greed, recklessness, and illegal behavior on Wall Street drove this country into the worst recession since the Great Depression. Millions of Americans lost their jobs, homes, life savings, and ability to send their kids to college. The middle class is still suffering from the horrendous damage huge financial institutions and insurance companies did to this country in 2008.

Now, I voted for Dodd-Frank, but let's not kid ourselves. Dodd-Frank was a very modest piece of legislation. Dodd-Frank did not end much of the casino-style gambling on Wall Street. In fact, much of this reckless activity is still going on today.

It seems like almost every day we read about one giant financial institution after another being fined or reaching settlements for their reckless, unfair, and deceptive activities.

In fact, since 2009, huge financial institutions have paid $176 billion in fines and settlement payments for fraudulent and unscrupulous activities.

Bank of America alone has paid $57.9 billion, JP Morgan has paid 31.4 billion, and Citigroup has paid $12.8 billion in fines and settlements.

Bank of America has been fined for foreclosure abuses, selling toxic mortgage-backed securities, LIBOR manipulation, and currency rigging.

It should make every American very nervous that in this weak regulatory environment, the financial supervisors in this country and around the world are still able to uncover an enormous amount of fraud on Wall Street to this day.

I fear very much that the financial system is even more fragile than many people may perceive. This huge issue cannot be swept under the rug. It has got to be addressed.

During the financial crisis of 2008, the American people were told that they needed to bailout huge financial institutions because those institutions were "too big to fail."

Yet, today, three out of the four financial institutions in this country (JP Morgan Chase, Bank of America, and Wells Fargo) are 80 percent larger today than they were on September 30, 2007, a year before the taxpayers of this country bailed them out. 80 percent!

Incredibly, during that time, JP Morgan Chase has increased its assets by more than $1.1 trillion; Bank of America has seen its assets grow by more than $500 billion; and, after Wells Fargo acquired Wachovia, it has more than tripled in size.

In other words, if any of these financial institutions were to fail again, the taxpayers of this country would be on the hook for another bailout, perhaps even larger than the last one. We cannot let that happen again.

No single financial institution should be so large that its failure would cause catastrophic risk to millions of Americans or to our nation's economic well-being.

No single financial institution should have holdings so extensive that its failure would send the world economy into crisis.

If an institution is too big to fail, it is too big to exist and that is the bottom line.

And, let's be clear: the reason we are here today is not just because of the danger these institutions pose to taxpayers.

The enormous concentration of ownership within the financial sector is hurting the middle class and damaging the economy by limiting choices and raising prices for consumers and small businesses.

Today, just six huge financial institutions have assets of nearly $10 trillion which is equal to nearly 60 percent of GDP. These huge banks handle more than two-thirds of all credit card purchases, write over 35 percent of the mortgages, and control nearly half of all bank deposits in this country.

If the American people are wondering why tens of millions of Americans are being charged interest rates of more than 20 percent on their credit cards, while big banks can receive virtually zero interest loans from the Federal Reserve, the lack of competition in the banking industry is a major reason for that.

If Teddy Roosevelt were alive today, do you know what he would say? He would say break 'em up. And he would be right.

And that's exactly why we are here today.

The bill that I am introducing today with Congressman Brad Sherman would require regulators at the Financial Stability Oversight Council to establish "Too Big To Fail" list of financial institutions and other huge entities whose failure would pose a catastrophic risk on the United States economy without a taxpayer bailout.

This list must include, but is not limited to: JPMorgan Chase, Bank of America, Citigroup, Goldman Sachs, Wells Fargo, and Morgan Stanley.

All of these financial institutions have already been deemed "systemically important banks" by the Financial Stability Board, the G-20 body that monitors and makes recommendations about the global financial system.

Within a year, the Treasury Secretary would be required to break up financial institutions on this list so that they cannot cause another financial crisis ever again.

Importantly, under this bill, none of the institutions on the "Too Big to Fail list" would be able to receive a taxpayer bailout from the Federal Reserve; nor could they gamble with the federally insured bank deposits of the American people while they are on this list.

I am delighted that this legislation has been endorsed by the Independent Community Bankers of America, representing more than 6,000 community banks.

What the Independent Community Bankers understand is that the function of banking should be boring. The function of banking should not be about making as much profits as possible gambling on derivatives and other esoteric financial instruments.

The function of banking should be to provide affordable loans to small businesses to create jobs in the productive economy. The function of banking should be to provide affordable loans to Americans to purchase homes and cars. Wall Street cannot be an island onto itself.

The position I hold today is not something new for me. In 1994, I cast the only no vote in the House Financial Services Committee against legislation that allowed large out-of-state banks to acquire locally owned community banks (the Riegle-Neal Interstate Banking Act).

In 1999, I helped lead the opposition against repealing the Glass-Steagle Act that allowed commercial banks, insurance companies, and investment banks to merge, and I was one of the leading opponents of the efforts of Alan Greenspan, Robert Rubin, and Lawrence Summers all told us how wonderful it would be if we deregulated Wall Street back in the '90s.

Now, I know that passing this bill will not be easy. The fact of the matter is that Congress does not regulate Wall Street; Wall Street regulates Congress. But the time has come to say enough is enough! The time has come to truly end too big to fail!