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Elizabeth Warren

Senate Floor Speech on Citigroup and Bailout Provision



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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 solely to benefit Wall Street.

This provision would repeal a rule called, and I'm going to quote the title of the rule: "PROHIBITION AGAINST FEDERAL GOVERNMENT BAILOUTS OF SWAPS ENTITIES."

On Wednesday 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 to talk 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 policymaking in the executive branch is unprecedented.



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Consider just 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.
- And another recent Chairman of the Office of Management and Budget is also a Citi alum -- but I'm double counting here because he's now the Secretary of the Treasury.

Now that's a lot of powerful people -- all from one bank. But they aren't the only way that Citigroup exercises 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.

Citigroup has also spent millions trying to influence the political -- political process in ways that are far more subtle and hidden from public view.

Last year I wrote Citigroup and other big banks asking them to disclose the amount of shareholder money that they have been diverting to think tanks to influence public policy. Citigroup's response to my letter? Stonewalling. A year has gone by, and Citigroup didn't even acknowledge receiving my letter.

Citigroup has a lot of money; it spends a lot of money; and it uses that money to grow and consolidate a lot of power -- and it pays off. Consider a couple facts:

Fact one: During the financial crisis, when all the support through TARP and from the FDIC and the Fed is added up, Citi received nearly half a trillion dollars in bailouts. That's half a trillion with a "t." That's almost 140 billion dollars more than the next biggest bank got.



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Fact two: During Dodd-Frank, there was an amendment introduced by my colleague, Senator Brown and Senator Kaufman, that would have broken up Citigroup and the other largest banks. Now that amendment had bipartisan support, and it might have passed, but it ran into powerful opposition from an alliance between Wall Streeters on Wall Street and Wall Streeters who held powerful government jobs. They teamed up and they blocked the move to break up the banks. And now Citi is larger than ever.

The role that senior officials played from the Treasury department played in killing the amendment wasn't subtle -- a senior Treasury official acknowledged it at the time in a background interview with New York Magazine. The official from Treasury said and I'm going to quote here: "If we'd been for it, it probably would have happened. But we weren't, so it didn't."

That's power.

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 the 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.

You know, there's a lot of talk lately about how Dodd-Frank Act isn't perfect.

There's a lot of talk coming from Citigroup about how 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, then let's open it up to get tougher -- not to create more bailout opportunities.

If we're 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 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 proposed with John McCain, with Angus King, and with Maria Cantwell. Let's pass something -- anything -- that would help break up these giant banks.



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A century ago Teddy Roosevelt was America's trustbuster. He went after the giant trusts and monopolies in this country, and a lot of people talk about how those trusts deserved to be broken up because they had too much economic power.

But Teddy Roosevelt said we should break them up because they had too much *political* power. Teddy Roosevelt said break them up because all that concentrated power threatens the very foundations of our democratic system.

And now we're watching as Congress passes yet another provision that was written by lobbyists for the biggest recipient of bailout money in the history of this country.

And it's attached to a bill that needs to pass or else the entire federal government will grind to a halt.

Think about that kind of power: If a financial institution has become so big and so powerful that it can hold the entire country hostage, that alone is reason enough to break them up.

Enough is enough.

Enough is enough with Wall Street insiders getting key position after key position and the kind of cronyism that we have seen in the Executive Branch.

Enough is enough with Citigroup passing eleventh-hour deregulatory provisions that nobody takes ownership over but everybody will come to regret.

Enough is enough.

Washington already works really well for the billionaires and big corporations and the lawyers and lobbyists. But what about the families who lost their homes or their jobs or their retirement savings the last time Citi bet big on derivatives and lost? What about the families who are living paycheck to paycheck and saw their tax dollars go to bail Citi out just six years ago?

We were sent here to fight for those families, and it's time -- it is past time -- for Washington to start working for them.

Thank you, Mr. President.