

**Opening Statement of Rep. Henry A. Waxman
Chairman, Committee on Energy and Commerce
“The Proposed Consumer Financial Protection Agency:
Implications for Consumers and FTC”
Subcommittee on Commerce, Trade, and Consumer Protection
July 8, 2009**

I want to thank Chairman Rush for holding this important hearing.

Last year, as Chairman of the Oversight Committee, I held several hearings examining the causes of the financial crisis. Those hearings revealed a government regulatory structure that was unwilling and unable to meet the complexities of the modern economy.

We found regulatory agencies that had fully abdicated their authority over banks and had done little or nothing to curb abusive practices like predatory lending. The prevailing attitude was that the market always knows best. Federal regulators became enablers rather than enforcers.

The Obama Administration has developed an ambitious plan to address these failures and to strengthen accountability and oversight in the financial sector.

Today’s hearing will take a close look at one piece of that plan – the proposal to create a single agency responsible for protecting consumers of financial products.

A new approach is clearly warranted.

The banking agencies have shown themselves to be unwilling to put the interests of consumers ahead of the profit interests of the banks they regulate. And the structure and division of responsibilities among these agencies has led to a regulatory race to the bottom.

The Federal Trade Commission has taken steps to protect consumers, but its jurisdiction is limited and it has been hampered by a slow and burdensome rulemaking process.

I am pleased that this Subcommittee is holding today's hearing and examining the Administration's proposal carefully. There are two areas in which attention and focus from this Committee are particularly needed.

First, the new agency must be structured to avoid the failures of the past. It only makes sense to create a new agency if that new agency will become a strong, authoritative voice for consumers.

And second, we must ensure that the Federal Trade Commission (FTC) is strengthened, not weakened, by any changes. Unlike the banking agencies, FTC has consumer protection as its core mission.

In recent months, FTC has taken great strides to protect consumers of financial products – bringing enforcement actions against fraudulent debt settlement companies and writing new rules governing mortgages.

The Administration's proposal would give most of FTC's authority over financial practices, and some of FTC's authority over privacy, to the new agency. At the same time, the Administration proposes improving FTC's rulemaking authority and enforcement capabilities.

It is not clear what impact these proposals would have on FTC or its ability to perform its consumer protection mission.

As we build a new structure for protecting consumers of financial products, it is our responsibility to ensure that we do not weaken the agency currently responsible for consumer protections in this and many other areas.

Once again, I thank Chairman Rush for holding this hearing and welcome our witnesses to the Committee.