

**Remarks Prepared for Submission by
Honorable Peter T. King
House Committee on Financial Services
Regulatory Restructuring and Reform of the Financial System
October 21st, 2008**

Mr. Chairman, I thank the Committee for holding this hearing today on the “Regulatory Restructuring and Reform of the Financial System.” We are truly standing at a critical juncture in the future of our regulatory system and I look forward to hearing the witnesses’ testimony on proposed improvements to its structure.

I voted for the Emergency Economic Stabilization Act (H.R. 1424) because the American credit system was paralyzed, making it virtually impossible for businesses or individuals to obtain a loan.

Failure to unclog the credit markets would prevent companies from meeting payrolls; make it very difficult to obtain home mortgages, driving down the value of our homes; and block access to student loans and car loans. This would devastate our entire economy. The central component of the legislation authorizes the Treasury Department to spend \$700 billion purchasing troubled assets from financial institutions. If successful it will inject liquidity into the credit markets and enable loans to be made. This legislation was not a “bailout” of Wall Street but an attempt to protect the financial security of Americans throughout our economy - - including people who rely on their pensions and 401(k) plans.

But just as my constituents are outraged at the need for such a rescue, I am angered that we ever came to these crossroads to begin with. I look forward to hearing testimony which hopefully will shed light on how the repeated failure to enact reform of Government-Sponsored Enterprises (GSEs) and the subsequent fraud, misfeasance and malfeasance in the mortgage and mortgage-backed securities markets led to this international crisis. I also look forward to learning what next best steps our panels propose as we move forward to once again try to improve our regulatory structure.

We need to swiftly identify steps that can be taken to assure that we do not travel again down the dangerous road that produced the current crisis. Answers are critical to the reassurance of the public that our government can be trusted to ensure the stability of our economic system.