Opening Statement
Chairman Joe Walsh
House Committee on Small Business
Subcommittee on Economic Growth, Tax and Capital Access
"The Dodd-Frank Act: Impact on Small Businesses Lending"

June 16, 2011

I would like to start today's hearing by thanking everyone for attending. Specifically, I would like to thank our distinguished panel of witnesses for taking time out of the busy schedules to participate in what I believe to be a critical issue facing lenders as they work towards providing capital for our nation's small businesses.

On Wednesday June 8th, in response to a question from JP Morgan Chase CEO Jaime Dimon, at a banker's conference in Atlanta, Federal Reserve Chairman Ben Bernanke stated that there has *NEVER* been a study that examines the impact of the new financial regulatory structure on economic growth. For many of us in the room today, and on this subcommittee, this statement is very troubling. As we work to grow our economy and create jobs, it is critical that in everything we do, we consider how policies made in Washington will impact small business owners that are struggling to make their businesses successful.

Regulations always require a careful balancing act, and here we have two very important concerns to worry about. First, we must make sure that the users of financial products are protected. Small business owners and consumers take advantage of a wide variety of financial products to fund their business. For business owners to succeed, they need to have faith that their financing options will continue to be available when they need them and their money is secure. Customers also need financial products to purchase the goods and services that sustain small business.

On the other hand is the burden of regulation and compliance costs associated with oversight. A regulation that chokes off all economic activity is not meeting its purpose. If banks stop lending or cut back dramatically in response to regulators, the regulation must be reconsidered. While there is always going to be risk in the financial sector, we need to make sure to manage that risk responsibly, so that banks are secure and small businesses have confidence that they can obtain the credit necessary to sustain or grow their business. We cannot afford a system where banks are afraid to take risks on small business for fear of regulatory reprisal.

Today, we will discuss the new financial regulatory structure that was created by the Dodd-Frank Act. This new law responded to the perceived weakness in the former regulatory regime that left many lines of business without supervision, allowing systemic risk to develop.

We know that the Dodd-Frank Act is over 2,300 pages. Within these pages are requirements for 243 new rule-making actions and 60 studies. According to GAO, it will cost $1 billion to implement this new law. It will drain $27 billion job creating funds from the economy over ten years and require hiring more than 2,600 new full-time federal government employees.

What we do not know however, is the overall economic impact of this law and what it will do to small business job creation in this country. To help us grasp the impact of the new law, we have a distinguished panel of witnesses who are on the ground dealing with the impact of this new law every day and working to prepare for the new rules coming down the pike.

I am very interested to hear what these witnesses have to say about how they are dealing with this new law and how it's impacting their small business lending.

With that, I yield to Ranking Member Schrader for his opening statement.