

Statement by Representative Carolyn McCarthy
Financial Services Committee

“Systemic Risk: Are Some Institutions Too Big To Fail and If So, What Should We Do about It?”

July 21, 2009

I applaud Chairman Frank for holding this very important hearing to define when a company is too largely structured for the government to allow them to fail. As we move forward, this determination is a key issue that the Committee will consider as we look to address current and future risks and avoid future economic meltdowns.

Whether a company is deemed “too big to fail,” or “too interconnected” it is clear that something must be done to make sure the entire US economy will not come crashing down as a result of their potential failure. I look forward to working with my colleagues on the Committee to create a regulatory function that will determine and monitor activity that promote systemic risk. Additionally, a company should not have the ability to become so intertwined that any slight shift truly disrupts the markets and ultimately the economy. Competition and innovation should be encouraged, but not to a point that potential failure causes an economic crisis.