from Louisiana, Mr. VITTER, be allowed to speak following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

TOO BIG TO FAIL

Mr. BROWN. Mr. President, I welcome Senator VITTER and his cooperation in this matter. I appreciate the work he has done on the issue. He and I are going to address the concentration of the financial system in this country and what that means to the middle class, what it means to business lending for small businesses, and again what it means to the potential of too big to fail, which is something Senator VITTER has been a leader on for a number of years. Both of us are members of the Senate Banking Committee.

More than 100 years ago, in 1889, one of my predecessors, Senator John Sherman, a Republican, and author of the Sherman Antitrust Act—who actually lived in my hometown of Mansfield, OH, and was the only other Senator from that city who served here—said:

> I do not wish to single out Standard Oil Company . . . [s]till, they are controlling and can control the market so absolutely as they choose to do it; it is a question of their will. The point for us to consider is whether, on the whole, it is safe in this country to leave the production of property, the transportation of our whole country, to depend upon the will of a few men sitting at their council board in the city of New York, for there the whole machine is operated?

At the time, Senator Sherman was speaking about the trusts—specifically Standard Oil but other trusts as well—that were large, diverse industrial organizations with outsized economic and political power, not just economic power but also political power. His words are as true then as they are today. Today our economy is being threatened by multitrillion dollar—that is trillion dollar—financial institutions. Wall Street megabanks are so large that should they fail, they could take the rest of the economy with them.

If this were to happen, instead of failure, taxpayers are likely to be asked again to cover their losses and to bail them out just as we did 5 years ago. This is a disastrous outcome because it transfers wealth from the rest of the economy into these megabanks and suspends the rules of capitalism and perpetuates the moral hazard that comes from saving risk-takers from the consequences of their behavior.

Just as Senator Sherman spoke against the trusts in the late 19th century, today people across the political spectrum—both parties and all ideologies—are speaking about the dangers of the large, concentrated wealth of Wall Street megabanks.

In 2009, another Republican—and one a little more familiar to a modern audience—Alan Greenspan said:

> If they're too big to fail, they're too big . . . in 1911 we broke up Standard Oil. . . . Maybe that's what we need to do.

If anyone thought the biggest banks were too big to fail before the crisis, then I have bad news: They have only gotten bigger.

These are the six largest banks and their growth patterns in 1995—18 years ago—had combined assets that were 18 percent of GDP. Today they have combined assets over 60 percent of GDP. Over that time, 37 banks merged 33 times to become the top 4 largest behemoths, which now range from $1.4 trillion in assets to the largest, Bank of America and JPMorgan Chase, which is around $2.3 or $2.4 trillion in assets. That is $2.3 trillion in assets. Since the beginning of the fiscal crisis, three of these four megabanks have grown through mergers by an average of more than $500 billion.

The 6 largest banks now have twice the combined assets of the rest of the 50 largest U.S. banks. These 6 banks—Morgan Stanley, Goldman Sachs, Wells Fargo, Citigroup, JPMorgan Chase, Bank of America—the combined assets of 6 banks, are larger than the next 50 largest banks. Put another way, if we add up the assets of banks 7 through 50, the bank that resulted would only be half the size of a bank made from the assets of the top 6.

As astonishing as these numbers are, they don't tell the whole story. Many megabank supporters argue that U.S. banks are small relative to international banks.

But as Bloomberg reported last week, FDIC Board member Tom Hoenig has exposed a double standard in our accounting system that allows U.S. banks to actually shrink themselves on paper. Under the accounting rules applied by the rest of the world, the 6 largest banks are 39 percent larger than we think they are. That is a difference of about $4 trillion. If that is the case, instead of being 63 percent of GDP under international accounting rules, these 6 banks are actually 102 percent of GDP. Let me say that again. The six biggest banks' combined assets are slightly larger than the entire size of our economy. When measured against the same standard as every other institution in the world, we see the United States has the three largest banks in the world. These institutions are not just big, they are extremely complex.

According to the Federal Reserve Bank of Dallas, the 5 largest U.S. banks now have 19,654 subsidiaries. On average, they have 3,900 subsidiaries each and operate in 68 different countries. These institutions are not just massive and complex—I don't object so much to that—it is they are also risky.

According to their regulator, the Office of the Comptroller of the Currency—and I met with them today—none of these institutions has adequate risk management. Let me say that again. In stress tests, not one of the largest 19 banks has shown adequate risk management.

It is simply impossible to believe that these behemoths will not get into trouble again. We saw what happened with one of the best managed banks with a lot of employees—some 16,000, 17,000, 18,000 employees in my State alone—at one site with 10,000 employees in Columbus: JPMorgan Chase, a well-managed bank with a very competent CEO but a bank that not so long ago lost $6 billion or $7 billion.

It is impossible to believe they will not get into trouble again and they will not be unwound in an orderly fashion should they approach the brink of failure.

If you don't believe me, ask Bill Dudley, President of the Federal Reserve Bank of New York. He said recently that ''we have a considerable ways to go to finish the job and reduce to intolerable levels the social costs'' of a megabank's failure. He said that more drastic steps ''could yet prove necessary.''

Governor Dan Tarullo, from the Federal Reserve, threw his support behind a proposal first introduced by the Presiding Officer's predecessor, Senator Ted Kaufman, and me to cap the nondeposit liabilities of the megabanks some 3 years ago in this body.

These men are not radicals; they are some of the Nation's foremost banking experts.

History has taught us we never see the next threat coming until it is too late and almost upon us. When we passed the Dodd-Frank Act, it contained tools that regulators can use to rein in risk taking.

Unfortunately, many of those rules have stalled, and most will not take effect for years, because it is not just the economic power of the banks but the political powers so often having their way in this city and with regulators all over the country.

Dodd-Frank focuses on improving regulators' ability to monitor risks and enhancing the actions that regulators can take if they believe the risk has grown too great. Over the last 5 years alone we have seen faulty mortgage-related securities, we have seen foreclosure fraud, and we have seen big losses from risky trading, money laundering, and LIBOR rate digging.

Until the Dodd-Frank rules take effect, the rest of us more or less have to stand by idly as megabanks take more risks that almost inevitably and eventually lead to failure.

We shouldn't tolerate business as usual, monitoring risk until we are once again near the brink of disaster. We should learn from our recent history. We should correct our mistakes by dealing with the problem head on. That means preventing the anticompetitive concentration of banks that are too big to fail and whose favored status encourages them to engage in high-risk behavior.

How many more scandals will it take before we acknowledge that we can't rely on regulators to prevent subprime lending, dangerous derivatives, risky proprietary trading, financial instruments that nobody understands, including the people running the banks in many cases, and even fraud and manipulation.

Wall Street has been allowed to run wild for years. We simply cannot wait any longer for regulators to act. These institutions are too big to manage, they are too big to regulate, and they are surely still too big to fail.

We can't rely on the financial market to fix itself because the rules of competitive markets and creative destruction don't apply to Wall Street megabanks as they do to businesses in Louisiana or Delaware or Ohio. Megabanks' shareholders and creditors have no incentive to end too big to fail. As a result, they will engage in ever-riskier behavior. In the end, they get paid out when banks are bailed out.

Taking the appropriate steps will lead to more midsized banks—not a few magabanks—creating competition, increasing lending, and providing incentives for banks to lend the right way.

If there is one thing the people in Washington love, it is community banks. Senator VITTER has been very involved in helping community banks deal with regulations and other kinds of rules. Cam Fine, the head of the Independent Community Bankers of America, is calling for the largest banks to be downsized because he sees that his members, the community banks—there might be 50 million, 100 million, or less than that in assets—are at a disadvantage.

Just about the only people who will not benefit from reining in these megabanks are a few Wall Street executives. Congress needs to take action now to prevent future economic collapse and future taxpayer-funded liabilities.

Before yielding, I wish to thank Senator VITTER, who recognizes this problem with an acuity that most don't have, and for joining me in doing something about it. I am pleased to announce today that we are working on bipartisan legislation to address this too-big-to-fail problem. It will incorporate ideas put forward by Tom Hoenig, Richard Fisher, and Sheila Bair. Senator VITTER will talk about his views in a moment.

The American public doesn't want us to wait. They want us to ensure that Wall Street megabanks will never again monopolize our Nation's wealth or gamble away the American dream.

To those who say that our work is done, I say we passed seven financial reform laws in the 8 years following the Depression, so it is clear there is precedent for not just one time, one fix, but a continued addressing of this problem until we know we have the strength of the American financial system returned to the way it once was.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. VITTER. Mr. President, I am proud to join Senator BROWN on the Senate floor to echo those comments. I agree that too big to fail, unfortunately, is alive and well, and that poses a real threat to all of us—to consumers and citizens everywhere and fundamentally to the American economy.

Coming out of the financial crisis, it seemed to me that the biggest threat and the biggest problem was continuing too big to fail. I think now, several years after the passage of Dodd-Frank, we have objective numbers and evidence that it did not bury too big to fail. Again, they are objective numbers and evidence and pricing in the market that too big to fail is alive and well.

I think the fact that Senator BROWN and I are both here on the floor echoing each other's concerns, virtually repeating each other's arguments, is pretty significant. I don't know if we quite define the political spectrum of the Senate, but we come pretty darn close. Yet we absolutely agree about this threat.

I think Senator BROWN's historical analogy is right. It is like the unfettered growth and power of the trusts in the late 19th century, and there too folks of all sorts of ideologies correctly recognized that threat—liberal Democrats as well as Senator BROWN's Republican predecessor, Senator Sherman, and, of course, the biggest Republican trust-buster of all, Teddy Roosevelt. It is the same issue. It is the intense concentration of power. As a conservative, I am very suspicious and nervous about that, whether it is when it is in government or whether it is when it is in the private sector.

I think the sort of bipartisan consensus that, perhaps, we personify on the Senate floor is also growing outside Congress and outside this institution. Senator BROWN alluded to some of it, but let me flesh that out.

We have, for instance, the Federal Reserve Board Governor, Dan Tarullo. He was appointed by President Obama. He was a prominent figure in drafting and implementing Dodd-Frank. He recently lamented:

> . . . to the extent that a growing systemic footprint increases perceptions of at least some residual too-big-to-fail quality in such a firm—

Meaning a megabank—

> notwithstanding the panoply of measures in Dodd-Frank and our regulations, there may be funding advantages for the firm, which reinforces the impulse to grow.

In a little more blunt terms, our colleague, Senator ELIZABETH WARREN, who is also a figure in coming up with Dodd-Frank, said recently in our Banking Committee hearing with Chairman Bernanke:

> I'd like to go to the question about too-big-to-fail; that we haven't gotten rid of it yet. And so now we have a double problem, and that is that the big banks—big at the time that they were bailed out the first time—have gotten bigger, and at the same time that investors believe that too-big-to-fail out there, that it's safer to put your money into the big banks and not the little banks, in effect creating an insurance policy for the big banks that the government is creating this insurance policy—not there for the small banks.

In a similar way, we have those concerns echoed in the real world outside this body on the right as well.

Recently, George Will said:

> By breaking up the biggest banks, conservatives will not be putting asunder what the free market has joined together. Government nurtured these behemoths by weaving an improvident safety net and by practicing crony capitalism.

Peggy Noonan, another well-known conservative, has said:

> If you are conservative you are skeptical of concentrated power. You know the bullying and bossism it can lead to. . . . Too big to fail is too big to continue. The megabanks have too much power in Washington and too much weight within the financial system.

So I do think there is a real and growing consensus in this body, in Washington, and in the real world, as I have suggested by those observers' quotes, and I think we need to build on that consensus and act in a responsible way.

Senator BROWN and I have been doing that, first with joint letters to Chairman Bernanke and others, focusing on the need for significantly greater capital requirements for the biggest banks. We think this would be the best and first way we should try to rein in too big to fail, to put more protection between megabank failure and the taxpayer, more incentive for the megabanks to perhaps diversify, perhaps break up, or at least correctly price their size and risk to the financial system.

We are following up on that initial work that was reflected in letters and specific suggestions to Chairman Bernanke with legislation that is quite far along, and I know we will be talking about more both today and in the near future.

With that, let me invite Senator BROWN to round out his comments, and then I will have a few more words to say.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. BROWN. I know Senator ALEXANDER is waiting to speak. I thank Senator VITTER for his work on this issue. I remember the first discussions Senator VITTER and I had about this when he was asking some tough questions of a couple of regulators—it might have been the Secretary of the Treasury as well as a couple of other regulators—on capital standards and how important it was that, as he just mentioned, these banks have the kinds of capital standards, have the kinds of capital reserves that are so important in making sure these banks are healthy. Probably most of us in our lives have seen the movie ''It's a Wonderful Life,'' and we know what happens to a bank that is not capitalized; a small-town example of a bank that served the country in ways that community banks do. It is a very different story today, perhaps.

But I think his insight into the importance of capital reserves and then continuing these discussions, we both came to the realization that, as he pointed out, people all across the political spectrum—some of my more Democratic colleagues, people such as George Will and others—have been very involved as business leaders and speaking out on issues that matter.

So I thank Senator VITTER for his work. We will be working on legislation, and I am hopeful more of my colleagues see how important this issue is so we can continue to work together.

I yield the floor.

Mr. VITTER. Again, I thank Senator BROWN for his partnership. Senator BROWN, with those posters, made crystal clear the facts. The fact is that since the financial crisis, the megabanks have only continued to grow in size, in dominance, and in market share. In fact, that has accelerated significantly.

Some folks will say: Oh, well, that was a preexisting trend. That is because of a number of factors.

It is certainly true there are a number of factors at issue. But the growth has only accelerated since the crisis and Dodd-Frank. It has not let up. In addition, there have been several recent studies that actually quantify the fact that too big to fail is a market advantage, is, in essence, a taxpayer subsidy, as ELIZABETH WARREN suggested, for the megabanks.

An FDIC study released in September says that. It says:

> The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was explicitly intended to, in part, put an end to the TBTF [too big to fail] de facto policy.

But it concludes that:

> The largest banks do, in fact, pay less for comparable deposits. Furthermore, we show that some of the difference in the cost of funding cannot be attributed to either differences in balance sheet risk or any nonrisk related factors. The remaining unexplained risk premium gap is on the order of 45 bps [basis points]. Such a gap is consistent with an economically significant ''too-big-to-fail'' . . . subsidy paid to the largest banks.

Another recent study and working paper is an IMF working paper. It simply attempted to quantify that taxpayer too-big-to-fail subsidy. According to that study, before that financial crisis, the subsidy:

> . . . was already sizable, 60 basis points. . . . It increased to 80 basis points by the end [of] 2009.

Then, most recently, Bloomberg has tried to put pen to paper and refine that calculation, and Bloomberg's calculation is $83 billion—an $83 billion subsidy of the five biggest U.S. banks, specifically because of artificially cheap rates created by the market believing they are too big to fail.

I do not like huge size and dominance in market share, period. But certainly—certainly—we should not have government policy that is driving it, that is exacerbating it. It seems to me that should be a solid consensus left and right, Democrat and Republican.

Senator BROWN and I are following up on our previous work and drafting legislation. Of course, we are not ready to introduce that today. But it would fundamentally require significantly more capital for the megabanks and would distinguish between megabanks and other size banks; namely, community banks, midsized banks, and regional banks. The largest banks would have that significantly higher capital requirement.

It would also try to walk regulators away from Basel III and institute new capital rules that do not rely on risk weights and are simple and easy to understand and are transparent and cannot be gamed the way we think Basel III can be manipulated and gamed.

Requiring this would do one or both of two things. It would better ensure the taxpayer against bailouts and/or it would push the megabanks to restructure because they would be bearing more cost of that risk to the financial system.

In addition, we are contemplating and discussing another section of this bill that would do something that I think is very important to do at the same time: create an easier—not a lax but a more appropriate regulatory framework for clearly smaller and less risky financial institutions such as community banks.

Again, I thank Senator BROWN for his partnership. I thank him for his words today. I look forward to continuing to work on this project, as I believe a true bipartisan consensus continues to grow on this issue.

Mr. BROWN. Mr. President, I will speak briefly, and then I will certainly yield to Senator ALEXANDER.

I appreciate very much Senator VITTER's words and comments and insight. I wish to expand for 2 or 3 minutes on one thing he said about the subsidy that these largest six banks get.

We can see again on this chart that 18 years ago these six banks' total assets were 18 percent; 18 years ago it was 18 percent of GDP. Today, through mergers and growth—and I would argue unfair competition in many cases—they are over 60 percent. But what Senator VITTER said, which I think is important to expand on a bit, is the subsidies these banks get—Bloomberg said it was about $83 billion a year in subsidies they get because of government action or inaction, frankly. It is interesting, that $83 billion, when we are talking about the sequester today is about $85 billion, is not relevant, except putting it in some context.

But the reason they have this $83 billion subsidy, $85 billion subsidy or so—$83, $84, $85 billion—or they have the advantage, when they go in the capital markets, of getting the advantage of 50, 60, 70, 80 basis points—and 80 basis points is eight-tenths of 1 percent in interest rate advantage—is because the capital markets believe their investments in these banks are not very risky because the markets believe these banks are too big to fail because they have the government backup for them.

So if they have no risk, people are willing to lend money to them at lower interest rates. That is why the Huntington Bank in Columbus, OH, a large regional bank with about $50 billion in assets, or Key, a larger bank in Ohio—still, though, a regional bank—or banks in Coldwater, OH, or Sycamore, OH, or Third Federal in Cleveland—banks that maybe own only a few tens of millions or even up to $1 billion in assets—do not have that advantage. They pay higher interest rates when they borrow because the people who lend to them know they are not going to get bailed out if something bad happens.

It is only these six largest banks that have that advantage. So because they can borrow money from the markets at a lower rate, they are, in effect, being subsidized because we have not fixed this too-big-to-fail problem for the Nation's banks.

So it is not a Senator or a conservative Republican or a progressive Democrat from Louisiana or Ohio making this case that they are getting this advantage; it is the capital markets that have decided, yes, these are too big to fail, so we are going to lend them money at lower rates than we would lend to the Huntington or Key or Third Federal or FirstMerit in Ohio.

Fundamentally, that is the issue; that it is our actions or inactions that have given these banks a competitive edge that nobody through acts of government—whether you are a liberal or a conservative—should believe it should be part of our economic system and our financial system.

I thank Senator VITTER and yield the floor.

The PRESIDING OFFICER (Mr. COWAN). The Senator from Tennessee.

(The remarks of Mr. ALEXANDER pertaining to the introduction of S. 421 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT

Ms. MURKOWSKI. Mr. President, I am pleased to stand with so many colleagues not only here on the Senate side but over in the House to recognize an accomplishment—an accomplishment of the Congress. I think it is important to recognize that in these times that are so contentious, where a lot of messages go back and forth but at the end of the day we haven't governed, we haven't done what we had hoped legislatively, we haven't really helped people, today we can be proud that we have worked to help people, particularly women, and that is through final passage of the Violence Against Women Act. It has been a long time coming.

We successfully moved that legislation through this body last year. I was a proud cosponsor, an early cosponsor. This ought not to be a Republican issue or a Democratic issue. It ought not be a woman's issue. It is an issue that should bother all of us when we cannot stand together and help those who have been victims of domestic violence. If