

Senator Maria Cantwell
Senate Floor Remarks
AS DELIVERED
Thursday, July 22, 2010

I thank my colleague from Washington because I know that she, too, has been very active on this issue and has spoke on it and has urged our leadership in signing, I believe, probably six months ago that we pass this legislation.

And I want to thank again the Chair of the Small Business Committee for her advocacy because this literally is an issue about Main Street versus Wall Street.

This is about whether we're going to help Main Street in tough economic times or whether we're just going to continue to say that Wall Street gets the ear of Congress.

Now I'm somebody who didn't vote for either of the TARP pieces of legislation, and I know my colleague, Senator Shelby, the Ranking Member of the Banking Committee was down here talking about this.

I can assure you that this legislation is focused at the problem that was caused by Wall Street. And many people across America are asking when we are going to stand up for small business in America and help Main Street recover from this economic disaster.

How did we get into this situation?

We got into this situation when large banks failed because of their active participation in things like credit default swaps and other derivatives that weren't truly backed by financial commitments and basically became a house of cards.

And they brought down our entire economic system.

So what was our response to that, Madam Chairman?

Our response to that was to bail out the big banks and give them assistance, and to the community banks, what happened? As deposit insurance basically was paid out in various forms, is to say to those community banks, you now have to have higher capital standards.

*Can you imagine that?
Can you imagine that?*

We had big banks, like Goldman Sachs and others, who basically had imploded themselves and we gave them taxpayer money and basically then said to the community banks, you need to have more capital within your banks.

That's what we said.

So what did those community banks do when regulators said to them, you have to have higher capital requirements?

They did what many of them had the choice to do which was to come up with situations to either get more capital or stop their lending. And the consequence is that there was a lot of lending that was done to small businesses that suffered as a consequence of those actions. Imagine.

Imagine that.

The practices of the larger banks of investing in credit default swaps and derivatives that had no basis ended up costing small businesses their access to capital because capital requirements were put on small businesses through their banks, at the same time large banks were given a bailout.

So no, no, this is not a bailout.

This is about a lending program for small business to save Main Street and save our economy because this Senator believes that job creation happens from small business. That's a proven fact.

That's a proven fact. 75 percent of the increase in jobs comes from small business. But right now, they can't get access to capital.

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Here is one of my constituents. His letter to me:

'In unprecedented times, I'm writing to you to express and urge relief for small business owners who are struggling to survive and who could be one of the key factors to improving the U.S. economy.

'We've been a small business for over nine years and have had five restaurants in Washington state and we currently employ 150 people between five operations. Until September of 2008, our business was stable and we were expanding and adding jobs and tax dollars to state and federal coffers.

'But then in September of 2008, after signing a 20-year lease for our first Arby's Project' – that's a restaurant – 'Our lender pulled our financing due to economic conditions. This was the same lender that just three months earlier had refinanced over \$3 million of our business debt. And even though we had excellent personal business credit, two business properties as collateral, good cash flow, we were forced to take high-interest equipment leases, advances from credit cards as well as cash advances and an almost, yes, 50 percent interest rate from finance companies with an 18-month term.

'We tried going directly to the bank, to finance companies, but we were told we had no options. Instead the same bank charged an almost 50 percent interest rate through the finance company.

'There is nothing worse to an entrepreneur than to have the foundation and determination of their survival caused by this economic calamity and then to feel that state and federal agencies would rather see your doors shut than work with you.

'We are honest, hard-working Americans who want to pay all our debt but these agencies are uncompromising and missing the human factor.'

Missing the human factor.

Why is it that the other side of the aisle thought it was such a priority to bail out Wall Street, but now a well-crafted piece of legislation that is a lending program that's voluntary -- banks don't even have to participate if they don't want to. It's not like TARP that was mandated on the banks to participate.

Why is it that the other side doesn't want to see the success of these small businesses?

So as my colleagues have said, this program is a well-thought-out program to capitalize – to help recapitalize the community banks as more requirements were put onto them as it relates to the economic crisis of 2008.

Imagine that.

No questions asked of the big banks. They were given a bailout. Small banks, new capital requirements, they cut thousands and thousands, probably millions of lines of credit, that is performing loans to businesses across America were cut out from under them.

The voices are loud and clear across America.

They want us to help restore this kind of stability through access to capital for small business. This is a program that can generate \$1.1 billion to our economy and reduce our federal deficit. It will help stabilize in a way that these other programs have not been able to do and it will create the job growth that we need to see in America.

So I hope my colleagues will support this important legislation.

I know that some on the other side of the aisle like to think that they would like to name this some other legislation, but the truth is, this is about Main Street. And whether your perspective is that Main Street is going to help us or not.

I believe that Main Street will be that job creation and I hope that my colleagues on the other side of the aisle will think about this and the consequence of the votes that they've already taken.

It's so important for us to say that we understand the plight, just like the gentleman's letter that I read, that we understand the frustration that they've been through, that we are on their side making sure that small business gets access to capital, and that we believe that our economy isn't about big banks but it is about those millions and millions and millions of entrepreneurs every day that go out there and are hard working and who've been told 'no,' told even on their lines of credit, 'no you can't have access anymore,' to right that wrong that happened last year and a half and get capital flowing again to small business.

So I thank the Chairwoman of the Small Business Committee and I see my colleague from Washington, who has been outspoken about this since January on the importance of getting this done and has written many letters to try to emphasize how critical it is to our Washington state economy.

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