

Remarks on the Nomination of Richard A. Cordray To Be Director of the Consumer Financial Protection Bureau and an Exchange With Reporters
July 18, 2011

The President. Good afternoon, everybody. It has been almost 3 years since the financial crisis pulled the economy into a deep recession. And millions of families are still hurting because of it. They're trying to get by on one income instead of two, on fewer shifts at the plant or at the hospital. They're cutting expenses, giving up on a family night out so there's money for groceries. And for a lot of families, things were tough even before the recession.

So we've got to get the economy growing faster and make sure that small businesses can hire again, so that an entrepreneur out there can sell a new product, so that the middle class is getting stronger again, and so folks feel confident in their futures and their children's futures.

That's why we can't let politics stand in the way of doing the right thing in Washington. We can't stand in the way when it comes to doing the right thing on deficits. And that's why I want to take steps like making sure payroll taxes for middle class families don't go back up next year. That's why it's so important that we tackle the problems that led us into this recession in the first place.

One of the biggest problems was that the tables were tilted against ordinary people in the financial system. When you get a home loan, it came with pages of fine print. When you got a credit card, it was as if the contract was written in another language. These kinds of things opened the door to unscrupulous practices: loans with hidden fees and terms that meant your rate could double overnight. It led to people getting mortgages they couldn't afford, and it put honest businesses at a disadvantage. And it encouraged dangerously risky behavior on Wall Street, which dragged the economy into the mess that we're still trying to clean up.

That's why we passed financial reform a year ago. It was a commonsense law that did three things. First, it made taxpayer-funded bailouts illegal, so taxpayers don't have to foot the bill if a big bank goes under. Second, it said to Wall Street firms, you can't take the same kind of reckless risks that led to the crisis. And third, it put in place the stronger—the strongest consumer protections in history.

Now, to make sure that these protections worked—so ordinary people were dealt with fairly, so they could make informed decisions about their finances—we didn't just change the law. We changed the way the Government did business. For years, the job of protecting consumers was divided up in a lot of different agencies. So if you had a problem with a mortgage lender, you called one place. If you had a problem with a credit card company, you called somebody else. It meant there were a lot of people who were responsible, but that meant nobody was responsible.

And we changed that. We cut the bureaucracy and put one consumer watchdog in charge, with just one job: looking out for regular people in the financial system. Now, this is an idea that I got from Elizabeth Warren, who I first met years ago. Back then—this is long before the financial crisis—Elizabeth was sounding the alarm on predatory lending and the financial pressures on middle class families. And in the years since, she's become perhaps the leading voice in our country on behalf of consumers. And let's face it, she's done it while facing some very tough opposition and drawing a fair amount of heat. Fortunately, she's very tough.

And that's why I asked Elizabeth Warren to set up this new bureau. Over the past year, she has done an extraordinary job. Already, the agency is starting to do a whole bunch of things that are going to be important for consumers: making sure loan contracts and credit card terms are simpler and written in plain English. Already, thanks to the leadership of the bureau, we're seeing men and women in uniform who are getting more protections against fraud and deception when it comes to financial practices. And as part of her charge, I asked Elizabeth to find the best possible choice for Director of the bureau.

And that's who we found in Richard Cordray. Richard was one of the first people that Elizabeth recruited, and he's helped stand up the bureau's enforcement division over the past 6 months. I should also point out that he took this job, which meant being away from his wife and 12-year-old twins back in Ohio, because he believed so deeply in the mission of the bureau. Prior to this, as Ohio's attorney general, Rich helped recover billions of dollars in things like pension funds on behalf of retirees, and stepped up the State's efforts against unscrupulous lending practices. He's also served as Ohio's treasurer and has successfully worked with people across the ideological spectrum: Democrats and Republicans, banks and consumer advocates.

Now, last but not least, back in the eighties, Richard was also a five-time Jeopardy champion—[laughter]—and a semifinalist in the Tournament of Champions. Not too shabby. That's why all his confirmation—all his answers at his confirmation hearings will be in the form of a question. That's a joke. [Laughter]

So I am proud to nominate Richard Cordray to this post. And we've been recently reminded why this job is going to be so important. There is an army of lobbyists and lawyers right now working to water down the protections and the reforms that we passed. They've already spent tens of millions of dollars this year to try to weaken the laws that are designed to protect consumers. And they've got allies in Congress who are trying to undo the progress that we've made. We're not going to let that happen.

The fact is the financial crisis and the recession were not the result of normal economic cycles or just a run of bad luck. They were abuses and there was a lack of smart regulations. So we're not just going to shrug our shoulders and hope it doesn't happen again. We're not going to go back to the status quo where consumers couldn't count on getting protections that they deserved. We're not going to go back to a time when our whole economy was vulnerable to a massive financial crisis. That's why reform matters. That's why this bureau matters. I will fight any efforts to repeal or undermine the important changes that we passed. And we are going to stand up this bureau and make sure it is doing the right thing for middle class families all across the country.

Middle class families and seniors don't have teams of lawyers from blue chip law firms. They can't afford to hire a lobbyist to look out for their interests. But they deserve to be treated honestly. They deserve a basic measure of protection against abuse. They shouldn't have to be a corporate lawyer in order to be able to read something they're signing to take out a mortgage or to get a credit card. They ought to be free to make informed decisions, to buy a home or open a credit card or take out a student loan, and they should have confidence that they're not being swindled. And that's what this consumer bureau will achieve.

I look forward to working with Richard Cordray as this bureau stands up on behalf of consumers all across the country. I want to thank both Elizabeth and Tim Geithner for the extraordinary work that they've done over at Treasury to make sure that, a year after we passed this law, it is already having an impact and it's going to have impact for years to come.

Thank you very much and congratulations, Rich.

National Debt and Deficit/Federal Budget

Q. Mr. President, any progress in your talks with Speaker Boehner yesterday? Any progress?

The President. We're making progress.

NOTE: The President spoke at 1:15 p.m. in the Rose Garden at the White House. In his remarks, he referred to Margaret "Peggy" Cordray, wife, Danny, son, and Holly, daughter, of Director-designate Cordray.

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