

What went wrong and how to fix it

By U.S. Rep. Melissa Bean

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"What went wrong? And what are you doing to make sure it doesn't happen again?"

Citizens have a right and a responsibility to demand answers to these two questions after any crisis. It's

And it's what citizens have been asking of Congress since the 2008 financial crisis.

The House of Representatives passed legislation in December that increases market transparency and

So let's take a look at how we got here and how the proposals would prevent a repeat of this crisis.

The problem started in our own neighborhoods, with too many homebuyers taking out loans they couldn't

Solution? Require mortgage lenders to adhere to federal lending standards and require them to retain a

Next, these investors used derivatives, a form of insurance, to balance their risk. As mortgage defaults r

Trading in these derivatives, called "credit default swaps," had skyrocketed. Most of this multi-trillion do

When Lehman Brothers collapsed in September 2008, financial companies across the world who traded

Solution? Regulate derivatives. Force the majority of derivatives to trade on public exchanges and ensure

Lastly, as Lehman's collapse proved, major financial firms are so interconnected that allowing one to hap

Solution? An anti-bailout measure: dissolution authority. This allows the government, when all other opti

These solutions are already included in House and Senate proposals, along with increased tools for enf

These are not partisan, controversial ideas. They are a recognition of the real lessons taught by this cris

And everyone, from homebuyers in our neighborhoods, to wizards on Wall Street and regulators in Was