BETTER MARKETS
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**Better Markets Fact Sheet:**
**"The Cost of the Wall Street-Caused Financial Collapse and Ongoing Economic Crisis Is More Than $12.8 Trillion"**

The Report: The financial collapse and economic crisis began in 2007 and, five years later, it continues to impose enormous costs on our entire country. In its new Report, Better Markets provides a detailed review of all these costs, including those that can be quantified and those that cannot. This is the first time anyone has not only estimated the total cost of the financial crisis, but also explained the significance of those costs in the battle over financial reform. Over the last two years, Wall Street and its allies have refocused the debate from the financial crisis and their role in causing it to the Dodd-Frank financial reform law and the regulations needed to implement it. They have also made nonstop, largely baseless claims about how much financial reform will cost them without mentioning how much the crisis has cost—and is still costing—the country. For the first time, this Report details those costs, which demonstrates that the claimed costs to the industry are insignificant by comparison and that the need for financial reform to prevent such painful, deep, and far-reaching costs from ever happening again is urgent. Release of the Report coincides with the 4th anniversary of the collapse of Lehman Brothers, the largest bankruptcy in U.S. history, which is September 15, 2012.

The Number: Because of the financial collapse and the subsequent economic crisis, GDP declined significantly beginning in 2007. GDP would have dropped even more without massive spending and other actions by the federal government. The sum of "actual GDP loss" and "GDP loss that was avoided because of emergency spending and actions by the Federal Reserve Board" is estimated to total more than $12.8 trillion for the period 2008-2018. That is a very conservative number and only includes two components: 1) Estimated actual gross domestic product ("GDP") loss from 2008 to 2018, of $7.6 trillion, and 2) Estimated avoided GDP loss from 2008 to 2012 of $5.2 trillion. In addition to costs expressed in terms of GDP, the Report details many other costs of the crisis, some of which can be monetized and some of which cannot—including the widespread human suffering that has resulted from a surge in poverty, homelessness, and hunger.

Key Points in the Report:

**1) Wall Street Has Inflicted the Worst Financial Crisis and Economic Disaster Since the Great Depression**

After almost a decade of deregulation that generated hundreds of billions of dollars in bonuses, Wall Street brought our financial markets to the brink of collapse and very nearly ushered in a second Great Depression. That has cost the American people more than $12.8 trillion and has inflicted much, much more damage than dollars will ever be able to measure.

**2) The Effects of the Crisis Will Be Felt for Years If not Decades to Come**

While some elements of our economy have slowly begun to heal, the effects of the crisis are still intense, and many repercussions will be felt for years if not decades to come. It is impossible to know when the crisis will be deemed "over," but it is certain that at such time, the cumulative impact will be enormous—far greater in fact than it already is.

**3) Thoroughly Reviewing and Understanding the Costs of the Crisis Are Essential Steps for Implementing Meaningful Reform and Preventing another Financial and Economic Crisis**

The only way to prevent another financial and economic crisis is to implement meaningful financial reform. Since the Dodd-Frank Act passed, Wall Street and its allies have waged a battle to kill or weaken reform on every front: advancing new bills to repeal all or part of financial reform; pushing the regulatory agencies to pass weak or loophole-ridden rules; challenging the validity of rules in court; and conducting a misleading campaign aimed at changing the subject away from the crisis, and their responsibility for it, to the financial reform law. The enormous costs of the crisis detailed in the Report demonstrate that such Wall Street arguments and actions are meritless and dangerous. It also shows that implementing financial reform now remains urgent to protect taxpayers, the financial system, and the economy.

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