

The Committee of Anonymous Donors and the Wall Street Reform and Consumer Protection Act

When I first saw the name – the Committee for Truth in Politics – I was immediately skeptical. A name that sounds too good to be true generally is. And apparently for good reason – the Committee, as it turns out, has sued the Federal Elections Commission to prevent the release of its donor list. My impression is, people actually in favor of Truth in Politics don't mind telling us who they are.

Anyway, this Committee of Anonymous Donors is the one putting those ads on TV. You know, the ones that say BANK BAILOUTS and \$4 TRILLION and FAT CAT LOBBYISTS and H.R. 4173 and CALL YOUR SENATORS. H.R. 4173 is the financial reform bill passed by the House, and now mostly being ignored by the Senate Finance Committee. According to the ads, adopting this legislation would essentially hand over trillions of taxpayer dollars to the Big Banks. In fact though, based upon my cursory reading of the bill, the Political Truth is exactly the opposite.

The "Wall Street Reform and Consumer Protection Act of 2009", as it is formally named, would essentially do 4 things. The first would be to create a Financial Services Oversight Council, involving the Treasury Secretary and all the Federal financial regulatory agencies (the Fed, the SEC, the FDIC, etc.). Its job would be to monitor the entire banking system, watch for stock or housing price bubbles and excessive speculation, and limiting the financing of that speculation.

Second, the Act would let the regulators impose stricter standards on banks and insurance companies, and put limits on executive bonuses, when necessary. The stricter standards would take into account the riskiness of the bank's loans, its exposure to risky derivatives and credit swaps, its ties to other banks, and its size and importance. The strictest limits would fall on the most freewheeling banks – Bank of America, Goldman Sachs, and the like. The Act would also let the Fed prohibit "proprietary trading", e.g. banks investing their reserves in the stock market.

Thirdly, the Act would give the FDIC greater authority in deciding whether to dissolve failed banks. It would also establish regulation of "swap markets", where derivative contracts are traded, and regulate derivatives dealers. And finally, it would create a Consumer Financial Protection Agency, to limit the use of unfair or deceptive lending practices.

Now, maybe the people behind the Committee of Anonymous Donors see this as a Big Bank Bailout, but that's sure not how I read it. It looks to me like a fairly reasonable attempt to reregulate the banks, to put limits on their more risky behaviors, and hence to prevent us from having another October 2008 financial meltdown all over again. It looks to me like making the banks play fair, not handing them a free pass.

And yes, it has provisions to handle another meltdown if it occurs, but that seems a lot better than making up a system as we go, like we did 18 months ago. But maybe I'm just reading it wrong, and the Committee's reading it right. My guess, however, is that it's really the Committee Lying Through Its Crooked Teeth.

Anyway, by all means call your Senators. But call them to tell them that you want real bank reform, with real limits on the swappers and arbs and derivative makers, and all the other miscreants that created the mess we've had over the last year and a half. Tell them that Wall Street playing fast and loose with our economic system is no longer acceptable. And while you're at it, tell them that the "Wall Street Reform

and Consumer Protection Act”, or something reasonably similar to it, is exactly what Dr. McGee ordered.