Dodd-Frank dilution a win for Wall St

Peter Ravis

The US Senate abolished some restrictions on derivatives, the financial product at the heart of the financial crisis of 2008, over the weekend, delivering Wall Street a victory over a rule that has long agitated. The rule tried to curb away some of the implied taxpayer subsidies that banks' derivatives operations enjoy. Endosing such subsidies was a cause of Wall Street's critics, such as Senator Elizabeth Warren, Democrat of Massachusetts, could rally around. Repeal of the rule shows that, six years after the financial crisis, large banks have found a way to kill off regulations that were part of the Dodd-Frank Act, the sweeping legislation that Congress passed in 2010 to overhaul the financial system. The lower house of Congress voted down the rule on Thursday as part of larger budget bill. "I thought that, when Dodd-Frank started, that the banks would not succeed in influencing it, having lost all the prestige they lost," said Stanley Fischer, the vice-chairman of the US Federal Reserve. "Boy, was I wrong." Wall Street's campaign suggests that large banks now see fewer risks in openly fighting to overturn regulation. Citygroup, which received more than $850 billion of bailout money after it nearly collapsed in 2008, helped write legislation that was behind the proposed repeal of the rule. JPMorgan Chase chief executive Jamie Dimon called legislators to express his support for the repeal. Only last year, Mr Dimon was fighting to save his professional reputation after his bank racked up huge losses trading the type of Instruments that the derivatives rule focused on. But the regulation is arcane, which created a problem for the opponents of the rule's repeal. One way to stop Wall Street from killing it off was to vote against the whole spending bill and risk shutting down the government. And it might have been hard for some members of Congress to compromise going to such lengths for an esoteric measure, said Nolan McCarty, a professor of politics at Princeton. "It's not the most important part of Dodd-Frank," he said. "But the problem is that the constituency is that they now have a playbook to gather the more important parts." There is no shortage of empty regulations in Dodd-Frank that the big banks want to eliminate or dilute. They have a special loathing for the Volcker rule, which restricts banks from engaging in speculative trading. The Obama administration has trumpeted the Volcker rule as a signature part of the overhaul. But for months, the banks have been lobbying the Federal Reserve to postpone by another year the implementation of the rule. The Obama administration strongly opposes the repeal of the derivatives rule. And parts of the spending bill will secure more money for regulatory agencies like the Securities and Exchange Commission and the Commodity Futures Trading Commission. More broadly, the administration is expressing concern that the repeal of regulations that it says are crucial for the Dodd-Frank overhaul could do to its job. The most prominent of these are capital regulations, which make banks stronger by demanding that they use less borrowed money for lending and trading. People who view Wall Street sceptically are unsurprised by the campaign to repeal the derivatives rule. Policy Times

2016 could be Bushy or Clinton all over again

Washington: Jeb Bush is sending increasingly strong signals that the former Florida governor is gearing up for a 2016 presidential campaign and associates say he could announce his intentions within a month. Mr Bush recently emailed major Republican donors asking them to, as several of them put it, "keep your powder dry." His allies are urging would-be supporters not to commit to New Jersey governor Chris Christie or other potential rivals. Mr Bush's strategist, Mike Murphy, told potential campaign staffs that he would sign up to work for another candidate and to expect Mr Bush's announcement soon. Out of public office for eight years, Mr Bush has a thicket of business interests - including massive overseas investment funds - that he is working to untangle himself from before a campaign begins. According to one source, "he says he knows he has to wrap it up." If Mr Bush launched a presidential exploratory committee or otherwise declares his intentions in the next few weeks, he would immediately increase the pressure on potential rivals in both parties to make their own decisions. Hillary Clinton, the presumed Democratic frontrunner from turnout data, said she could wait until spring to launch a campaign. For Mr Bush, aides said, waiting until spring to decide on a campaign would carry serious risks. The competition is already underway among a dozen or so ambitious Republican hopefuls to woo donors and win the crucial early states. Some Republicans in communications with Mr Bush said they have contacted him in almost certain to run. His family also has a strong interest in a campaign - are now on board with a run. Mr Bush has also allowed down that he is working with a new personal trainer after a knee surgery, according to The Miami Herald, and his campaign is being run by seasoned aides. Asked whether he saw any reason Mr Bush would run, one campaign aide who has been in touch with the former governor said, "I don't own any of it." Mr Bush has said previously that he would decide by the end of this year or early in 2015. Aides said that timeline hasn't changed. "Governor Bush has not made a decision about whether or not he will run in 2016," spokesman George Stephanopoulos said. A recent week, Mr Bush has been talking with Republican leaders and strategists about how to effectively address his support for immigration reform and the education standards known as Common Core. Both positions are anathema to conservative activists, especially in Iowa, home to the GOP's first presidential caucuses. Washington Post

Israelis hurt in acid attack

Jerusalem: Seven Israelis were injured on Friday when a Palestinian man threw acid at a family that had stopped to pick up a hitchhiker at a busy intersection in the West Bank, the Israeli military said. The Palestinian attacker, who appeared addicted to drugs and the family, including four children, the interior, the also attempted to attack bystanders with a screwdriver, the army said. He was then shot and severely wounded, apparently by the police. Friday's attack came amid heightened tensions in the area after a senior Palestinian politician died on Wednesday following a confrontation with Israeli border police. The nonviolent protest in the Israeli-occupied West Bank. What caused this violence? Abu Ein, who was a prominent member of the Palestinian cabinet, has further strained relations between Israelis and Palestinians, who are still on whether he died from a blockade of the coronary artery, most likely brought on by the confrontation, or, as Palestinians believe, from being struck by one of the officers and inhaling tear gas. Palestinian officials threatened on Thursday to call off security coordina
tion in the West Bank with the Israeli military, a move Israel fears could lead to a much greater cycle of violence. The attack came in the city of Hebron, near the Palestinian village of Hawara, south of Jerusalem. Palestinian officials confirmed the attack on Friday, saying they were investigating the incident. They also called on the Israeli government to take immediate action to prevent such incidents from occurring in the future. The attack took place in the Hebron area, where there have been several similar incidents in recent weeks. The Israeli authorities have not yet commented on the attack, but have promised to investigate it thoroughly. The attack is the latest in a series of violent incidents that have occurred in the West Bank in recent months. These incidents include the stabbing of Israeli soldiers by Palestinian youths, the burning of cars, and the throwing of stones at Israeli settlements. These incidents have led to increased tension between Israelis and Palestinians, and have raised concerns about the stability of the region. The Israeli government has responded to these incidents by increasing the deployment of security forces in the West Bank, and by taking military action against suspected attackers. However, many Palestinians believe that these actions are disproportionate and are intended to intimidate them. They have called for a peaceful resolution to the conflict, and have urged the international community to take a stronger role in mediating the dispute.

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