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Financial Reform Newsletter: May 4, 2017

Think the Costs to the American People From the 2008 Crash are Over? Think Again.

The Swamp Filled with Lobbyists, Lawyers and Influence Peddlers is Alive and Well in Trump's Washington, DC and Poised to Deliver for Wall Street's Biggest Banks.

The False Choice at the Heart of the Choice Act: Financial Protection Rules or Strong Banks and a Healthy Economy.

Sen. Sheldon Whitehouse's New Book: An Important, if Frightening, Look at How Corporations Have Captured American Democracy.

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A new [report](#) concludes that U.S. home prices will not fully recover until 2025. As CNBC [reported](#), "most of the U.S. housing market has not recovered from the epic crash of the last decade." When combined with ongoing under-employment, underwater homes, wage stagnation, lost GDP growth, the damage to the American people from 2008 crash is going to [exceed \\$20 trillion](#) and continue for a long time. Think about that next time you hear some politician taking about "deregulating" Wall Street or banks, which is exactly what they did in the years before the last crash.



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Republicans on the House Financial Services Committee are working overtime to pass a gigantic deregulation bill that largely could have been - was? - drafted by Wall Street and its lobbyists. The bill would kill the consumer financial protection bureau, disarm the cops on the Wall Street beat, gut the clients' best interest fiduciary duty rule and generally unleash finance to party

like it's 2005 pretending that the crash of 2008 never happened.

While the headlines have been focusing on the big items in the bill, it's important to remember that the Swamp is also expert at sneaking in a few words here and there in big bills like this to deliver big bucks to their paymasters, often Wall Street's biggest firms. No surprise, the 600-page monster of a bill - laughably called the CHOICE Act (who would choose to be ripped off by financial predators?) -- has 93 words buried in it that could [deliver more than \\$200 billion estimated that to the four biggest banks in the U.S.](#) - JP Morgan Chase, Bank of America, Wells Fargo, Citigroup.

No doubt that this is but one example of many, many more unknown giveaways to Wall Street tucked into the bill.

The False Choice at the Heart of the Choice Act: Financial Protection Rules or Strong Banks and a Healthy Economy.

The assault on sensible financial protection rules has begun in earnest as the House Financial Services Committee marks up the so-called CHOICE Act, which would dismantle nearly every key component of the Dodd-Frank Act and return us to the days before the 2008 financial crisis when systemically dangerous financial firms recklessly and sometimes illegally chased bigger and bigger profits and bonuses.

Better Markets in the News:

Bloomberg BNA

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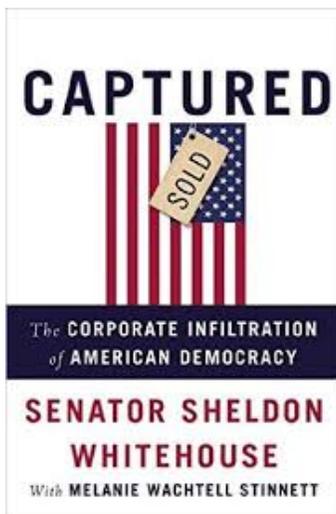
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But the entire rationale for the CHOICE Act is based on a false choice between financial protection rules or strong banks and a healthy economy. Better Markets released two fact sheets (found [here](#) and [here](#)) demonstrating that point and also explaining how this dangerous and radical deregulation of Wall Street sows the seeds of the next financial crisis.



There are three key facts to keep in mind as Wall Street and its allies spin their usual litany of talking points to mislead the public into thinking that financial reform rules have slowed the economy, hurt banks, and stifled bank lending. First, [bank lending is at record highs](#). Second, [banks both large and small are reporting record profits](#). Finally, the reason banks are doing well is because of the post-crisis protections put in place to maintain the stability of the financial system. [The proof can be found by looking to Europe and seeing where EU banks are struggling, US banks are thriving](#).

These facts prove that durable, sustainable economic growth and responsible lending require effective rules that ensure a balanced, competitive financial sector working in support of the economically productive real economy.



Sen. Sheldon Whitehouse's New Book: An Important, if Frightening, Look at How Corporations Have Captured American Democracy. In *Captured: The Corporate Infiltration of American Democracy*, Sen. Sheldon Whitehouse and his co-author Melanie Wachtell Stinnett offer a damning critique of improper corporate influence and the corrosive impact on American democracy.

In the beginning of the United States, corporations were limited by law in their purpose and how long they could exist. Many corporations were created for specific purposes like building a bridge and were dissolved after that task was accomplished. In modern times, corporations are their own living entities (who else remembers Mitt Romney's famous line from the campaign trail, "Corporations are people, my friend."?), with almost no limits on their activities, and exist to enrich their shareholders.

Regulatory capture looms large in the book, as Whitehouse offers his take on increased corporate power within the government. With regulators thinking about potential employment after the government, some industries barely need to lift a finger to achieve their goal of little or no regulation of their industries. Unsurprisingly, the SEC and the Department of Justice are cited as notable failures in this regard.

Finally, Senator Whitehouse turns his attention to the network of think tanks and front organizations that spread doubt on issues that should otherwise be obvious to the American public. Whitehouse shows how financial firms, among others, contribute to these groups that ultimately generate white papers, that do not withstand scrutiny of their research or methodology and produce findings that support the desired policy change.

With the attempted takeover of the White House by Goldman Sachs and the overall effort to dismantle and destroy regulations meant to protect American consumers looming larger day by day, Senator Whitehouse offers a timely book that is more pertinent than ever in modern politics.



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