Roll Call
THE NEWSPAPER OF CAPITOL HILL SINCE 1955

Democratic Support Wanes for Dodd-Frank Changes

Eliza Newlin Carney, CQ Roll Call, 4/6/15

Call it the Elizabeth Warren effect.

The Massachusetts Democratic senator's anti-Wall Street crusade may help explain a small but noticeable drop in support for big banks among Democrats on Capitol Hill. The decline turns up in an analysis of voting patterns during the 113th Congress soon to be released by Americans for Financial Reform, an advocacy group that promotes Wall Street accountability.

Take the repeal late last year of a provision in the 2010 Dodd-Frank law (PL 111-203) that had restricted risky trades. The Dodd-Frank rule had required banks to push some of their derivatives business out into subsidiaries.

A measure to repeal that rule first passed the House as a stand-alone bill in 2013, with 70 Democratic votes. But when that same swaps restrictions repeal resurfaced in the year-end omnibus spending bill, only 57 Democrats backed it.

Another Wall Street-backed bill that sailed through the House last year with substantial Democratic support was the Promoting Job Creation and Reducing Small Business Burdens Act, which was billed as a noncontroversial technical corrections bill and won 95 Democratic votes.

But consumer groups opposed the bill in part because it would delay implementation of the Volcker Rule banning proprietary trading. And in this Congress, when a virtually identical House bill with a similar name (HR 37) came to the floor in January, only 29 Democrats voted for it.

Similarly, 30 Democrats signed onto a House-approved bill in October 2013 that would have blocked certain Labor Department restrictions on Wall Street brokers who offer retirement planning advice. The bill's author, Ann Wagner, R-Mo., has reintroduced the bill in this Congress (HR 1090), but not a single Democrat has signed on.

"There is more of a debate and more of a public spotlight on which side people are on" with regard to Wall Street regulation, said Lisa Donner, executive director of **Americans for Financial Reform**.

Donner credited such senators as Warren for raising the profile of the debate over Dodd-Frank, adding: "It does make members think twice to know that they are going to be asked about those votes, and that there is going to be a public debate about them in a way that in the past there often hasn't been."

Last year, Warren mobilized opposition to the omnibus (PL 113-235) because of the swaps provision related to Dodd-Frank. Her rebellion was quashed, but the episode still made Democrats wary of provoking Warren.

Banking lobbyists dismiss the notion that Warren has cooled appetites on Capitol Hill for Dodd-Frank changes, which have been heavily pushed by the financial services industry.

Commercial banks spent $90 million on lobbying in 2014, according to the Center for Responsive Politics, and the securities and investment industry made $194 million in campaign contributions in the midterm elections. President Barack Obama has also pledged to repeal any Dodd-Frank rollbacks.

“Is it more difficult to convince members to look at Dodd-Frank anew? Sure,” acknowledged James Ballentine, chief lobbyist for the American Bankers Association. “It’s certainly difficult, but not impossible.”

The industry’s best hopes for action may lie in regulatory relief for regional banks and mortgage lenders. Warren has opposed these on the grounds that big banks will exploit any changes aimed at relaxing restrictions on smaller institutions.

Whether or not Warren’s assaults on Wall Street will block financial services legislation, they’ve helped her fundraising. Following a Reuters report that Citigroup, JP Morgan and other big banks were withholding contributions from Democrats to signal their displeasure, Warren sent out three fundraising solicitations challenging the banks to “Bring It On,” and managed to net $100,000.