Feingold is only Democrat against financial reform bill

By Craig Gilbert of the Journal Sentinel

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Washington — Wisconsin's Russ Feingold is expected to be the only Senate Democrat voting against the hotly debated financial reforms backed by President Barack Obama when they are put to a final vote in the coming days.

Feingold's stand has made it more difficult for his party to muster the 60 Senate votes it needs to pass what is a huge priority for the White House and frustrated some progressive groups who are his natural allies.

His position on the issue is unique in the 100-member Senate.

All the measure's other opponents in that body are Republicans. Feingold is the only senator opposing the bill from the progressive side of the debate and the only one who is arguing that the new regulations are so timid and easy on Wall Street that passage would do more harm than good.

"It doesn't do the job, and I'm not going to be part of basically defrauding the American people into thinking it does," said Feingold in an interview that underscored his pointed differences with his own party on a reform package intended to prevent a repeat of the catastrophic financial meltdown of 2008.

Heather Booth, director of a huge left-of-center coalition pushing for passage, told a radio talk show June 30 that Feingold was effectively "standing with Wall Street and against Main Street" by voting no.

In the interview, Feingold leveled the same charge against some of the bill's supporters.

"The most progressive elements know this is a bad bill," Feingold said. He described some of the bill's progressive backers as "pseudo-progressives," late-comers to the issue or groups financed by powerful interests who want to "paper over the real problems in order to say they've solved it. They are not trying to get at the core issues."

Despite some good things in the bill, Feingold said, it fails to fix the most important problems: Financial institutions that are "too big to fail" and the breakdown of old boundaries between different entities such as commercial banks and investment houses. The third-term senator is not alone in those criticisms; a number of analysts have made similar arguments.

But other Senate Democrats dissatisfied with the bill have concluded it's the best they are going to get. Only one, Maria Cantwell of Washington, joined Feingold in opposing its initial Senate passage in May. But Cantwell is now supporting the bill after new enforcement language was added on derivative trading.

"Sen. Cantwell actually functioned quite differently from Sen. Feingold," Booth, a leader of the liberal coalition supporting the bill, Americans for Financial Reform, told Baltimore talk radio host Marc Steiner at the end of June.

"We think she has provided real leadership and was deeply engaged and wasn't just doing arm-chair philosophizing about what might be in a bill," said Booth, whose organization includes a who's who of labor, consumer and liberal advocacy groups.

Half a loaf

Citizen Action of Wisconsin, a member of that coalition, said the bill could be better but that some reform is better than no reform.

"I guess where we come down is if Sen. Feingold had a strategy by which . . . voting it down will lead to better reform later, we'd be very interested in that, but we don't see that at all," said the group's director Robert Kraig. He said the bill provides major new consumer protections, makes trading of risky derivatives more transparent and guards against abusive mortgage practices.

"We would prefer in this case to see a more pragmatic judgment (by Feingold) that what we can get now is worth getting," he said.

Kraig said "there's extreme frustration among the national (progressive) groups" over Feingold's opposition. He said among Wisconsin groups, there's "more of realization that when Feingold digs in on an issue, there's only so much you can do."

Indeed, Feingold is portraying his stand as an example of his independence, as he faces a potentially tough re-election fight in a sour political climate for Democrats. He says his position is consistent with long-held concerns about concentration of finance, noting he was one of eight senators to vote against a key 1999 bill that allowed consolidation among commercial banks, investment banks, insurance companies and investment firms.

"I'm sympathetic to his point of view. . . . The bill is not perfect. Many concessions were made to Wall Street," said Michael Greenberger, a former commodities regulator who has been working with two coalitions backing the bill, including Booth's group. But Greenberger called the bill a building block that gives regulators better tools than they had before the meltdown, provides ammunition to address the too-big-to-fail problem and, if properly implemented, "can head off future conduct that is destructive to the economy."

Feingold said he had talked to the White House about his opposition to the bill but not to Obama, who touted the measure during a recent visit to Racine as "reform that will prevent a crisis like this from happening again."

The same day Obama was in Wisconsin, Feingold published a piece on the Huffington Post website ripping the measure, saying, "This bill caves to Wall Street interests, it doesn't meet the test of preventing another financial crisis, and it won't get my vote."

GOP opponents

Most Republicans who oppose the bill do so for very different reasons.

Feingold's two GOP opponents, Dave Westlake and Ron Johnson, both have said they would vote no on the financial reforms. Both cited what they said was too much regulation and new bureaucracy, and both said the bill fails to correct what they regard as a key factor in the financial crisis - problems with mortgage giants Fannie Mae and Freddie Mac.

Westlake said that when government exercises "an artificial influence" on the marketplace, "supply and demand can't find its natural equilibrium."

Johnson, considered the GOP front-runner, said he agreed with Feingold that there has been "way too much concentration" in the financial industry, but added that was a problem that should have been tackled through the anti-trust laws.

"I'm not reflexively anti-government," Johnson said. "I do look to the federal government to provide effective regulation in terms of anti-trust to make sure large entities don't engage in monopolistic practices."