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In case you missed it-

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Opinions

Hillary Clinton's Wall Street problem

By Harold Meyerson Opinion writer

Over the past week, the usually redoubtable Hillary Clinton has comported herself like a leaf in a storm. Last Friday, campaigning in Boston for Democratic gubernatorial candidate Martha Coakley, Clinton not only praised Elizabeth Warren, the Massachusetts senator who has won a devoted following as the scourge of big banks; she sounded like her.

"I love watching Elizabeth giving it to those who deserve it," Clinton said. She touted Coakley for her presumably Warrenesque attributes: "She stood up to the big national banks that tried to trick and trap and cheat our families." Warming to the topic, Clinton continued in an unaccustomed populist vein: "Don't let anybody tell you that, you know, it's corporations and businesses that create jobs. You know that old theory, trickle-down economics: That has been tried; that has failed."

Problem is, some of Clinton's long-standing supporters run those big banks. On Monday, at a campaign stop in New York, the Democrats' presumptive presidential front-runner rephrased. "Our economy grows when businesses and entrepreneurs create good-paying jobs here in America, where workers and families are empowered to build from the bottom up and the middle out."

Clinton's semi-demi-about-face reflects a fundamental tension in Democratic politics. Like most Americans, the party's activists have

Democratic politics. Like most Americans, the party's activists have nothing but scorn for Wall Street, which they see — with ample data backing them up — as enriching itself at the expense of the rest of the nation. Yet at the level of presidential politics and government, a significant sector of big-time banking has long supported the Democrats. Indeed, as Wall Street's share of the nation's wealth has grown, it has become a leading funder of Democratic, no less than Republican, presidential hopefuls and has claimed for itself the top economic posts in the past two Democratic administrations.

But the Wall Street from which banker C. Douglas Dillon emerged to become John F. Kennedy's treasury secretary in 1961 couldn't be more different from the Wall Street that spawned Robert Rubin and his like-minded protege at the New York Fed, Timothy Geithner, the respective secretaries of Bill Clinton and Barack Obama. In Dillon's day, Wall Street, still laboring under New Deal-era regulations, funded American businesses and didn't take a huge cut for itself. Over the past quarter-century, however, Wall Street became the dominant force and most lucrative sector in the U.S. economy, enriching shareholders and bankers at the expense of nearly everyone else. The adamant opposition of Clinton's Treasury Department to the regulation of derivatives and its support for the repeal of the Glass-Steagall Act, which had kept publicly insured depositor banks from risky investments, directly contributed to the financial collapse of 2008 and the ensuing recession. The indifference of Obama's Treasury Department to the plight of underwater homeowners — a striking contrast with the solicitude it showered on the big banks — made that recession longer and more severe.

Today, as New York Times financial columnist Andrew Ross Sorkin reported, "an army of Wall Street bankers has been angling for roles in her [Hillary Clinton's presidential] campaign in hopes of clinching spots in her administration." Those bankers, Sorkin wrote, greeted Clinton's Boston speech with a mixture of dismay and skepticism. "I doubt she meant that,"

one told him.
How, then, does the non-Wall Street wing of the Democratic Party — the Democratic 99 percent, we might say — keep its presumptive presidential nominee from entrusting the nation's economy to those who see Wall Street as the solution rather than the problem? How can Democrats save Clinton from herself?
Here's how: In the winter of 1932-1933, as President-elect Franklin Roosevelt was assembling his Cabinet, he was lobbied to appoint a leader of the J.P. Morgan investment bank, then headquartered at 23 Wall St., to a top post at Treasury. Roosevelt refused — categorically. "We simply cannot go along with 23," he told an aide.
Roosevelt's refusal should become a standard to which Democratic activists hold all their presidential candidates. FDR understood that the largely unregulated banks of the 1920s had substantially created the 1929 crash and Great Depression and should not be entrusted with rebuilding the economy. Faced with the almost equally disastrous record of the post-regulation Wall Street of the past several decades, the new president needs a similar understanding.
So as Roosevelt said no to 23, Democrats should insist that their candidates say no to 200 (the street number of Goldman Sachs' headquarters), no to 270 (JPMorgan Chase) and so on. Wall Street bankers have their place, but it's not at Treasury.