

## Democrats Use Goldman to Push Bank Overhaul

Пише: Carl Hulse  
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Washington — Politicians like nothing more than a convenient foil, and Democrats locked in a stubborn impasse with Republicans over new rules to govern Wall Street believe they have found a gold-plated one in [Goldman Sachs](#) .

Democrats say the convergence of their push for an overhaul of [financial regulation](#) and a prominent federal securities case against the prestigious investment firm is a matter of coincidence, not planning.

But they have seized on emerging details about Goldman’s wheeling and dealing — recounted in a marathon bipartisan questioning of top executives from the firm on Tuesday during a televised Senate hearing — to put pressure on Republicans.

“If the disclosures at these hearings are not the final nail that persuades the American people to demand this be done now, I don’t know what would be,” said Senator [Byron Dorgan](#) , Democrat of North Dakota. “To bet against your clients, to bet against your country, all for the sake of big profits. The timing is serendipitous but it should increase the pressure on Republicans.”

Even as current and former Goldman executives defended themselves against charges of pillaging the economy, Democrats forced another procedural vote on the Wall Street regulatory measure. They knew they would come up short but were intent on juxtaposing the image of millionaire bankers parrying suggestions of greed and malfeasance with Republican determination to at least slow a bill calling for tighter regulation. Democrats said they would keep calling for votes to make their point.

“Republicans will have more opportunities to show whose side they are truly on,” said Senator

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### [Harry Reid](#)

, Democrat of Nevada and the majority leader.

If nothing else, the civil case filed by the [Securities and Exchange Commission](#) against Goldman has given Democrats a chance to highlight a cast of purported villains, embodiments of the forces that led to the financial crisis and the ensuing deep recession and faces at which the nation's angry populist impulses could be directed.

For hour after hour on Tuesday, Democrats and Republicans interrogated Goldman's mortgage men, including the chief executive, [Lloyd C. Blankfein](#), and [Fabrice Tourre](#), the employee named in the S.E.C. complaint, putting them on the spot over Wall Street's questionable conduct at a legislatively propitious moment.

None of the Goldman executives have been found to have done anything wrong, but some Democrats were ready to place them in the same role played in past financial crises by high-fliers like Charles Keating, [Michael Milken](#) and [Ken Lay](#), all of whom came to personify the excesses of the moment.

The hearings were the culmination of a Democratic strategy to take full advantage of the opportunity created by the S.E.C. civil case.

Top Democrats said it helped to put a face on an economic calamity that is as complicated as a synthetic [collateralized debt obligation](#). But the real impact of the Goldman Sachs inquiry seemed difficult to gauge when it came to Republicans.

While Senate Republicans joined Democrats in pounding on the Goldman executives at the hearing and expressed comparable outrage over what they described as blatant conflicts of interest in the structuring of Goldman deals, they confidently trooped over to the Senate floor to vote again to block the bill.

They accused Democrats of trying to force through a partisan measure, sought to raise new questions about the measure's reach beyond the titans of Wall Street and noted that many

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Democrats had benefited more from Goldman campaign contributions than Republicans.

Senator [Mitch McConnell](#) of Kentucky, the Republican leader, said he did not believe Republicans would pay a political price for their resistance to the legislation, even with the Goldman case playing out in the background, as long as Republicans could make the case that they were trying to achieve a better end result.

“What happens on Monday or Tuesday versus what happens later is something largely lost on the general public,” he said.

Some Democrats, despite being aghast at Goldman’s evident willingness to bet against investments it was selling to other clients, said it was in some ways inequitable to single out Goldman when they might have just been the biggest and best at what became a Wall Street routine.

“They were all doing this,” Senator Claire McCaskill, Democrat of Missouri, said. “This was lemminglike.”

Other Democrats said privately that the party needed to be careful in how far it goes in portraying Goldman Sachs as the chief bad guy in the financial collapse given the firm’s major presence on Wall Street, as well as in the world’s financial markets. Some Republicans have suggested that the Goldman developments are too much of a coincidence, implying that the S.E.C. lawsuit and Senate hearing were all elements of an orchestrated effort to provide momentum to the Wall Street overhaul and help Democrats break the Republican unity against the measure.

Administration and Congressional officials strongly deny any such coordination and note that the investigative committee headed by Senator [Carl Levin](#), Democrat of Michigan, has been looking into the underlying causes of the financial crisis for months.

Still, Democrats were not about to let such a prime opportunity pass.

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Moments after Republicans blocked debate on the bill for a second time, Senator [Dianne Feinstein](#), Democrat of California, took the Senate floor to note that she had been following the Goldman Sachs hearing.

“Goldman Sachs will have their day in court,” she said. “But the allegations against the firm cry out for greater transparency at giant Wall Street banks.”

<http://www.nytimes.com/2010/04/28/business/28bankers.html?src=me&ref=business>