Opinion: Shenanigans fuel distrust of Wall Street

By Robert Reich

Wall Street is its own worst enemy. It should have welcomed new financial regulation as a means of restoring public trust. Instead, it's busily shredding new regulations and making the public more distrustful than ever.

The Street's biggest lobbying groups have just filed a lawsuit against the Commodities Futures Trading Commission, seeking to overturn its new rule limiting speculative trading in food, oil and other commodities.

The Street makes bundles from these bets, but they have raised costs for consumers. In other words, a small portion of what you and I pay for food and energy has been going into the pockets of Wall Street. Just another redistribution from the middle class and the poor to the top.

The Street argues that the commission's cost-benefit analysis wasn't adequate. At first blush, it's a clever ploy. There's no clear legal standard for an "adequate" weighing of costs and benefits of financial regulations, since both are so difficult to measure. And putting the question into the laps of federal judges gives the Street a huge tactical advantage because the Street has almost an infinite amount of money to hire so-called "experts" who will say benefits have been exaggerated and costs underestimated.

The Street used the same ploy last year, when the Securities and Exchange Commission tried to make it easier for shareholders to nominate company directors. Wall Street argued that the commission's cost-benefit analysis was inadequate. Last July, a federal appeals court – inundated by Wall Street lawyers and hired-gun "experts" – agreed with the Street. So much for shareholder rights.

Robert Reich, former U.S. secretary of labor, is professor of public policy at UC Berkeley and the author of “Aftershock: The Next Economy and America’s Future.”

Read the whole story