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Republicans Should Take Up 'Too Big to Fail'

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The Cato Institute's Arnold Kling wrote [an excellent piece for NR](#) about a year ago on why we need to break up the big banks — a position that, at the time, many would have considered fringe at best. However, in a recent white paper, Thomas M. Hoenig, president of the Federal Reserve Bank of Kansas City, [says much the same thing](#):

Today, I am convinced that the existence of too big to fail financial institutions poses the greatest risk to the U.S. economy. The incentives for risk-taking have not changed post-crisis and the regulatory factors that helped create the crisis remain in place. We must make the largest institutions more manageable, more competitive, and more accountable. We must break up the largest banks, and could do so by expanding the Volcker Rule and significantly narrowing the scope of institutions that are now more powerful and more of a threat to our capitalistic system than prior to the crisis.

“Too Big to Fail” is an issue that Republicans shouldn't duck in 2012. President Obama is in bed with these guys. I don't know if breaking up the TBTFs is the solution, but Republicans need to shame the president and put daylight between themselves and the crony capitalists responsible for the financial meltdown. They could start by promising not to stock Treasury and other major economic posts with these, if you pardon the phrase, malefactors of great wealth.

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