



Warren, left fume over deal

By [Peter Schroeder](#)

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Sen. Elizabeth Warren on Wednesday sought to rally opposition to the \$1.1 trillion government funding bill, spearheading a revolt on the left that has put her influence in the Democratic Party to the test.

The Massachusetts liberal pleaded for House Democrats to withhold support for a government funding package due to a provision she said would change the Dodd-Frank financial reform law to let “Wall Street gamble with taxpayer money.”

Her call gave voice to opposition among liberals to provisions tucked in the “cromnibus” deal that they argue would let big banks engage in the same risky trading that toppled the economy in 2008.

With House Republican leaders acknowledging they’ll need Democratic support to get the legislation through, unified opposition from liberals could prove fatal. A vote on the House floor is set for Thursday.

Warren dodged when asked how far she’d go to stop the bill if it reached the Senate with the Dodd-Frank provisions intact, stressing that the House must act first.

“We’re trying to get it out of the House omnibus bill right now,” she said. “That is where all the pressure is.”

Opposition to the funding deal began to surface early Wednesday morning as lawmakers began sorting through the surprise provisions tucked in the more than 1,600-page funding package.

While several controversial policy riders were quickly discovered, it was the change to Dodd-Frank that generated the loudest outcry.

The provision would no longer require that big banks separate trades in financial derivatives from traditional bank accounts, which are backed by the government through the Federal Deposit Insurance Corporation (FDIC). The derivatives played a key role in the financial collapse.

Critics argue the change would leave taxpayers on the hook if trades explode. Former Rep. Barney Frank (D-Mass.) called it a “stealth attack” on his namesake achievement.

Still, it's unclear whether the opposition from Warren, Frank and others will persuade House Democrats to risk a government shutdown by voting against the bill.

Even vocal critics in the Senate of the provision, such as Sens. Jeff Merkley (D-Ore.) and Sherrod Brown (D-Ohio), stopped short of promising to oppose it.

The White House, similarly, is not saying whether President Obama would sign the omnibus, though White House press secretary Josh Earnest said he was "pleased" to see a bill produced.

The change to the Dodd-Frank law has enjoyed bipartisan support in the past.

Republicans and 70 House Democrats voted for a version of the tweak in 2013, with most arguing it would boost economic growth and lessen the regulatory burdens on banks.

"There's huge misunderstandings about what this thing says," said Rep. Jim Himes (D-Conn.), who was an early sponsor of the original House bill.

Himes argued that the most dangerous derivatives would still be kept away from government-backed banks under the provision, and that banks would only be allowed to trade "plain vanilla" interest rate swaps.

Generating opposition to a complicated change to Dodd-Frank could prove a difficult task for Warren, who is being courted by groups on the left for a White House run in 2016.

House Minority Leader Nancy Pelosi (D-Calif.) said the Dodd-Frank provision "opens the door to another taxpayer-funded bailout of big banks," but did not say she'd oppose the entire package because of the provision.

Reps. James Clyburn (S.C.), the third-ranking House Democrat, and Steny Hoyer (D-Md.), Pelosi's top lieutenant, were both noncommittal about the bill after a meeting Wednesday morning.

Republicans have hammered at the Dodd-Frank law since its passage in 2010, arguing it bogs down the economy in red tape.

Financial services industry lobbyists and GOP aides said the round of negotiations over the government funding bill presented their best shot yet at cracking through Democratic opposition to changing Dodd-Frank.

"The regulatory reforms in the omnibus are the first cracks in the Dodd-Frank armor," said one senior GOP Senate aide, who asked not to be named in order to speak freely on the issue.

The aide said GOP leadership should use the tactic to

begin chipping away at other Democratic laws, including ObamaCare.

“If liberal Democrats vote for this package it shows that conservatives can use must-pass legislation to repeal the regulatory state,” the aide said.

Former Senate Banking Committee aide Mark Calabria said Congress has “begun smoothing some of the rougher edges of Dodd-Frank.”

“Large-scale reform remains unlikely, but modifications are almost now a certainty,” said Calabria, director of financial regulation studies at the Cato Institute.

Another top financial services lobbyist called the changes to Dodd-Frank “common sense” and noted their bipartisan support.

The lobbyist said that bill lends momentum to the push for “addressing more concerns next year,” when Republicans will control both chambers of Congress.