

# The New New Deal

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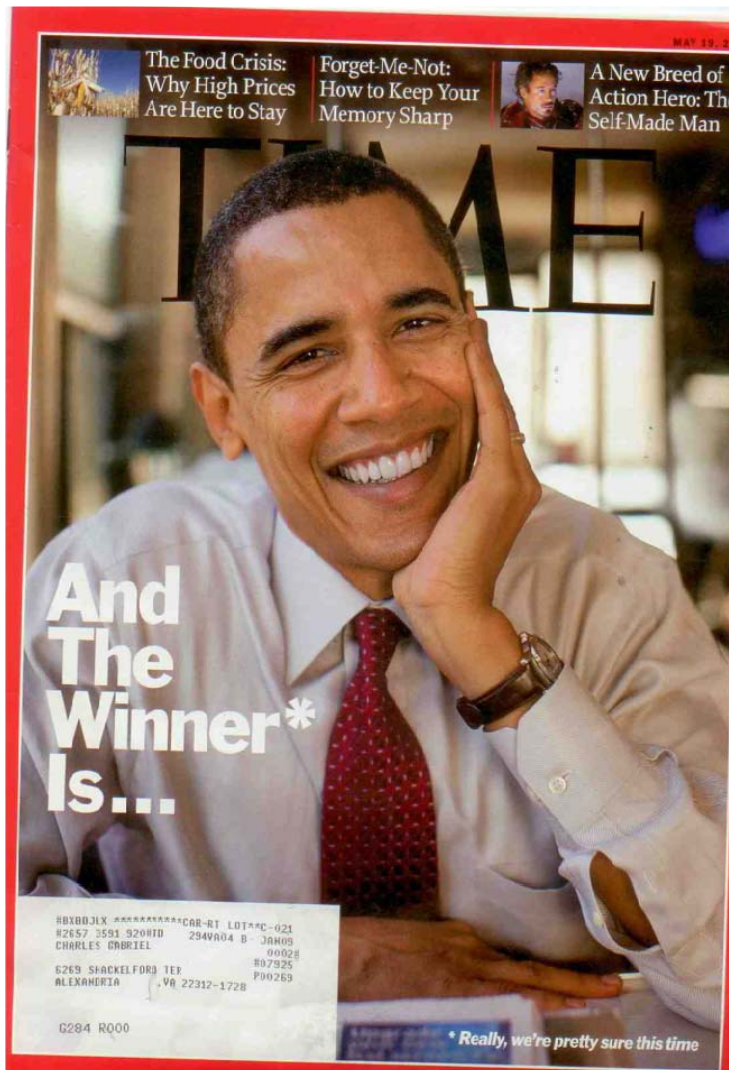
“It was now a matter of seeing whether a representative democracy could conquer economic collapse. It was a matter of staving off violence – even, some thought – *revolution*.”

-Arthur Schlesinger









The Food Crisis:  
Why High Prices  
Are Here to Stay

Forget-Me-Not:  
How to Keep Your  
Memory Sharp

A New Breed of  
Action Hero: The  
Self-Made Man

# TIME

## And The Winner\* Is...

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\* Really, we're pretty sure this time



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# Realignment?

## House

- **257 Democrats**
- **178 Republicans**

Before:

- 236 Dems
- 199 Republicans

## Senate

- **58 Democrats\***
- **41 Republicans**

Before:

- 51 Democrats
- 49 Republicans



\*Still awaiting Minnesota.

**CABINET**

**Treasury**  
Tim Geithner

**State**  
Hillary Clinton

**Defense**  
Robert Gates

**Commerce**  
Judd Gregg

**Attorney General**  
Eric Holder

**Homeland Security**  
Janet Napolitano

**Education**  
Arne Duncan

**HHS**  
Tom Daschle

**Energy**  
Steven Chu

**Interior**  
Ken Salazar

**Transportation**  
Ray LaHood

**Labor**  
Hilda Solis

**HUD**  
Shaun Donovan

**Agriculture**  
Tom Vilsack

**Veterans Affairs**  
Eric Shinseki

## Other Key Positions

**Chief of Staff**  
Rahm Emanuel

**NSA**  
James Jones

**UN**  
Susan Rice

**Counsel**  
Greg Craig

**NEC**  
Larry Summers

**Press Secretary**  
Robert Gibbs

**OMB**  
Peter Orszag

**USTR**  
Ron Kirk

**EPA**  
Lisa Jackson

**CFTC**  
Gary Gensler

**SEC**  
Mary Schapiro

# What's In Store?

- Reregulation, Government Spending/Investment
- A Radically-altered, Delevered U.S. Financial System
- Much Ado About Infrastructure, Fuel Efficiency/Climate Change, Health Care Reform
- Consumer Protection
- Pro-Union Policies
- Retrenchment on Legal Reform
- Activist Government
- Tax Reform
- Transitioning Fuel Policy/Prices
- Higher Deficits
- Less Unilateralist U.S. Foreign Policy



# First Wave

## FDR: Achievements

- Emergency Banking Act
- Economy Act
- 1933 Banking Act/Glass-Steagall
- Home Ownership Loan Corporation
- Federal Deposit Insurance Act
- Securities and Exchange Act
- Agricultural Adjustment Act

## Obama: Goals

- Bank Stabilization/EESA (TARP)
- \$850 Billion Stimulus; Middle Class Tax Cuts; Infrastructure Reinvestment; Auto Industry Workout
- Foreclosure Mitigation
- Financial Services Regulatory Reform
- Card Check Act
- SCHIP/Medicaid Expansion
- Renewable Portfolio Standard

# Second Wave

## **FDR: Second New Deal**

National Labor Relations Act  
Work Progress Administration  
(WPA)  
Social Security Act  
Judiciary Reorganization Act of  
1937  
Creation of Fannie Mae (1938)

## **Obama: Second Round Of Audacious Hopes**

Deficit Reduction/Peace Dividend  
Health Care Reform/Universal  
Coverage?  
Entitlement/Social Security  
Reform  
Bankruptcy Reform  
Climate Change/Cap & Trade;  
“Green Investments”  
Tax Realignment

# For Commodities Trading Stakeholders. . .

- New Traction For Old Threats?
- Derivatives Markets Transparency and Accountability Act of 2009 (DMTA)
  - CFTC to set position limits for all commodities, possibly even on OTC trades.
  - Banning of Naked CDS
  - CCP mandate on all OTC Derivatives
    - Modest SEC waiver authority
  - Eliminates “Enron Loophole” (restricting U.S.dealers’ access to foreign-based electronic trading systems)

# . . . We're Cautiously Optimistic

- Last year's fever to end "speculative" behavior (driven by high energy prices) has broken
- Perceived CDS role in financial crisis has yet to be addressed, yet will complicate Hill action
  - Ag, Financial Services, and Energy & Commerce panels would share jurisdiction in DMTA's consideration
  - Precarious status of markets will chasten Congress in advancing reforms

# But If We're Wrong . . .

- “The result of DMTA enactment or anything approaching it will be less liquid markets and less reliable pricing.”

# Re-Regulation?

- CFMA Under Fire
- Regulatory Restructuring and Reform
  - The Bush/Paulson Blueprint
    - CFTC/SEC Merger?
  - Group Of Thirty
  - GAO

# Race Toward A Central Clearinghouse

- CME
- ICE
- LCH Clearnet/NYSE Euronext

–Advantage ICE?

# Thank You

**Charles A. Gabriel, Jr.**  
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