Wall Street bankers, traders and executives are also licking their chops over what is shaping up to be one of the most profitable years ever, and there does not appear to be the slightest bit of concern that, regardless of who wins the presidency next November, there will be any meaningful additional reform beyond what is already required by the Dodd-Frank law (even as it continues to be fileted) and the "Volcker rule," which is designed to prevent proprietary trading. In fact, Wall Street seems united behind the idea that not only is reform low on any presidential agenda, it is also not even practical to expect that the 115th Congress, regardless of its composition, would pass any legislation that would further curb Wall Street's penchant for bad behavior.
"The consensus is that Wall Street regulation is not going to get much worse than it already is," says Anthony Scaramucci, founder of the investment firm SkyBridge Capital and a financial supporter of Jeb Bush. Another senior Wall Street banker agreed that Wall Street had "made its peace with Dodd-Frank" but that the idea of turning back the clock and reinstituting Glass-Steagall, the Depression-era law that separated investment from commercial banking—as a diverse group of senators such as Warren, John McCain, Maria Cantwell and Angus King has advocated—was "ridiculous," since "we wouldn't even know where to start." He added that no one who has any understanding of how Wall Street works would even suggest it.

Hillary Clinton is helping to assuage the Street's concerns. After she botched her answer to Sanders' assertion during the November 14 Democratic presidential candidate debate that she is incapable of reforming Wall Street because of the money big banks have given her over the years—by some estimates as much as $20 million between paid speeches and campaign contributions—the *New York Times* editorialized that she should make "a fast, thorough effort to explain herself" by sharing a detailed plan about how she would protect America's middle

class from another financial crisis. In a December 7 op-ed in the *Times*, she complied, with a masterpiece of political discourse designed not to *really* offend any of her many friends on Wall Street while also keeping progressives at bay. Sandwiched between hot rhetoric directed toward Republicans in Congress, whom she claimed were determined to “forget about” the 2008 financial crisis, Clinton vowed to hold Wall Street accountable for its behavior and to curb “the kind of high-stakes speculation” that “devastated” our economy. Her prescription? A pledge to veto any legislation that would “weaken financial reform”; to impose a new “risk fee” on banks with more than $50 billion in assets; and to “fight to reinstate” the rules governing credit-default swaps and derivatives that were repealed during last year’s budget fight. She also promised to increase capital, liquidity and margin requirements at the big banks; to impose a tax on high-frequency trading; and, finally, a promise to extend the statute of limitations to 10 years, from five years, for the prosecution of “major” financial crimes and to force big banks to admit wrongdoing as part of any financial settlements.

But she specifically rejected the idea—a favorite of the more liberal wing of her party—of reinstating Glass-Steagall. “Many of the firms that contributed to the crash in 2008, like A.I.G. and Lehman Brothers, weren’t traditional banks, so Glass-Steagall wouldn’t have limited their reckless behavior,” she wrote dismissively. She made no mention whatever of the need to change Wall Street culture to prevent the kind of bad behavior that led to the crisis in the first place, which was the subject of a daylong conference at the New York Federal Reserve Bank in November, or of the need to utterly revamp the compensation system on Wall Street that still rewards bankers and traders with millions of dollars of year-end bonuses to take huge risks with other people’s money—driving much of their behavior, both good and bad—without any accountability for their actions.

In other words, for all her tough talk, Clinton's plan to reform Wall Street is little more than a series of tweaks on the margins—a new risk fee here and a longer statute of limitations there. Several of her suggestions—such as those for higher capital and requirements that big banks admit wrongdoing as part of any financial settlement—are already in place or in the queue. Others, such as a tax on high-frequency trading, are head-scratchers since that is not even a Wall Street business of any substance and would effect only a tiny slice of traders. As for the chance that she will fundamentally push to reform Wall Street and its reckless behavior, unlikely.

Indeed, the view is growing on Wall Street that perhaps the existing regulatory framework has gone too far and is stifling economic growth.

During a December 3 "state of the industry" news briefing, John F. W. Rogers, a longtime Goldman Sachs partner and the chairman of SIFMA, the Securities Industry and Financial Markets Association—in other words one of the most senior and influential people on Wall Street—noted what he called a "Great Disappointment" spreading across the country, which explains both the appeal of outsider candidates such as Ben Carson and Donald Trump and the fact that tens of millions of people have tuned in to watch the presidential debates, more than a year before the election. He said people are disappointed in the economy because it doesn't seem to be growing fast enough, and that their own economic prospects have been lackluster. They blame the "political establishment" for not fixing the economy.

But the one thing that he does not believe is causing the Great Disappointment, or is on the top of anyone's agenda, is concern about the excesses of the financial system. "Broad economic issues, yes," he said, but not the specific issues, such as reinstituting Glass-Steagall or eliminating the carried-interest

benefit for private equity firms and hedge funds, that politicians are focused on.

Perhaps that is one reason Elizabeth Warren has disappeared from view.

We all know too well that it is possible to have too much risk in the financial system, but we must also recognize that it is just as possible—and maybe even just as perilous over the long term—to have too little?

Several longtime political observers with close ties to Wall Street question, as a practical matter, whether the next Congress will actually pass any new banking reform legislation. There is little chance the House of Representatives would swing back to the Democrats and while there was a small chance the Senate could, even if that were to happen and Clinton were elected president, he does not believe there will be any reregulation of Wall Street.

Instead, income inequality is the one issue that some Wall Streeters argue could gain traction as the election season unfolds and a new legislation session begins in January 2017. Clinton has not surprisingly focused a lot on that. “I believe that success isn’t measured by how much the wealthiest Americans have, but by how many children climb out of poverty,” she said during her June reintroduction speech on Roosevelt Island, in New York. Taking the onus off the wealthy, of course, lets the wealthy breathe easier. As they’re doing on the Street.