AFR Americans for Financial Reform Education Fund

This Week in Wall Street Reform | Feb 23-Mar 1

Please share this weekly compilation with friends and colleagues.
To subscribe, email info@ourfinancialsecurity.org, with "This Week" in the subject line.

TABLE OF CONTENTS

THE TRUMP ADMINISTRATION, CONGRESS & WALL STREET

Joint Letter: 83 Groups Sent A Letter In Support Of Comprehensive Credit Reporting Reform

Credit Reporting Companies Told Their System Is 'Broken' | Wall Street Journal
Lawmakers on Tuesday launched a new attack on consumer credit-reporting companies, a year and a half after the data breach at Equifax Inc. EFX 0.51%exposed personal financial details of millions of Americans.

A hearing before a Democratic House panel resulted in calls for new legislation to impose tougher requirements on companies to fix inaccuracies in consumers' credit reports. Several House Democrats said errors are pervasive and boost costs of mortgage and auto loans for millions of consumers.

Tuesday's hearing before the House Financial Services Committee brought together chief executives of the nation's top three credit reporting companies with some of Congress's toughest critics of their industry. Those included Rep. Maxine Waters, the committee's chair, and Rep. Alexandria Ocasio-Cortez (D., N.Y.), one of the new members of the panel who has called credit-reporting companies a "broken system."

Testimony: **Chi Chi Wu of National Consumer Law Center Testimony Before House Financial Services Committee**

Testimony: **Lisa Rice of National Fair Housing Alliance Testimony Before House Financial Services Committee**

Testimony: **Jennifer Brown of UnidosUS Testimony Before House Financial Services Committee**

Testimony: **Ed Mierzwinski of US PIRG Testimony Before House Financial Services Committee**

Congressional Testimony: **AFR Senior Fellow Heather Slavkin Corzo testifies to Senate Banking Committee**
On February 28, 2019, AFR Senior Fellow Heather Slavkin Corzo offered testimony at a hearing entitled "Legislative Proposals on Capital Formation and Corporate Governance," before the Senate Banking Committee.

Read or download a PDF version of the testimony by following this link.

The Big Wall Street Giveaway The 115th Congress Hopes The 116th Won't Notice | Inequality.org (Max Moran)
Candidates in the Democratic presidential primary are tripping over each other to declare themselves enemies of the billionaire class. Bank CEOs are fretting about both the makeup of the House Financial Services Committee and the landscape of the presidential election. But no matter how they may whine publicly, Wall Street still has plenty to celebrate. And with predictions of a downturn coming, their gifts from the 115th Congress should make the rest of us plenty nervous.

In February alone, the financial services industry delivered a one-two punch to consumers. First of all, its friend at the Consumer Financial Protection Bureau, Kathy Kraninger, decided to radically scale back regulations on payday lenders, betraying the mission that is literally the first three words of the bureau's name. Then, SunTrust and BB&T announced plans to merge, adding another bank to the ranks of the "too big to fail" for the first time since the financial crisis.

How is this happening? Shouldn't our democracy prevent payday lenders and bailed out banks — two of the most despised actors in society — from getting the best of the public? Not when the federal government has been controlled by Wall Street-funded Republicans for two years. The financial services industry got a staggering number of gifts from the 115th Congress, in most cases thanks to Republicans, which are detailed in this report from my employer, Americans for Financial Reform.

U.S. Banks Had Record Profits In 2018 | Axios
U.S. banks raked in a record $236.7 billion in profits last year.

Why it matters: Even without the boost from the corporate tax cut, banks would have still made more money than ever before, according to the FDIC's latest report.

- There were zero bank failures in 2018, which hasn't happened since 2006.
- The average rate of loans more than 90 days late fell below 1% last quarter — the lowest level since 2007.
- "Regulatory capital and liquidity ratios of key financial institutions, especially large banks, are at historically high levels," the Fed noted in its monetary policy report to Congress on Friday.

CONSUMER FINANCE AND THE CFPB

House Banking Panel Bemoans Credit Bureaus' 'Oligopoly' | American Banker
Nearly two years after the massive Equifax data breach, lawmakers made clear their criticism of the credit bureau industry has not abated.

But at a hearing Tuesday where House members grilled CEOs of the largest bureaus and discussed possible reforms, lawmakers from both parties went beyond concerns about the companies' security protocols, suggesting that root of their problems is the sector's dominance by just three giant firms.

"What I see here is an oligopoly," said Rep. Patrick McHenry, R-N.C., the ranking member of the House Financial Services Committee, speaking to a witness panel including the chiefs of Equifax, Experian and TransUnion.

Both McHenry and Chairwoman Maxine Waters, D-Calif., lamented the lack of competition in the credit reporting industry, leaving consumers with limited options.

Maxine Waters Proposes Consumer-Friendly Overhaul Of Credit-Reporting Agencies | Los Angeles Times
Rep. Maxine Waters on Tuesday called for a consumer-friendly overhaul of the nation's credit reporting system as she brought the chief executives of Equifax, Experian and TransUnion to testify before her House committee about what she called a "broken system."

The heads of the three leading credit reporting companies heard bipartisan criticism as Waters, the veteran Los Angeles Democrat, launched her first major legislative initiative as chairwoman of the Financial Services Committee.

"To credit reporting bureaus, consumers aren't consumers. They are commodities," Waters said, adding that dissatisfied Americans can't just take their business to another company.

Waters Begins Crackdown On Credit Reporting Industry | Politico
House Democrats this week are kicking off work on the biggest overhaul of the consumer credit reporting industry in years, marking the first major legislative effort launched by new Financial Services Committee Chairwoman Maxine Waters.

The California Democrat is proposing a sweeping set of changes to how Equifax, Experian and TransUnion — the industry's three dominant firms — collect data on consumers and repackage it for lenders to gauge a borrower's creditworthiness.

While Waters and consumer advocates have been pushing consumer-focused reforms for years, the effort got an unexpected jolt of energy in 2017 when Equifax revealed that millions of individuals' information had been exposed in an historic cybersecurity breach.

Watch: Lawrence's Last Word: Freshman Representative Questions Equifax CEO | MSNBC

Alexandria Ocasio-Cortez Explains Credit Reporting Companies Make Money Off Your Info | Bustle
On Tuesday, during a congressional hearing, Alexandria Ocasio-Cortez explained credit reporting companies use consumer data to make money — sometimes even without your consent. Throughout the hearing, a number of experts appeared before the panel to explain what credit scores actually mean, and how credit companies use them at the expense of consumer privacy. Ocasio-Cortez spoke with those experts about the issue— and the conclusions they came to were a little alarming.

During the hearing on credit bureaus, Ocasio-Cortez and other lawmakers spoke with a number of experts. These included Jennifer Brown of UnidosUS, an organization which describes itself as a "nonpartisan voice for Latinos," and Chi Chi Wu of the National Consumer Law Center.

At one point, in a video posted to Twitter by the coalition **Americans for Financial Reform** (which can be seen below), Wu explained that a credit score was initially created for a singular goal: to predict the likelihood that a person would be 90 days late for a two-year payment period. But when Ocasio-Cortez asked the experts if they believed that the current structure was set up to prioritize this goal, Brown offered up a resounding no.

The Badass Women Of Congress Took On The Credit Reporting Industry And It Was Glorious | The Mary Sue
These companies have been taking advantage of consumers for too long, and with a Democrat-led House and after Equifax's massive data breach in 2017, Waters is finally able to do something about it. And she's not alone. There are a lot of names on that committee, but it was the newly elected freshman representatives–and specifically the women on the committee–who really made their mark at this hearing. They stepped up to prove to their constituents that the platforms of change and anti-corruption that they ran on were not just talk.

It will be interesting to see where this bill goes from here. As Politico reports, "While Waters and consumer advocates have been pushing consumer-focused reforms for years, the effort got an unexpected jolt of energy in 2017 when Equifax revealed that millions of individuals' information had been exposed in an historic cybersecurity breach." Can we hope to see a few Republicans willing to take a stand for consumer protections? We'll believe it when we see it but I sure hope we get to see it.

A big thank you to **Americans for Financial Reform** (@RealBankReform) for these awesome videos.

How A Payday Lending Industry Insider Tilted Academic Research In Its Favor | Washington Post

Shortly after the Consumer Financial Protection Bureau began preparing what would become the first significant federal regulations for the multibillion-dollar payday-lending industry, Hilary Miller went to work.

Miller, an attorney who has worked closely with the industry for more than a decade, contacted a Georgia professor with a proposal: Would she like to test one of the chief criticisms of the industry, that its customers are harmed by repeatedly taking out loans?

Over the next year, Miller worked closely with Jennifer Lewis Priestley, a professor of statistics and data science at Kennesaw State University, suggesting research to cite, the type of data to use and even lecturing her on proofreading. "Punctuation and capitalization are somewhat random," he said in a February 2014 email responding to a draft of the report. "You might want to have your maiden aunt who went to high school before 1960 read this."

CFPB Spoke With Industry Execs Before Relaxing Payday Loan Rules | New York Post

The Consumer Financial Protection Bureau held negotiations with a prominent payday loan executive before the US agency rolled back stiff regulations of the controversial industry that had been slated to take effect this year, The Post has learned.

Hilary Miller, president of the Short-Term Loan Bar Association, a trade group for lawyers representing payday lenders, confirmed to The Post that he represented individual lenders in discussions with the CFPB last year, in the months before the agency scrapped onerous rules proposed in 2017 that had been slated to go into effect this summer.

The off-hand comment, which Miller confirmed to The Post in an email last month, directly contradicts a statement made to the Washington Post earlier this week by Marisol Garibay, the CFPB's acting chief communications officer.

CFPB Reversal On Payday Lending Is A Big Mistake | American Banker (Christopher Peterson)

The Consumer Financial Protection Bureau's work to protect Americans from predatory loans has reached an important crossroads. The youngest federal agency, created by Congress after the financial crisis, has been struggling with what to do about the scourge of payday loans. Unfamiliar to many affluent Americans, payday loans have become widespread throughout most of the country. But it was not always so. With average interest rates of around 400%, payday loans were illegal in virtually every state for about two hundred years.

Although payday loans have short initial durations, many borrowers are unable to repay and become trapped in a cycle of repeat borrowing. CFPB research found that "[m]ore than four out of every five payday loans are re-borrowed within a month, usually right when the loan is due or shortly thereafter." Unsurprisingly, payday loans lead to increased rates of overdraft fees, bounced checks, and involuntary bank account closures. Payday loans are associated with an increased risk of bankruptcy and social scientists have connected payday loan usage in neighborhoods to increased incidence of crime, anxiety, forgone medical expenses, and poor health. In a recent American Banker op-ed, Mr. Beau Brunson ignored these documented harms of the payday loan debt trap.

Protect Alaskans From Predatory Lenders | Juneau Empire (James J. Davis Jr)
It seems obvious that lenders should not make loans to people who cannot afford to repay the loan. But that commonsense principle of consumer lending is being turned on its head by predatory payday lenders. To these unscrupulous financial actors peddling triple-digit interest rate loans, borrowers who struggle to repay are the real money makers. And new Consumer Financial Protection Bureau (CFPB) Director Kathy Kraninger just proposed greenlighting payday lenders' money grab.

Once consumers' trusted watchdog and a top ally in Washington, D.C., the CFPB designed a rule to limit debt trap payday loans. The rule, issued in 2017 and slated to take effect in 2019, would prohibit payday lenders from making more than six loans a year to a borrower without assessing the borrower's ability to repay the loans, similar to the way credit card companies do. But under the leadership of Kraninger, the bureau has proposed to largely repeal the common-sense rule imposing limits on payday lenders that entrap borrowers in unaffordable loans.

Listen: Payday Loans And Debt Traps | The Indicator
Millions of Americans have used payday loans. These are small, short-term loans known for charging staggering interest rates — sometimes in the 300 to 400% range.

While the loans can provide quick financial relief to people who need it, the loans can quickly spiral and send borrowers into a cycle of debt. The Consumer Financial Protection Bureau is responsible for overseeing payday lending — and earlier this month, it announced it was delaying changes to payday regulations. Today on The Indicator, we look at the business of payday loans, and what it's like to get into a debt cycle with payday lenders.

Waters Pens Open Letter To CFPB Employees | House Financial Services Committee Press Office
Today, Congresswoman Maxine Waters (D-CA), Chairwoman of the House Financial Services Committee, sent a letter to the dedicated public servants of the Consumer Financial Protection Bureau (Consumer Bureau), to address the challenges they have faced in the last two years and assure them that she will use the full range of the Committee's oversight authorities to prevent any efforts to weaken the Consumer Bureau.

"Let me assure you that actions to weaken the Consumer Bureau from within as Director Mulvaney attempted to do will not go unchecked or unnoticed," wrote Chairwoman Waters.

"As Chairwoman of the House Financial Services Committee, I will fight against any and all efforts to weaken the Consumer Bureau and make sure that your important work to protect consumers, as Congress intended, can continue. As part of my duties as Chairwoman, I will also be conducting careful oversight of the agencies under the Committee's jurisdiction, including the Consumer Bureau. If, in the course of your work, you are a witness to waste, fraud, abuse or gross mismanagement, please do not hesitate to alert me and my staff."

A Free Market Agenda Maxine Waters Can Support | Politico (Diego Zuluaga)

First, Waters should work with the Senate to clarify that loans which were lawful at origination remain lawful when sold to third parties, and that a bank's business relationships with a nonbank supplier do not affect the legal treatment of the bank's loans. Both principles have ample judicial precedent, but a New York federal judge recently threw them into jeopardy in a decision in a case known as Madden v. Midland.

Without legislative reassurance, state caps on interest rates would make it difficult for banks to sell their loans to other lenders, because banks are exempt from the caps but nonbank financial firms are not. Banks would also face barriers to partnering with fintech firms for marketing purposes. Both effects would raise the cost of lending, with an adverse impact on consumers. In fact, there's already evidence that credit has become scarcer and more expensive in the states covered by the Madden ruling. A legislative fix, by contrast, is likely to expand the range of options available to consumers.

Next, Waters' committee should review the 1970 Bank Secrecy Act. The BSA was aimed at curbing money laundering, the process of turning funds earned through illegal activities into legitimate-looking assets such as real estate. Banks are required to file reports on every cash transaction over $10,000 and some above $5,000 — a compliance nightmare for small banks, accounting for nearly a quarterof their regulatory costs.

JPMorgan Chase To Offer Online Loans To Credit Card Customers | American Banker
JPMorgan Chase is the latest bank to see opportunity in offering new loan products to existing credit card customers.

Starting later this year, eligible cardholders will have for two new types of loans available to them. One, dubbed My Chase Plan, is a loan with a fixed monthly fee instead of an annual percentage rate. The other, to be called My Chase Loan, allows a cardholder to convert a portion of the unused balance on a credit card into a loan.

Company officials announced the new products during JPMorgan Chase's annual investor day in New York on Tuesday.

Getting A Bank To Chat Through Tech Takes Specialized Expertise | Forbes
Getting computers to talk finance with banking customers by voice or text is a big challenge, as anyone who has encountered a bank chatbot knows. Called conversational artificial

intelligence (CAI) it requires skills outside the usual developer's portfolio and changes to the typical IT organization, said Don McInnes, who has been working in the field since 2011.

He led the Conversational Design team at Wells Fargo for about a year before concluding the bank would lag behind because it wouldn't take full advantage of commercially available software.

"I was frustrated because I couldn't seem to help people understand how much value there is in learning the hard lessons of Conversational Design by using existing products. Things in this space are moving so quickly that unless you are a software company, specialized in - and dedicated to - refining CAI capabilities, you're going to fall even further behind with every passing day," he said.

INVESTOR PROTECTION, SEC, CAPITAL MARKETS

Letter To Congress: AFR Letter to the Senate Banking Committee Regarding Legislative Proposals on Capital Formation and Corporate Governance

States Say Industry Support For SEC 'Best Interest' Rule Show It's Flawed | Politico Pro

State regulators are urging the Securities and Exchange Commission to ignore the financial industry's praise for the agency's "best interest" proposal for investment advice and to toughen the regulation before finalizing it.

In a letter to the SEC this week, the North American Securities Administrators Association blasted trade associations for brokers and insurance companies that support the SEC regulation, which was proposed in April 2018.

Some of the groups, such as the American Council of Life Insurers and National Association of Insurance and Financial Advisors, sued the Obama administration to stop its landmark 2016 fiduciary rule drawn up by the Labor Department. That rule would have required financial advisers to put their customers' best interests ahead of their own compensation and opened up the prospect of litigation if customers didn't believe that standard had been met. Insurance and brokerage companies won their court challenge last year.

Financial Firms Press SEC To Drop Personal Data Collection In Market Surveillance | Politico Pro
The Securities and Exchange Commission should drop a requirement that the agency's new stock market surveillance tool collect personally identifiable information, a trade group representing regional financial services firms said today.

In a letter to SEC Chairman Jay Clayton, the American Securities Association said the so-called consolidated audit trail should not include such information. The CAT is currently collecting stock trading data from exchanges, and it is scheduled to collect personal information from big brokerage businesses on Nov. 15, 2019.

"We remain concerned that the question of PII collection remains unresolved," ASA said. "The SEC should take steps to eliminate any PII collection requirements."

Chamber Calls For Securities Litigation Reforms | Politico Pro
Congress should ensure that federal securities class action lawsuits are heard in federal court, while legislation to cap certain damages should also be considered, the Chamber of Commerce said in a report on Monday.

In its first calls for major reforms since the 1995 Private Securities Litigation Reform Act, the Chamber said that as a result of a 2018 Supreme Court decision many companies will face securities class action claims in both state and federal court when allegations of financial misstatements or omissions are made.

“Allowing plaintiffs’ lawyers to bring federal securities class actions in state and federal courts opens the door to multiple types of abuse,” said the report from the Chamber's Institute for Legal Reform. Companies could be forced to defend themselves in two courts at the same time, the Chamber said.

SEC Asks Judge To Hold Musk In Contempt, Sparking Backlash From CEO | Politico Pro
Tesla Inc. CEO Elon Musk ripped the Securities and Exchange Commission on Twitter hours after the agency asked a federal judge to hold him in contempt of court for violating terms of a settlement the parties agreed to last year.

"Something is broken with SEC oversight," Musk said in a tweet on Tuesday.

That was in response to a court filing Monday by the agency alleging that Musk has made no significant attempt to comply with a September agreement that requires pre-approval of his written communications about Tesla. That agreement followed what the regulator said were misleading tweets by Musk that he had obtained funding to take the electric car manufacturer private.

Musk has recently "published inaccurate and material information about Tesla to his over 24 million Twitter followers, including members of the press, and made this inaccurate information available to anyone with Internet access," the SEC said in its filing with the U.S. District Court for the Southern District of New York.

16 Groups Write In Support Of Draft Fiduciary Regulations Pursuant to Nevada SB 383

EXECUTIVE COMPENSATION

Watch: New Study Argues US Bank CEOs Make Too Much Money | Yahoo Finance

This Stock Market Rally Has Everything, Except Investors | New York Times
American corporations flush with cash from last year's tax cuts and a growing economy are buying back their own shares at an extraordinary clip. They have good reason: Buybacks allow them to return cash to shareholders, burnish key measures of financial performance and goose their share prices.

The surge in buybacks reflects a fundamental shift in how the market is operating, cementing the position of corporations as the single largest source of demand for American stocks. The binge has helped sustain a bull market approaching its 10th birthday, even in the face of political, international and economic uncertainty.

Since the market rally began in March 2009, the S&P 500 has risen more than 300 percent as the United States recovered from the worst financial crisis since the Great Depression. But few expect those kinds of gains over the next decade. Facing the prospect of a period of relatively low returns — or even a bear market for stocks — many investors are eager to protect their gains or to find more appealing investments, like emerging markets and corporate bonds, outside the American stock market.

MORTGAGES AND HOUSING

The Heartbreaking Decrease In Black Homeownership | Washington Post
Vanessa Bulnes and her husband, Richard, bought their house on 104th Avenue in East Oakland, Calif., in 1992.

The modest two-bedroom property is where they lived for 20 years, raising three children, and where Vanessa made a living running an in-home day-care center. Neighbors in the mostly African American community often saw her planting vegetables in the backyard, with her kids in tow.

After Richard had a stroke in 2008, reducing the couple to a single income, they fell behind on their mortgage and eventually lost their home to foreclosure. A years-long legal effort to refinance the loan on the property failed, and in 2012, the couple were forced to move into a nearby rental home, where they live today.

The Bulneses' plight echoes one that plagued many American families in the wake of the housing collapse, when foreclosure rates soared. But black families were hit particularly hard, housing data show, forcing many out of their homes and pushing black homeownership rates to record lows.

Calabria Nomination Clears Senate Banking Committee | Politico Pro
The Senate Banking Committee voted 13-12 along party lines this morning to approve Mark Calabria to lead the Federal Housing Finance Agency, the regulator of Fannie Mae and Freddie Mac, sending his nomination to the full Senate.

Calabria, an aide to Vice President Mike Pence, would take over the agency at a critical time, as the Trump administration looks at ways to end government control of the two giant mortgage financiers. He told the committee this month that he had removed himself from any internal discussions about overhauling the companies once he became the nominee.

Speculation about Fannie and Freddie's fate has reached a fever pitch in the wake of Acting FHFA Director Joseph Otting's remarks last month that the administration has a plan to end conservatorship and believes it can act without legislation. That news sent shares in the companies soaring.

Senate Banking Panel Clears 2 HUD Nominees | Politico Pro
The Senate Banking Committee voted this morning to approve the nominations of Seth Appleton and Robert Hunter Kurtz to be assistant secretaries at the Department of Housing and Urban Development.

The nominees were approved on a voice vote, with Committee Ranking Member Sherrod Brown (D-Ohio) the only member to vote against them.

Merkley Intros Bill To Protect Rent-To-Own Tenants | KTVZ
Sens. Jeff Merkley, D-Ore., and Tina Smith , D-Minn, on Tuesday introduced the Residential Rent-to-Own Protection Act, legislation they said would create a safe, viable pathway to homeownership by reforming traditionally predatory rent-to-own housing contracts, also called land contracts or contracts-for-deed.

Here's a news release from Merkley:

“Rent-to-own housing agreements could provide access to homeownership for people who may not be able to get a traditional mortgage,” said Merkley. “But for decades, these agreements have often been scams that rip people off and turn the dream of homeownership into a nightmare. That has to change.”

The bill is endorsed by National Consumer Law Center, **Americans for Financial Reform**, and Consumer Action.

Smith Co-Sponsors Bill Curbing Predatory Rent-To-Own Contracts | Brainerd Dispatch
U.S. Sens. Tina Smith, D-Minn., and Jeff Merkley, D-Ore., introduced the Residential Rent-to-Own Protection Act to protect consumers in Minnesota and across the country from predatory rent-to-own housing contracts.

According to a news release, their measure would allow rent-to-own residents—many of whom are often people of color or low-income Americans—to seek damages from landlords who violate contracts. The measure is aimed at putting protections in place to ensure these residences are safe.

The bill is supported by National Consumer Law Center, **Americans for Financial Reform** and Consumer Action.

Home Prices In December Rose At The Slowest Pace Since August 2015: S&P Case-Shiller Index | CNBC
Home buyers have a limit to what they can afford, and sellers are slowly having to adjust to that new reality.

Home prices increased 4.7 percent annually in December, down from 5.1 percent in November, according to the S&P CoreLogic Case-Shiller U.S. National Home Price Index. That is the slowest pace since August 2015.

The 10-city composite annual increase came in at 3.8 percent, down from 4.2 percent the previous month. The 20-city composite rose 4.2 percent year-over-year, down from 4.6 in the previous month.

Amazon Speculators Gobbled Up Arlington Housing Market | WTOP
After real estate agents reported "packs of investors" at open houses in Virginia's Arlington and Alexandria in December, the number of houses and condos on the market has been seriously depleted.

Long & Foster said, overall, the number of homes on the market in January in Arlington County was down 38 percent from a year ago, and the median price of what closed in Arlington last month was up 10 percent from a year ago, at $607,500.

"Inventory (in Northern Virginia) has started to slow its contraction in a lot of places, but Arlington County and Alexandria were down 38 percent and 48 percent respectively," said Larry "Boomer" Foster.

Boston Officials Outline $26 Million For Affordable Housing Developments | WBUR
The city of Boston has allocated $26 million to fund affordable housing at 10 projects, Mayor Marty Walsh and city housing officials said on Wednesday at a news conference.

The slate of projects includes $18 million to create and preserve 515 affordable housing units and deed-restricted homes in Brighton, East Boston, Dorchester, Mattapan, Mission Hill, North End and Roxbury.

Sheila Dillon, the mayor's chief of housing, said an additional $5 million would be used to buy existing apartment buildings and permanently restrict them as affordable housing units. Furthermore, the new funding also calls for $3 million to assist with down payments for first-time homebuyers, Dillon said.

PRIVATE FUNDS

BlackRock's $12 Billion Bid To Become A Private-Equity Titan Is Behind Schedule | Wall Street Journal
BlackRock Inc. BLK +1.56% in 2018 set a goal of raising at least $12 billion to buy and hold long-term stakes in companies, replicating the approach of Warren Buffett. The world's biggest money manager is still waiting for its first check.

The slow pace of fundraising reflects the challenges facing BlackRock as it makes an aggressive push into a part of Wall Street it doesn't dominate: private equity.
BlackRock became a $6 trillion giant with the rise of exchange-traded funds and index funds that investors use to replicate markets cheaply. Now the New York firm is under pressure to seek new revenue sources as prices of popular funds hurtle to zero, cash flowing into traditional asset managers slows and clients seek higher-returning alternatives to stocks and bonds.

But an experiment with private equity is proving to be a tough sell for some investors. A major Chinese sovereign-wealth fund and the state investor for Alaska's oil wealth passed on a new BlackRock fund known as Long Term Private Capital, according to people close to those organizations. Florida's largest public pension fund and Minnesota State Board of Investment are in talks with BlackRock, but no deal is done, said people close to those institutions.

Watchdog Group Slams FTC For Revolving-Door Practices Ahead Of Pending Staples Merger | The Intercept
The Federal Trade Commission is on the brink of approving an extraordinary merger, one that would link up Staples, the leading office retailer, with one of the nation's leading office wholesalers, threatening to lock up the market. Central to the approval process has been a top Staples lawyer who spent five years overseeing the very division that is now contemplating approval of the merger.

A leading anti-corruption group is crying foul, pointing to a revolving-door practice in which agency officials often show up on the opposite side of the negotiating table, where they press their former colleagues to get mergers approved.

Two recent cases involve mergers in the office supply and dialysis industries, and on Monday, Jeff Hauser of the Revolving Door Project at the Center for Economic and Policy Research filed a public comment exposing that dynamic.

Letter To Regulators: AFR Education Fund Sent A Letter To The FTC Opposing The Staples-Essendant Merger

Letter to Regulators: Comment By Jeff Hauser To FTC On Proposed Consent Agreement In The Matter Of Staples/Essendant, Inc

Letter to Regulators: Comment By Eileen Appelbaum To FTC On Proposed Consent Agreement In The Matter Of Staples/Essendant, Inc

STUDENT LOANS AND FOR-PROFIT SCHOOLS

Student Loan Debt Statistics In 2019: A $1.5 Trillion Crisis | Forbes
Student loan debt in 2019 is the highest ever.

The latest student loan debt statistics for 2019 show how serious the student loan debt crisis has become for borrowers across all demographics and age groups. There are more than 44 million borrowers who collectively owe $1.5 trillion in student loan debt in the U.S. alone. Student loan debt is now the second highest consumer debt category - behind only mortgage debt - and higher than both credit cards and auto loans. Borrowers in the Class of 2017, on average, owe $28,650, according to the Institute for College Access and Success.

If you are a student loan borrower, the following student loan debt statistics can help you make more informed decisions regarding student loan refinance, student loan consolidation, student loan repayment and student loan forgiveness.

This Court Ruling Could Have Big Implications For Public Service Loan Forgiveness | Washington Post
Public servants denied student loan forgiveness by the U.S. Education Department may have a new avenue for appeal following a recent court decision.

A federal district judge ruled Friday in favor of three borrowers who accused the Education Department of changing an employment requirement for Public Service Loan Forgiveness, a program that cancels federal student debt after 10 years of on-time payments for people who take public-sector jobs.

"These changes were arbitrary and capricious," Judge Timothy J. Kelly wrote in his ruling. "In adopting the new standards, the Department failed to display awareness of its changed position, provide a reasoned analysis for that decision and take into account the serious reliance interests affected."

Although the final decision on loan forgiveness is in the hands of the Education Department, Friday's ruling could lay the groundwork for borrowers who were denied loan forgiveness after being told they were eligible to appeal.

A Teacher's Student Loans Were Forgiven. Then FedLoan Wrecked His Credit | New York Times (Ron Lieber)
When nine refund checks landed in his mailbox a few months ago, Jed Shafer figured he was finally done with his student loan.

He had spent years struggling to get the loan forgiveness that federal law provides for public servants like him, and those checks from the United States Treasury covered what he'd paid beyond his obligation. His loan balance was officially zero.

But he’s not done, not by a long shot.

Earlier this month, he went into Lowe’s to buy a new refrigerator and applied for a store credit card to get a 10 percent discount. He was turned down on the spot.
FedLoan, the loan servicer for public servants in the forgiveness program, had given him a little parting gift: a delinquency report to the scorekeepers at Equifax, Experian and TransUnion that effectively wrecked his credit.

FTC Finalizes Deal With Student Loan Resettlement Company SoFi | Politico Pro
The Federal Trade Commission announced today that it has granted final approval to a settlement with SoFi to resolve charges that the online lender misrepresented its student loan refinancing products to borrowers.

The settlement, which was initially reached in October, resolves allegations that the company made "false statements" in its advertising about the money that student loan borrowers would save through its refinancing products.

The FTC's final consent order prohibits the company from misrepresenting the savings that borrowers will obtain by refinancing their loans.

Veteran Groups Urge VA To Keep GI Benefits Away From Deceptive Colleges | Education Dive

- Thirty-six advocacy groups sent a letter to the head of Veterans Affairs (VA) this month urging the department to increase oversight of postsecondary education programs that are approved for GI benefits.
- The groups — which include the American Legion, Blue Star Families andAMVETS — cited concerns over a recent audit by the VA Office of Inspector General that estimated the department will waste $2.3 billion over the next five years by making improper GI Bill payments, including to colleges with potentially fraudulent practices.
- The letter singled out Career Education Corporation, a for-profit college operator that has been widely accused of misleading students, as an example of an institution that has received improper payments. Career Education has the third-highest number of veteran complaints against it at the VA, according to the letter.

Dream Center Receiver Sues Group That Took Over Art Institutes | Education Dive
The receiver for Dream Center Education Holdings (DCEH) is suing the nonprofit Education Principle Foundation (EPF) as well as Studio Enterprise Manager over a deal that transferred control of eight Art Institutes and most South University colleges to EPF.

The receiver, Mark Dottore, said in a complaint filed Thursday that the contracts relating the acquisition were "unconscionable" and allowed Studio to "strip DCEH of all its valuable business assets." Dottore also alleged that DCEH was "forced into the Contracts by the U.S. Department of Education with the threat that the DOE would cut all funding to the schools unless the money flowed through Studio in the process set forth by the Contracts." In a separate motion, Dottore asked the court to force Studio to return around $6 million that

DCEH has paid or is owed by the company since the spin off deal. Absent those funds, all of DCEH's remaining college systems will be forced to close, he said.

Will National American U's Online Pivot Be Enough To Keep It Alive? | Education Dive
In January, the company that operates National American University added language to a securities filing that probably no corporate executive enjoys having to say.

Management noted the company's $8.7 million working capital deficiency and cash shortage raised "substantial doubt regarding the Company's ability to continue as a going concern." In other words, the for-profit college operator might not survive the next 12 months.

Accounting guidelines for when a company must issue such warnings were laid out in 2014 and got their first major test when Sears Holdings issued a "going concern" warning in a 2017 earnings report, tanking its stock and roiling the retail world. (Sears would go on to file for Chapter 11 bankruptcy protection about a year and a half later and faced potential liquidation before its former CEO bought its remaining stores.)

Concern For 'Defrauded And Victimized' Students Spurs Calls For Tighter For-Profit College Oversight | CAL Matters
The turmoil in the for-profit college industry has affected California as much as any state, with the closures of major chains leaving thousands of students deeply in debt, their educations on hold. Meanwhile, the state agency in charge of regulating private colleges and vocational schools has struggled to enforce California law.

Now lawmakers and agency officials are seeking to tighten oversight of the troubled sector.

A package of seven bills to be unveiled Wednesday by Democratic state legislators would make major changes to the standards for-profit colleges must meet to operate in California.

DeVos Fiddles, Schools Burn | Republic Report (David Halperin)
While Trump education secretary Betsy DeVos and her lieutenants have worked to free the worst-behaving predatory colleges from all meaningful accountability rules, they also have spectacularly mismanaged the affairs of schools that have faltered. Exhibit A, in court right now, are the three chains of schools — the Art Institutes, Argosy University, and South University — formerly owned by the disgraced predatory company EDMC. A new document filed in federal court in Ohio underscores the ongoing abuses by shady companies who now have access to the taxpayer dollars going to those schools, courtesy of DeVos and her top higher education aide, Acting Under Secretary Diane Auer Jones.

In 2017, DeVos and Jones, a former top executive at predatory Career Education Corp., allowed a new non-profit enterprise, Dream Center Education Holdings, to acquire the EDMC schools, and then DeVos and Jones sat back as DCEH executives, led by Brent Richardson, former CEO of for-profit Grand Canyon University, improperly mixed the non-profit operation with for-profit business they run. The DeVos Department also watched, or even assisted, as DCEH concealed from students the loss of accreditation of some campuses, and failed to comply with the federal gainful employment rule, which is aimed at protecting students from predatory abuses. And it pushed DCEH to keep some campuses technically open, perhaps so the Department wouldn't have to deal with the claims of students entitled to loan cancellation if their schools close.

When DCEH faltered, amid financial problems and revelations of its misconduct, and started closing campuses, Jones picked a new suitor to run many of the DCEH schools, a Wall Street investment firm called Colbeck, and stood by, when the deal was announced in January, as Colbeck failed to explain that it was behind both (1) a secretive non-profit group, Education Principle Foundation, that would own the schools and (2) a for-profit business, Studio Enterprise, that would be paid to service the schools.

SEC Charges Former Corinthian Executives | Politico Pro
The Securities and Exchange Commission today charged the CEO and chief financial officer of now-defunct Corinthian Colleges Inc. with approving financial statements that were misleading to investors.

In a complaint filed in U.S. District Court for the Central District of California, the SEC said Jack Massimino, Corinthian's former CEO, and Robert Owen, the onetime CFO, deceived investors about the risks associated with the company's revenue from the Education Department.

In 2013, the year of the allegedly false financial statements, Corinthian reported net revenue of $1.6 billion, about 80 percent of which came from the federal government as student loans.

But Corinthian was under scrutiny from the Education Department for artificially inflating a key regulatory metric that determined the company's access to federal student loan funds, the SEC said.

SYSTEMIC RISK

Federal Reserve Report Highlights 'Resilient' Financial System | Wall Street Journal
The Federal Reserve said Friday the U.S. financial system remains "substantially" safer than before the 2007-09 recession but noted a significant expansion in business debt and weaker lending standards.

In its semiannual report to Congress Friday, the Fed echoed policy makers' recent statements that the U.S. economy appears to be on solid footing, with gross domestic product growing "a little less than" 3% in 2018.

Fed Chairman Jerome Powell is scheduled to testify before the two chambers of Congress on Tuesday and Wednesday as part of hearings mandated by law. The Fed released its report ahead of those hearings.

[Federal Reserve Forced To Pivot As It Deals With Volatility, Missteps, And A New Economic Reality](#) | St. Louis Post-Dispatch
The Federal Reserve's promise in January to be "patient" about further interest rate hikes, putting a 3-year-old process of policy tightening on hold, calmed markets after weeks of turmoil that wiped out trillions of dollars of household wealth.

But interviews with more than half a dozen policymakers and others close to the process suggest it also marked a more fundamental shift that could define Chairman Jerome Powell's tenure as the point where the Fed first fully embraced a world of stubbornly weak inflation, perennially slower growth and permanently lower interest rates.

Along with Powell's public comments, Fed minutes and other documents, the picture emerges of a central bank edging toward a period of potentially difficult change as it reviews how to do business in light of that new reality. One question, for example, is whether to make crisis-fighting policies a part of the routine toolkit. Another is whether to try to prepare the public to accept higher inflation from time to time

Tillis Seeks CRA On Big Bank Guidance | Politico Pro
Five Republican senators, including Banking Committee Chairman Mike Crapo (R-Idaho), today asked the GAO to examine whether guidance documents from the Federal Reserve on large bank supervision qualify as a rule that could potentially be overturned via the Congressional Review Act.

In a letter led by Sen. Thom Tillis (R-N.C.), the lawmakers cite guidance published in December 2012, September 2014 and April 2015 , which relates to the Fed's supervision of large firms, particularly those overseen by the Large Institution Supervision Coordinating Committee, or LISCC.

"This framework imposes substantive requirements relating to capital, liquidity, corporate governance, and recovery and resolution planning," the lawmakers write.

Financial Stability Committees And Central Banks Lack Tools To Insure Global Financial Stability | Forbes (Mayra Rodriguez-Valladares)
A decade since the financial crisis, most financial stability committees (FSCs) and central banks around the world lack key tools to implement important macroprudential policies to insure financial stability. Taxpayers, regulators and market participants should find this disconcerting, because the purpose of designing strong macroprudential policies is to identify, measure, control, and monitor financial risks, such as asset bubbles, high levels of debt, or excessive risk taking, that can span numerous heterogeneous financial institutions, as well as interconnections between the financial system and the real economy.

Banks Sure Don't Look As If They Need Relief | Bloomberg (Mark Whitehouse)
To hear bankers or the Trump administration tell it, the Dodd-Frank financial reform passed after the 2008 credit crisis has weighed heavily on the industry and the economy. Banks struggle under thousands of pages of regulations. They need relief.

Plausible as that might seem, it's hard to reconcile with the data on banks' actual performance.

Consider profitability. Last week, the Federal Deposit Insurance Corp. reported that U.S. banks earned a total of $237 billion in 2018. That's the most in at least two decades, both in dollar terms and as a share of the economy.

GAO Urges OCC To Increase Defenses Against Regulatory Capture | Politico Pro
The Office of the Comptroller of the Currency should do more to ensure that its employees are not too cozy with the banks they supervise, according to a newly released GAO report.

"OCC has some policies that encourage transparency and accountability in its large bank supervision processes; however, weaknesses in documentation requirements may make large bank supervision more vulnerable to regulatory capture," GAO said.

The OCC said it doesn't agree with most of the government watchdog's recommendations.

Ronald Rubin Chosen To Run OFR | Politico Pro
Gov. Ron DeSantis and the Florida Cabinet today named Ronald Rubin to lead the Office of Financial Regulation, a position not permanently filled since June.

Rubin is a former senior special counsel at the SEC, where he helped prosecute shoe designer Steve Madden, whose case inspired the movie "Wolf of Wall Street."

He was senior counsel for the House Financial Services Committee under its former chairman, Republican Jeb Hensarling, and worked as an enforcement attorney at the CFPB. He is a former partner at the law firm Hunton & Williams.

Regulators Need To Be Stress-Tested, Too | American Banker (Gregg Gelzinis)
Right before the December holidays, U.S. Treasury Secretary Steven Mnuchin released a statement intended to assure the public that, after speaking with the CEOs of the six largest Wall Street banks, the firms had "ample liquidity available for lending" and that "markets continue to function properly."

It was bizarre. Telling financial market participants, policymakers and the broader public not to worry about the immediate stability of the financial system — when no one was worried —precipitated the exact opposite outcome. The decision to release such a bold statement, along with some related actions, calls into question Mnuchin's ability to manage an actual crisis.

Banks are stress tested to ensure their balance sheets can handle a large financial shock and an economic downturn. We should use crisis simulations, or wargames, to stress test regulators and make sure they can handle such a shock as well.

Do Two Troubled Banks Make One Good One? Germany May Soon Find Out | New York Times

Deutsche Bank managers used to boast that theirs was one of the few global investment banks to survive the financial crisis without a government bailout.

That was before the scandals, the multibillion-dollar fines and the plummeting stock price. Now, a decade after the global meltdown, it looks like Berlin may intervene after all.

The market chatter is that the government will strong-arm Deutsche Bank into a merger with its Frankfurt crosstown rival Commerzbank, which also has major problems. The two banks are Germany's largest, and the government's likely aim is to ensure the country has at least one big-league lender.

Neither the banks nor officials in Berlin are commenting on persistent reports in a wide variety of German publications, including the Handelsblatt newspaper and Manager magazine, but a government manifesto in February effectively endorsed the idea. Germany needs a bank that can "stand up to competitors from the United States and China," the document said.

Here's How Much The 2008 Bailouts Really Cost | MIT Sloan School Of Management
Popular accounts of bailout costs tend to severely overstate or understate their economically relevant value, Lucas writes in a paper to be published in the Annual Review of Financial Economics.

According to Lucas, an accurate measure of cost requires taking a fair value approach — one that considers the full range of future gains and losses, and that recognizes the cost of that risk. Lucas draws selectively from existing costs estimates, such as those from the U.S. Congressional Budget Office, which use that method, and she augments those numbers with calculations based on various data sources from that period.

By those calculations, the total direct cost of crisis-related bailouts on a fair value basis was about $498 billion, which amounted to 3.5 percent of gross domestic product in 2009.
As for who directly benefitted, Lucas found that the main winners were the large, unsecured creditors of large financial institutions. While their exact identities have not been made public, most are likely to have been large institutional investors such as banks, pension and mutual funds, insurance companies, and sovereigns.

Quantum Computers Could Be The Ultimate Defence Against The Next Financial Crisis | Wired
Woerner recently published a paper in the scientific journal Nature outlining how quantum algorithms could outperform traditional computers when it comes to analysing risk using what's known as a Monte Carlo simulation. This simulation is traditionally used by financial institutions to determine the probability of an event while taking into account future risks.

During the last financial crisis, many banks and investors suddenly realised that their losses exceeded the money they had set aside for a rainy day. By running better Monte Carlo simulations on a quantum computer, they might be able to analyse many more financial scenarios and disasters in much more detail, allowing them to understand how likely it is that the maximum acceptable loss would be exceeded. Financial regulators could use such calculations to set the capital requirements for each bank with more confidence.

With traditional computers, running a comprehensive Monte Carlo simulation could take days to complete though, as the algorithms run through millions of scenarios. “A quantum computer can provide a quadratic speed-up – instead of many million scenarios, we only require a few thousands to achieve the same accuracy,” says Woerner – reducing the run time from overnight to nearly real-time. So instead of looking back and analysing the risk taken yesterday, a quantum computer would make it possible to react quickly to changing economic environments and make – or propose – decisions nearly instantly.

TAXES

U.S. Tax Refunds Plunge 17% As Treasury Ratchets Up Defense | Bloomberg
Average tax refunds are down 17 percent so far in the first filing season under President Donald Trump’s tax overhaul, according to the IRS, prompting the Treasury Department to caution that the data contain aberrations and could be misleading.

Direct-deposit refunds dropped for the third week in a row this filing season to $2,703, from $3,256 a year earlier, for the seven days through Feb. 15, the IRS reported late Friday. The total number of refunds was down 26.5 percent to 23.5 million, it said.

In a statement late Friday, the Treasury Department said that there was high public interest in taxpayer data from the current tax filing season and that while refunds are down, individual taxpayers’ overall liability has also fallen, bringing larger paychecks.

NAM Says Proposed Business Interest Regs Could Slow Economy | Politico Pro
The National Association of Manufacturers believes that proposed regulations for limits on deducting business interest would hurt the industry and run counter to lawmakers’ intentions, the group told the Treasury Department in a comment letter today.

The Trump administration’s proposed regulations would not allow companies to count depreciation expenses as part of their taxable income, in what some experts have called a rather broad interpretation of the business interest provision in the the Tax Cuts and Jobs Act, H.R. 1 (115).

Chris Netram, NAM’s vice president for tax, wrote in the letter that manufacturers rely heavily on debt financing, and “would be adversely impacted if the regulations are finalized without modification, and the resulting costs could slow the growth of our economy.”

Exclusive: Sen. Brian Schatz Will Introduce A New Bill To Tax Stock Trades And Curb High-Frequency Trading | Vox
Democrats have been talking a lot about different ways to tax the rich as of late, ranging from Sen. Elizabeth Warren’s wealth tax to a variety of proposals related to stock buybacks. Now Sen. Brian Schatz is floating another idea: a tax on stock trades.

Schatz plans to roll out a bill proposing a financial transaction tax in the coming days, he said in an exclusive interview with Vox this week. The idea entails enacting a small tax on stock market sales. The Hawaii Democrat claims the proposal could raise nearly $800 billion for the federal government over the course of a decade but, more importantly, would clamp down on speculation and other nefarious behaviors in the market. He plans to file the bill formally next week.

“Roughly half of the 8 billion daily trades now are high-frequency trades, and that is increasing volatility in the market; it is allowing a certain category of traders to essentially skim profit off the top,” Schatz told me. “And on a more basic level, it is turning the stock market into a true casino, in which you are making a bet that has very little to do with the fundamentals of a company.”

OTHER TOPICS

Listen: You Asked, We Answered: Why Didn’t Any Wall Street CEO’s Go To Jail After The Financial Crisis? It’s Complicated. | Marketplace

Insurers Worry A Financial Crisis May Come From Climate Risks | Bloomberg
Insurers are increasingly worried that rising temperatures will lead to a slump in property values that could spark broader financial turmoil.

Those were the conclusions a group run out of the University of Cambridge including some of the world’s biggest insurers. In a report published Friday, ClimateWise said that an increasing catastrophes linked to climate change could triple losses on property investments over the next 30 years.

The warning adds to concerns raised by Munich Re AG last month, which said a string of floods, fires and violent storms had doubled the normal amount of insurable losses. Munich Re has said global climate-related losses may have topped a record $140 billion last year.

Why Wealth Equality Remains Out Of Reach For Black Americans | The Conversation (Darrick Hamilton and Trevor Logan)
Black History Month has become the time to reflect on all the progress black Americans have made, but the sobering reality is that when it comes to wealth – the paramount indicator of economic security – there has been virtually no progress in the last 50 years.

Based on data from the Federal Reserve’s Survey of Consumer Finance, the typical black family has only 10 cents for every dollar held by the typical white family.

While there is no magic bullet for racism, access to wealth, and the security to pass it down from one generation to the next, would go a long way toward changing the economic trajectory for blacks.

U.S. Fed Governor Brainard Talks On ‘Increasing Participation’ Of Black Women In Economics | Forbes

The inaugural Sadie T. M. Alexander conference in economics and related fields, has seen Federal Reserve governor Lael Brainard "applaud and support" the efforts of the organizers taking the initiative to launch the organization with its goal to increase the representation of black women in the field of economics.

Governor Brainard, who took office as a member of the Board of Governors of the Federal Reserve System in June 2014, addressing the conference in Washington D.C., said: "The story of Dr. Sadie Tanner Mossell Alexander is an inspiration for us all. A woman of firsts - the first African American to receive a Ph.D. in economics and the first woman to receive a law degree from the University of Pennsylvania - she was a pioneer who knocked down some daunting doors."

But, as the former Deputy National Economic Adviser and Deputy Assistant to the President in the administration of President Bill Clinton, posited: "The question for the women in this room here today is whether you will follow her through those doors and maybe knock down a few of your own."

Former Fed Chair Paul Volcker Rips 'Culture Of The Financial System' And Its Focus On Profits | CNBC
Former Federal Reserve Chairman Paul Volcker is stepping up his criticism of bank culture, saying it has become too focused on incentives and not enough on customer service.

In an interview published Monday with veteran industry analyst Mike Mayo, Volcker said bank boards largely have misplaced priorities.

"There have been ... increasing concerns about the culture of the financial system, banking in particular," he said in a question-and-answer session for CFA Institute Enterprising Investor. "The Holy Grail has been that the only thing that matters is how much profit the firm (and you) make, which [economist] Milton Friedman pushed. This is deeply in the interest of the people running these banks and non-banks, and it is losing some of its attractiveness."

Listen: Former Fed Chair Janet Yellen: Far From Retirement, Nowhere Near Done | Marketplace

Another Political Storm Is Brewing For Big Banks | American Banker (Rob Blackwell)
There's a terrific part of the 2012 movie "The Dark Knight Rises" when the character Selina Kyle, better known as Catwoman, whispers a warning in Bruce Wayne's ear:

"There's a storm coming, Mr. Wayne. You and your friends better batten down the hatches, because when it hits, you're all gonna wonder how you ever thought you could live so large and leave so little for the rest of us."

When you talk to big-bank executives and lobbyists in Washington, D.C., there's a general feeling that they've already survived that storm. While the financial crisis of a decade ago left their reputation in tatters, they feel they've worked hard to repair the damage. And though they know they are not exactly beloved, many believe they've largely succeeded in doing so.

To put it simply, the crisis is over and they are no longer at the center of American politics. But those who think that way may be in for a rude surprise as the 2020 Democratic presidential primary starts in earnest later this year. Roughly a dozen candidates have already declared, and this is the most left-tilting crop of major candidates we've seen in a generation or more. The vast majority of them have one thing in common: They hate big banks and want to break them up.

The $15 Minimum Wage Doesn't Just Improve Lives. It Saves Them. | New York Times
A $15 minimum wage is an antidepressant. It is a sleep aid. A diet. A stress reliever. It is a contraceptive, preventing teenage pregnancy. It prevents premature death. It shields children from neglect. But why? Poverty can be unrelenting, shame-inducing and exhausting. When people live so close to the bone, a small setback can quickly spiral into a major trauma. Being a few days behind on the rent can trigger a hefty late fee, which can lead to an eviction and homelessness. An unpaid traffic ticket can lead to a suspended license, which can cause people to lose their only means of transportation to work. In the same way, modest wage increases have a profound impact on people's well-being and happiness. Poverty will never be ameliorated on the cheap. But this truth should not prevent us from acknowledging how powerfully workers respond to relatively small income boosts.

Congress Asked Top Experts For A Plan To Cut Child Poverty In Half. Here It Is. | Vox
In late 2015, Congress agreed as part of a bipartisan funding deal to produce a landmark, $750,000 report on how to cut child poverty in America.

The result of pressure from California Democratic Representatives Barbara Lee and Lucille Roybal-Allard, the provision called for the National Academy of Sciences to convene a group of experts to produce "a nonpartisan, evidence-based report that would provide its assessment of the most effective means for reducing child poverty by half in the next 10 years."

That group has now, more than three years later, produced its exhaustive, 600-page report.

The report estimates that child poverty costs us $800 billion to $1.1 trillion every year due to increased crime, worsened health, and lower earnings when poor kids become adults. There is no one approach to reducing it, the committee concludes, but it did outline four separate options policymakers could pursue — two of which would cut child poverty in half in the next decade.

Socialism And The Self-Made Woman | New York Times (Paul Krugman)
The key observation, based on a growing body of research, is that when it comes to upward social mobility, the U.S. is truly exceptional — that is, it performs exceptionally badly. Americans whose parents have low incomes are more likely to have low incomes themselves, and less likely to make it into the middle or upper class, than their counterparts in other advanced countries. And those who are born affluent are, correspondingly, more likely to keep their status.

Now, this isn't the way we like to see ourselves. In fact, there's a curious disconnect between reality and perception: Americans are much more likely than Europeans to imagine that their society is marked by high social mobility, when the reality is that we have considerably less of it than they do.

Much of this appears to reflect systematic misinformation. In some places hereditary members of the elite boast about their lineage, but in America they pretend that they pulled themselves up by their own bootstraps. For example, large numbers of Americans apparently believe that Donald Trump is a self-made man.

Historian Adam Tooze Wins Lionel Gerber Prize For Look At 2008 Financial Crisis | CityNews
U.K.-born historian Adam Tooze is the winner of this year's Lionel Gelber Prize for his book on the aftermath of the 2008 economic crisis.

Tooze was awarded the $15,000 honour Tuesday for "Crashed: How a Decade of Financial Crises Changed the World," published by Viking.

Founded by Canadian diplomat Lionel Gelber in 1989, the literary prize honours the world's best English-language non-fiction book on foreign affairs that aims to enrich public debate on international issues.

Lawmakers Focus On David Lehman's Work At Goldman Sachs; Loony Hedges | CT News Junkie
Gov. Ned Lamont's nominee for the Department of Economic and Community Development tried to tackle the criticism that in his capacity at Goldman Sachs he somehow knowingly contributed to the mortgage crisis a decade ago.

David Lehman, 41, spent two hours answering questions Tuesday from lawmakers both about his past and about his future.

Ultimately his future depends on whether the Senate approves his nomination to the position, but the verdict is still out on his past and whether his role at the investment bank should preclude him from becoming Connecticut's chief economic development official.

Jerome Powell Was A Constant Presence On Capitol Hill In His First Year As Fed Chairman, A CNBC Analysis Shows | CNBC
Powell packed in 98 personal phone calls and meetings with lawmakers last year — nearly four times as many as his predecessor, Janet Yellen, over the same period during her first year on the job. He slips in phone calls while prepping for the central bank's policy-setting meetings. He attends early breakfasts and late dinners. His record is six meetings with lawmakers in one day.

"He's much more direct in answering questions, much more regularly engaged in the Hill conversations with policymakers than what I've seen over the last decade and a half that I've been involved in Fed oversight," said Rep. Patrick McHenry, R-N.C., the ranking member on the Financial Services Committee.

A spokeswoman for the Fed declined to comment for this story. But the outreach to Capitol Hill comes as the Fed could use a few friends in Washington. Since Powell began his campaign, the central bank has entered the crosshair of the Trump White House, and his job has been in jeopardy. Building relationships with Congress can help blunt those attacks — and provide a potential insurance policy if President Donald Trump attempts to get rid of Powell, experts said.

Fed Chief Jerome Powell Says US Economy Is In 'A Good Place' | Wall Street Journal
Federal Reserve Chairman Jerome Powell said the U.S. economy is doing well, but he highlighted recent risks to growth that prompted the central bank to signal it is done raising interest rates for now.

Mr. Powell's comments, made in remarks in New York on Thursday night, largely repeated points he made during two days of testimony on Capitol Hill earlier this week.

"The economy is in a good place," he said. Despite sustained declines in unemployment in recent years, he added, signs of upward pressure on inflation "appear muted."

Analysis: Five Takeaways From Powell's Congressional Testimony | Wall Street Journal
Federal Reserve Chairman Jerome Powell completed two days of testimony on Capitol Hill this week. Here are five things learned from the exchanges with lawmakers.

1. Lawmakers aren't that interested in interest rates. They didn't really ask Mr. Powell about the future path of policy.

The Fed raised its benchmark rate four times last year but recently signaled it is on hold indefinitely, while the central bank waits to see how recent market volatility and slower global growth washes through the U.S. economy. What would it take for the Fed to raise or cut interest rates? Mr. Powell didn't answer these questions because no one asked.

Most Economists See U.S. Recession By 2021, Survey Shows | Bloomberg
More than three-quarters of business economists expect the U.S. to enter a recession by the end of 2021, though a majority still estimate the Federal Reserve will continue raising interest rates this year.

Ten percent saw a recession beginning this year, 42 percent project one next year, while 25 percent expect a contraction starting in 2021, according to a semiannual National Association for Business Economics survey released Monday. The rest expect a recession later than 2021 or expressed no opinion, the Jan. 30-Feb. 8 poll of nearly 300 members showed.

The projections come ahead of the Commerce Department's release this week of the advance reading for fourth quarter gross domestic product, which was delayed by the government shutdown. Economists surveyed by Bloomberg projected as of Friday that growth cooled to a 2.5 percent annualized rate in the final months of 2018 from 3.4 percent in the third quarter.

Bank Of America To Drop U.S. Trust And Merrill Lynch Names, Rebrand Wealth Unit As Just 'Merrill' | CNBC
Two of the most vaunted names in banking are fading into retirement.

Bank of America said Monday it will gradually retire the U.S. Trust brand to become the Bank of America Private Bank. The move is part of CEO Brian Moynihan's "one-company" strategy to more closely align the bank's various businesses and branding.

The company will also no longer use the Merrill Lynch brand for its investment banking, global markets and capital markets group.

J.P. Morgan Chase Says It's In Growth Mode, Expects Branches To Reach Nearly All Americans By 2022 | CNBC
J.P. Morgan Chase says it is expanding its branch network to cover 93 percent of the U.S. population by the end of 2022, according to a company presentation.

The aggressive growth plans will allow it to reach another 80 million more consumers, or about one quarter of the U.S. population, versus its footprint in 2018, the New York-based bank said Tuesday.

The expansion of physical branches comes amid a consumer shift to mobile and online banking. The average number of teller transactions per customer has plunged 41 percent since 2014, according to the J.P. Morgan presentation.