

Better late than never – banking reform is on its...

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From [the Guardian](#):

An era of high rolling at the Wall Street casino will shortly come to an end if [Barack Obama](#) gets his way. The US president has delivered his biggest broadside yet against the financial industry's excesses and is proposing the strictest restrictions on banks' activities for seven decades.

Key to his agenda is a new regulation dubbed the "Volcker rule", the pet project of Paul Volcker, the Federal Reserve boss of the 1980s. Volcker, known as "the tall man" in reference to his 6ft 7in height, is now an economic adviser to the White House. This rule forbids any bank holding deposits guaranteed by the government from operating hedge funds, private equity funds or from trading on its own book.

Alongside this, Obama is proposing an overall limit on the size of any individual bank — although the White House gave no details of this and it was immediately condemned as a "vague" headlining-grabbing aspiration.

Those of us who have been calling for massive reform for a long time are entitled to say better late than never.

We're entitled to be annoyed that there is still not going to be a revival of the Glass Steagall Act

But as my Green New Deal colleague [Larry Elliott says today](#):

It has taken a year but Barack Obama has finally got it. Wall Street is to be cut down to size. The White House will take on big finance's army of lobbyists. Banks stuffed full of US taxpayer dollars will be prevented from putting the economy at risk through reckless gambles.

So, make no mistake, this was a big moment. The argument every timid policy maker in Britain makes when confronted with the need for reform of the City is that there is no point in doing anything unless the Americans are on board.

Now, after what has clearly been a bloody internal battle within the Obama administration, they are. Everything that Obama said about Wall Street could have been said by Gordon Brown about the City. London needs an even stronger dose of the same medicine. Tim Geithner, the US Treasury secretary, who has been warning the president against taking too tough a line with Wall Street, looked a very unhappy man at yesterday's press conference as the president effectively said he had been getting duff advice.

Instead, clobbered by falling opinion poll ratings and the loss of the Massachusetts Senate seat, Obama has turned to the veteran Paul Volcker, who has been calling for the same sort of tough action against the banks that was taken by Franklin Roosevelt with the 1933 Glass Steagall Act.

Make no mistake — the fight has only just begun. But as Larry also notes:

Obama appears to relish the challenge, noting that he would not allow Wall Street lobbyists to block "commonsense" reforms that would protect the economy and the American people from a repeat of the financial collapse of the past two and a half years. "So if these folks want a fight, it's a fight I'm ready to have."

There's no doubt Wall Street did not expect this. Nor London either, to where the contagion will rapidly spread, I suspect, to our benefit on this occasion.

Be sure this will be the making or breaking of Obama. And pretty much the rest of us as well.