

Bush, Cox and Bernanke Call for Regulation of Credit Default Swaps

By [Global Research](#)

Theme: [Global Economy](#)

Global Research, November 15, 2008

[George Washington Blog](#) 15 November
2008

If you've been paying any attention, you know that credit default swaps are one of the major factors for the current economic crisis. Even the derivatives cheerleader-in-chief, Alan Greenspan, [admits](#) they are a problem, and they should have been better regulated.

Now, the SEC, Fed, Commodity Futures Trading Commission and even President Bush are pushing regulation of CDS.

As Bloomberg [writes](#):

U.S. regulators said at least one clearinghouse for the \$33 trillion credit-default swap market will be running by year-end after they agreed on a plan to regulate the entities.

...

The Fed, Commodity Futures Trading Commission and Securities and Exchange Commission signed memorandum of understanding today that they said will provide consistent oversight of the clearinghouses and the credit-default swap market. The group laid out guidelines they said would provide more public information on potential risks and also lessen the chance of systemic losses.

...

"Bringing transparency to this market is vitally important," SEC Chairman Christopher Cox said in a statement today. "The virtually unregulated over-the-counter market in credit-default swaps has played a significant role in the credit crisis."

The accord signed by the Fed, the CFTC and the SEC "establishes a framework for consultation and information sharing" for the new entities, according to a statement.

Indeed, CDS will even be a topic of the G-20 meeting this weekend: ["George W. Bush yesterday said the G-20 meeting in Washington tomorrow would discuss regulation for credit default swaps and other financial instruments"](#).

Why Now?

Why are Bush, Cox, Bernanke and the boys calling for regulation of CDS?

Well, it is certainly partly because they get that CDS are a large part of what caused the economic crisis. But that was obvious a long time ago.

The real reason is that many people are increasingly furious that CDS have helped bring down the world economy, and are increasingly demanding that the CDS "[weapons of mass destruction](#)" be canceled and rescinded (based on fraudulent misrepresentation of how "safe" they are), or declared worth a nominal amount (say \$1 each). People are also calling for the heads of the politicians who let this happen.

Indeed, the pressure to grab the bull by the horns has become so great that the U.S. government is being forced to try to look like it is doing something about CDS.

Too Little Too Late?

I'm glad that our "leaders" are finally addressing CDS. But they've waited until the world economy is in shambles before even mentioning them.

And I am not convinced that it will be enough.

Given the mess that Bush, Cox, Bernanke and the rest have gotten our economy into, their repeated actions in helping their corporate buddies at the expense of taxpayers, and their ongoing political theater yelling at horses to get back in the barn after they let them out of the barn in the first place, I assume that this regulation effort won't be very effective, either.

The original source of this article is [George Washington Blog](#)
Copyright © [Global Research](#), [George Washington Blog](#), 2008

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Global Research](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.
For media inquiries: publications@globalresearch.ca