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# Volcker rules again with 'Volcker's rule'

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By NEAL LIPSCHUTZ

At least for the day, the most powerful man in the U.S. financial industry and for equities markets is 82 years old, a man who ended his leadership of the Federal Reserve more than 20 years ago.

But Paul Volcker is back. Big time. Reportedly on the margins of the Obama administration even in his current role as an adviser, "the tall guy behind me," in the words Thursday of President Barack Obama, is back on stage figuratively and literally.

As the president announced two major initiatives that would radically change the world of America's big banks, he was flanked by neither the Treasury Secretary nor key economic adviser Larry Summers. He had with him two key Congressional leaders, Rep. Barney Frank (D., Mass.) and Sen. Christopher Dodd (D., Conn.). The president had Mr. Volcker and he had another regulatory veteran who's been a straight shooter unbound by ideological restraints or misplaced party fealty.

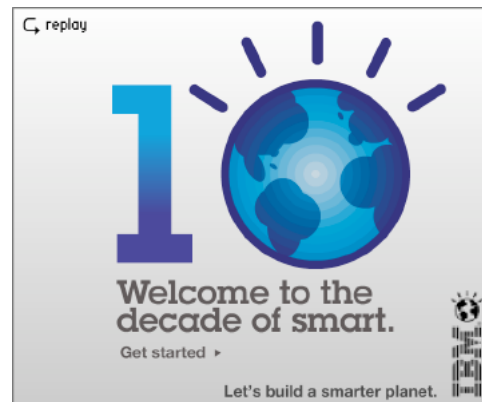
That's William Donaldson, former head of the Securities and Exchange Commission. President Obama thanked both Mr. Volcker and Mr. Donaldson for their counsel, which, given the nature of the Obama proposals, was "old school" in more senses than simply a reference to the vast combined experience of both men. Agree with it or not, the "Volcker Rule," enunciated by the president Thursday— which would keep a bank from having anything to do with investment vehicles such as hedge or private equity funds— certainly signals Mr. Volcker's return.

It is a fascinating resurrection. Mr. Volcker himself hasn't changed his thinking. What has changed is the environment. The heavy, popular furor as big bank profits and big bonuses are rolled out likely played a role in the new Obama plan. That plan includes flat-out limits on bank size and restrictions on industry consolidation.

Just last month Mr. Volcker was pushing the essence of what's now the "Volcker Rule" to a group of European bankers gathered at a Wall Street Journal conference in Horsham, England. I wrote then that he sounded like a disappointed and tough school master as he dismissed the bankers' ideas for regulatory reform as "inadequate." Now, he's given them a test.

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