War of Words Regarding the Financial Overhaul

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WASHINGTON — Hoping to seize on populist fury on a day when Goldman Sachs reported blockbuster earnings, Senate Democrats on Tuesday sought to portray Republicans as siding with wealthy Wall Street interests in opposing tougher financial regulations.

In news conferences, floor speeches and interviews, the Democrats said they would force Republicans to block the bill. Republicans, however, countered that bipartisan negotiations to avoid such a fight had resumed in earnest. But some leading Republicans, including Senator Richard C. Shelby of Alabama, the senior member of the banking committee, said it could take weeks to reach a deal.

The Senate Republican leader, Mitch McConnell of Kentucky, sought to declare at least a short-term victory, arguing that a letter signed by all 41 Republicans last week opposing the legislation in its current form had forced Democrats back to the bargaining table.

"We have an opportunity here to do something that was not done in the House of Representatives, where they produced a bill that had no Republican support whatsoever," Mr. McConnell said.

But the Democrats who spent months working with Republicans in developing the bill expressed no willingness for protracted negotiations. Senator Christopher J. Dodd, Democrat of Connecticut and chairman of the banking panel, pledged to bring the bill "to the floor of this body in a matter of days."

"You have to ask yourself a question: 'Who benefits if this bill to rein in Wall Street or large financial institutions is strangled by a filibuster?' " Mr. Dodd asked. "Certainly no one can make the case that the American family would benefit. These families have seen millions of jobs lost, trillions in savings wiped out, because of the greedy few on Wall Street who gambled with money that didn't even belong to them."

The populist message was echoed throughout the day in comments by Democrats at the Capitol.

"Over the last decade, the wealthiest Americans got richer by trading in the unregulated financial casinos on Wall Street," Senator Tom Harkin, Democrat of Iowa, said at a news conference.

Senator Blanche Lincoln, Democrat of Arkansas and chairwoman of the Agriculture Committee, said she would report out a bill on Wednesday to revamp the regulation of derivatives, the financial instrument blamed for precipitating the global crisis.

The Senate majority leader, Harry Reid of Nevada, said that Ms. Lincoln's bill and the broader legislation sponsored by Mr. Dodd could be combined easily and that a first procedural vote could be held either late this week or early next. To open debate, he will need the support of 60 senators; Democrats, however, control only 59 votes.

Mr. Reid said Republicans were faced with a stark choice. “You either believe we need to strengthen oversight of Wall Street or you don’t,” he said at a news conference, “You either believe we need to strengthen protections for consumers or you don’t.”

But Mr. Reid said Democrats would not be lured into lengthy negotiations after struggling for months to reach a deal first with Mr. Shelby, and later with Senator Bob Corker, Republican of Tennessee, also a member of the banking committee.

“Everyone remembers the never-ending meetings between Senators Dodd and Shelby that didn’t go anywhere and then the never-ending meetings, it seemed, with Corker and Dodd,” Mr. Reid said.

Mr. Shelby, however, said he thought a bipartisan bill could be achieved. “I think there’s an opportune time between now and Memorial Day to reach an agreement,” he said.

Emerging separately from their latest meeting, an hourlong session on Tuesday afternoon, Mr. Shelby and Mr. Dodd expressed optimism.

“We’re closer than we’ve ever been,” Mr. Shelby said. He said the two planned to continue the talks on Wednesday. “We’re getting there,” said Mr. Dodd, who seemed less enthusiastic.

Democrats, who have over the years enjoyed Wall Street’s financial largesse and support, held a news conference with two businessmen who use derivatives to protect against big swings in energy prices.

They said that the costs of protecting their business had skyrocketed in recent years, as a result of the growth in purely speculative trading in the derivatives market, and those costs were passed along to customers.

Robert Fornaro, the chief executive of AirTran Airways, said the “rampant and unregulated speculation in commodities” had created a “casino-like atmosphere for the end user.”

Sean Cota, who runs Cota & Cota, a heating oil company in Vermont, said that in 2003, shortly after the derivatives markets were deregulated, his company typically paid 3 cents to 6 cents per gallon to buy a derivative as a hedge against extreme swings in the price of heating oil. Today, he said, the same security costs him 50 cents to 75 cents per gallon.

The increase, he said, “is because of speculation in the market,” where hedge funds, traders and Wall Street firms account for the bulk of the buying and selling of derivatives contracts.

Illustrating the volume of derivatives that are purely speculative, he said there were 2,000 to 3,000 energy derivatives contracts bought and sold on the oil required to produced one tank of gasoline.

Senator Maria Cantwell, Democrat of Washington, who invited the businessmen to Capitol Hill, said she strongly supported the derivatives bill to be debated by the Agriculture Committee. She cited her home state’s experience with Enron in the West Coast energy crisis of 2000-1.