

Dodd-Frank Must Go if Prosperity Is to Be Unleashed

After the financial market crash in 2008, liberal lawmakers insisted that more stringent regulations must be placed on our nation's financial markets in order to prevent another collapse.

In unison, they rallied around the straw man that massive deregulation of the financial system had caused the collapse. Of course, that claim, which is still perpetuated by many, is a blatant myth.

A few months after being sworn in to office in 2009, then-President Barack Obama introduced his ideas for financial reform legislation, saying the United States' financial regulatory system needed "a transformation on a scale not seen since the reforms that followed the Great Depression."

Many of the reforms he recommended became the basis of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

A little more than a year later, Congress finally passed Dodd-Frank. According to its proponents, the law would significantly strengthen the federal government's hand in regulating financial institutions and would increase consumer protection with the creation of a new government watchdog, the Consumer Financial Protection Bureau.

Contrary to the claims of liberal lawmakers and their allies, Dodd-Frank and the Consumer Financial Protection Bureau have actually done very little to prevent the next great recession or to protect consumers. In a bit of cruel irony, Dodd-Frank might just be one of the most inappropriately named laws in U.S history.

If Dodd-Frank does actually protect anyone, it is not the

average American, but instead the billionaires, the big banks and the crony politicians who seek to gain political support from these firms. As Donald Trump Jr. said at the 2016 Republican National Convention, this law is nothing less than “consumer protection for billionaires.”

Instead of ending “too-big-to-fail,” Dodd-Frank essentially enshrines it into law—all but guaranteeing a future bailout of failing banks with taxpayer money.

Meanwhile, the Consumer Financial Protection Bureau has greatly reduced American’s access to credit and left people with fewer choices, inevitably making it more difficult and more expensive for American entrepreneurs to get the money they need to create new businesses or families need to build a new home.

Furthermore, through its unaccountable rule-making powers, the bureau has severely limited access to short-term, small-dollar loans. These loans provide much-needed help to millions of Americans who need a little extra help paying bills or covering emergency expenses like hospital visits or car repairs.

Fortunately, there is a way out of this mess. The proposals in “Prosperity Unleashed,” a new report published today by The Heritage Foundation, would go a long way in solving the long-standing problems that have plagued our financial system for decades, many of which have been made worse by Dodd-Frank.

According to the report, if its policy proposals are enacted into law it would make the “U.S. financial markets more dynamic, resilient, equitable and accountable than ever before.” These reforms would also pay huge returns for the average citizen as well, increasing the availability of needed credit, raising incomes, and creating greater employment opportunities.

As an overview, the reforms in the book would lower (and

strengthen) the federal deposit insurance cap, substantially improve securities disclosure rules, end Chevron deference (which grants huge deference to federal agencies in creating regulations) and create an elective, capital ratio threshold that would exempt institutions from certain financial regulations.

President Donald Trump has repeatedly called Dodd-Frank a “disaster,” and before signing an executive order on Dodd-Frank in February, he said his administration is planning to do “a big number” on Dodd-Frank and financial regulations.

The Republican-controlled Congress should work with the president to immediately repeal the harmful, overreaching regulations created by Dodd-Frank. It is time we drastically scale back the power of busybody, Washington bureaucrats to interfere with our personal financial choices and end the possibility of future bailouts for millionaire bankers with our money.

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