The Daily Dish

Dodd-Frank's Future

DOUGLAS HOLTZ-EAKIN, PATRICK HEFFLINGER | DECEMBER 1, 2016

On Tuesday, the Senate passed a bill aimed at protecting consumers who post negative reviews online from being sued or fined by the companies they review. In a rare show of bipartisanship, the bill was passed unanimously in the Senate as well as the House and is being hailed as a major step forward in protecting consumer rights online. Congress originally took up the issue back in 2015 upon learning of a federal lawsuit involving a company named KlearGear and their stipulation that their customers may not disparage them online.

Yesterday the American Action Forum (@AAF) released an analysis examining the role of border adjustments in international taxation. The analysis explains some of the impacts border adjustments could have if implemented as part of a larger tax reform effort. AAF also released a corresponding Eakinomics video.

Eakinomics: Dodd-Frank's Future

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") has been been a costly regulatory venture and political lightning rod from its inception, and rightfully so. The Act required over 400 new rules (and the agencies are nowhere near done), created the misbegotten Financial Stability Oversight Council (FSOC), institutionalized assault on the financial services industry in the form of an unaccountable Consumer Financial Protection Bureau (CFPB), enhanced the capacity of regulators to rescue large firms, solved problems that did not exist — e.g., the Volcker Rule's stiff restrictions on certain banking activities even though proprietary trading had nothing to do with the crisis — and the list could go on. In a manner eerily reminiscent of Obamacare, this president took a situation that demanded action and responded with something that should never have been done.

Despite this, Obamacare, tax reform, infrastructure, and broad regulatory relief have been the prominent elements of discussion during the transition. However, when the Trump transition team announced the new president's choice to be Secretary of the Treasury, Steve Mnuchin (pronounced mah-NEW-chin), all that changed. He immediately put Dodd-Frank squarely at the center of the policy agenda: "'The number one problem with Dodd-Frank is that it's way too complicated and cuts back lending,' banker Steven Mnuchin told CNBC in his first public comments since being tapped by the president-elect to head his economic team. 'So we want to strip back parts of Dodd-Frank, and that will be the number one priority on the regulatory side,' Mr. Mnuchin said."

That is good news, indeed. Now the question becomes what specific pieces are the top priorities for repeal or modification.