

Republicans and Democrats co-sponsor bill to dismantle Dodd-Frank bank regulations

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Emboldened by their success in ramming through the \$1.5 trillion tax overhaul late last year, Republican lawmakers are now working to further undermine the Obama-era Dodd-Frank Act passed in 2010. Whereas the GOP tax plan was met with passive resistance and superficial theatrics by Democrats, they are now working in tandem with Republicans in co-sponsoring legislation containing the most comprehensive financial deregulations since the 2007-08 collapse.

The latest bill represents yet another brazen attempt to cut regulations set in place in the wake of the now decade-old financial meltdown. It is currently underway in the Senate, with Kentucky Republican Senator Mitch McConnell expected to bring it to the floor within the next month.

The bill was brokered primarily by Republican banking chair committee head Senator Mike Crapo of Idaho, along with Democrats including senators Heidi Heitkamp of North Dakota, Jon Tester of Montana, Joe Donnelly of Indiana and Mark Warner of Virginia. Eleven Democratic Senators are co-sponsoring the bill, more or less rendering its passage an inevitability. The bill has garnered enough support from the Democratic Party to beat any attempt at a filibuster.

It is clear that Congress does not intend to stop at passage of the bill currently underway. Rather, it will seek the full repeal of Dodd-Frank. This development has occurred at the behest of the big banks, eager to reap the benefits of Trump's pro-corporate stance. In a letter to shareholders in April of last year, JPMorgan Chase chief executive Jamie Dimon explained that "poorly conceived and uncoordinated regulations have damaged our economy, inhibiting growth and jobs."

Trump and his administration have expressed support for the bill. "We're looking now at Dodd-Frank because we have to free up so that the banks can loan money to great people, because they were restricted," Trump said

last week at the "Conversations With the Women of America" event. He went on to boast of his plans to do away with the act entirely, proclaiming, "We're doing a real number on it."

Over the course of last year, Trump met with bankers and lobbyists at the White House on several occasions to discuss possibilities concerning changes to Dodd-Frank. He also instructed the Treasury Department to review the law and propose changes.

The bill's passage ensures that hundreds of "smaller" banks would no longer be subject to federal oversight. One significant section of the bill exempts the vast majority of banks from "stress tests," which measure a bank's ability to stay afloat during times of a financial collapse. Under current regulations, banks with assets at or above \$50 billion are considered "systematically important financial institutions" that are subject to more stringent rules. The current bill aims to raise this threshold to \$250 billion or more.

If the bill passes, it will leave fewer than 10 big banks in the United States subject to the full scope of Dodd-Frank oversight. Many of the so-called "smaller" financial institutions poised to benefit from the de-regulatory bill include large corporations such as BB&T and American Express.

The bill exempts firms with less than \$10 billion in assets from the Volcker Rule, a provision prohibiting banks from making high-risk bets with deposits guaranteed by the federal government. Mortgage rules for small lenders would also be rolled back, allowing for the rapid expansion of the very same predatory loan practices in the subprime mortgage market that led to the 2007-08 financial crisis.

The current legislation comes on the heels of two other sweeping deregulatory measures already passed in the House last year with bipartisan support. The first, the Systemic Risk Designation Improvement Act, passed with

59 Democratic votes. According to Gregg Gelzini of the Center for American Progress, the bill served to “effectively deregulate 30 of the 38 largest banks in the country.” The second, more broad-reaching legislation was passed under the name of the Financial Choice Act. The 2017 bill significantly reduces the ability of federal agencies to prevent government bailouts of financial institutions in the event of an economic downturn.

It also restructures the Consumer Financial Protection Bureau as an executive-branch agency with a single director able to be fired at-will by the president. Under previous regulations, the director of this agency can only be removed on the basis of proper cause. This will allow Trump and future presidents to ensure their own stooges are placed at the helm of the agency, likely with the aim of junking what little remains of it.

Unsurprisingly, Trump has tapped his budget director Mick Mulvaney as acting director of the Consumer Financial Protection Bureau. Mulvaney has expressed open contempt for the bureau, on one occasion describing it as a “sick, sad joke.” Mulvaney has hired a swathe of deregulatory cronies who share his aims at further dismantling the bureau.

Senator Elizabeth Warren, the “left” Massachusetts Democrat, is leading opposition to the bill. As usual, the nominally opposed Democrats have limited their activities to milquetoast statements and finger-wagging. “This bill increases the risk of another taxpayer bailout, and I will continue to challenge supporters of this bill—from both parties—to explain why they stand on the side of big banks instead of working families,” Warren said recently.

The toothless character of the “progressive” opposition is so apparent that the corporate Democratic Party establishment has essentially dismissed it out of hand. “We’re going to agree to disagree,” said Senator Mark Warner, a Democrat from Virginia who sits on the banking committee. “I don’t think this is going to split open the kind of unity you’ve seen in the Democratic Party.”



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