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The Banking Non-Apprentice

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The auditions continue for “The Cabinet Apprentice” at Trump Tower, and the parade is getting to be a little much. Will it be Mitt Romney or Rudy Giuliani for State, or will former General David Petraeus get the nod instead, and has Kellyanne Conway gone rogue or did she have a wink from the boss to tear into Mr. Romney on Sunday? Wake us when President-elect Trump makes his picks.

Yet despite this media melodrama, the process is exposing Mr. Trump to impressive people. On Monday that included John Allison, the former CEO who built **BB&T** into a regional banking star and later ran the Cato Institute amid a leadership crisis at the libertarian think tank.
Some in the press are playing up that Mr. Allison admires Ayn Rand, as if that’s a social stigmata. But we got to know Mr. Allison after the 2008 financial panic when his insights about market risk and regulation were especially valuable.

“I can tell you with absolute certainty that market discipline beats regulatory discipline. In fact, I will argue that regulatory discipline will always fail to reduce volatility and will slow economic growth,” he said at a 2013 Cato conference. “I don’t know a single time when federal regulators—primarily the FDIC—actually identified a significant bank failure in advance. Regulators are always the last ones to the party after everybody in the market (the other bankers) know something is going on.”

Mr. Trump could do a lot worse than Mr. Allison to deconstruct Dodd-Frank and solve the dilemma of too-big-to-fail banks.