

AMERICAN BANKER

Trump's Call to Freeze New Banking Regs Would Be Tough to Deliver

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WASHINGTON — Republican presidential nominee Donald Trump called for a temporary suspension of all new federal regulations during a speech Tuesday, but even if he wins the White House, stalling or rolling back financial rules may prove to be beyond his reach.

"Upon taking office, I will issue a temporary moratorium on new agency regulations," Trump said in prepared remarks at the Detroit Economic Club.

Trump cited some estimates that claim "overregulation is costing our economy as much as \$2 trillion a year" and said his running mate, Mike Pence, "signed a similar order when he became governor of Indiana" that suspended new regulations.

He also said he would determine which regulations to do away with by asking "every federal agency to prepare a list of all of the regulations" that are "are not necessary, do not improve public safety, and which needlessly kill jobs."

Yet Trump's remarks were met with skepticism from financial industry observers, who suggested it either wasn't possible or wouldn't be helpful if it were.

"I don't think a full-on moratorium is even plausible," said Ian Katz, a policy analyst Capital Alpha Partners. "There are independent agencies that don't need to ask the president's permission to pass new regulations."

Mark Calabria, director of financial regulation studies at the Cato Institute and a former GOP Senate Banking aide, said it may also be too late to delay or revoke many Dodd-Frank Act regulations, as Trump has said he would do.

"Most of Dodd-Frank has been implemented or proposed, so the impact would be minor," Calabria said.

Katz said that as a practical matter, Trump was sending a "sweeping message that there has been too much regulation, and he's vehemently opposed to adding to the burden. He got that point across, but an actual moratorium isn't workable."

Still, some academics argued Trump's plan could have an impact. J.W. Verret, an associate law professor at George Mason University and senior scholar with the school's Mercatus Center, said Trump could use the Office of Management and Budget to slow down or block new regulations.

"The White House OMB's Office of Information and Regulatory Affairs has authority to review regulations and impose a temporary moratorium," Verret said. "According to many legal scholars, including former Obama OIRA head Cass Sunstein, this includes authority over independent regulatory agencies."

But Isaac Boltansky, a policy analyst at Compass Point Research & Trading, said Trump would have to approach the moratorium in a more roundabout fashion "through appointment and legislation to significantly alter the financial regulatory regime."

Trump's speech included few other details about how he would approach banking regulation, though he promised more specifics in the coming weeks. Thus far the candidate has said very little beyond a general pledge to repeal Dodd-Frank and crack down on the growth of regulations. Trump did appoint a new economic advisory council last week, which consisted of 13 men, including several bankers and hedge fund managers.

Calabria said Trump's comments are meant to send a signal to the GOP establishment that "he's with them on concern about Dodd-Frank" and to put rival Hillary Clinton in the position of defending the status quo.

During his speech, Trump also said he would "eliminate the carried interest deduction and other special interest loopholes that have been so good for Wall Street investors, and people like me, but unfair to American workers."

Boltansky said that, of Trump's economic proposals, "changing the treatment of carried interest for fund managers has the highest odds of passage given its support from both presidential candidates and a dwindling den of defenders on Capitol Hill."

Clinton is also to scheduled deliver remarks this week focused on economic policy.