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# INVESTOR'S BUSINESS DAILY®

## Repeal Dodd-Frank!

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**Financial Meltdown:** Thanks to the media, many Americans believe that the financial crisis was a result of banking deregulation. A new study delivers a thorough debunking of that idea.

A group of respected think tanks — the Heritage Foundation, the American Enterprise Institute, the Cato Institute and the Mercatus Center — has issued a 208-page book titled “The Case Against Dodd-Frank: How The ‘Consumer Protection’ Law Endangers Americans.” It’s a devastating indictment of the law.

The book crushes the conventional media and liberal political narrative that deregulation was at the heart of the crisis. Based on that faulty notion, the 2007-2008 financial crisis was greeted with a chorus of big government types calling for *more* regulation. They got it, in the form of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act.

Dodd-Frank, writes Mollie McNeill, a Heritage Foundation researcher, “polices everything from derivatives markets to payday lending, and it has (so far) burdened the U.S. economy with thousands of pages of rules.”

Those rules aren’t free. Dodd-Frank’s restrictions are now costing the economy hundreds of billions of dollars in lost potential output, jobs and profits.

Yet, “Dodd-Frank was enacted by Congress without any significant effort to understand what actually caused the financial crisis,” writes Peter Wallison of AEI, who served as a member of the federal government’s official investigation into the financial mess.

Wallison shows with convincing detail that, in his words, the crisis “was principally the result of the U.S. government’s housing policies.” *Not* deregulation.

To fix the damage, the study suggests three reforms:

- **Close Fannie Mae and Freddie Mac.** The “toxic twins” spent hundreds of billions in taxpayer backed dollars to subsidize mortgages for uncreditworthy buyers. That was the real cause of the financial crisis.
- **Stop Fed bailouts.** That’s especially true of the bank behemoths deemed “too big too fail.”
- **Kill the Consumer Financial Protection Bureau.** A massive new regulator of the entire economy, CFPB has helped choke off credit to average Americans and small businesses.

In large part due to Dodd-Frank, the U.S. economy has fallen from 3% growth before Obama, to a pathetic 2% growth now. The first step to restoring our lost economic mojo is to kill Dodd-Frank once and for all.