



Congressman: Dodd-Frank Financial Reform Unconstitutional

Cato Institute marks law's three-year anniversary with conference

By: Andrew Evans – July 22, 2013

The Dodd-Frank financial reform act is “fundamentally unconstitutional,” said Rep. Scott Garrett (R., N.J.) at a Monday event hosted by the Cato Institute commemorating the third anniversary of the act’s signing by President Barack Obama.

“Dodd-Frank is, I would say, the great exception to the Constitution,” Garrett said.

Garrett spoke over lunch to a gathered crowd at the libertarian think tank following two panels discussing the law’s impact. He is a member of the House Financial Services and Budget Committees and he founded the Congressional Constitution Caucus.

The law creates two agencies—the Financial Stability Oversight Council (FSOC) and the Consumer Financial Protection Bureau (CFPB)—that have effectively unlimited power and very limited oversight, Garrett said.

“Put them together, they are basically the judge, the jury, and unfortunately the executioner of the economy,” he said. He argued that these agencies’ extensive authorities undermine the Constitution’s principle of the separation of powers.

The CFPB is unaccountable to Congress for its funding, and the president can only remove its director for limited reasons—and not for policy disagreements. The FSOC writes its own rules, and the courts cannot rule on the legality of its interpretation of the Dodd-Frank Act, which it is implementing, Garrett contended.

“It is a war on free markets in this country,” he said.

Garrett highlighted the ongoing lawsuit against these and other provisions of the Dodd-Frank bill in his remarks. The plaintiffs, which include a community bank from Texas as well as 11 states, had their first hearing in June and are awaiting a decision from the judge.

Garrett’s speech followed two panel discussions on the impact of the law and its future prospects. The panelists included policy experts, regulators, and a member of the private financial sector.