



Possible Trump treasury pick continues to slam Fed, Dodd-Frank

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One potential treasury secretary argued for increased control over the Federal Reserve and said that the Dodd-Frank Act has been a "disaster" for the creation of venture capital and small businesses.

"In terms of eliminating the Federal Reserve, that's something I'd like to do in theory, but I don't think it's doable in practice," John Allison said on CNBC's "Closing Bell" on Tuesday. "What I really want to do with the Federal Reserve is control it. You really have an incredibly powerful organization that there's no self-discipline for and it's had a big impact, I believe, on our economic volatility over the years."

The former president and CEO of the Cato Institute previously suggested he would get rid of the Federal Reserve because it is the primary cause of volatility in the economy. While he acknowledged that bubbles do form in the market, Allison argued in the Cato Journal that the U.S. central bank makes them worse.

Allison, who is also the former chairman and CEO of BB&T, repeated his call for the elimination of regulations such as the Dodd-Frank Act. Such legislation was passed after the Great Recession with the goal of protecting consumers and preventing another collapse of a major financial institution like Lehman Brothers.

Allison said he's generally in favor of less regulation and argued that consumers would benefit from rolling back these regulations and getting rid of government deposit insurance.

"First, costs would go down because all regulatory costs pass, in one way or the other, to consumers. Credit would be available, particularly in the lower end of the marketplace, which has been hurt by the lack of availability of credit," Allison said. "We can reduce deposit insurance significantly and 95 percent of the consumers in this country have less than \$50,000 in the bank."

While millennials may be averse to putting money in the stock market, Allison argued that the demographic doesn't stash its cash in banks either. Because risk-taking behavior drives economic growth, Allison said it doesn't make sense to incentivize millennials to be overly cautious.

"What we want to do is to incentivize them to objectively look at the risk-returns and they'll be better off taking a reasonable amount of risk over the long term," Allison explained.

As for the possibility of him being named treasury secretary, Allison said he did have an "interesting" meeting with Donald Trump, Trump's choice for chief strategist Steve Bannon and Vice President-elect Mike Pence.

"We talked about how to get rapid economic growth. President-elect Trump has a real deep commitment and belief that accelerating economic growth is the cure for what he considers the problem with the middle class in America and that's really what his focus is," said Allison.

Allison said that he would "certainly consider" an offer to head the treasury, which he said would be a "very exciting job." But Allison said, "I'm in a very nice place in my career and I hadn't planned to take on such a big job."