

Banking and Finance Law Daily Wrap

Up, TOP STORY—Republican platform sets sights on CFPB, IRS; supports Glass-Steagall reinstatement,(Jul. 19, 2016)

By [Colleen M. Svelnis, J.D.](#)

Republican party delegates have voted to adopt the 2016 Republican party platform on Monday, July 18, 2016. The platform takes a few hits at the Dodd-Frank Act and especially its creation of the Consumer Financial Protection Bureau, saying it was "deliberately designed to be a rogue agency." The platform also refers to the "corrupt business model" of Fannie Mae and Freddie Mac and supports reinstating the Glass-Steagall Act of 1933, which prohibits commercial banks from engaging in high-risk investment.

The [2016 platform](#) also includes the following positions:

- calling for the establishment of a pro-growth tax code as a "moral imperative" and promising to lower tax rates wherever they "penalize thrift or discourage investment;"
- lowering the corporate tax rate to be on a par with, or below, the rates of other industrial nations;
- supporting the reinstatement of the Glass-Steagall Act of 1933;
- establishing transparent, efficient markets where consumers can obtain loans they need at reasonable rates based on market conditions;
- asking for the CFPB to be abolished, or at least subjected to congressional appropriation;
- advancing responsible homeownership while guarding against the abuses that led to the housing collapse by scaling back the federal role in the housing market, promoting responsibility on the part of borrowers and lenders, and avoiding future taxpayer bailouts;
- calling on the Federal Housing Administration, which provides taxpayer-backed guarantees in the mortgage market, to "no longer support high income individuals", and not to financially expose the public to risks taken by FHA officials;
- ending the government mandates that required Fannie Mae, Freddie Mac, and federally insured banks to satisfy lending quotas to specific groups;
- demanding more transparency in the Federal Reserve's monetary policy decisions and its role as a lender of last resort;
- making the Federal Tax Code "so simple and easy to understand that the IRS becomes obsolete and can be abolished;"
- advocating a strong response to cyber attacks that "cause diplomatic, financial, and legal pain, curtailing visas for guilty parties, freezing their assets, and pursuing criminal actions against them"; and
- promising to "seek to weaken control over the internet by regimes that engage in cyber crimes."

Push to reinstate. The Glass-Steagall Act, enacted during the Great Depression, separated investment banking from commercial banking and was repealed by the Gramm-Leach-Bliley Act of 1999. Following the 2008 financial crisis and the enactment of the Dodd-Frank Act in 2010, there has been a push in the U.S. Senate to reinstate the prohibitions found in the Glass-Steagall Act as means to rein in banks that are considered to be "too-big-to-fail."

In the 113th Congress, the effort was led by Senators Elizabeth Warren (D-Mass), John McCain (R-Ariz), Maria Cantwell (D-Wash), and Angus King (I-Maine) with the introduction of the 21st Century Glass-Steagall Act. The same group of senators and Sen. Bernie Sanders (I-Vt) reintroduced the legislation in the 114th Congress (see *Banking and Finance Law Daily*, [July 11, 2013](#) and [July 8, 2015](#)).

‘Mistake’ to reinstate Act. Government watchdog Better Markets issued a statement calling the reinstatement of the Glass-Steagall Act a "huge mistake," emphasizing that it would only impact a few banks while "gutting" Dodd-Frank and would "deregulate many of the most dangerous too-big-to-fail financial titans."

Kelleher continued, noting that "no one law or rule will protect Main Street from Wall Street's complex global banking giants." Instead, he stated, they "simply must be comprehensively regulated" to prevent another financial crisis.

Referring to the Republican platform, Dennis Kelleher, President and CEO of Better Markets [stated](#) that it "is nothing more than a bait-and-switch political stunt carefully crafted to deceive the American people. The claim to restore the Glass-Steagall law is the bait, but the de-regulation of Wall Street by gutting the Dodd Frank law is the switch that will lead to another financial crash and cost tens of millions of American families their jobs, homes and savings."

Companies: Better Markets; Fannie Mae; Freddie Mac

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