Banking and Finance Law Daily Wrap Up, FINANCIAL STABILITY—Industry associations dissect Trump economic plan, (Aug. 10, 2016)

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By Colleen M. Svelnis, J.D.

Republican presidential nominee Donald Trump released his economic plan in a speech to the Detroit Economic Club on Aug. 8, 2016. Included in the plan, "An America First Economic Plan: Winning The Global Competition," is a call for a temporary moratorium on new agency regulations. Industry associations have responded with detailed analyses of the plan.

In his speech, Trump declared that "overregulation is costing our economy as much as $2 trillion dollars a year." He stated that every federal agency will be required to prepare a list of all of the regulations that are "not necessary, do not improve public safety, and which needlessly kill jobs." Those regulations will be targeted for elimination.

In addition to the regulatory reform, the economic plan calls for trade reform, including protections against currency manipulation, tariffs against countries that unfairly subsidize their goods, and a renegotiation of NAFTA. He further proposes energy reform, a cap of 15 percent for corporations, an across-the-board income tax reduction, elimination of the Carried Interest Deduction, and other tax simplification plans.

Tougher regulations wanted. Americans for Financial Reform called Trump's economic policy plan "a grave threat to the unfinished business of financial reform." Additionally, AFR stated that, contrary to what Trump referred to as "radical regulation," recent polls have shown that the majority of Americans approve of the regulatory reforms in Dodd-Frank and want to see tougher financial regulation.

Highlighting the "temporary moratorium on new agency regulations" contained in the plans, AFR stated that this would "block the implementation of crucial Dodd-Frank rules that have yet to be written or put into final effect. It would also slam the brakes on many ongoing efforts to protect American consumers."

According to the AFR, if enacted, Trump's economic plan would result in the following:

- prevent the Consumer Financial Protection Bureau from moving ahead with proposals to rein in predatory payday lending and the use of forced arbitration clauses;
- bar the Commodity Futures Trading Commission from restricting "dangerous speculation" in energy, food, and other vital markets;
- block the Federal Reserve and five other agencies from taking action to rein in runaway executive pay that "rewards excessive risk-taking;" and
- stop a Securities and Exchange Commission rule to prohibit conflicts of interest.

More thorough freeze. Competitive Enterprise Institute published a blog post by Clyde Wayne Crews where he discussed temporary moratoria which had been issued by Presidents George W. Bush and Obama upon entering office. Crews also stated that "getting regulations off the books requires the same laborious public notice and comment procedures of a new rule." He stated that any such initiative should "lawfully freeze regulation for a lengthier, more thorough audit, publish reports on the data generated," and seek public comment.

Wouldn't stop Dodd-Frank. In a blog post, the Bipartisan Policy Center said Trump's plan was incomplete and did not answer the questions relating to the scope of the proposal. These questions include whether the moratorium covers rules that have been finalized but not yet taken effect; rules that have been proposed but not yet finalized; or rules required by Dodd-Frank or other legislation that are still in development.

According to Justin Schardin, the director of BPC's Financial Regulatory Reform Initiative, a federal regulatory moratorium "would not stop the rulemaking process for rules that financial regulators have already finalized or issued public notice, such as agency proposals for capital requirements for insurance companies and the net stable funding ratio." Schardin emphasized that this would not have the effect of rolling back or stopping the implementation of the Dodd-Frank Act because its rules have largely either been implemented or are in the process of being developed and finalized. Additionally, Schardin expects that a moratorium it would include an exception for rules that would reduce regulatory burden or federal spending.

Schardin also suggested that such a moratorium could block new regulatory efforts such as standards being developed by global regulators "which could include standardized models for capital calculations and greater disclosure by financial institutions. It would also block new exercises of discretionary authority such as the designation of new systemically important financial institutions."

Companies: American for Financial Reform; Bipartisan Policy Center; Competitive Enterprise Institute

IndustryNews: DoddFrankAct FinancialStability