The Daily Dish

A CHOICE in the Future

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Yesterday the Environmental Protection Agency (EPA) issued a 90 day stay on the Obama Administration's methane rule. The Obama Administration finalized the methane rule in May of 2016. This April, the EPA announced they would begin formally reviewing the rule following President Trump's call on the EPA to reexamine it in March. The methane rule is seen by some as overly burdensome and duplicative, causing many states to sue over it.

The Department of Transportation (DOT) announced this week that it has authorized over $200 million in grants aimed at helping commuter railroads shoulder the costs of installing positive train control (PTC) systems. The grants were created by Congress in 2015 under the highway bill in order to hasten the pace of railroads adopting PTC systems. Railroads were given until the end of 2015 to fully implement PTC systems but since railroads had struggled to do so Congress pushed the implementation date back to the final day of 2018.

Eakinomics: A CHOICE in the Future

The myriad flaws of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) are by now well known: structural flaws in funding and oversight (the Consumer Financial Protection Bureau or CFPB), excessive regulatory costs that have burdened small and regional banks and inhibited lending, pointless and complex regulations (e.g., Volcker rule) that have damaged liquidity and solve no real problem, excessively intrusive regulation (the Financial Stability Oversight Council or FSOC) that threatens to damage non-bank financial services in the name of controlling something ("systemic risk") that defies definition or measurement, and the list could go on.

Next week the House will bring to the floor the CHOICE Act, essentially a repeal and replace law for Dodd-Frank. Among its notable features is the key "choice": continue the top-down, industrial era centralized regulation of banks in Dodd-Frank or allow banks to choose to maintain a high level of capital and qualify for an exit. Choosing the latter would provide an exit from (in the words of the House Financial Services Committee) "any federal law, rule, or regulation that provide limitations on mergers, consolidations, or acquisitions of assets or control, to the extent the limitations relate to capital or liquidity standards or concentrations of deposits orassets."

Fantastic. But there is even more to like. The CHOICE Act would:

· Create a new bankruptcy code designed for the winding down of failed,large, complexfinancial institutions so they face the consequences of their failure instead of receiving a bailout;
· Repeal theFSOC's burdensome authority to designate firms as systematically important financial institutions;
· Create opportunities for small businesses and job creators by facilitating capital creation and distribution;
· Repeal sections and titles of the Dodd-Frank Act, including the Volcker Rule, that limit or inhibit capital formation;
· Provide regulatory relief for Main Street and community financial institutions; and

· Restructure the CFPB to curtail its power and make it accountable to congressional oversight and to taxpayers.

Does passing CHOICE Act next week spell the end for Dodd-Frank? Not so fast, as Republicans would need to find 8 like-minded Democrats in the Senate to pass the bill and send to the president. But stranger things have happened. #?covfefe