



The Daily Dish

Calm Down; Dodd-Frank Edition

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Last week the House of Representatives approved a [Congressional Review Act](#) resolution targeting the Bureau of Land Management's (BLM) methane venting and flaring rule. The rule, which was put in place by the Obama Administration, specifically targets natural gas drillers and was expected to hamper natural gas production on federal lands. The resolution now goes to the Senate if approved.

On Thursday Vice President Mike Pence said that the administration is determined to work with Congress to repeal and replace Obamacare. The Vice President's remarks come amid concerns voiced by some congressional lawmakers that it will be too difficult to fully repeal and replace Obamacare and members' efforts might be better served if they were to focus on repairing Obamacare instead.

Eakinomics: Calm Down; Dodd-Frank Edition

President Trump issued an [executive order](#) (EO) regarding financial regulation, and the howls about an assault on Dodd-Frank were instantaneous. "[Trump to dismantle Dodd-Frank Wall Street rules through executive orders](#)" screamed USA Today. Or the slightly more sedate "[Dodd-Frank Financial Regulations Watered Down as Trump Signs Executive Orders](#)" from NBC News.

Is that really true? Let's take a look at the EO itself. Section 1 is a statement that the Administration will seek to regulate according to six "Core Principles." In abbreviated form these are:

1. Empower Americans to make independent and informed financial decisions, save, and build wealth;
2. Prevent taxpayer-funded bailouts;
3. Foster economic growth and vibrant markets through more rigorous regulatory impact analysis;
4. Enable American companies to be competitive across the globe;
5. Advance American interests in international financial regulatory negotiations and meetings; and
6. Restore public accountability within Federal financial regulatory agencies, and rationalize the Federal financial regulatory framework.

One may or may not agree that these are the right six, or that each is stated perfectly, but it is far from a radical set of operating principles.

Section 2 then directs the Secretary of the Treasury to "consult with the heads of the member agencies of the Financial Stability Oversight Council and shall report to the President within 120 days of the date of this order (and periodically thereafter) on the extent to which existing laws, treaties, regulations, guidance, reporting and recordkeeping requirements, and other Government policies promote the Core Principles and what actions have been taken, and are currently being taken, to promote and support the Core Principles." (Recall that the

Financial Stability Oversight Council or [FSOC](#) consists of the Treasury and eight other federal financial regulators.)

Section 3 then clarifies that the EO should not be interpreted to attempt to change law or create new regulation.

That's it. Take six months, and please deliver a status report on the state of federal financial regulation. Not one regulation overturned. Not one agency targeted for extinction. And, for the record, the words "Dodd" and "Frank" appear nowhere in the EO.

Aside from the outsized promotion of all things done by the Trump administration and the corresponding outsized reaction to non-events, this is a pretty big nothingburger — at least to date. Now, it may be the case that, upon looking at financial regulation, and Dodd-Frank in particular, the Trump Administration may seek [legislative changes to Dodd-Frank](#). It would certainly make sense to get rid of the FSOC itself, drop the costly-but-pointless Volcker rule, put some sensible governance and oversight into the Consumer Financial Protection Bureau, scale back the derivatives overreach, re-think emergency liquidity provisions, find another approach to financial bankruptcy, and definitely relieve the compliance burden on community and regional banks. But that is hardly an agenda that returns the U.S. to the pre-crisis *status quo*.

And it can't happen without debate and votes in the House, debate and votes in the Senate, agreement by a House-Senate conference committee and the signature of the president.

Take a deep breath. Read the EO itself. Repeat.