Financial Devastation? Trump Moves to "Deregulate" Wall Street, Impoverish Main Street

By Stephen Lendman

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His February 3 executive order addressed deregulation of America's financial system, largely operating ad libitum already – a symbolic action on his part. Congressional legislation is required to repeal or change so-called Dodd-Frank financial reform.

Obama's measure was a scam, doing far more harm than good, virtually nothing to curb abusive practices. Lobbyists and lawyers representing Wall Street wrote the Dodd-Frank Wall Street Reform and Consumer Protection Act, assuring dirty business as usual.

The measure capitulated to Wall Street, empowering the Street's owned and operated Fed to enforce oversight, instead of an independent regulatory agency with teeth to act for the general welfare.

It replaced bailouts with bail-ins during the next financial crisis, taxing depositors by expropriating a portion of their savings to recapitalize insolvent banks, making savers bear the burden of financial crisis conditions, instead of institutions causing it.

It hugely empowered Wall Street, facilitating the growth of giant banks to far greater size and dominance than during pre-2008 crisis conditions. At the same time, community banks and credit unions were devastated.

A 2015 Harvard Kennedy School study, titled "The State and Fate of Community Banking" showed how Dodd-Frank advantaged Wall Street over Main Street – the opposite of what Obama claimed it would do.

It escalated the decline of community banks and credit unions. State National Bank of Big Spring (Texas) experienced the problem firsthand, its president Jim Purcell saying:

> Dodd-Frank systematically favors big banks over community banks, and that bias poses a serious threat to the banking relationships that community banks, Main Street businesses and other folks have fostered for a century.

The so-called Bureau of Consumer Financial Protection (BCFP) is a scam. It did little to curb practices responsible for 2008 financial crisis conditions. Elizabeth Warren ran it from September 2010 – August 2011.

Dodd-Frank was a boon to Wall Street, the bain of community banking, forcing many hundreds of local institutions out of business.

In July 2015, Rep. Jeb Hensarling (R. TX), House Financial Services Committee chairman minced no words, saying:

Dodd-Frank "made us less financially stable. Since the passage of Dodd-Frank, the big banks are bigger and the small banks are fewer. But because Washington can control a handful of big established firms much easier than many small and zealous competitors, this is likely an intended consequence of the Act. Dodd-Frank concentrates greater assets in fewer institutions. It codifies into law 'Too Big to Fail.' "

In January 2014, former financial regulator, white collar crime expert William Black blasted JP Morgan Chase, America's largest bank, saying its "CEO Jamie Dimon presided over the largest financial crime spree in world history…in the range of 15 major felonies that either the United States investigators (or foreign governments) found…"

It's not just JP Morgan, Black explained. It's the entire financial system. Black's updated book is titled "The Best Way to Rob a Bank is to Own One."

On Friday, Trump's press secretary Sean Spicer called Dodd-Frank "disastrous policy." True enough, but claiming it's "crippling" the economy is political hyperbole.

Before signing his EO, Trump said "(w)e expect to be cutting a lot out of Dodd-Frank, because frankly I have so many people, friends of mine, that have nice businesses and they can't borrow money."

> They just can't get any money because the banks just won't let them borrow because of the rules and regulations in Dodd-Frank. So we'll be talking about that in terms of the banking industry.

Quantitative easing added enormous amounts of liquidity to capital markets. Wall Street used it to consolidate to greater size, for market speculation, for stock buybacks, and huge bonuses to top executives.

There's plenty of money around. It's just a matter of how financial giants choose to use it. Eliminating or changing Dodd-Frank won't alter how they operate, profoundly against the public interest.

Below is the text of Trump's EO:

CORE PRINCIPLES FOR REGULATING THE UNITED STATES FINANCIAL SYSTEM

By the power vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy. It shall be the policy of my Administration to regulate the United States financial system in a manner consistent with the following principles of regulation, which shall be known as the Core Principles:

(a) empower Americans to make independent financial decisions and informed choices in the marketplace, save for retirement, and build individual wealth;

(b) prevent taxpayer-funded bailouts;

(c) foster economic growth and vibrant financial markets through more rigorous regulatory impact analysis that addresses systemic risk and market failures, such as moral hazard and information asymmetry;

(d) enable American companies to be competitive with foreign firms in domestic and foreign markets;

(e) advance American interests in international financial regulatory negotiations and meetings;

(g) restore public accountability within Federal financial regulatory agencies and rationalize the Federal financial regulatory framework.

Sec. 2. Directive to the Secretary of the Treasury. The Secretary of the Treasury shall consult with the heads of the member agencies of the Financial Stability Oversight Council and shall report to the President within 120 daysof 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.

That report, and all subsequent reports, shall identify any laws, treaties, regulations, guidance, reporting and recordkeeping requirements, and other Government policies that inhibit Federal regulation of the United States financial system in a manner consistent with the Core Principles.

Sec. 3. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP

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