Opening Floor Statement
Honorable Maxine Waters
Opposing H.R. 78
January 12, 2017

As Prepared for Delivery

WASHINGTON - Mr. Chairman, just as I opposed the bill before us today in the previous three Congresses, I rise in opposition to it now. Republicans have crafted H.R. 78 to tie the hands of the Securities and Exchange Commission (SEC) and prevent it from issuing new rules to address market failures and protect investors. At the same time, the bill would enable the Trump Administration to easily repeal important Dodd-Frank rules by tilting the SEC's decisions towards what is best for industry, and worse, what enriches the President-elect and his cronies.

But, before I discuss H.R. 78, I think it is important to point out that 14 Members of the Financial Services Committee, as well as the millions of Americans they represent, are being the denied the opportunity to discuss this bill through hearings and markups. We are barely into the second week of this Congress and the Republican Leadership is completely ignoring regular order-- despite Speaker Ryan's declaration less than a week ago of a return to regular order-- by skipping the Committee process to bring this bill to the floor.

But this is par for the course. In the other chamber, Senate Republican leadership is similarly jamming Donald Trump's conflicted nominees through the confirmation process, even before the FBI has completed background checks. And, with barely ten days until his inauguration, Donald Trump has already given up on quote "draining the swamp" end quote and broken his promise to hold Wall Street accountable by nominating Wall Street insiders to nearly every key economic and regulatory post.

Let me turn back to the problems with H.R. 78. During the past four Congresses, Republicans have sought to increase the cost-benefit requirements related to SEC rulemakings, even though the Commission is already subject to stringent economic analyses for which it is held accountable. Current law requires the SEC to conduct the same economic analyses required of all agencies under the Paperwork Reduction Act, the Congressional Review Act, and the Regulatory Flexibility Act. Unlike other financial regulators, the SEC has additional statutory requirements to study how its rules affect market efficiency, competition, and capital formation. Additionally, in 2012, the SEC voluntarily issued internal guidance on economic analysis for rulemakings that closely follows Executive Order 12,866. Since adopting this guidance, the SEC has dramatically expanded its economic analysis capabilities, including by increasing the staff and the budget of its economics division by more than 300 percent over the last five years.

In any other reality, the SEC would be held up as a model of effective economic analysis. When asked by Republicans in Congress to review the SEC's analysis, the Inspector General concluded:

Quote "We determined that the SEC's use of [its] Current Guidance has been effective in incorporating economic analysis into the rulemaking process." End Quote

H.R. 78, however, goes much, much further, radically directing the SEC to no longer be concerned with the protection of investors. In fact, the only reference to investors anywhere in the bill is a provision requiring the SEC consider the impact its rules will have on quote "investor choice" end quote. The American public knows full well that "investor choice" is code for industry wanting to offer a menu of predatory products, such as subprime toxic mortgages or retirement products that are designed to bankrupt low and middle income Americans and line the pockets of Wall Street executives.

Further, suggestions that the bill is only codifying the cost-benefit executive orders are false as the bill omits one key provision from those orders: the prohibition of private rights of action. As a result, H.R. 78 provides industry with endless avenues to sue the SEC and thereby put pressure on the regulator to only adopt rules it wants, and repeal everything else.

What's worse, the bill is the first signal to Wall Street that the SEC is leaving the enforcement business. H.R. 78 provides no new funding for the SEC to address the substantial analytic and potential litigation responsibilities the bill would create, even though the Congressional Budget Office estimates that the analytical workload alone would cost $27 million. And let's not fool ourselves that Republicans are going to increase SEC's funding.

Members of Congress just finished debating a bill that caps the SEC's sister agency, the Commodity Futures Trading Commission, at a woefully inadequate funding level for the next five years, denying the CFTC hundreds of millions of dollars it needs to adequately police the swaps markets. And further, Donald Trump has nominated a lifelong defender of Wall Street to lead the SEC, which I can only assume means that Trump's SEC will eagerly pillage the Commission's overworked enforcement staff to help pay for the Republicans' planned repeal of Dodd-Frank.

As President-elect Trump takes office next week beginning what is the most conflicted Administration in U.S. history, I urge my colleagues to join me, investor and consumer advocates, public pension plans, civil rights groups, labor unions and supporters of financial reform in opposing H.R. 78 to ensure that the actions of Trump's SEC are in the interest of Americans' economic stability, and not in Russia's or Wall Street's interests.

I reserve the balance of my time.

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