AVOID ANOTHER $13 TRILLION ECONOMIC CRISIS: OPPOSE SHELBY # 340

- The Shelby Amendment would further delay the already glacially slow progress of common sense financial reforms needed to make the financial system safer and more transparent, and to prevent another financial crisis. It would burden the financial regulators with a duty to conduct expensive, time-consuming, imprecise and impossible-to-achieve analysis.

- In a recent report, the GAO concluded that while the precise cost of the financial crisis is difficult to calculate, the total damage to the economy may be as high as $13 **trillion**. That is the cost of non-regulation and deregulation that would be overlooked in the kind of analysis required by this amendment.

- Financial agencies already are statutorily required to analyze and consider the economic costs and benefits of their regulations, and they do so. They also must consider comments from business and the public. Over the years since the passage of the Dodd-Frank Act, the financial agencies have considered tens of thousands of public comments and held thousands of meetings and round tables. They have also been subjected to multiple industry lawsuits on the basis of their existing statutory economic analysis requirements.

- The kind of additional cost-benefit analysis procedure called for in the Shelby Amendment is not about improving analysis, it is about introducing more roadblocks to real change and more opportunities for Wall Street to engage in litigation and block reform.

- In practice, cost-benefit analysis requirements stack the deck in favor of the financial industry because only industry has the legal standing and the financial resources to mount lawsuits to challenge agency cost benefit analysis. The public cannot sue because Wall Street oversight is too weak and will impose costs on taxpayers and the economy; but big banks can sue claiming that regulators have overlooked costs to the banks.

- The Shelby amendment also calls for forcing the quantification of all costs and benefits resulting from financial regulations. Perfectly measuring these in advance is an impossible task. Benefits to the economy and every-day Americans of avoiding investor fraud through disclosure for example, or protecting consumers from abusive, deceptive, and fraudulent practices are very real but difficult to quantify, especially before rules are even implemented.

- The Shelby Amendment ensures that if financial agencies adopt reforms based on cost-benefit analyses that do not reflect financial industry preferences, the financial industry will be waiting in the wings with a lawsuit to overturn the rule. This amendment is a prescription for more litigation, not less.

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