

Trump's Reign of Error

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For the third time in six weeks, Donald Trump's childish impulse to smash everything President Obama built made a mess.

On Feb. 3, a Norfolk Southern train carrying hazardous chemicals derailed. Experts say the disaster was worsened because Trump dumped Obama's safety regulations, including regular safety audits, minimum crew standards and Obama's requirement that trains carrying explosive chemicals have Electronically Controlled Pneumatic brakes.

On March 10, Silicon Valley Bank (SVB) became the second-largest bank failure in American history. SVB bought long-term bonds when interest rates were low. As rates climbed, SVB lost money, causing a classic bank run. Think: Jimmy Stewart in "It's a Wonderful Life" trying to save his beloved Building and Loan.

On March 12, Signature Bank became America's third-largest bank failure. Signature specialized in cryptocurrency, another bad bet. Crypto's decline and SVB's collapse triggered Signature's bank run, bringing it down, too.

After 2008's financial collapse, Obama enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act. It required even smaller, regional banks like SVB and Signature to pass stringent stress tests and maintain adequate capital reserves.

Signature was Trump's "go-to" lender. It financed Trump International Golf Club. Ivanka Trump was a director! It loaned money to Ivanka's husband Jared Kushner, and her father-in-law, a convicted tax-evader Trump pardoned. When Signature lobbied Trump to exempt banks its size from Obama's regulations, Trump bragged: "We're going to be doing a big number on Dodd-Frank."

Leading business publication Forbes repeatedly warned that weakening Dodd-Frank would sow "the seeds for the next financial crisis." Trump ignored them. Banking experts say Trump's deregulation hastened SVB's failure. Forbes writes: "Anyone who doubted how detrimental Trump administration policies would be should analyze the damage unfolding for those trampled by SVB's collapse."

Forbes calls Trump's bank deregulation "Trump inflicted death by a thousand cuts." Trump got dumped in 2020, but the consequences of his catastrophic Reign of Error continue.

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