



May 18, 2017

# Domestic and International Policy Update

Committee on Banking, Housing, and Urban Affairs, United States  
Senate, One Hundred Fifteenth Congress, First Session

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Secretary

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**Statement of Senator Mike Crapo**  
**Committee on Banking, Housing, and Urban Affairs**  
**May 18, 2017**

**Crapo Statement at Domestic and International Policy Update**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following remarks during a hearing entitled, “Domestic and International Policy Update” with Treasury Secretary Steven Mnuchin.

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today, we will receive testimony from the Secretary of the United States Department of Treasury on domestic and international policy issues.

“Thank you, Secretary Mnuchin, for testifying today.

“This is Secretary Mnuchin’s first hearing since being sworn in as Treasury Secretary in February and we look forward to today’s discussion.

“Many of this Committee’s priorities fall within the jurisdiction of the Treasury Department, including housing finance reform and development of policies to encourage a healthier economy.

“We look forward to working with you and your staff on these priorities and improving the lives of Americans.

“Housing finance reform remains the most significant piece of unfinished business following the crisis, and it is important to build bipartisan support for a path forward.

“Last week, we received testimony from Federal Housing Finance Agency Director Mel Watt.

“At that hearing, Director Watt emphasized that it is Congress that needs to act to determine the future of housing finance reform.

“The hearing reinforced why conservatorship is unsustainable. Namely, GSEs having zero capital, taxpayers on the hook for losses, and the government effectively taking all of the risks.

“A number of groups have released proposals for reform in recent months, including MBA, ICBA, the Milken Institute, several co-authors writing jointly for the Urban Institute, and many others.

“Three years ago, seven Republicans and six Democrats on this Committee voted in support of a comprehensive housing finance reform bill.

**Statement of Senator Mike Crapo**  
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“A key priority this Congress is to build on that bipartisan legacy and these new ideas, and pass legislation that will create a sustainable housing finance system for future generations.

“I look forward to working with you, Secretary Mnuchin, and your staff at the Treasury Department as this Committee develops bipartisan legislation that will fix the broken housing finance system.

“Regarding economic growth, I am encouraged by President Trump’s Executive Order on Core Principles for regulating the financial system.

“I understand that the Treasury Department will be issuing a report identifying laws and regulations that inhibit federal regulation of the United States financial system in a manner consistent with the Core Principles soon.

“I will review this report and work with you, regulators and members of this committee to enact measures to improve our financial system.

“Financial regulation should help ensure a safe and sound financial system, but in a tailored manner to help grow and maintain a healthy economy.

“We want our nation’s banks to be well-capitalized and well-regulated, without being drowned by unnecessary compliance costs.

“Undue regulation chills innovation and imposes significant and unnecessary costs and burdens on financial institutions and companies, often disproportionately on smaller ones.

“For example, community banks and credit unions lack the personnel and infrastructure to handle the overwhelming regulatory burden of the past few years, yet in many ways are treated the same as the world’s biggest institutions.

“Our regulatory regime should be properly tailored and avoid a one-size fits all approach.

“One area I would like this Committee to address is the \$50 billion SIFI threshold for regional banks.

“In prior hearings, we have discussed whether \$50 billion is the appropriate threshold, and I hope that we can work together to craft a more appropriate standard.

**Statement of Senator Mike Crapo  
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“My goal is to work with you, Secretary Mnuchin, senators of this Committee and financial regulators to look for ways to improve regulation and foster economic growth, while maintaining resiliency in the economy.”

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**Statement of  
Steven T. Mnuchin  
Secretary  
United States Department of the Treasury  
before the  
Senate Committee on Banking, Housing, & Urban Affairs  
United States Senate  
May 18, 2017**

Chairman Crapo, Ranking Member Brown, and members of the Committee, it is an honor to appear before you today for the first time as Treasury Secretary. During my confirmation hearing I promised to work with Congress to create and maintain prosperity for all Americans. I want to reaffirm that commitment to you today.

Let me begin by discussing the Treasury's recent report on the foreign exchange policies of our major trading partners. Ensuring that American businesses, consumers, and workers face a level playing field is one of the essential components of this Administration's agenda. When foreign governments engage in currency manipulation, it makes the playing field uneven, which is why we regularly monitor these practices.

After careful study, the Treasury Department has found that no major trading partner met the criteria for currency manipulator during the current reporting period. We will continue to follow this important issue and have established a "Monitoring List" of economies that warrant close attention. This list comprises: China, Germany, Japan, Korea, Switzerland, and Taiwan.

Additionally, we are committed to rethinking our foreign agreements and trading practices to ensure that they are both free and fair to American businesses and workers. In my discussions with the IMF and the finance ministers of the G-20 I have emphasized this goal and will continue to do so.

Turning to our domestic economic agenda, it has been more than 30 years since we have had comprehensive tax reform in this country. Combined with often imprudent regulations crafted in the midst of crisis, the engine of American prosperity has slowed. I believe that a goal of 3% GDP or higher economic growth is achievable if we make historic reforms to both taxes and regulation.

There are about 100 people working at the Treasury on the issue of tax reform. It is our goal to bring meaningful relief to middle income Americans and make American businesses competitive again. We will do this all while simplifying the system.

On regulatory reform, Treasury is preparing its initial report in response to the President's Executive Order on "Core Principles for Regulating the United States Financial System." These Principles provide a roadmap for the Administration's approach to financial services regulation. We have taken a systematic approach in our work by meeting with a variety of stakeholder groups to hear what works, what does not work, and what can be improved. Our initial report will contain recommendations to provide relief for community banks and make regulations more efficient, effective and appropriately tailored.

*Embargoed Until Delivery*

Housing finance reform is another priority of mine. This has been an unresolved issue for far too long and one we are committed to fixing. We will ensure that there is both ample credit for housing and that we do not put taxpayers at risk. This Committee has done extensive work on this along with your work on community financial institution regulatory relief. My hope is that we can partner on both of these issues. I look forward to working with the Congress to develop a solution.

Finally, another area that is crucially important to Treasury is our commitment to combatting terrorist activities and financing. We have announced a number of sanction actions against individuals and entities associated with destabilizing regimes like Syria, Iran, and North Korea. This work is essential to the Administration's efforts to continue to keep Americans safe.

The first few months of this Administration have been significant. We have been working hard at the Treasury to develop and implement policy that will allow the economy to grow. This will make the dream of prosperity once again a reality for all Americans.

Thank you and I look forward to answering your questions.