



Winning Working-Class Voters with State Level Consumer Protection

Posted on February 6, 2018 by Marc Dann

Donald Trump's election, made possible in part by his ability to capture the hearts, minds, aspirations, and votes of working-class men and women, has caused confusion and consternation among Democratic Party leaders. Stunned by the outcome, the Party has spent the last year searching for new messages that could lure this critically important constituency back into the fold. So far, that search has been unsuccessful.

However, as Democratic Party factions bicker, Trump himself may be handing them the issue they can use to end his presidency—and it doesn't involve porn stars, Russians, racism, or tax cuts for the rich, none of which seem to matter much to the president's supporters.

No, the Trumpites won't turn away from him because of the outrageous things he says, or even the possibly illegal things he's done. But they might abandon him when they finally realize that he's betrayed them by gutting the regulatory framework that really made America great for the working class. Trump's crusade to kill every rule and law he can get

his hands on could be the thing that kills his presidency.

Some may scoff at this idea, but consider how these actions, all taken in the interest of his buddies on Wall Street, harm families who live on Main Street:



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- Net neutrality may seem like an arcane issue, but FCC Chair Ajit Pai 's decision to roll back Obama-era internet rules will inevitably lead to increased costs for internet access.
- Betsy DeVos, the clueless Secretary of Education, is repealing rules that made it difficult for private universities to rip-off students and making it more expensive for kids and parents to repay student loans.
- Budget Director Mick Mulvaney, who was installed as director of the Consumer Finance Protection Bureau (CFPB), has submitted a “zero budget” for the agency he absolutely loathes, and instituted a hiring freeze and a prohibition on new regulations. Just for good measure, he’s also decided to make it easier for the vultures in the payday lending industry to prey on the poor and the working class.
- The Labor Department’s decision to allow pool-tipping and to ditch rules that would have made hundreds of thousands of low-wage workers eligible for overtime pay will cost working families millions of dollars each year.
- The unrelenting attack on the Affordable Care Act, which survived repeal but has taken a number of other hits, will lead to premium increases and the loss of coverage

in the years ahead.

Every one of these actions will impact working-class Americans disproportionately, especially those who live on the edge of bankruptcy and lack the financial resources to fend off unscrupulous lenders and other scam artists. According to a [2016 Federal Reserve Report](#) 46% of American households could not handle a \$400 emergency expense. That makes them prime targets for payday, car title, and predatory mortgage lenders that generate huge profits by exploiting people who barely live paycheck-to-paycheck.

That's why rolling back regulations on these industries, and especially eviscerating the CFPB, is such a big betrayal of Trump's base. Since the CFPB was established in 2011 as part of the Dodd Frank Act, the agency has clamped down on predatory bankers, mortgage loan servicers, debt buyers, debt collectors, payday lenders, and credit card companies. It has recovered \$12 billion for more than 29 million consumers. It also developed a [centralized, transparent system for processing consumer complaints](#) and created a searchable database that enables people to determine if a company they're about to do business with has a history of ripping off consumers. In short, it has helped level the playing field between average Americans and the finance industry. That's exactly why Trump wants to kill it, but it's also why its demise will make life significantly worse for working-class families.

Now that Trump has positioned himself at the edge of the abyss, one question remains: will the Democrats be able to push him off? I believe the answer is yes, but they must start this year by creating state agencies to take on the responsibilities the feds are abandoning. Montana Governor Steve Bullock is already taking this path by [ordering agencies to create and enforce](#) state-based net neutrality rules.

Democratic officeholders and candidates should also press for the establishment of transparent and statutorily independent Departments of Consumer Protection (DCPs). These "one stop shops" should identify potential financial predators, create an equitable process for resolving individual consumer complaints, and have the power to sue companies and industries that target vulnerable consumers or to force other regulators or the state attorney general's office to do so. DCPs directors or commissions should serve terms that overlap those of the authorities who appoint them, and they should be subject to removal only for malfeasance. They could be funded by a portion of the fees paid to create new companies or to register foreign corporations doing business in the state, from the registration fees paid by regulated industries, and from fines and civil penalties collected via enforcement of state-based consumer protection laws.

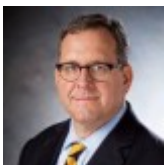
We need this kind of independent agency because in most states the responsibility for protecting consumers is spread among multiple agencies or is subject to the political whims of the elected Attorney General. Even worse, in some cases agencies and licensing boards handle complaints, even though they can be heavily influenced by lobbyists for the profession or industry they oversee — a situation that produces reliably unfavorable outcomes for consumers.

In addition to establishing new regulatory agencies, Democrats should push to bring industries like loan services, payday lenders, debt collectors, and car dealerships under the jurisdiction of the DCPs. Such agencies should also oversee wage and hour enforcement for workers.

Democrats can also protect working-class people by creating laws based on successful consumer protection statutes enacted in other states. That might include a [Student Borrower Bill of Rights](#) like that enacted by the legislature in Illinois to create transparency and to outlaw deceptive practices by student loan lenders or a [Homeowner's Bill of Rights](#) similar to one enacted in California. Dems could model [fair debt collection practices](#) that prohibit companies that collect their own debts from engaging in deceptive practices on a Florida law. They could propose a bill [like the one enacted in North Carolina](#), creating standards for debt buyers, including those that buy private student loans, to prove that they have the right to enforce the debt before taking legal. Other possibilities include an enforceable payday lending bill that outlaws title loans and [protections against data breaches](#), which now exist in only 14 states.

When combined with Trump's unrelenting attack on the very things that make America a land of opportunity, these bold, state-based initiatives may provide Democrats with the weapon they need to send Trump back to his tower – and actually make America better for the working class.

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