

[The Bill Walton Show](#)

“Our Disappointing Treasury” with Peter Wallison

Bill Walton:

Try to ...

director:

Okay. Ready to roll.

Bill Walton:

What am I doing here? Oh, I've got a timer on.

director:

Oh, and is your phone, if you could go on airplane mode, if you could.

Peter Wallison:

Oh, good point, yeah.

director:

Thank you.

Bill Walton:

Okay, airplane mode. Now I'm on a stop watch mode.

director:

Okay, it's Kong, no, it's the Bill Walton show.

Bill Walton:

It's the Bill Walton show, we had a name, common ground.

Peter Wallison:

I see.

Bill Walton:

I didn't like that, after [inaudible 00:00:44]. You can't ... we had Arnold on last week talking about the three political tribes, have you heard about his theory?

Peter Wallison:

Yeah.

Bill Walton:

He thinks there's progressives, and conservatives and libertarians. The three live in separate moral universes.

Peter Wallison:

Yes.

Bill Walton:

One of the reasons we don't communicate is that what somebody progressive thinks is a good thing is different than what you or I might think is a good thing. That's why we don't find common ground, although we're fighting a surprising amount of it here, so we'll see.

Peter Wallison:

Yeah, well this is a major demographic issue. I mean, people are sorting out.

Bill Walton:

Yeah.

Peter Wallison:

People are going to live with other people who share the same views. That's why we're having this strange stuff.

director:

[crosstalk 00:01:29] We're rolling now.

Bill Walton:

Okay, we've got to get the show rolling, alright. And actually Peter, we don't have any restrictions on what we get to talk about.

director:

Right.

Peter Wallison:

Wow.

Bill Walton:

The only issue we'll have is how to promote it.

Peter Wallison:

Okay.

Bill Walton:

Peter and Bill talked about 53 things, we're not sure exactly what's the point across, but it's really interesting.

Peter Wallison:

Yeah, well I think most people will find it that way.

Bill Walton:

Okay, are we rolling now?

director:

Yes we are, standby, okay ... alright, here we go, lots of good energy, and when you are ready, go.

Bill Walton:

I'm joined today by Peter Wallison, who is with the American Enterprise Institute, and is the Arthur Burns fellow and financial policy studies, where he researches banking, insurance and securities regulation. As a general council of the U.S. Treasury department, he had a significant role in the development of the Reagan Administrations proposals for the de-regulation of the financial services industry. He is author of many books, but most recently he is the author of hidden in plain sight, which is about the causes, the real causes of the financial meltdown in 2008. Peter, welcome.

Peter Wallison:

Great to be with you, Bill.

Bill Walton:

Great to have you here. You wrote something interesting in the Wall Street Journal a couple of weeks ago, the title of which is, 'The Trump Treasury is disturbing regulatory turn.' That's a subject that you know something about. What is happening at treasury that's a cause for alarm?

Peter Wallison:

Well, nothing is happening at treasury, and those few things that are happening at treasury are alarming. The thing that worries me most, is something called the use of the financial stability oversight council, which was set up by the Dodd Frank act. We call it the FSOC, financial stability, FSOC. It's a council of all of the financial regulators in the federal government, they're all together.

Bill Walton:

So, the treasury, SCC=

Peter Wallison:

Treasury, SCC, CFT, that is the-

Bill Walton:

Federal reserve.

Peter Wallison:

Federal reserve.

Bill Walton:

Yeah.

Peter Wallison:

The CFTC, the controller of the currency, the FDIC. They're all there, around the table, under the chairmanship of the secretary of the treasury. It's a very powerful organization. It has been given substantial powers by congress in this Dodd Frank act that I mentioned. The thing that worried me most about the FSOC, as it operated in the Obama Administration, mostly under secretary Liu, was that it seemed to me that they were attempting to use the FSOC to create a regulatory system that would cover all of the developed countries, the United States and all the countries of Europe, China, and some of the others. This doesn't seem possible to think about, but after the financial crisis, Obama got together with the leaders of all these other countries called the G10. They decided that they would set up sort of a council of countries, just like the FSOC, but this would be called the financial stability board. Under the financial stability board, they could discuss the creation of this substantial, new regulatory structure for the world's economy, because there was such fear that without regulatory control, we would have another financial crisis.

Bill Walton:

Because they've done such a good job before the financial crisis, they ought to do more of the same.

Peter Wallison:

Oh yeah, exactly. Imitate what they had done in the past.

Bill Walton:

Somebody said that John Allison who ran BB&T said the Federal Reserve's financial models have predicted zero of the last hundred meltdowns or something like that.

Peter Wallison:

It was only a bunch of statist could get together and create this idea. The enormity of it was something to behold, because the idea that you're going to create a regulatory structure for the entire world's financial system is pretty ambitious. The question then for everyone on this group, was how are we going to get control of the U.S. financial system? Unless you can get control of the U.S., we have the strongest financial system, we're the most innovative, we are the most powerful, the most wealthy. What we do sets the terms for everyone else because they have to compete with us.

Peter Wallison:

The FSOC in the United States was the answer to this. The FSOC has enough power to introduce into the United States, the regulations and ideas that are adopted by this FSB, which is made up mostly of ministers of finance, and other regulators in Europe, and some Asian countries, plus the Federal Reserve from the United States, and the Treasury of the United States.

Bill Walton:

The financial, FSOC, as we finally, maybe not so finally know, has some big powers, one is to designate large non-bank financial firms as needing enhanced supervision, because they're part of the problem of too big to fail.

Peter Wallison:

Right.

Bill Walton:

The other one is-

Peter Wallison:

Activities.

Bill Walton:

Activities.

Peter Wallison:

There were two things in the Dodd Frank act that the FSOC could deal with, one was this designation of large systemically important financial institutions, which are not well defined in any way, what they say they are, they are. The other is dealing with activities that were deemed to be dangerous for, to have in an economy. Now, if you're a bunch of regulators, any activity is dangerous unless you can control it. What I think they were looking to, was that this FSB, would develop some ideas for controlling something that they called a shadow banking system. What was a shadow banking system? They defined it as any financial activity that was not subject to prudential control, which meant oversight by a regulator who was concerned about its risk taking.

Peter Wallison:

So, for example in our securities area, we have a very innovative security's area, and one of the reasons for that is that no one tries to control the kinds of risks that security firms take. They are entitled to do things that look pretty good to them, and will advance their own businesses, and as a result we've had a very robust securities market for many years.

Bill Walton:

And more recently we have financial innovation, what's known as Fintech.

Peter Wallison:

That is a wonderful thing, perfect example of how things develop in the United States, that will be competing with banks over the years, and of course the regulators will want to get control of that because by competing with banks, it makes it very difficult for them to clamp down on what banks do, and to control what banks do because they have these competitors outside the banking system that are not under control. The perfect example of a shadow bank is Fintech.

Bill Walton:

Where consumer or business lending over the internet.

Peter Wallison:

Sure, right. Uncontrolled, this is a terrible idea from the stand point of regulators. So, the idea is to get control of these shadow banks some way, both in Europe and other places in the world, and in the

United States, and it was to be done through the FSOC in the United States, which had the power, actually, to do this. Now, under the Obama Administration the only thing that they did was designate several very large companies as systemically important. The first thing you mentioned-

Bill Walton:

Met Life, Prudential.

Peter Wallison:

Met Life, Prudential.

Bill Walton:

AIG I think.

Peter Wallison:

GE Capital.

Bill Walton:

Oh yeah.

Peter Wallison:

And AIG, and poor GE Capital.

Bill Walton:

And GE rather than being regulated, sold the financial unit.

Peter Wallison:

Yeah, see what they did? This is such a great example of how terrible regulation is. They took GE Capital, which was one of the great sources of risk financing for small and medium sized businesses, and they collapsed it into nothing, it's gone. It was bigger than GE at one point.

Bill Walton:

We partnered with GE Finance, and they were very smart, very good. It's a shame to see them gone.

Peter Wallison:

Exactly. This is an example of what happens when you subject a company that was not regulated to the Fed's regulation, which is what would happen to any of these companies that were designated. So, when Trump came into office, saying that Dodd Frank was a catastrophe, a disaster and we have to repeal it, I was jubilant, because I assumed that the treasury department was now going to step in and eliminate the FSOC. They don't have to do anything with the FSOC, they could simply stop convening meetings and that would be the end of it. But, that didn't happen, Bill.

Bill Walton:

Well one of the things, if we could back up just a second, because you and I share a view that the root cause of the financial crisis in 2008 was not Wall Street greed, although I've worked on Wall Street, and there is a lot of greed on Wall Street.

Peter Wallison:

Sure, I hope there is, there should be.

Bill Walton:

The Wall Street responds to signals, incentives, to the rules that are put out for them, and Wall Street created trillions of dollars, maybe that's an exaggeration, but not by much, mortgage back securities, which led us into this incredible housing bubble and it blew up. The root cause of that you believe was, and I believe-

Peter Wallison:

Was the governments housing policy.

Bill Walton:

I'm going give you the straight guy here.

Peter Wallison:

Yeah, right, you're going right for it. The governments housing policy created the crisis. It did so in a very simple way, because it imposed rules on the housing finance system, through two government backed firms called Fanny Mae, and Freddy Mac, which required them to buy mortgages from people who actually could not afford to own homes. In many cases, they didn't have the down payments, and they didn't have the credit scores that would testify to their ability to meet their obligations, but they were required by the government, through Fanny Mae and Freddy Mac, which the government regulated Fanny and Freddy. They were required to buy a certain number of these mortgages. It started at 30 percent of all the mortgages they bought.

Bill Walton:

I think it was 1992.

Peter Wallison:

1992, exactly.

Bill Walton:

Affordable housing.

Peter Wallison:

Affordable housing goals. 30 percent of all the mortgages they bought, and they were down and aiding the housing finance industry, they probably were buying half of all mortgages in the United States, from banks and other originators. In 1992, they were told 30 percent of all the mortgages you buy have to be made to people who are at or below the median income.

Bill Walton:

It's interesting, I was on the board of the financial services round table, with a lot of the heads of the big banks, and I remember them complaining that they were originating, they were doing a lot in the mortgage finance area. They were very uncomfortable with, because the underwriting standards were not what they wanted to use, but yet they were being told, "No, this is the kind of mortgage we want you to originate and sell." Then they got bundled up in securities and that's what blew up.

Peter Wallison:

Yeah. Well, that's-

Bill Walton:

So, they weren't being driven by their own standards, they were being driven by the regulators standards.

Peter Wallison:

The regulators standards. What happened is that when you reduce underwriters standards, as these people knew, it causes a boom because more and more people are able to buy homes, and as that is true home prices start to rise. Then, for all the lenders it looks less risky, because home prices are rising, if you make a loan, the next year the house is going to be worth more, and even if the mortgage isn't paid, you can probably sell the house for the amount of the mortgage.

Bill Walton:

All the models were built at the time assuming house prices would always rise and never fall because they hadn't fallen since World War 2.

Peter Wallison:

Right. What happened is, we had the biggest boom we'd ever have in history. Housing prices in real terms, doubled between 1992, and 2008 when the crisis hit.

Bill Walton:

I think you pointed out construction cost didn't increase that much, so this was all driven by the availability of cheap money to buy these places.

Peter Wallison:

Right, and low underwriting standards. So, when it all fell apart, then what did the government do? Instead of saying, "Gee, we made a mistake on our policies." They just pointed at Wall Street, and said, "Well, you guys did it." The media, of course, picked that up immediately, and they pursued that idea and so most people in the United States believe that's what happened. In fact, it was caused by government housing policy.

Bill Walton:

Its hard for Wall Street to push back, because they're regulated by the same people that are pushing the policies.

Peter Wallison:

Exactly, so true.

Bill Walton:

So, that's why we're skeptical about the regulators omnipotent view of how things ought to be.

Peter Wallison:

I'm skeptical about regulation in general, I think it makes things much worse, but I can point to and did in the book exactly how government regulation of the housing finance business created the financial crisis in 2008. Let me just add one datum for your listeners, your viewers, and that is in 2008, just before the crisis, more than half of the mortgages in the United States were sub prime or otherwise risky mortgages, and 76 percent of those were on the books of government agencies. And, what does that say? It says that it was the government that created the demand for those mortgages, not Wall Street.

Bill Walton:

Wall Street will not create a product that they cannot sell.

Peter Wallison:

Right.

Bill Walton:

You've given me a guarantee that says I can sell it to you we've got a deal.

Peter Wallison:

And, if the government wants it, they'll get it, and they wanted it.

Bill Walton:

So, let's come back to your story. Let's pick up where we are now with the Treasury under Trump, and what has and hasn't happened. We had some things happening with Liu, he's gone. We have a new Treasury Secretary.

Peter Wallison:

Secretary [inaudible 00:17:00] that's right.

Bill Walton:

A lot of high hopes to de-regulation. We are seeing a lot of that in labor and other places, but not Treasury.

Peter Wallison:

Trump did the right thing, he sent a memo to the Treasury department and said I'd like your recommendations on what we do about the financial system, what kind of regulation we should have. What he got back from the Treasury department was [inaudible 00:17:27] and tweaks, no major steps. In every other area, where President Trump has appointed the senior person, like the Cabinet Secretary, or the head of the EPA, he's gotten very good disruptive, de-regulatory policies that have been responsible for the tremendous growth in our economy since Trump came into office.

Peter Wallison:

The treasury is an [inaudible 00:17:59] here, they have done nothing significant here. The article in the Wall Street Journal that you talked about, is very worrisome, because what it does, is it gives the FSOC, as I mentioned before, much more power. The power in fact, to close down whole industries if they don't like the kinds of activities that the industries are engaged in.

Bill Walton:

So, this would go from insurance companies to broker dealers, finance companies, everybody.

Peter Wallison:

Right.

Bill Walton:

The whole Fintech industry.

Peter Wallison:

Fintech would be a great example. If the bank regulators on FSOC said to the secretary of the Treasury, "You know, these Fintech people are taking very risky steps here, (even though they are risking their own money) they are doing some things that we think might cause trouble in the future." They could say to Fintech, that kind of activity cannot continue in the future.

Bill Walton:

Well, we're going to talk about this in a minute, about an upcoming book you have on the administrative state. It's clear though, that if FSOC decides something, there is no court of appeal, that's it.

Peter Wallison:

That's right.

Bill Walton:

So, there's no judge, there's no jury, I mean, they decided that this is it, then that's ... where are the voters in this?

Peter Wallison:

There is a right to the courts, but it's very difficult for a litigant to beat the government on something the government says is necessary, if the government has actually been given the power to make that determination. That's where a lot of the questions come in. In the case of FSOC, Met Life did take them to court, after Met Life was designated, and they won at the district level, district court level. It's on appeal.

Bill Walton:

Yes.

Peter Wallison:

But, they won so it is possible to take them to court. Its not clear whether you'd actually win in those cases. You don't want it to happen because anytime the government does anything like this it chills

everyone else, and that's more dangerous than anything and that why we didn't have any growth under Obama, because people, the business community was chilled by fear of new regulations. When Trump came into office saying, "I'm going to cut all these regulations, we are going to de-regulate." All these people said, "Hey, maybe we can try this idea that we've been thinking about for a while."

Bill Walton:

I don't think it's commonly understood that business people respond to views about what the futures likely to be. It's not so much regulation, per se, it's the change in regulations that really affects your ability or willingness to invest. If you say to me, this is the environment, these are all the regulations, you'll say, okay, I'll work with this, but what you can't work with is somebody arbitrarily deciding six months from now, that no way, you've got to do it differently because we've changed our minds.

Peter Wallison:

That's right, you need my approval. Well, it didn't say I needed your approval, but-

Bill Walton:

But now you do.

Peter Wallison:

You do.

Bill Walton:

Yeah, so that's changed.

Peter Wallison:

Yes, that is changed, and as soon as that became clear-

Bill Walton:

But not a Treasury.

Peter Wallison:

Not a Treasury, and that's what worries me so much about this, because Treasury is so important in terms of what kinds of regulations the financial system develops.

Bill Walton:

So, do we have any line of action here, what do we is this something that we ...

Peter Wallison:

Well, the action that-

Bill Walton:

Talk about different people at Treasury.

Peter Wallison:

The action was the election of Trump who wanted to de-regulate. Now, he has then appointed people at the Treasury department, I'm afraid, not as many as he needs to, but the people he has appointed I'm afraid are not de-regulators, they are regulators. That worries me quite a lot.

Bill Walton:

Well, we don't have a Deputy Secretary of Treasury, no one has been nominated, we don't have a Chief Financial officer, we don't have a under secretary for Domestic Finance, we don't have anybody, a system secretary for economic policy, financial markets or financial stability. These are all the areas that you're talking about FSOC, so we've got nobody that Trump has appointed to enact his agenda, not enough people. We have David Malpaz, who's a star.

Peter Wallison:

Yeah, that's one, and Adam Larek is good.

Bill Walton:

Yeah, Adam as well.

Peter Wallison:

He's good, but he's international also. What we need are people in the domestic area who are really serious about free markets, and we don't have that.

Bill Walton:

Coming back to where we started with the FSOC, and then the financial stability board, where are things with the financial stability board under Trump, with Trump in office?

Peter Wallison:

The financial stability board is still in operation. Actually, when Trump was elected, maybe a week after he was elected, I wrote an [inaudible 00:23:08] that said, "Hooray! The financial stability board is going to be out of business, because without the FSOC they can't do anything." Turned out to be wrong, as I frequently am.

Bill Walton:

Now they've got an enabler.

Peter Wallison:

So, unfortunately the financial stability board is still in operation and still has some hope that they can bring the U.S. FSOC in to work with them, and develop this regulatory structure for developed nations. I don't see at the moment any way to stop that, unless Trump, when he goes to DEVOS makes a speech that says, "We have our own laws, and we are not going to be adopting any program for regulation that covers us as well as other countries. We are satisfied with what we are doing, we'd like to de-regulate in our Country, but don't try to develop any new regulations that will cover us."

Bill Walton:

Well, knowing Trump, that sounds like a speech he would like to make.

Peter Wallison:

You'd think so.

Bill Walton:

He just needs somebody in the Treasury to write the speech.

Peter Wallison:

Or, smuggle it to him in-

Bill Walton:

Alright, I worked in the Treasury of transition, maybe we'll work on something and get it over there.

Peter Wallison:

Someone has to do it. If you couldn't do it, it's gonna be tough.

Bill Walton:

Well ... I want to switch gears to an upcoming book that you have about what people call the administrative state.

Peter Wallison:

Yes.

Bill Walton:

Tell me about what the administrative state is, and why that's a problem.

Peter Wallison:

The administrative state is made up of all the regulation, all the regulatory agencies of the federal government. They have an extraordinary amount of power. In the Obama administration, for example, there were more than 3,000 regulations, new regulations issued each year, for the eight years of the Obama administration. Now, when you think about trying to do business, in an environment like that, we were just essentially talking about that, becomes extremely difficult to do business. If you're just an ordinary person, and we're not talking about being in business, but simply abiding by the laws, you don't know what the laws are if 3,000 regulations are coming out of the federal agencies every year. That's the administrative state. What I worry about, and what my book is about, is how to reign in the administrative state. My view is that, and what the book expresses, is that the failure to reign in all of these agencies, and there are thousands of them, and they issue thousands of regulations, is the courts, the failures of the courts in the United States.

Peter Wallison:

They have not done what the framers of our constitution expected them to do. They were supposed to, under the separation of powers that is embodied in our constitution, they were supposed to make sure that the executive, which is the president, and the congress stayed within their channels, within the areas that they were supposed to cover. Congress was supposed to make legislation, the presidency was

supposed to enforce the regulation and the judiciary under the framer's idea was to make sure that the two of them didn't get together. That has not happened.

Bill Walton:

Well, wasn't the first chief justice Marshall pretty strong about the idea that it's our job to tell you what the law is and isn't?

Peter Wallison:

You are exactly right, that's a very famous from an 1803 case, he said, "It is emphatically the business of the courts to say what the law is." Since the new deal in 1937, that has not been the position of the courts, and it's gotten worse over time. At one point in 1984 in a case called Chevron, I won't go into the details of the case, but what they essentially said is the courts should really stay out of interpreting these laws that regulatory agencies are using, they're better at interpreting these laws than the courts are. So, we're going to allow the regulatory, or administrative agencies to interpret the scope of the power that they've been given by congress.

Peter Wallison:

This has caused enormous amount of new regulation that the American people must begin to feel, they don't have much opportunity to control. I'll give you one example, Title nine of the education amendments of 1972, these aren't the exact words, but they said no one shall be deprived of educational resources on account of sex. What they meant was that women should be able to participate in sports at the schools in which they were being educated, assuming that schools were getting federal money. That's what the idea was, we're going to be gender blind in educational institutions that are financed by the government, and most colleges and universities do receive that, okay.

Peter Wallison:

Over time gradually, the education department has taken that language and turned it into something that says, if a man says something to a woman on campus and she thinks its sexual harassment, he can be charged with a violation of the rules of the school, and he can be expelled. Now, that has nothing to do with what congress originally legislated.

Bill Walton:

Boy, talk about a slope that's slippery.

Peter Wallison:

Sure. That's only one example. All this stuff about who can use what bathroom, which many people who are religious are quite concerned about, and many parents are concerned about this. This is all coming out of that one line, that is if you are financed by the government, if you get any government money, you cannot discriminate on the basis of sex. So, how it gets to who can use what bathroom, or who can say what to a fellow student, is remarkable to me, but that's an example of how the administrative state has been able to grow beyond what congress actually wanted to do.

Bill Walton:

Well, the three branches, president, or the administrative, or legislative, and the judicial, the framers had in mind that they would all judiciously or very carefully protect their turf.

Peter Wallison:

Right.

Bill Walton:

And, Congress wouldn't want to have things taken from it that was within its power to do. Instead, what's happened is that Congress has moved into a world where they'll pass a law, and the law will be, I think as you put it, a goal. Like, we'd like to have clean air, we'd all like to have clean air, and then they punt it over to the EPA, and the EPA administrators decide okay, well this is what we want to do. Congress really doesn't know anything to say, and by proxy, neither do voters.

Peter Wallison:

Right.

Bill Walton:

So, a lot of things, which would be popular for the constituents of the people in favor of the EPA, might be very unpopular for the vast majority of Americans.

Peter Wallison:

That's exactly right, and what's more it's not permitted, should not be permitted by the constitution. The reason we have a legislature is to balance all of the interest in a society. Our Congress does that, it's not neat, but they do when they legislate, they try to do that. They can be as discriminatory as they want, they can be as biased as they want, they don't have to do, make everyone happy, that's what a legislator is for, as long as it stays within the constitution, it can do those things. But, what as you suggest, Congress has been doing, is setting goals. Then they pass to the agency, the important questions of who pays, who is hurt, who suffers as a result, or who has benefited as a result of these regulations. That's not something for an unelected group of bureaucracy, like the EPA or any other government agency to be able to do. That's a role for Congress.

Peter Wallison:

What I'm afraid of, and what my book is about, is that gradually these administrative agencies are taking over the role of Congress.

Bill Walton:

Well, administrative agencies pretty much rope most of what Dodd Frank is about. That was all kicked to Treasury. We just talked about FSOC. Same thing is true with healthcare. Healthcare was largely unthought through, and they kicked it over to all the various agencies to implement, or create and implement the rules.

Peter Wallison:

Yup. That's right, we have to ... the thing that really worries me, and should worry all Americans, is maybe it's okay in the country today, maybe all these regulations are not bothering me, maybe they're just bothering business people, and so maybe I don't have to worry so much about it. But, as we go

along, and more and more of these regulations come out, and more and more of our lives are governed by these regulations, rather than what congress has done, people begin to lose confidence in the government as a whole. It's a question of legitimacy. It's very much like what happened in England, with [inaudible 00:33:48], because the British people said, and I quote some of the stuff in the book, we don't control what goes on in our country anymore. That's mostly done by all these people in Brussels, we don't even know. They are setting the rules that we have to obey here in England. So, they voted to withdraw from the EU. Just imagine, what would happen in the United States if the same attitude develops here. Many people say that the election of Donald Trump is the first step towards that.

Peter Wallison:

Even the media recognizes that he was elected in part because people were pretty disgusted with what they saw happening in their government. Now, it wasn't as specific as regulatory agencies, but that was part of the whole problem that people were perceiving, so we're moving in that direction and unless we control the agencies, we are going to have a legitimacy problem, just like the British did.

Bill Walton:

The agencies are part of the Elites.

Peter Wallison:

Yes, that's right.

Bill Walton:

And, that's what Trump was about, it was the elites versus the rest of America, and that's enough, we are going to try something different. The solution that you talked about, though is for the Judicial branch to sort of take back its mojo and get serious about saying this is a law, and this isn't a law, can that happen? What drives that, is it going to be something-

Peter Wallison:

It's the supreme court. The supreme court ultimately makes those decisions.

Bill Walton:

So, the Trump ... decisions about who gets to the court matter a lot in terms of fixing the problem with the administrative state.

Peter Wallison:

That's right, in fact that is the key, and I believe that it's not certain, but I believe that there is a majority on the court now to take back much of the power that they gave to administrative agencies. I think we have five with Neil [inaudible 00:35:54] on the court. I think we have five out of the nine that want to take this power back. That would be revolutionary in my mind and would be a great thing if it happens.

Bill Walton:

I can't wait, when is this book going to be published?

Peter Wallison:

The publisher says fall of this year. So, October, November.

Bill Walton:

So, your working title is Judicial Fortitude, the last chance to reign in the administrative state.

Peter Wallison:

Yes. Well, the judicial fortitude language sounds a little stuffy, but it's based on a statement by-

Bill Walton:

You could use mojo.

Peter Wallison:

Mojo. That's right, actually. Alexander Hamilton didn't use the term mojo.

Bill Walton:

No, he was not familiar with it.

Peter Wallison:

At least I've read a lot of Hamilton, and he hasn't. That idea of judicial fortitude is actually a quote from Alexander Hamilton's statement, that said, "Judicial fortitude is necessary to control the elected branches."

Bill Walton:

The, I think he uses the word you write in here, the [inaudible 00:37:05] we talked about the [inaudible 00:37:07] of that. Well Peter, that we could go on, our time is drawing to a close, let's plan to get back together to talk some more about this, because I think we really just sort of touched the surface of these issues, and thanks for helping to explain what's at stake.

Peter Wallison:

Thanks so much, Bill. It's great to be here.

Bill Walton:

Thanks Peter, great.

Peter Wallison:

Okay.

director:

Excellent, I'm pressing stop now. Very good, very good.

Bill Walton:

Yeah. I feel like that flowed pretty nicely, are you comfortable with that?

Peter Wallison:

Yes, oh yeah it was great. I'm sorry I talked too much, but I guess I was supposed to talk.

Bill Walton:

No, no, no you've got the content here, I'm just the comic relief.

Peter Wallison:

Well no, I think that's the way it ought to be.

Bill Walton:

Yeah, no you've got the content.

Peter Wallison:

I can go on and on and let someone-

Bill Walton:

No, in a sense it's a conversation, but it's really not, that went great. We covered a lot of very, I think potential, whether you agree or disagree, did you understand what the issues were?

director:

Yup, absolutely. I did, very understandable.

Peter Wallison:

Well great. I'll look forward to seeing this.

Bill Walton:

You'll see it. We'll send you the Vimeo probably in the next, do you think you'll get done tonight?

Speaker 4:

What time is it now?

Speaker 5:

It's 3:50.

director:

Yeah, close to it. I hope so. I'll try to stay late to-

Bill Walton:

Our process is this, Kenny gets it edited, and he's really good at making this look good, we get a Vimeo done, Maureen sends the audio to, and this has been running, right?

director:

Yes, it's still running.

Bill Walton:

We get a transcript made, it cost a buck a minute to get a transcript produced, which is great. Then we got a guy who's righting first draft blogs, and so we'll create a blog to goes with it. Then, we'll publish it, and this will, among other places this will go out to the Daily Signal, through the Heritage-