



FAST FIVE

Public Policy Insights and Developments

North America

July 17, 2020

Featured

1. **Mastercard Testimony Highlights Importance of Transatlantic Cooperation.** This week our Vice Chair, Mike Froman, testified before the House Foreign Affairs Committee and highlighted our efforts to combat COVID-19, support transatlantic trade, and help struggling small businesses. We emphasized it will take a coordinated effort between governments and the private sector to control the effects of COVID-19 and to recover safely. We also warned of the dangers of restrictive data localization requirements on digital trade and services. Finally, we explored several avenues for World Trade Organization (WTO) reform, including the need to strengthen WTO rules on industrial subsidies and the dispute settlement process. During the Q&A, we warned against broad digital services taxes and financial sanctions.
2. **House Financial Services Scrutinizes Access to Capital and Worker Protections.** This week, the House Financial Services Committee heard from representatives from Brookings, the U.S. Chamber, CalPERS, and the chief economist at AFL-CIO on the economic recovery. Specifically, the Committee focused on the impact to low-wage and minority workers, and the practice of stock buybacks. Boeing and Amazon were used as examples on “outrageous” stock buybacks while workers “struggled” to obtain PPE. Republicans and Democrats both expressed concern with low-wage workers being forced to return to work, as teleworking is often not an option at lower ends of the income scale.
3. **Roundtable with Canada’s Minister of Economic Development.** This week, Canada President Sasha Krstic participated in an invitation-only roundtable of senior executive business leaders with the federal Minister of Economic Development, Melanie Joly, on digital transformation in the context of COVID. The roundtable was an opportunity to highlight Mastercard’s initiatives and partnerships that are supporting Canadian merchants through COVID and into the recovery, including assisting small business improve their cyber savvy via Risk Recon and other educational resources, and the partnership with Digital Main Street.
4. **Interest Rate Cap a Threat to NDAA.** Congressman Chuy Garcia (D-IL) is attempting to insert an amendment into the “must pass” National Defense Authorization Act (NDAA) to cap credit interest at 36%, although the effective rate would be lower for most products. The legislation has bipartisan backing from Congressman Glenn Grothman (R-WI). The NDAA allows sponsors another bite at the apple and if it makes it into legislation, it will be difficult to remove. The latest intel suggests the amendment will not be ruled “in order.”

Future

1. **Biden-Sanders Unity Platform Raises Prospect of Additional Regulation.** As part of the reconciliation process between the Joe Biden and Bernie Sanders campaigns, both agreed to a unity platform. First, the 110-page document calls for protecting consumers from “usurious interest rates.” More notable, it advocates for, “bank accounts and real-time payment systems through the Federal Reserve and easily accessible service locations, including postal banking.” Recall, Senator Sanders has a bill that would institute postal banking with a 15% hard interest rate cap. The unity plan doesn’t cite the 15% rate but it’s likely Vice President Biden would endorse the 36% rate “all-in” cap legislation circulating in Congress. Finally, the unity plan calls for a “Public Credit Reporting Agency” to provide consumers with a government option to minimize disparities.
2. **Cyberspace Solarium Commission Bills Introduced.** Congressman John Katko (R-NY), Ranking Member of the House Homeland Security Subcommittee on Cybersecurity, unveiled a national cybersecurity improvement legislation package. The measures introduced follow recommendations from the Cyberspace Solarium Commission’s inaugural report. One bill, the “Strengthening the Cybersecurity and Infrastructure Security Agency Act,” would require the Director of the Cybersecurity and Infrastructure Security Agency (CISA) and the Department of Homeland Security to carry out the recommendations of the Solarium Commission. CISA would then submit highlights of its review to Congress one year after the law passes. In addition, Katko has submitted legislation to require term limits for the CISA Director.
3. **House Continues to Examine AI and Contact Tracing.** Recently, the House Financial Services Committee Task Force on Artificial Intelligence held a hearing on “Exposure Notification and Contact Tracing: How AI Helps Localities Reopen Safely and Researchers Find a Cure.” During the hearing, witnesses and Members discussed the effectiveness of contact tracing, the privacy of digital tracing apps, data collection, algorithmic bias, and COVID-19. The Chair of the Subcommittee, Congressman Bill Foster (D-IL), questioned whether there are privacy limitations with contact tracing apps because a limited number of contacts may be too small to maintain consumer privacy. During COVID-19, identities cannot be completely anonymous because most patients will eventually encounter a physician. Some Members pushed for a national standard on collecting vital statistic data and witnesses broadly supported this push. Finally, the Chair of the full Committee, Congresswoman Maxine Waters (D-CA), stressed the pandemic response should aim to lessen, not exacerbate structural inequalities.
4. **Coalition Letter Backs PPP Forgiveness Act.** A coalition letter signed by the American Bankers Association and the U.S. Chamber of Commerce, among many others, has urged Congress to support “The Paycheck Protection Program Small Business Forgiveness Act.” The bill would forgive Paycheck Protection Program (PPP) loans of less than \$150,000—86% of total PPP recipients. This forgiveness would apply automatically, saving small businesses up to \$4,000 in administrative expenses. The joint letter was blunt: they view this bill as necessary to saving millions of small businesses that still have not recovered as cases surge and some localities reenter the lockdown phase. The PPP is wildly popular in Congress, so extending its scope is not out of the question.