

# Acts of congress summary

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Politics First Chapter Nine continues with an examination of Barney Frank, the Democrat who served as the senior leader of the House Financial Services Committee that was responsible with researching, marking up, rewriting, and passing proposed legislation that would prohibit another financial crisis from developing in the future.

However, while waiting for the release the administration's white paper, which helped inform and educate members of Congress about White House proposals, Frank found himself in the midst of a potential political rebellion from in Congress, and even from within his own party. Many moderates balked at Frank's more aggressive reform proposals, while liberals found it treasonous that he was collaborating with banks, the very institutions that they held responsible for the onset of the financial crisis and the beneficiaries of TARP" Troubled Asset Relief Program.

One such critic was Senator Dick Durbin, who rejected the idea of a bank bail-out, and was disappointed that banks were still in a position to politic in Washington. Frank disagreed, asserting that the big banks were losing steam in Washington and the evidence was simple: they could not prohibit the passage of credit card legislation that protected consumers. In an effort to gain support and educate members of Congress, Frank's staff put on a series of workshops and work sessions for members.

In addition to his efforts to placate liberals, Frank threw his support behind provisions that would ultimately become the Consumer Financial Protection Bureau" an idea first presented by Elizabeth Warren in an article for the journal Democracy. The legislation became important but the " blues and

news," the old and new moderate factions of the Democratic party of each party, were already rowing in healthcare legislation, breaking Franks declaration that the new legislation would pass before Congress' summer vacation.

Key Points/Details Big banks were largely to blame, but collateral damage of the bank fallout could be small banks and credit unions - The press was largely to blame, in Franks mind, for overstating the political clout that big banks and Wall Street had What would their influence be in the process of writing new legislation - Frank recruited the Democratic members of the House Committee on Financial Services (Banking Committee) who he held in highest esteem to work on issues for the reform bill -

Frank favored three hallmarks for reform that might relieve liberals who were nervous that banks were not bearing the brunt of responsibility for the crisis o Credit card bill - more transparency from issuers of credit cards o Subprime mortgage bill - bill that banned many subprime mortgages and required that lenders would require companies to give stockholders a chance to give feedback about Though Frank had originally been hesitant to support such a executive pay - provision, White House backing, growing support from among popular and powerful Democrats (Clinton, Edwards, etc. polling numbers that seemed to indicate that the public favored it, and convincing arguments from Harvard law professor - and current US Senator from Massachusetts - Elizabeth Warren, persuaded Frank to throw his support behind the creation of a new regulatory agency (CFPA/b). Agency would regulate American financial firms and the services and products that they offer to the public --> Independent agency under the Federal Reserve Board  
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o Frank felt pressure from both sides - the administration as well as hesitant, moderate "news and blues" - of his own party Many were worried that supporting the creation of the agency would leave them vulnerable in upcoming elections in vulnerable districts o Proposed health care and "cap and trade" legislation distracted both Congress and the public -

Frank began to recognize that he had to do more to reassure his colleagues that this agency was a good idea Worked to cajole them and gain their support o By the end of the chapter, Frank is convinced that he is right and that he will be able to get such legislation passed Terms: derivatives rating agencies systemic risk regulator subprime mortgages consumer protection "say on pay" Elizabeth Warren Price gouging Payday lender Office of Legislative Council CFPA / CFPB Chapter 10 - An Impotent Minority Chapter 10 focuses on the struggles of Rep. Spencer Bachus (R-AL) and the rest of his party to reconcile their desire to reform the financial sector but not seem to bow to the desires of the Democrats. Rep. Bachus, a moderate Republican who before the crash had proposed legislation regulating subprime mortgages only to be rebuffed by his more conservative colleagues, favored bipartisan efforts.

He was up against an increasingly conservative House Republican caucus, who were led by radicals who were emboldened by redistricting in their states that left them with little need to propose financial reform, undercutting the release of the administration white paper by a week. This proposal overwhelmingly focused on the principle that they would not stand for future "bailouts" of the Wall Street institutions that were responsible for the financial crisis. Though the plan garnered little media attention, and did not

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include many of the provisions laid out in the White House bill, it did indicate that Congressional Republicans recognized the reality that comprehensive financial reform was necessary. TARP Republican Study Committee