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Assignment Prompt Sheet

Dodd-Frank Wall Street Reform and Consumer Protection Act

Overview

Act Title: Dodd-Frank Wall Street Reform and Consumer Protection Act

Congress: 111th Congress (2009-2010)
Session/Sessions: 1-2

Statute No: 124 Stat. 1376-2223
Public Law No: 111 PL 203

Eid: 1110203
Gid: 212-006

Bill: [HR 4173](#)

Sponsor: Rep. [Barney Frank \(D-MA\)](#)

House Committees: Agriculture; Budget; Energy and Commerce; Financial Services; Judiciary; Oversight and Government Reform; Rules; Ways and Means

Senate Committees: Banking, Housing, and Urban Affairs

Companion Bill: [S 3217](#)

Related Bills: HR 3996; HR 3126; HR 3890; HR 3817; HR 38181

House Rules: Hres 956; Hres 964; Hres 1490

Past Bills:

Introduced Date- Law Date: 12/2/2009-7/21/2010

House Floor Days: 5

Senate Floor Days: 23

Roll Call Votes: 62 (19 in the House on HR 4173; 6 in the Senate on HR 4173; 34 in the Senate on S 3217; 3 in the House on special rules)



(Above) Rep. Barney Frank (D-MA). Known for being a colorful and able member during his time in Congress, Frank once asserted: "The key to understanding deal making in Congress is to remember that the ankle bone is connected to the shoulder bone. Anything can be the basis of a deal."

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Legislative History Comments

The Dodd-Frank Wall Street Reform and Consumer Protection Act (111 PL 203) “[e]stablished a process to assess and reduce the risks of huge financial institutions whose failure could threaten the financial system (Stathis 2014, 266).” Passed in response to “the deepest recession since the Great Depression,” it also established the Bureau of Consumer Financial Protection to “to look out for the interests of consumers and include them as part of the equation when regulators examined the state of the economy as a whole ([CQ Almanac 2010](#)). Additional sources for information on this measure include the Kaiser and Lewis books I’ve referenced in class and [this CRS report](#).

I won’t lie to you guys... From a procedural standpoint, passage of this measure was the equivalent of trying to kill an enormous, unholy monster with silverware. In short, this is awesome! Seriously though, this bill is confusing and its consideration gets a bit rough at points. There are two special rules in the initial House consideration, multiple cloture votes in the Senate and odd motions like motions to instruct, waive and recommit that play a substantial role in consideration. There are also a number of amendments. I’d recommend using historical newspapers or CQ to help narrow the focus a bit. I mentioned this in one of the videos, but Kaiser’s book about this bill’s passage is strongly recommended.

From a process standpoint, the enactment starts in the House. It’s considered under two separate special rules, the second of which covers amending. It’s a structured rule that grants consideration to 36 of the 238 proposed amendments. The bill eventually passes the House [223-202](#). After a couple failed cloture motions on a motion to proceed, the bill is brought before the Senate and eventually passes the chamber [60-39](#) after nearly a month of debate. Four Republicans voted yes and two Democrats opposed it. It’s unclear to me how bill managers secured enough Senate Republican support to overcome a filibuster and worth looking into. Passage of the conference report appears to be somewhat comparable, though be sure to give details on the differences between the two chambers versions and how they were rectified.

If you want more background on the issue, definitely look at Kaiser, but Lewis’s “Big Short” (and honestly the movie is fairly strong as well) are worth delving into. As is [CQ Almanac 2009](#); [CQ Almanac 2010](#); [Webel \(2017\)](#) and this CRS report by [Jickling \(2010\)](#).

Don’t hesitate to e-mail me with questions!

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Assignments

For the sections below, you're going to want to answer the questions and write-up the process sections that correspond to your assigned number. Here they are:

#1.

#2.

#3.

#4.

Background Questions

1. What was the Glass-Steagall Act of 1932 (72 HR 9203; 72 PL 44)? Why was it thought to be ineffective? What specifically did it do? What motivated its initial passage? Did scholars attribute the stock market crash of 1929 to "universal banking"? See e.g. Kroszner and Rajan (1994); Ang and Richardson (1994). If not, what were the biggest factors in the collapse?

Additionally, address how the Glass-Steagall Act evolved over time. Specifically, the measure was weakened and then eventually repealed by the Financial Services Modernization Act of 1999 (106 PL 102). Why? CRS (2016) has a nice discussion of Glass-Steagall that might be help:

- <https://fas.org/sgp/crs/misc/R44349.pdf>

Did the repeal of Glass-Steagall contribute to the 2008 Market Crash? What do scholars say? If so, why wasn't it included in Dodd-Frank? If not, how did [reinstating it become so popular it was on both parties platforms in 2016](#)? Are there other reasons to reinstate it?¹

¹ There are some reasons to be skeptical about the link between the 2008 collapse and the repeal of Glass-Steagall. See for example, this [vox piece](#), as well as a number of other op-eds in the *Washington Post* and *New York Times*. Others disagree (see e.g. [this Washington Post piece](#) and [the Atlantic for both perspectives](#)).

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2. Discuss the political context the bill was considered in. Who controlled the House? The Senate? By how many? Who was President? Was this part of the President's agenda? If so, who was more responsible for the bill's content: the White House or Congress? What other pieces of legislation were being considered/passed in this Congress? Stathis (2014) might worth a citation here.

What happened in the previous Congress in terms of this policy? Why was Wall Street reform not included in the initial stimulus act? How did the attitudes of the two parties differ on this issue? During this debate, it was clear that there was a big difference between the positions of big banks and smaller banks. Why?

3. What motivated consideration of this legislation in this specific Congress? Was it in response to a specific event? Or was this a slower build over time? What happened in previous congresses regarding this?

Specifically, address the 2008 Housing collapse. What happened then? What caused it? There are a number of useful scholarly articles on this below. Additionally, this CRS report by [Jickling \(2010\)](#) should be useful.

4. What, specifically, did this bill actually do? What is the Consumer Financial Protection Bureau (CFPB)? The Volcker Rule? What other provisions were included in the final measure? This CRS report might be helpful:

<https://fas.org/sgp/crs/misc/R41350.pdf>

Process Sections

Please write-up the sections that correspond to your number. Feel free to incorporate any notes I might have dumped in the margins.

#1. House Consideration of HR 4173 (December 9-11, 2009)

HR 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act, was introduced on December 2, 2009, by House Financial Services Committee Chairman Barney Frank (D-MA). The bill was referred to the House Financial Services, Agriculture, Energy and Commerce, Judiciary, Rules, Budget, Oversight and Government Reform and Ways and Means Committees. The bill combined several pieces of legislation into one large measure.

Specifically, HR 4173 included HR 3996, which created a process for managing and dissolving risky financial institutions; HR 3126, which created the Consumer Financial Protection Agency; and HR 3795, which brought the financial derivatives market under federal regulation; HR 3890, which imposed new restrictions on credit ratings firms; HR 3817, which increases investor protections; and HR 3818, which required "the registration of investment advisers of private pools of capital" (Davidson 12.2.09).

Commented [AJM1]: Feel free to use or drop these notes. If you need the newspaper articles they're citing, just let me know.

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A point of contention between Frank and House Ways and Means Chairman Henry Waxman (D-CA) arose over the structure of the Consumer Financial Protection Agency. Waxman sought to put a five-member bipartisan commission in charge, whereas Frank preferred a single director. Frank viewed the commission as weaker. Ultimately, a compromise was reached which would put a director in charge of the agency temporarily, then set up a commission later (Mattingly 12.3.09). The CBO estimated the bill would increase the deficit by \$4.5 billion over the next ten years (CQ 12.4.09). The Congressional Black Caucus withheld support from the bill in protest over the Obama administration's economic policies. Specifically, they wanted enhanced protections for home-owners, increased federal funds to minority-owned banks and expanded government lending (Mattingly and Davidson 12.7.09). In response to these concerns, Frank included language in his manager's amendment shifting \$4 billion in funds from TARP to address the foreclosure crisis (Mattingly 12.8.09).

The House adopted two rules governing consideration of HR 4173. The first, Hres 956, provided for consideration of a substitute amendment and waived points of order against the bill. The previous question for Hres 956 was ordered without objection. The resolution was adopted on December 9, 2009, 235-177. The House held off consideration of a rule governing amendments due to a debate over a controversial amendment sponsored by business-friendly Rep. Melissa Bean (D-IL). The amendment, which was opposed by some members of the administration, would have allowed the government to pre-empt some state laws protecting consumers. The amendment was ultimately included in a revised manager's amendment granted consideration by Hres 964 (Mattingly 12.9.09; Davidson et al. 12.10.09). Hres 964, provided for consideration of HR 4173 under a structured rule, allowing certain amendments to be considered. Of the 238 proposed amendments, 52 were withdrawn (most of which were included in the manager's amendment) and 36 were granted consideration. The previous question on Hres 964 was agreed to without objection. The rule was adopted, on December 10, 238-186.

The House debated amendments and the underlying bill on December 10th and 11th. Of the 36 granted consideration by Hres 964: nine were adopted by voice vote en bloc,² twelve were adopted separately (five by roll call vote), four were not offered on the floor,³ one was withdrawn on the floor, and ten were rejected on the floor (nine by roll call vote) (see Ives, Carter and Davidson 12.10.09; Ives and Weyl 12.11.09 for more). The most controversial amendment sought to replace the Consumer Financial Protection Agency with a council of regulators. The amendment, sponsored by Rep. Walt Minnick (D-ID), was defeated, 208-223 (Carter 12.11.09). A Republican substitute proposal, sponsored by Rep. Spencer Baucus (R-AL), was rejected 175-251. Rep. Charlie Dent (R-PA) offered a motion to recommit the bill that would have ended the Troubled Asset Relief Program and directed the funds to pay down the

² The rule, H. Res. 964, provided that: "The resolution provides that the chair of the Committee on Financial Services or his designee may offer amendments en bloc consisting of amendments printed in this report not earlier disposed of (see *Congressional Record*, 111th Congress, December 10, 2009, H. Res. 964)."

³ One, amendment No. 13, sponsored by Rep. Jim Marshall (D-GA), was announced by Frank to be included in the manager's amendment. The chair announced three other amendments – No. 29, sponsored by Rep. Rob Wittman (R-VA), No. 30 sponsored by Rep. Walter Minnick (D-ID), and No. 31, sponsored by Rep. Roscoe Bartlett (R-MD) - would not be offered: "The Chair understands that amendments 29, 30, and 31 will not be offered (*Congressional Record*, 111th Congress, December 10, 2009, H14758)."

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national debt. Frank referred to the proposal as proof Republicans did not support any regulation of the financial sector and that their support for the Minnick amendment was a “shame.” The motion to recommit fell 190-232. HR 4173 was adopted, 223-202, with 27 conservative Democrats joining a united Republican Party in voting no (Mattingly and Davidson 12.14.09).

#2. Senate Consideration of S 3217 and HR 4173 (April 15-May 20, 2010)

Cloture on the motion to proceed to consider this bill fails 57-41 on April 27, 2010. A second cloture motion fails 56-42 the next day. A unanimous consent agreement was then reached shortly afterwards and the motion was agreed to.

Commented [AJM2]: What happened here? Why did Republicans eventually agree to consider the measure? What was in this deal?

#3. House Consideration of the Conference Report on HR 4173 (June 30, 2010)

On June 30th, 2010, Rep. Ed Perlmutter (D-CO) called up Hres 1490, a special rule which would make consideration of the conference report on HR 4173 in order and waive all points of order against it. The minority manager, Rep. Pete Sessions (R-TX) spoke out against the rule and the bill, dubbing it a “2,300-page Federal takeover of the financial services industry (*Congressional Record*, 111th Congress, June 30, 2010, H5224).” The previous question motion on the rule was adopted via voice vote and the rule was eventually adopted [234-189](#).

Commented [AJM3]: How did the House and Senate versions differ?

#4. Senate Consideration of the Conference Report on HR 4173 (July 15, 2010)

Cloture on the conference report was agreed to [60-38](#), with three Republicans joining all but one voting Democrat in supporting the motion.⁴

Commented [AJM4]: It looks like Cantwell may have changed her vote after the fact. Kind of interesting.

⁴ The one Democrat opposed, Sen. Russ Feingold (D-WI), also opposed the measure on final passage. Feingold stated that while the final version had “some positive provisions, it fails its most important mission, namely to ensure that taxpayers, consumers, business, and workers won’t be victims of another financial crisis.” He specifically highlighted two failures: the measure’s failure to reinstate Glass-Steagall and “and the failure to firmly and finally address the essential problem posed by too-big-to-fail financial institution (*Congressional Record*, 111th Congress, December 10, 2009, H14758).”

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Member Spotlight

Choose one of the following for your member spotlight:

#1. Rep. Barney Frank (D-MA); House Speaker Nancy Pelosi (D-CA); Rep. Melissa Bean (D-IL); Rep. Jim Marshall (D-GA); Rep. Charlie Dent (R-PA); Rep. Ed Perlmutter (D-CO); Rep. Paul Kanjorski (D-PA)

#2. Sen. Chris Dodd (D-CT); Sen. Dick Durbin (D-IL); Sen. Majority Leader Harry Reid (D-NM); Sen. Bernie Sanders (I-VT); Sen. Max Baucus (D-MT); Sen. Jeff Sessions (R-AL)

#3. Rep. Spencer Bachus (R-AL); Minority Leader John Boehner (R-OH); Majority Leader Steny H. Hoyer (D-MD); Rep. Eric Cantor (R-VA); Rep. Walter Minnick (D-ID); Rep. Henry Waxman (D-CA); Rep. Pete Sessions (R-TX)

#4. Sen. Richard Shelby (R-AL); Sen. Scott Brown (R-MA); Sen. Russ Feingold (D-WI); Sen. Susan Collins (R-ME); Sen. Olympia Snowe (R-ME); Sen. Arlen Specter (D-PA)

Commented [AJM5]: Switches parties early in this Congress.

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Aftermath Questions

1. How was this act viewed upon passage? What did the newspapers say? How did the final measure differ from the one reformers were pushing?

Additionally, how relevant is this law currently? Are there additional issues related to it that reformers have been pushing to change?

2. How has this law evolved over time? Has it been featured in any major Supreme Court cases? Regarding Supreme Court decisions, see [here](#) and [here](#). Was it significantly altered by subsequent legislation? See e.g. the [New York Times here](#), and [CQ Almanac \(2012\)](#). Or bureaucratic rules?

3. Probably the biggest question with this measure is “what happened in post-enactment?” It’s often described as a measure that was toothless in many respects because of post-enactment action. Why did it take so long to get the CFPB up and running? On the point, here are a pair of old Daily Show clips I often show in class on the issue:

- <http://www.cc.com/video-clips/xmvyio/the-daily-show-with-jon-stewart-commission--impossible>
- <http://www.cc.com/video-clips/8yvy7g/the-daily-show-with-jon-stewart-commission--impossible--consumer-financial-protection-bureau-chief-appointment>

On a related point, it is occasionally argued that Dodd-Frank harmed the Democrats electoral chances in the 2010 midterms. Is there any evidence of this?

4. How has this act been viewed by scholars? Did it achieve its stated goals? Do scholars highlight any major limitations? Are there aspects of the bill that are viewed more favorably than others? Discuss the relevance of this act as it pertains to contemporary policy as well.

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Suggested Sources

Scholarly Articles

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- Islam, I., & Verick, S. (2010). The Great Recession of 2008–09: Causes, Consequences and Policy Responses. From the Great Recession to Labour Market Recovery, 1–62.
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- Webel, B. (2017). The Dodd-Frank Wall Street Reform and Consumer Protection Act: Background and Summary. Congressional Research Service, 1–34. Retrieved from <https://fas.org/sgp/crs/misc/R41350.pdf>
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- Coffee Jr, John C. "Political economy of Dodd-Frank: why financial reform tends to be frustrated and systemic risk perpetuated." *Cornell L. Rev.* 97 (2011): 1019.
- Dimitrov, Valentin, Darius Palia, and Leo Tang. "Impact of the Dodd-Frank act on credit ratings." *Journal of Financial Economics* 115.3 (2015): 505-520.
- Kroszner, Randall S., and Robert J. Shiller. *Reforming US Financial Markets: Reflections Before and Beyond Dodd-Frank*. MIT Press, 2011.
- Kaiser, Robert. 2013. *Act of Congress: How America's Essential Institution Works, and How It Doesn't*. Knopf.

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Lewis, Michael. 2010. *The Big Short: Inside the Doomsday Machine*. New York, NY: W. W. Norton & Company.

Bordo, Michael D., and John V. Duca. The impact of the Dodd-Frank Act on small business. No. w24501. National Bureau of Economic Research, 2018.

Ban, Pamela, and Hye Young You. "Presence and influence in lobbying: Evidence from Dodd-Frank." *Business and Politics* 21.2 (2019): 267-295.

Riggs, Lynn, Esen Onur, David Reiffen, and Haoxiang Zhu. "Swap trading after Dodd-Frank: Evidence from index CDS." *Journal of Financial Economics* 137, no. 3 (2020): 857-886.

Newspaper Pieces

- <https://www.nytimes.com/2018/03/06/opinion/democrats-trump-dodd-frank.html>
- <https://www.vox.com/2015/7/21/9004155/dodd-frank-explainer>
- <https://www.vox.com/explainers/2018/3/6/17081532/republicans-dodd-frank-financial-regulations>
- <https://slate.com/business/2011/07/dodd-frank-regulation-as-necessary-evil.html>
- <https://time.com/4796041/dodd-frank-congress-financial-choice-act/>
- <https://time.com/5290474/trump-bank-rollback-dodd-frank/>
- <https://www.nytimes.com/2018/05/22/business/congress-passes-dodd-frank-rollback-for-smaller-banks.html>
- <https://www.cnbc.com/2019/08/20/fdic-approves-volcker-rule-overhaul-eases-wall-street-trading-rules.html>
- <https://www.nytimes.com/2017/01/30/business/dealbook/republicans-unravel-dodd-frank-act.html>
- <https://economix.blogs.nytimes.com/2010/01/22/glass-steagall-vs-the-volcker-rule/>
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- <https://www.brookings.edu/blog/fixgov/2016/07/24/democrats-and-republicans-agree-reinstate-glass-steagall/>
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- <https://www.nytimes.com/2017/04/21/business/dealbook/bring-back-glass-steagall-goldman-sachs-would-love-that.html>
- <https://www.vox.com/2016/7/18/12215818/republican-platform-glass-steagall>
- <https://www.nytimes.com/2015/10/15/upshot/what-is-glass-steagall-the-82-year-old-banking-law-that-stirred-the-debate.html>
- <https://fas.org/sgp/crs/misc/R44349.pdf>
- <https://www.brookings.edu/wp-content/uploads/2016/06/13-glass-steagall-wallach.pdf>
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- <https://www.nytimes.com/2015/10/16/opinion/democrats-republicans-and-wall-street-tycoons.html>

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- <https://www.nytimes.com/2008/09/28/magazine/28wwln-reconsider.html>
- <https://www.nytimes.com/2016/07/26/business/dealbook/one-thing-both-parties-want-break-up-the-banks-again.html>
- https://www.washingtonpost.com/repeal-of-glass-steagall-not-a-cause-but-a-multiplier/2012/08/02/gJQAuvvRXX_story.html
- <https://www.washingtonpost.com/news/fact-checker/wp/2016/01/11/bernie-sanderss-claim-that-glass-steagall-banned-commercial-bank-loans-to-shadow-banks/>
- <https://www.theatlantic.com/business/archive/2009/10/volckers-quest-to-reinstate-glass-steagall/28759/>
- <https://www.theatlantic.com/business/archive/2016/08/glass-steagall/496856/>