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House financial panel to see a new style

Bachus sets softer tone than Frank

By [Sean Lengell](#)

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When Republicans take control of the House next month, few committees will undergo a more drastic transformation in style, tempo and possibly legislative action than the Financial Services one.

Gone as chairman will be Democrat [Rep. Barney Frank\(/topics/barney-frank/\)](#), the bombastic, quick-witted Massachusetts bulldog who helped broker the [Obama administration\(/topics/presidency-of-barack-obama/\)](#)'s push for Wall Street reforms, the most sweeping financial regulatory overhaul since the New Deal.

Instead, say hello to incoming Chairman [Spencer Bachus\(/topics/spencer-bachus/\)](#), a soft-spoken, reserved Alabama Republican with few — if any — enemies on Capitol Hill or Wall Street.

"He's one of the nicest guys in the world — and that's a plus and that's a minus," said [Mark A. Calabria\(/topics/mark-a-calabria/\)](#), director of financial regulation studies at the [Cato Institute\(/topics/cato-institute/\)](#), a free-market Washington think tank.

Some Republicans privately have expressed concerns that [Mr. Bachus\(/topics/spencer-bachus/\)](#) hasn't stood up enough against the aggressive [Mr. Frank\(/topics/barney-frank/\)](#). The scenario encouraged [Rep. Ed Royce\(/topics/ed-royce/\)](#), California Republican, who gained some support for taking a harder stance against federal stimulus and Wall Street bailout packages, to challenge the Alabama lawmaker for the post.

But [Mr. Bachus\(/topics/spencer-bachus/\)](#), who has served as the committee's top Republican since 2007, secured the backing of House [GOP\(/topics/republican-party/\)](#) leaders and was elected last week by party members to serve as the committee's chairman for the upcoming 112th [Congress\(/topics/congress/\)](#).

"I will honor our pledge to America and act on the priorities the American people delivered us last November" in the congressional elections, [Mr. Bachus\(/topics/spencer-bachus/\)](#) said. "We are going to protect taxpayers by ending 'too big to fail' and the [administration\(/topics/presidency-of-barack-obama/\)](#)'s unlimited bailout of [Fannie Mae\(/topics/federal-national-mortgage-association/\)](#) and [Freddie Mac\(/topics/federal-home-loan-mortgage-corporation/\)](#)."

The election of outspoken conservative Texas Republican [Rep. Jeb Hensarling\(/topics/jeb-hensarling/\)](#) as the committee's vice chairman will serve as counterbalance to [Mr. Bachus\(/topics/spencer-bachus/\)](#) and give Republicans a solid one-two punch on the panel, [Mr. Calabria\(/topics/mark-a-calabria/\)](#) said.

"To some extent what I think you're going to see with [Bachus\(/topics/spencer-bachus/\)](#) is a little more of a shared chairmanship in a way," [Mr. Calabria\(/topics/mark-a-calabria/\)](#) said.

[Mr. Bachus\(/topics/spencer-bachus/\)](#) said one of his key priorities is to revamp, if not undo, much of the

president's financial reforms including in the landmark [Dodd\(/topics/christopher-dodd/\) -Frank Act\(/topics/frank-act/\)](#) passed in July.

He has vowed to comb the 2,300-page law — named for its principal creators, [Mr. Frank\(/topics/frank-act/\)](#) and retiring [Senate\(/topics/senate/\)](#) banking committee Chairman [Christopher J. Dodd\(/topics/christopher-dodd/\)](#), Connecticut Democrat — "title by title" to correct, replace or repeal job-killing provisions that unnecessarily punish small businesses and community banks that did nothing to cause the financial crisis."

"We've lost 2,000 small banks in this country in the last 10 years, and we need to make sure that the regulations are creating competition, not eliminating competition," he said.

The Alabama Republican said he worries the [administration\(/topics/presidency-of-barack-obama/\)](#) will allow troubled government-controlled mortgage holders [Fannie Mae\(/topics/federal-national-mortgage-association/\)](#) and [Freddie Mac\(/topics/federal-home-loan-mortgage-corporation/\)](#) to forgive some mortgage debt of millions of Americans, saying the move would come at a tremendous costs to taxpayers.

"None of us like the idea of a foreclosure, but we have to accept the fact that, no matter what the cause, that there are Americans who are in homes they can't afford," he said. "The worse thing they can do is to string out that situation."

[Mr. Bachus\(/topics/spencer-bachus/\)](#) also said he also would like to revisit and possibly update the Sarbanes-Oxley Act, a major anti-fraud law enacted in 2002 in response to accounting scandals at such companies as Enron Corp. and WorldCom Inc.

Despite [Mr. Bachus\(/topics/spencer-bachus/\)](#)' ambitions, it's unlikely the committee under Republican control will be in a position to change much law as long as Democrats control the [Senate\(/topics/senate/\)](#) and White House.

"The first step in doing anything is to get the ideas out there," said Alex Pollock, a financial expert with the American Enterprise Institute, a conservative-leaning Washington think tank. But "it's very unclear what kinds of things can be done or not done, but we should certainly have the discussions."

One area where [Mr. Bachus\(/topics/spencer-bachus/\)](#) could hold some tangible sway is through oversight hearings. With the [Dodd-Frank Act\(/topics/frank-act/\)](#) giving federal regulators significant discretion in how the law is administered, the committee is expected to frequently call regulators to the Capitol, giving the chairman-elect a bully pulpit to exert influence.

"You're not going to be able to break the regulators; you'll be able to bend them a little bit to your direction," [Mr. Calabria\(/topics/mark-a-calabria/\)](#) said. "The regulators definitely bend to whose in the majority — they know who butters the bread at the end of the day."

Democrats have accused [Mr. Bachus\(/topics/spencer-bachus/\)](#) — who supported the Bush administration's 2008 Wall Street bailout program — of being too cozy with the financial world. Because of this, they say, the conservative "tea party" movement that helped sweep more than 80 freshman House Republicans to victory in last month's midterm elections could soon turn on him.

"Republicans putting [Spencer Bachus\(/topics/spencer-bachus/\)](#) in charge of financial regulation is voting for the fox to guard the hen house," said Ryan Rudominer of the Democratic Congressional Campaign Committee. It "is a clear sign that House Republicans have no intention to honor their promise to change how business is done in Washington."

[Mr. Bachus\(/topics/spencer-bachus/\)](#) accused the Democrats of hypocrisy, saying the party has "been in bed with some of their friends on Wall Street and very much against some of the other people on Wall Street — I think they pick winners and losers."

The lawmaker added it's wrong to characterize all big financial institutions as nefarious, saying that most act responsibly.

"I view Wall Street as part of the American financial system and an overall economy that just brought greater prosperity to our country — and liquidity and credit — than in any other country in the world," he said.

"Wall Street ought to play by the same rules as Main Street, but I'm no enemy of Wall Street. And I don't paint everyone with the same brush."

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