



Is Barney Frank?: Part II

Among longtime politicians who are being seriously challenged for the first time this election year, Congressman Barney Frank of Massachusetts best epitomizes the cynical ruthlessness which hides behind their lofty rhetoric.

Having been a key figure in promoting the risky mortgage lending practices imposed by the federal government on lenders, and on Fannie Mae and Freddie Mac to buy these risky mortgages from the lenders, Barney Frank blamed the resulting collapse of financial markets and the economy on everybody except Barney Frank.



In February 2009, as chairman of the House Financial Services Committee, Congressman Frank summoned the heads of some of the biggest banks in the country before his committee. In the words of the *Los Angeles Times*, these bankers “endured hours of hectoring” by “indignant lawmakers” on that committee.

These bankers were in no position to talk back to members of this committee, much less point out how committee members — including Chairman Barney Frank — had themselves promoted laws and policies responsible for the current economic disaster.

This is a committee with the power to promote legislation detrimental to this heavily regulated industry. That in turn gives the committee the power to force others to sit there and take it, when they are demonized on nationwide TV.

Congressman Barney Frank has never hesitated to use his power ruthlessly. On one occasion, he threatened bankers with summoning them before his committee and forcing them to reveal their home addresses — which would of course put their spouses and children at the mercy of any kooks that might come along.

Meanwhile, Congressman Frank could piously invoke “social justice” in defense of similarly ruthless community activist groups like ACORN or National People’s Action, which had in fact besieged the homes not only of bankers but also of public officials who dared to oppose their agendas. In Barney Frank’s words, these groups were simply people who “cared about equity” and who were just “trying very hard to preserve some equity and some social justice.”

But the harassment and shakedown activities of such groups were perhaps best captured by the words of a leader of one of these groups, who addressed her followers by saying: “We want it. They’ve got it. Let’s go get it.”

These were not just idle words. The dirty little secret that few in the media seem to want to discuss is that community activists, including Jesse Jackson, have over the years extracted literally billions of dollars from financial institutions, as the price of peace and of not challenging these institutions in hearings before federal regulators, as these groups are empowered to do under the Community



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Reinvestment Act.

Much of this money has been extracted in the form of risky mortgage loans of the sort that have been at the center of the housing boom and bust, and its repercussions in financial markets and in the economy as a whole.

Among others who have been at the heart of the risky lending behind the financial meltdown are Fannie Mae and Freddie Mac, whom Congressman Barney Frank has also championed and protected. When federal regulators uncovered irregularities in Fannie Mae's accounting, and in 2004 issued what *Barron's* magazine called "a blistering 211-page report," Barney Frank lashed out — not at Fannie Mae, but at the regulators who uncovered Fannie Mae's misdeeds. He said "a leadership change" in the regulatory agency was "overdue."

Politicians who say we need more regulation almost never mean regulation in the sense of impartially enforcing explicit rules, such as the accounting rules that Fannie Mae was violating to cover up its own risks. They mean regulation with arbitrary powers, such as those under the Community Reinvestment Act, which enable regulators to carry out the agendas that politicians give them.

When Congressman Jim Leach tried to get stronger regulation of Fannie Mae and Freddie Mac back in 1992, and when President George W. Bush did so in 2004, Barney Frank opposed them.

A reining in of Fannie Mae and Freddie Mac would be a reining in of Barney Frank's power. But he can't stop the voters from reining in his power, unless he can once more get by this election year with pious rhetoric to conceal his cynical actions.

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