

FRAMING FINANCIAL REFORM WITH THE DODD-FRANK ACT

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ABSTRACT

We remember that on July 21, 2010, President Barack Obama approved the Wall Street Reform and Consumer Protection Act, turning it into a law. This act was commonly known as the Dodd-Frank Act. It got its name from its primary sponsors, Chris Dodd and Barney Frank. It was created, serving as a response to the financial crisis in 2008 in which some actually claim as a result of excess risk speculation that has been promoted by the exploitation of the financiers of a deregulated market.

This capstone project looks into how information about the Act has been dispersed to the general public by means of print media after a year and a half. This study introduces a literature review of framing theories, competition and public financial literacy. It investigates two primary research questions which relate to the understanding of the public regarding financial reform accomplished through the Dodd-Frank Act. One question focuses on the frames that are used in reporting the Act, while the other investigates on the degree which the Act was rightfully explained in various print channels.

New York Times were able to publish fifty-six articles starting from July 2010 up to December 2011. These articles were content analyzed for economic and political reform, as well as economic viability frames. The financial terms that are linked with the Act were all identified, while the articles were also examined in order to have the terms explained.

Included the findings of the projects is the presence of an important economic viability frame which is generally common within the discussion of the Act. On top of that, there was also a discovery on the negative valence towards the economic viability of the U.S banks as well as other U.S based companies that are found prevalent on the coded articles. It is also noteworthy to observe the financial industry with the most commonly represented batches in the act.

The implications that were discussed include the actual lack of information that are present among the reports coming from the financial regulatory reform laws as well as the coverage of the representation source found in public debates.

INTRODUCTION

The 2008 financial crisis has ultimately left the economy of the United States weak with the aftermath of several frozen credit markets, financial misconducts, as well as sponsored bailouts coming from taxpayers. Shortly afterwards, international financial markets have followed suit the moment the U.S market started its economic influence in an international scale. In 2010, the president, together with the Congress, worked on reforming the economic system of the country by passing and hoping to have the Wall Street Reform as well as the Consumer Protection Act approved. This eventually gave birth to the Dodd-Frank Act. As the full title of the Act suggests, it looks at achieving reform on the ineffective regulations in Wall Street. It also purposes in providing protection for all consumers, with the effort to avoid financial crises in the future.

Despite the fact that a lot of the provisions of the Dodd-Frank Act stays on the debate zone, the act, in itself, is referred to as the most compelling and comprehensive endeavor that

is undertaken by the nation's federal government as a response to the financial crisis in the U.S. So as to examine the rule of the Act achieving success, this study aims at studying how the Dodd-Frank Act, as well as its components has been introduced in the media at the earliest phases of its passage.

The studies show that framing influences the way that an issue is perceived and interpreted by the general public. For instance, the lower socio-economic members of the society may interpret the issue regarding climate change as rather more important the moment it is framed in public health rather than environmentalism (Marks, 2011). For the purpose of completing this capstone project, I have assumed that any amount of frames may also be present in the articles reporting on the Dodd-Frank Act. This means that economic and political reform, as well as economic viability frames which may be present is also included in the report of the Dodd-Frank Act.

LITERATURE REVIEW

In 2008, there were several events which eventually led to the overall impact to the national economy, and the global community. It started March of that same year, when the government of the U.S announced the fire sale of the international investment bank Bear Stearns to JP Morgan Chase (Jall, 2012). As there was deterioration on investor revenue starting 2006, Bear Stearns enhanced the exposure of their risk with hopes of achieving higher returns in order to potentially alleviate losses. This has involved an enhanced exposure to the so-called subprime mortgage loans. As soon as the situation with these loans worsened, it has led to billions of dollars worth in reduction value, and the first quarterly loss of the firm was reported in 2007.

CONCLUSION

For individuals who are interested in conducting another study under this subject, it is highly suggested expanding data sources in order to cover newspapers such as the USA Today, Washington Post, as well as the LA Times. With this, various news mediums may also be incorporated. For instance, it might be quite helpful to take into consideration whether TV reporting about the Act has similar content as with newspaper coverage reports. Another interesting aspect is noting whether various mediums will do an even better job in explaining the terms of the Act, as well as the Act itself. The financial crisis experienced by the nation, and the global community back in the past has been resolved with the taxpayer money, thus the taxpayers have also relatively become shareholders of all financial institutions involved, as well as the stakeholders in this situation.

REFERENCES

Marks, P. (2011). Identifiable Issues in the Framing Theory: A Systematic Approach in Different Literature. *Journal of Communication*, 45, 234-237.

Jall, B. (2012). A Multiparadigmatic Approach in News Framing: Response to Various Strategies. *Journal of Communication*, 56, 123-234.