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Dodd Decision Raises Odds for Overhaul of Financial Rules

By MICHAEL R. CRITTENDEN

WASHINGTON -- Sen. Christopher Dodd's decision to remain chairman of the Senate Banking Committee could mean bad news for a financial-services industry facing congressional efforts to strengthen consumer protections and revamp financial regulations.

Mr. Dodd (D., Conn.) on Wednesday confirmed that he wouldn't leave the panel to head the Senate Health, Education, Labor and Pensions Committee, after the death of its chairman, Sen. Edward Kennedy (D., Mass.). Sen. Tom Harkin (D., Iowa), who is seen as a staunch advocate for organized labor, will take over as chairman of the Senate health committee, overseeing a range of programs, including labor and wage standards, and pension rules.

Sen. Blanche Lincoln of Arkansas, meanwhile, will succeed Mr. Harkin as head of the Senate Agriculture Committee. The two-term moderate Democrat on Wednesday said she wanted the farm panel to have a strong role in international trade and in the review of climate-change legislation.

While Mr. Dodd said he remained committed to helping lead the Senate's efforts to overhaul the country's health-care system, he wants to focus on moving financial regulatory measures in the coming months.

"We have important work to do on the banking committee, and I intend to see it through," Mr. Dodd said. "This fall, we will get that legislation done."

Analysts said Mr. Dodd's decision sent a clear message that he is committed to moving on financial regulatory changes. His continued involvement also makes it more likely that any Senate bill on the issue would be more aggressive on putting into law consumer protections, such as a new Consumer Financial Protection Agency.

Ben McKay, senior vice president of federal affairs for the Property Casualty Insurers Association of America, said Mr. Dodd's decision will ensure stability on the panel at a critical time. "It's just a very fast-moving time and it's a tough time to re-tool a committee," he said.

Mr. Dodd has been outspoken about the abuses of the financial-services industry in recent years, particularly in regard to mortgage lenders and what he describes as their unwillingness to help rework loans facing foreclosure. With Mr. Dodd facing a tough re-election battle next year, he is likely to intensify his focus on such populist issues.

—Corey Boles contributed to this article.

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