Political capital: An analysis of Congress voting on the financial regulations

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Abstract
Both politicians and companies gain from political connections. We find that the representative of the House who vote for deregulations are more likely to end up in business jobs after leaving the Congress. The analysis of voting behavior in a major financial regulation - Gramm-Leach-Bliley Act of 1999 – show the members of Congress use voting to enhance their career. The results are consistent with public rent-seeking of politicians, and show that political capital is as valuable for politicians as for companies.

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1. Introduction

Political capital and connections benefit connected parties, firms on the one-hand and government officials and legislators. Political capital, in addition to physical, human and other capital, is found to be one of important factors affecting firm investment and financing decisions and firm value. On the opposite side of political connections, the party and the entity holding political powers have incentives to utilize its leverage to enhance their own self-interests.

Firms invest in political capital and establish connections to garner the benefits of political connections, e.g. Government bailout in financial distress (Duchin and Sosyura (2012), Faccio, Masulis, and McConnell (2006)). Kostovetsky (2015) examines the value of political connections of financial firms by finding that the worse performance and high leverage of financial firms in a state with a US Senator on the Banking Committee was correlated with weakly improved stock returns and reduced bankruptcy probability during the 2008 financial crisis.

On the other side of political connections, public officials and legislators use their positions and voting powers to pursue their self-interests. Legislators have strong incentives to help firms that provide jobs to their constituents (e.g., Mian, Sufi, and Trebbi, 2010). Alternatively, members of congress have powerful incentives to manage their own lifetime career either to help their existing business interests or to pursue private sector jobs after leaving the Congress.

Public rent-seeking (shirking) arise due to the self-interest of regulators and public officials, as they are interested in the reputation build-up and post-government employability. Akerlof and Romer (1993) discuss looting and public rent seeking as government employee have incentive to protect their reputation and pursue their own self-interest in regulations and policy making. The benefits come from being hired by private firms after they depart their public jobs. Boldrina and Levine (2004), in the context of the protection of intellectual property, show that government planners composed of self-seeking individuals acting in their own interests pursue public rent-seeking through the legal system.

Several studies show the public rent-seeking actions in financial regulations. Benmelech and Moskowitz (2010) posit that private interests and public rent-seeking rather than public interests protecting the underserved are main motives of regulation. They show that U.S. State Usury Laws in the 19th Century coincide with other economic and political policies favoring wealthy political incumbents, particularly when they have more voting power. Bank regulator may have incentive to acquire reputation as a capable monitor rather than social welfare when regulator is uncertain about its ability to monitor bank's asset choices. The self-interest of regulator distorts the regulatory actions such as the timing of bank closures (Boot and Thakor (1993)). Kane (1990), in the discussion of S&L Resolution Trust Corporation (RTC), consider the agency relation between principal taxpayers and agent (RTC), argue that incentive conflicts create agency costs. These officials have an understandable desire to promulgate simple rules and procedures that tightly protect their reputations and post government employability from being damaged by the actions of the RTC.

Following the literature that shows that legislators use their rule making power and voting to pursue their own self-interests, we hypothesize that legislators use their roll call voting to enhance their careers and personal businesses ahead of public interests. We investigate their voting behavior in the major financial regulation - the Gramm-Leach-Bliley Act established in 1999. Legislators are classified in two agent types, one who pursue public interests and other type is private interests or public rent seekers. Public rent-seekers are defined as legislator who has private firm connections before elected. Consistent with the self-interests of congressional representative, we show that the incentives of political agents and legislators are key determinants in the legislations of the major U.S. financial regulations.

The remainder of the paper proceeds as follows: Section 2 reviews the literature on political capital and develops main idea for the paper. Section 3 describes the sample and variables. In Section 4 and 5, we discuss the results related to the self-interest of congressional representative in financial legislations. Section 6 concludes.

2. Literature on political capital

Firms benefit from increasing the value and performance and take additional risk crating moral hazard by establishing political connections. Firms build up political capital and connections through some channels: lobbying, influence of regulations and businessperson entering into politics.

Lobbying firms improve financial performance and firm value relative to non-lobbying firms. Chen, et al. (2009)[1] measure the relationship between the financial performance of firms, and corporate lobbying. They find that there is a positive relationship between corporate lobbying expenditures and accounting earnings and cash flows from operation. They also find that the more intense the lobbying relative to the size or sales, the better the returns of those firms is. In 2005, the top 20 firms spent more than a $160 million on lobbying, with the top five firms account for 42%. The data that was used for this study are the Center for Responsive politics, COMPUSTAT, and CRSP. The number of firms involved in lobbying increased from 6.54% in 1998 to 11.79% in 2005 (10).

Another method of research used in this study, was to compare the returns of firms with the highest lobbying intensity, and non-lobbying firms. It was found that the firms with the highest lobbying intensity consistently outperformed the non-lobbying firms when the focus was on excess returns. The 3-year portfolio that included these high intensity lobbying firms also earned an average of 35.9% return in the first year, compared to 29.7% return for the non-lobbying firms. This study concluded that while lobbying might help with the financial performance of a firm, it only works for firms that have been willing to commit to the highest lobbying intensities (26). However, lobbying only has its greatest effect in the short term, as the excess returns that it produces tend to diminish as time goes by.

The benefits to lobbying firms also come from potential rescue when firms fall into financial troubles from taking extra risks creating moral hazard. Kostovetsky (2015)[2] highlights the incentives that

[1] Chen, H., Parsley, D., Yang, Y., 2009. Corporate Lobbying and Financial Performance. Vanderbilt University, Nashville TN.
[2] Kostovetsky, L, 2015. Political Capital and Moral Hazard. Journal of Financial Economics 116, 144-159.

political connections create for firms to take on extra risks. He measures the effects of firms' political connections, through various regression measures of the risk exposures on the political connections. The focus of the data was from 2002 until just after the financial crisis of 2008. His reasoning behind this was that the effects of risk exposure on politically connected firms would not be apparent in normal times, but rather in rare events like the recent financial crisis. Using data from the Official Congressional Directory, OpenSecrets.org, Boardex data, Compustat, and the Center for Research in Security prices, Kostovetsky creates various tables that prove, and support his argument. Through this study, Kostovetsky found that firms with political connections had higher leverage ratios than firms with no political connections in 2008, and that even though they were more leveraged and had more risk they were less likely to go bankrupt due to their political connections that helped them also increase their stock returns during the crisis.

Second channel of crating political connections is by influencing the regulations. Igan, et al. (2011)[3] examines the behavior of lenders that lobbied versus those that did not from 2000-2007, and their performance in 2008. The data set was constructed specifically to measure the lobbying activities that "specifically aimed at rules and regulations of consumer protection in mortgage lending, underwriting standards, and securities laws" (195). The data collected comes from various sources, such as data from the Home Mortgage Disclosure Act (HDMA), reports from the Secretary of the Senate's Office of Public Records (SOPR), Metropolitan Statistical Area (MSA) data, Compustat, Loan Performance, and the Treasury through the Office of Financial Stability. The study concludes several things concerning lobbying and lenders. First, those lenders that lobbied the most were also the lenders that originated the mortgages with high loan-to-income ratios (LIR), and as a result were able to grow their loan portfolios the fastest. However, those portfolios that grew quickly from 2000-2006 were also the ones that had the higher delinquency rates in 2008. Figure 3 highlights the main differences between lobbying, and non-

[3] Igan, D., Mishra, P., Trressel, T., 2011. A Fistful of dollars: lobbying and the financial crisis. NBER Macroeconomics Annual 26. 195-230.

lobbying lenders. The biggest differences are, lobbying firms were more likely to be subprime, grew faster, and were less likely to be regulated by HUD. Also to no surprise, the majority of the bailout money for lenders went to lenders that lobbied. The results of the studies in this paper conclude that the political influence that these lenders and the rest of the financial industry had was a contributing factor towards the financial crisis by allowing them to take on more risk, as they knew that if things were to go south the government would bail them out.

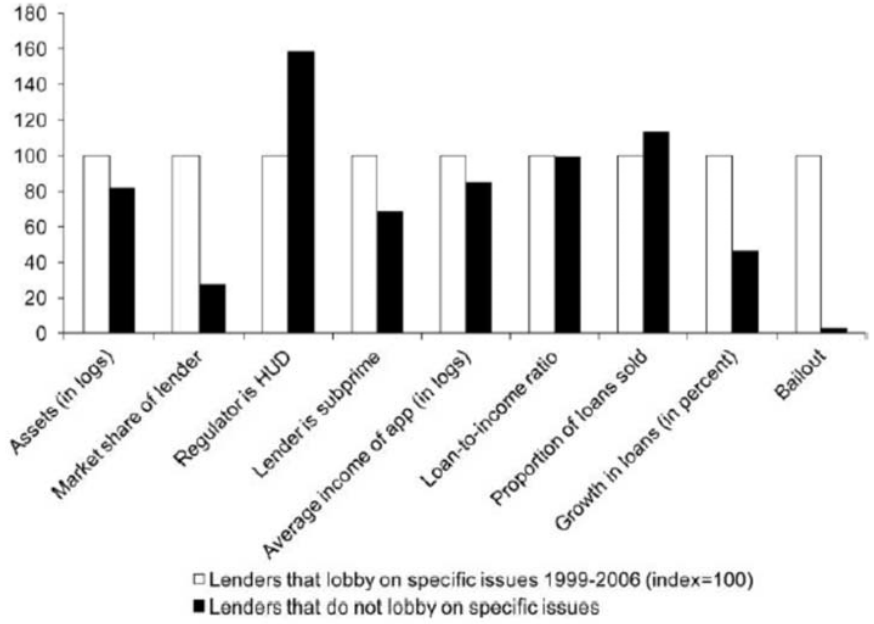

Fig. 3. Difference between lobbying and nonlobbying lenders

The third channel of building up political connections is more direct – a businessperson entering into political. Faccio (2006)[4] asks the questions of what kind of characteristics countries with common political connections share, and if those very connections add any value to the companies. The main way this study was performed was by observing the various companies, and observing the value of those companies, as well as the impact that the announcements had on their prices. For each of the 47 countries

[4] Faccio, M., 2006. Politically Connected Firms. The American Economic Review 96, 369-386

that were observed, the names of all officers, executives, and other top level employees at the companies was cross checked with the official websites of each country to determine whether or not a connection exists. The study concludes that, for the largest 50 firms in each market, 6.2% of them were found to have a political connection. This suggests that larger firms tend to have political connections more often. In the second part of the study, where the reaction in the stock market is observed, Faccio argues that the only times that a reaction will occur in the stock market concerning a political connection is if the announcement is a surprise. So going off of that argument, Faccio uses the "Stephen J. Brown and Jerold B. Warner (1985) standard event study methodology to calculate the market-adjusted CARs for the five-day period around the announcement dates" (p.383). The study finds that there is an abnormal return of 1.43% following the announcement of a new political connection. It was also concluded that whenever a businessperson enters politics, there is an average excess return of 2.29% for those firms that are connected. To conclude, "stock prices increase significantly, however, when a business person enters politics, suggesting that rent seeking is, as one might expect, much less of a problem in this case" (p.385).

Firms are one side of political connections and firms increase financial performance and value and bailed out from extra risk-taking. Politicians are the linkage on the opposite side of political connections and they use political powers to pursue their self-interests and public rent-seeking. The paper investigates the incentives of politicians in providing assistance to firms, more specifically, the voting behavior of legislators in financial regulations.

3. Sample: Data and variables

This study investigates the incentive and self-interest of the members of the U.S. congress by analyzing the voting behavior in the major financial regulations - the Gramm-Leach-Bliley Act established in 1999 (S.900). The Gramm-Leach-Bliley Act (GLBA), also known as the Financial Services Modernization Act of 1999, is an act of the 106th United States Congress (1999–2001). It allows banks to engage in any combination of financial activities - investment banking, commercial banking, and

insurance and other financial activities. It is a major de-regulation repealing the Glass–Steagall Act of 1934, which is enacted after the Great Depression of 1929. We analyze voting records of the GLBA to investigate the incentives of legislators. Public rent-seekers put their personal interests at the forefront and use their political positions and activities to pursue personal interest. There are various channels and forms to seek out personal interests: pork barrels, campaign contributions, support private sectors related to the politicians, and so on. In this paper, we use the employability after leaving the Congress as a proxy for public rent-seeking, and use the roll call voting on the financial regulations as a medium and tool of self-interested political action. We hypnotize that public rent-seekers use voting to enhance their employment in private sectors.

We collect data manually from various sources. CV (Curriculum Vitae) of members of the Congress is collected from https://www.marquiswhoswho.com/ that records details of career path. Voting record come from the open source information from www.congress.gov. Contribution of PAC and the subcommittee and other related information are gathered from the http://opensecrets.org and the records of U.S. congress. We begin by collecting the names of 435 house representatives from the 106th Congress who participated in the roll call votes for bill S. 900 (Gramm-Leach-Bliley Act). There were 9 roll call votes listed under the Congress website, from which 2 (V355 and V570) were voted in the House. In our regression, we focus on the vote V570 since it is for the final passage of the bill.

Table 1 shows the summary of V570 and how we created the deregulation dummy variables from these votes. The votes outcome “Yeas” for V570 are in favor of deregulation and are given 1 for the deregulation dummy variable. There are more yes votes for the final vote V570 compared to V355. Among the 241 “Yeas” for V355, 41 House representatives switched to “Nays” for the final vote V570, and among the 132 “Nays” for V355, 124 House representatives switched to “Yeas” for the final vote. Among the 435 House representatives, 191 votes “Yeas” for both votes, while only two voted “Nays” for both votes. According to the congress' website (https://www.congress.gov/bill/106th-congress/), V570 is the final passage of the bill. The vote is on agreeing to the conference report. V355 is on motion that the

House instruct conferees. The purpose of the two votes are very similar (both for the Financial service moderation act) but V570 is the final vote. We focus on the voting of V570, as it is the vote that matters.

Main hypothesis of this paper is to test whether the voting choices impact the congress member's future career choices, i.e. whether legislators use their voting to pursue their career into private sectors. The time frame of our study is from 1990 (10 years prior to the vote) to 2009 (10 years after the vote), and for each year during our time frame, we classify the congress member's work experience into several categories according to the type of organizations they worked for: G (government organizations), F (corporate organizations), E (educational organizations), H (hospital and medical related organizations), and M (missing data). Under the category F, we further separate the congress member's work experience into subcategories according to the positions they hold: B (lobbyist), A (advisors), L (lawyers), O (owners or founders), and C (CEO, employees, managers, and others). From the recordings of each year, we are able to generate four main dummy variables based on the congress member's work experience before and after the vote:

PRI_BEF: the congress member worked under corporate organizations (category F) within 10 years before the vote;

PRI_AFT: the congress member worked under corporate organizations (category F) within 10 years after the vote;

PRI_BEF1: the congress member held CEOs, employees, managers, or other positions in a corporation (subcategory C) within 10 years before the vote;

PRI_AFT1: the congress member held CEOs, employees, managers, or other positions in a corporation (subcategory C) within 10 years after the vote;

The dummy variables PRI_BEF1 and PRI_AFT1 are intended to capture a stricter definition of corporate jobs compared to the variables PRI_BEF and PRI_AFT since in the former we exclude positions such as lawyers, lobbyists, and advisors.

The main hypothesis of the paper is that public-rent seeking legislators use their voting to pursue their employment in private sectors. The empirical strategy is to analyze in two steps: voting and private sector employment after leaving the congress.

First step is to check legislators' individual characteristics in ttheor voting behavior. The study employs a logistic regression model to examine the personal characteristics that contribute to congress member's decision to vote for the deregulation bill. The model is mathematically specified in the following equations (1) and (2):

$$V570 = \beta_0 + \beta_1 \times PRI\_BEF + \beta_2 \times Party + \beta_3 \times Gender + \beta_4 \times Law\ school + \beta_5 \times College + \beta_6 \times PhD + \beta_7 \times Book\ author + \beta_8 \times Civic + \beta_9 \times PUB\_TEN + \beta_{10} \times Age + \beta_{11} \times FinCom + \beta_{12} \times \#Com + \beta_{13} \times PAC + \beta_{14} \times F/PAC + \varepsilon \quad (1)$$

$$V570 = \beta_0 + \beta_1 \times PRI\_BEF1 + \beta_2 \times Party + \beta_3 \times Gender + \beta_4 \times Law\ school + \beta_5 \times College + \beta_6 \times PhD + \beta_7 \times Book\ author + \beta_8 \times Civic + \beta_9 \times PUB\_TEN + \beta_{10} \times Age + \beta_{11} \times FinCom + \beta_{12} \times \#Com + \beta_{13} \times PAC + \beta_{14} \times F/PAC + \varepsilon \quad (2)$$

Second step is to test whether voting influences their employment in private sector after leaving the Congress, i.e. whether the voting outcome impact the congress member's future career choices. Mainly we test whether the yes vote would increase the likelihood that the congress member will choose

to work in the private sector within 10 years after the vote. The logistic model we employ is mathematically specified in the equation (3) and (4):

$$PRI\_AFT = \beta_0 + \beta_1 \times V570 + \beta_2 \times PRI\_BEF + \beta_3 \times Party + \beta_4 \times Gender + \beta_5 \times Law\ school + \beta_6 \times College + \beta_7 \times PhD + \beta_8 \times Book\ author + \beta_9 \times Civic + \beta_{10} \times PUB\_TEN + \beta_{11} \times Age + \beta_{12} \times FinCom + \beta_{13} \times \#Com + \beta_{14} \times PAC + \beta_{15} \times F/PAC + \varepsilon \quad (3)$$

$$PRI\_AFT1 = \beta_0 + \beta_1 \times V570 + \beta_2 \times PRI\_BEF1 + \beta_3 \times Party + \beta_4 \times Gender + \beta_5 \times Law\ school + \beta_6 \times College + \beta_7 \times PhD + \beta_8 \times Book\ author + \beta_9 \times Civic + \beta_{10} \times PUB\_TEN + \beta_{11} \times Age + \beta_{12} \times FinCom + \beta_{13} \times \#Com + \beta_{14} \times PAC + \beta_{15} \times F/PAC + \varepsilon \quad (4)$$

Where:

V570 is the indicator variable for the voting outcome (vote equals to 1 for yes vote and 0 for no vote) of roll call V570;

PRI_BEF is the indicator variable for the congress member's work experience prior to the vote (PRI_BEF equals to 1 if the congress member worked under corporate organizations (category F) within 10 years before the vote);

PRI_AFT is the indicator variable for the congress member's work experience after the vote (PRI_AFT equals to 1 if the congress member worked under corporate organizations (category F) within 10 years after the vote);

PRI_BEF1 is the indicator variable for the congress member's work experience prior to the vote (PRI_BEF1 equals to 1 if the congress member held CEOs, employees, managers, or other positions in a corporation (subcategory C) within 10 years before the vote);

PRI_AFT1 is the indicator variable for the congress member's work experience after the vote (PRI_AFT1 equals to 1 if the congress member held CEOs, employees, managers, or other positions in a corporation (subcategory C) within 10 years after the vote);

Party is the indicator variable for the political affiliation of the congress member (Party equals to 1 for republican and 0 for democrats);

Gender is the indicator variable for the gender of the congress member (Gender equals to 1 for males and 0 for females);

Law school is the indicator variable for law school graduates (Law school equals to 1 for finishing JD and 0 otherwise);

College is the indicator variable for college graduates (College equals to 1 for finishing undergraduate degrees and 0 otherwise);

PhD is the indicator variable for finishing PhD or doctoral degrees (PhD equals to 1 for finishing doctoral degrees and 0 otherwise);

Book author is the indicator variable for authorizing books (Book author equals to 1 if the congress member is also a book author and 0 otherwise);

Civic is the indicator variable for civic experience (Civic equals to 1 if the congress member has civic experience listed on his/her resume);

PUB_TEN is the congress member's year of experience in congress (calculated as the difference between voting year and the congress member's first year in congress);

Age is the defined as the difference between the voting year and the birth year of the congress member;

PAC is the total PAC money for 1999 – 2000;

F/PAC is calculated as the contribution in the finance, insurance, and real estate sector divided by the total PAC money.

#Com is the number of committees the congress member was on in the year of the vote.

FinCom is the indicator variable for being on the Banking and Finance committee in the year of the vote (FinCom equals to 1 if the congress member was on the Banking and Finance committee in 1999 and 0 otherwise).

We then use interaction dummy to test whether certain characteristics of the congress member impact the likelihood for them to use voting to pursue careers in the private sector.

The model is mathematically specified in equations (5):

$$PRI_{AFT} = \beta_0 + \beta_1 \times V570 + \beta_2 \times V570 \times Dummy + \beta_3 \times PRI\_BEF + \beta_4 \times Party + \beta_5 \times Gender + \beta_6 \times Law\ school + \beta_7 \times College + \beta_8 \times PhD + \beta_9 \times Book\ author + \beta_{10} \times Civic + \beta_{11} \times PUB\_TEN + \beta_{12} \times Age + \beta_{13} \times FinCom + \beta_{14} \times \#Com + \beta_{15} \times PAC + \beta_{16} \times F/PAC + \varepsilon \quad (5)$$

The dummy variables used in the interaction term include party affiliation (Party), the congress member's previous work experience (PRI_BEF), whether the congress member has civic experience (Civic), and whether they were on the Banking and Finance committee (FinCom) in the year of the vote.

4. Results

In Table 2 we represent the descriptive statistics. Among the 420 members that participated the vote for V570, 362 voted for the deregulation bill (yes vote), and 57 voted against (no votes) the bill. 119 members out of the 106th Congress worked under corporate organizations within 10 years before the vote and 108 worked under corporate organizations within 10 years after the vote. If we follow a narrower definition of corporate career (excluding the career choices such as lobbyist, advisors, lawyers, and owners), 53 members from the 106th congress held CEOs, employees, managers, or other positions in a corporation (subcategory C) within 10 years before the vote, while 51 held similar positions within 10 years after the vote. The average PAC donation for the year 1999 to 2000 is $374,006, and 15.9% of the donation is from the financial industry. During our sample year, 59 congress members were on the Banking and Finance Committee, and on average, a typical congress member was assigned 2 committees. In the 106th congress, there are 226 republicans and 209 democrats, and 381 of them are male. 266 members of the 106th congress also had civic experience listed on the CV. On average, the members had 10 years of experience in the congress before the vote.

Table 3 reports the correlation coefficients among some of the main variables. Both the variables PRI_BEF and PRI_AFT are significantly correlated with the voting outcome, suggesting that the voting outcome might be related with the congress members' career choices before and after the vote. The other variables that are correlated with the voting outcome include the amount of PAC donation of the same cycle, the percentage of the donation from the financial industry, the party affiliation and gender of the member, and whether the member was also a book author or had civic experience listed on the CV.

We next run a logistic regression as specified in model 1 and 2, and the results are presented in Table 3. From Panel A of Table 3 it is observed that the decision to vote for the deregulation bill V570 is positively correlated with party affiliation, suggesting that republicans are more likely vote yes for the deregulation bill. The results also suggest that the congress members who have civic experience, larger PAC donation amount, or higher percentage of donation from the financial industry are more likely to vote for the deregulation bill. However, the members that were also book authors or on the Banking and Finance Committee are less likely to vote for the deregulation bill. Surprisingly, the dummy variable PRI_BEF is not associated with the voting outcome, suggesting that the congress member's prior work experience in the private sector is not associated with their voting decision.

Similar results are also observed when we follow a narrower definition of corporate work experience. In Panel B of Table 3, it's observed that holding CEOs, employees, managers, or other positions in a corporation within 10 years before the vote is not correlated with the voting outcome. In this model, being a book author is also marginally insignificant.

In summary, from the logistic regression model 1 and 2 we find that the variables that impact the voting decisions are party affiliation (positive), having civic experience (positive), the amount of PAC donation (positive), the percentage of PAC donation from the financial industry (positive), and being on the Banking and Finance Committee (negative).

We then study whether the congress members who voted yes for the deregulation bill are more likely to have corporate careers after the vote. The logistic regression results for model 3 and 4 are presented in Table 5. We hypnotize that public rent-seekers use voting to enhance their employment in private sectors. Consistent with our hypothesis, in Panel A of Table 5, we find that the voting outcome is positively correlated with the congress member's career choice after the vote. More specifically, the congress members who voted yes for the deregulation bill V570 are more likely to work in the private sector within 10 years after the vote. The additional variables that positively contribute to the congress

members' decision to work in the private sector after the vote include their work experience before the vote, the party affiliation, the years of experience in congress, the amount of PAC donation, and being on the Banking and Finance Committee.

When we use a narrower definition of corporate career as the dependent variable (the congress member held CEOs, employees, managers, or other positions in a corporation within 10 years after the vote), the voting outcome becomes less significant, but the variables gender and the number of committees the members were on during the year of the vote are significantly correlated with the career choice after the vote. The results are presented in Panel B of Table 5.

In all, we find that the congress member's career choice before the vote does not impact the voting outcome. However, we find supportive evidence that the congress members use voting to pursue careers in the private sector after the vote.

5. Additional Tests

In this section, we use interaction terms to test whether certain characteristics of the congress member impact the likelihood of them to use voting to pursue careers in the private sector. The first interaction term we use is V570 and Party. We want to study whether republicans (or democrats) are more likely to use voting to pursue careers in the private sectors after the vote. The results are presented in Table 6. The interaction terms are not significant in predicting the career choices of the congress members, suggesting that party affiliation is not related with the tendency of using voting to pursue careers. We also used other variables (including PRI_BEF, being on the Banking and Finance Committee, and having civic experience) in the interaction terms but none of them are significant in predicting the career choices after the vote.

6. Conclusion

Do politicians have incentives and self-interests to use their position and political activities to enhance their careers? Specifically, do legislators use voting to purse private sector career after leaving the

Congress? To test the legislators' public rent-seeking behavior we analyze the voting records on major financial deregulation - the Gramm-Leach-Bliley Act established in 1999 (S.900) and private sector employment after leaving the Congress. We find that the representative of House who vote for deregulations are more likely to end up in business jobs after leaving the Congress. The analysis of voting behavior in a major financial regulation - Gramm-Leach-Bliley Act of 1999 – show the members of Congress use voting to enhance their career. The results are consistent with public rent-seeking of politicians, and show that political capital is as valuable for politicians as for companies.

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Table 1
S.900 - Gramm-Leach-Bliley Act House Roll Call Votes

This table reports the summary of V570 and how we create the deregulation dummy variable from these votes.

Roll Call	V570
Date-time	11/4/1999-11:15 pm
Congress	106th
Content summary	Final vote for the Financial Services Modernization Act "Yea" is a vote in favor of the financial deregulation
Deregulation Dummy	1- Yeas (362)
(number of votes)	0- Nays (57)
	Missing - Not voting (15)

Table 2
Descriptive Statistics

This table reports the summary statistics of the main variables used in the analysis. All the variables used in the analysis are described in section 3 data and variables.

Variable	N	Mean	Std Dev	Sum	Minimum	Maximum
v570	420	0.87619	0.32976	368	0	1
PRI_BEF	435	0.27356	0.4463	119	0	1
PRI_AFT	435	0.24828	0.43251	108	0	1
PRI_BEF1	435	0.12184	0.32748	53	0	1
PRI_AFT1	435	0.11724	0.32208	51	0	1
PAC	434	374006	271416	162318635	-2749	2410452
F_PAC	433	0.15915	0.12138	68.91132	-0.41305	1
#COM	435	2.03908	0.89846	887	0	6
FINCOM	435	0.13563	0.34279	59	0	1
PARTY	435	0.51954	0.50019	226	0	1
GENDER	435	0.87586	0.33012	381	0	1
LAW_SCHOOL	435	0.35862	0.48015	156	0	1
COLLEGE	435	0.92874	0.25756	404	0	1
PHD	435	0.08276	0.27583	36	0	1
BOOK_AUTHOR	435	0.11494	0.31932	50	0	1
CIVIC	435	0.61149	0.48797	266	0	1
PUB_TEN	435	8.44828	7.56166	3675	0	44
AGE	433	53.08314	9.89961	22985	6	77

Table 3
Pearson Correlation Coefficients

Prob > |r| under H0: Rho=0

This table shows Pearson correlations among some of the main variables. Figures in bold indicate that they are significant within the 10% significance level. All the variables used in the analysis are described in section 3 data and variables.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
V570 (1)											
PRI_BEF (2)	**0.083**										
	0.089										
PRI_AFT (3)	**0.144**	**0.196**									
	0.003	<.0001									
PAC (4)	**0.136**	0.045	**0.195**								
	0.005	0.349	<.0001								
F_PAC (5)	**0.213**	0.078	**0.082**	**0.165**							
	<.0001	0.106	0.088	0.001							
#COM (6)	0.038	**0.151**	0.016	**-0.107**	**0.084**						
	0.437	0.002	0.732	0.026	0.082						
FINCOM (7)	-0.023	0.058	**0.083**	0.040	**0.373**	**0.245**					
	0.643	0.226	0.083	0.411	<.0001	<.0001					
PARTY (8)	**0.313**	**0.198**	**0.191**	-0.033	**0.255**	**0.226**	0.032				
	<.0001	<.0001	<.0001	0.487	<.0001	<.0001	0.512				
GENDER (9)	**0.115**	0.028	**0.087**	-0.018	0.025	**0.086**	-0.054	**0.168**			
	0.019	0.564	0.069	0.712	0.602	0.072	0.257	0.000			
BOOK_AUTHOR (10)	**-0.100**	-0.043	0.026	0.008	-0.025	0.008	0.047	-0.014	0.026		
	0.041	0.368	0.582	0.866	0.609	0.861	0.331	0.769	0.583		
CIVIC (11)	**0.086**	**0.129**	0.065	-0.027	-0.011	-0.013	0.040	0.055	-0.014	-0.038	
	0.077	0.007	0.176	0.581	0.815	0.794	0.402	0.254	0.771	0.428	
PUB_TEN (12)	-0.066	**-0.333**	0.073	0.015	-0.075	**-0.200**	**-0.134**	-0.026	**0.150**	**0.127**	0.026
	0.177	<.0001	0.129	0.763	0.121	<.0001	0.005	0.592	0.002	0.008	0.588

Table 4

Logistic Regression

This table reports estimation results of cross-sectional logistic regression of the V570 voting outcome variable on congress members' personal characteristics. All variables are described in section 3. '***', '**', and '*' represent significance at 1%, 5%, and 10% levels, respectively.

Panel A: Dependent variable: V570 (1 for yes vote)

Parameter	Estimate		Standard Error	Wald Chi-Square	Pr > ChiSq
Intercept	-0.1863		1.3899	0.018	0.8934
PRI_BEF	-0.4558		0.4922	0.8576	0.3544
party	2.9128	***	0.6099	22.8058	<.0001
GENDER	0.3232		0.4494	0.5172	0.472
LAW_SCHOOL	0.2684		0.4003	0.4494	0.5026
COLLEGE	-0.302		0.7537	0.1605	0.6887
PHD	0.7635		0.7159	1.1373	0.2862
BOOK_AUTHOR	-0.8224	*	0.4939	2.7728	0.0959
CIVIC	0.6952	*	0.3699	3.5314	0.0602
PUB_TEN	-0.0262		0.0272	0.9304	0.3347
AGE	-0.00201		0.0215	0.0087	0.9255
PAC1	2.68E-06	***	9.67E-07	7.6828	0.0056
F_PAC	6.5576	***	2.0966	9.7831	0.0018
#COM	-0.0593		0.2485	0.0569	0.8115
FINCOM	-1.0773	*	0.5558	3.7577	0.0526

R square: 0.1888

Panel B: Dependent variable: V570 (1 for yes vote)

Parameter	Estimate		Standard Error	Wald Chi-Square	Pr > ChiSq
Intercept	0.1208		1.4073	0.0074	0.9316
PRI_BEF1	-1.0158		0.7149	2.0188	0.1554
party	3.0686	***	0.6466	22.5224	<.0001
GENDER	0.2439		0.4534	0.2894	0.5906
LAW_SCHOOL	0.1383		0.3961	0.1219	0.727
COLLEGE	-0.2851		0.7508	0.1442	0.7041
PHD	0.7449		0.7187	1.0744	0.3
BOOK_AUTHOR	-0.7756		0.4974	2.4317	0.1189
CIVIC	0.677	*	0.3638	3.4628	0.0628
PUB_TEN	-0.0243		0.0266	0.8357	0.3606
AGE	-0.00549		0.0217	0.0637	0.8007
PAC1	2.69E-06	***	9.48E-07	8.051	0.0045
F_PAC	6.6532	***	2.1011	10.0266	0.0015
#COM	-0.1006		0.2479	0.1648	0.6847
FINCOM	-1.1446	**	0.5631	4.1309	0.0421

R square: 0.1908

Table 5

Logistic Regression

This table reports estimation results of cross-sectional logistic regression of the PRI_AFT variable on congress members' voting decision and personal characteristics. All variables are described in section 3. '***', '**', and '*' represent significance at 1%, 5%, and 10% levels, respectively.

Panel A: Dependent variable PRI_AFT

Parameter	Estimate		Standard Error	Wald Chi-Square	Pr > ChiSq
Intercept	-4.3394		1.2185	12.6821	0.0004
v570	1.1082	*	0.5904	3.5228	0.0605
PRI_BEF	0.986	***	0.2989	10.8824	0.001
PARTY	0.6168	**	0.2791	4.8845	0.0271
GENDER	0.5894		0.4658	1.6012	0.2057
LAW_SCHOOL	0.00999		0.2702	0.0014	0.9705
COLLEGE	-0.2598		0.4854	0.2864	0.5925
PHD	-0.2987		0.5073	0.3467	0.556
BOOK_AUTHOR	0.1226		0.4126	0.0883	0.7664
CIVIC	0.0737		0.2702	0.0744	0.7851
PUB_TEN	0.0413	*	0.0216	3.6535	0.056
AGE	0.0104		0.0165	0.3993	0.5275
PAC1	1.51E-06	***	4.52E-07	11.1899	0.0008
F_PAC	-0.9009		1.152	0.6116	0.4342
#COM	-0.1605		0.1572	1.0423	0.3073
FINCOM	0.773	**	0.3943	3.8431	0.05

R square: 0.1199

Panel B: Dependent variable PRI_AFT1

Parameter	Estimate		Standard Error	Wald Chi-Square	Pr > ChiSq
Intercept	-5.1004		1.8716	7.4268	0.0064
v570	1.7405		1.0906	2.5468	0.1105
PRI_BEF1	1.6029	***	0.4572	12.2932	0.0005
PARTY	0.6927	**	0.4057	2.9152	0.0877
GENDER	1.3745	**	0.7922	3.0108	0.0827
LAW_SCHOOL	0.1235		0.3919	0.0993	0.7527
COLLEGE	0.2512		0.7329	0.1175	0.7318
PHD	-0.3288		0.6983	0.2216	0.6378
BOOK_AUTHOR	0.6942		0.5064	1.8789	0.1705
CIVIC	-0.3841		0.3655	1.1045	0.2933
PUB_TEN	0.0172		0.0299	0.3306	0.5653
AGE	-0.0151		0.0223	0.4598	0.4977
PAC1	1.81E-06	***	5.69E-07	10.1164	0.0015
F_PAC	-2.0596		1.7061	1.4573	0.2274
#COM	-0.4135	**	0.2364	3.0603	0.0802
FINCOM	1.642	***	0.5244	9.8065	0.0017

R square: 0.1235

Table 6

Additional Test/Interaction Terms

This table reports estimation results of cross-sectional logistic regression of the PRI_AFT variable on congress members' voting decision and personal characteristics. In this regression, we include the interaction terms of V570 and Party. All variables are described in section 3. '***', '**', and '*' represent significance at 1%, 5%, and 10% levels, respectively.

Parameter	Estimate		Standard Error	Wald Chi-Square	Pr > ChiSq
Intercept	-4.5552		1.2628	13.0124	0.0003
v5701	1.3343	**	0.6735	3.9252	0.0476
V570party	-1.227		1.3574	0.8171	0.366
PRI_BEF	0.9889	***	0.2991	10.9299	0.0009
party	1.8101		1.3414	1.821	0.1772
GENDER	0.5831		0.4667	1.5612	0.2115
LAW_SCHOOL	0.0193		0.2705	0.0051	0.9432
COLLEGE	-0.2735		0.4867	0.3159	0.5741
PHD	-0.2979		0.508	0.344	0.5575
BOOK_AUTHOR	0.1372		0.4133	0.1102	0.7399
CIVIC	0.071		0.2706	0.0688	0.7931
PUB_TEN	0.0411	*	0.0217	3.5913	0.0581
AGE	0.0113		0.0166	0.4619	0.4967
PAC1	1.52E-06	***	4.52E-07	11.3371	0.0008
F_PAC	-0.9049		1.1522	0.6168	0.4322
#COM	-0.1709		0.1581	1.1691	0.2796
FINCOM	0.7782	**	0.3939	3.9031	0.0482

R-Square: 0.1214