The Making of Financial Regulation - Voting on the U.S. Congress

João Rafael Cunha *

University of St Andrews

Abstract

This paper studies the voting patterns of members of the U.S. Congress on financial regulation between 1991 and 2014. It uses the most comprehensive dataset assembled on campaign contributions from the financial sector and it is the first study on this subject taking a long-term perspective. This long-term approach allows me to address the problem of endogeneity in a new and more rigorous manner. I find that campaign contributions are the strongest driver of congressional voting. This variable increases the likelihood of voting in favor of deregulatory bills.

Keywords: Financial Regulation; Political Economy

JEL: G2, G28, D72, P16

---

1 Introduction

There are different explanations for the existence of regulation in general and financial regulation in particular (Kroszner et al. (1999) for a detailed discussion). The private interest theory of regulation suggests that regulation is produced to protect and favor interest groups. Political economy factors are considered to influence the design and implementation of financial regulation (Kroszner and Strahan (1999), Calomiris and White (1994), Calomiris and Haber (2014), Mian, Sufi, and Trebbi (2010), Mian, Sufi, and Trebbi (2013), Igan and Mishra (2011)). This happens because interest groups and participants in the political process use the power of government to implement regulation that acts in their best interest (Stigler (1971), Peltzman (1976)). An alternative explanation suggests that regulation is primarily driven by ideological preferences (Poole and Rosenthal, 1996).

This paper studies the determinants of financial regulation. In particular, I try to answer the following question: What variables influence voting in financial regulation in the U.S. Congress?

For this study, I compile a unique and comprehensive dataset. To measure corporate interests, I collect data on campaign contributions from financial companies. I cover the longest period for which this data is available. I collect data on campaign contributions since 1988.

When studying the role of interest groups on voting by lawmakers, a concern may arise that the effect of campaign contributions is merely capturing the interests of their constituencies through the employment channel. To address this concern, I include the share of population employed in the financial industry in the congressional

2

district (if the legislator is in the house of representatives) or state (if the legislator is a senator).

Additionally, following the political science literature (Poole and Rosenthal (1996)), I use the DW-Nominate score to measure ideology. I also collect data on GDP to control for economic conditions. Finally, I add roll call voting records on all the bills that proposed changes on financial regulation since 1990.

Drawing upon the rich dataset assembled for this paper, I examine whether the voting patterns of member of Congress can be explained by the aforementioned factors, meaning special interest, ideology, economic conditions and constituency interests. I also explore the heterogeneity between bills that attempted to loosen or tighten regulation.

I find that campaign contributions are the strongest driver of congressional voting for financial deregulation. This finding is consistent with the recent literature that shows that pressure from special interests played an important role in the deregulation of the financial system (Igan, Mishra, and Tressel (2011) and Mian, Sufi, and Trebbi (2013)). Additionally, it is also in line with the literature on political economy that finds that corporate and business PACs tend to donate money based on a pragmatic exchange model, in which interest groups contribute to candidates who are likely to return favors (for a discussion on the topic see Potters and Sloof (1996)).

I study vote switching on the same bill to address concerns over endogeneity. I find that campaign contributions from the financial sector are the main driver of vote changes by lawmakers. Additionally, I perform robustness tests to address concerns

with the choice of variables and the sample used in this study.

This paper makes two contributions to the literature on voting on financial regulation. Firstly, this study provides a long-term perspective on voting on financial legislation. It covers the longest period of time and largest number of bills on financial regulation for which we have data on campaign contributions. Additionally, the long-term approach used in this paper allows me to address the problem of endogeneity in a new and more rigorous manner.

So far, the literature on the political influence of financial companies on their own regulation has only looked at individual bills, a small subset of bills or bills voted on a small window of time. Mian, Sufi, and Trebbi (2010) and Mian, Sufi, and Trebbi (2013) analyze congressional voting behavior on two important bills regulating the housing lending industry during the latest financial crisis of 2007-2008 and on six bills before the beginning of the same financial crisis, respectively. They find that both constituent interests and special interests in the form of campaign contributions are important to explain the voting patterns of the representatives. Igan and Mishra (2011) investigate the political influence of the financial industry in its own regulation in the years before the recent financial crisis of 2007-2008. These authors account for lobbying activities, campaign contributions and political connections. They find that lobbying expenses by the financial sector were positively associated with the probability of lawmakers switching their vote in favor of deregulation in a reincarnation of a bill. This approach is appropriate to understand individual votes or certain historical periods, such as the vote on the Emergency Economic Stabilization Act of 2008 in the case of Mian, Sufi, and Trebbi (2010) or the deregulatory process before

4

the financial crisis of 2007-08 in the case of Igan and Mishra (2011) and Mian, Sufi, and Trebbi (2013). However, it may be too narrow to understand the factors that influence the way legislators vote in general. The long-term approach used in this paper allows me to get a precise idea of the influence of each factor, because it takes a long-term perspective and looks at large group of bills.

Secondly, this paper contributes to the debate on the motives of financial regulation. Some suggest that regulation exists due to public interest, because it corrects market imperfections, such as incomplete information and monopolies (see Kaufman and Kroszner (1997)). Others claim that it is driven by private interests (as suggested by Stigler (1971) and Krueger (1974)). Lastly, others propose it exists due to ideological reasons (Poole and Rosenthal (1996)). The dataset assembled for this study allows me to compare the different theories.

The next section provides a description of the major pieces of financial legislation. Section 3 describes the data and summary statistics. Section 4 presents the empirical strategy. Section 5 discusses the results. Section 6 concludes this paper.

2 Legislation

In this paper, I include every bill voted on the floor of the U.S Congress that changed financial regulation between 1991 and 2014. A full list of the bills that will be studied, as well as additional details, is provided in the appendix.

I classify the bills as loosening regulation or tightening it. This categorization was made based on the contents of each bill. The details on the bills can be found in

the Library of Congress website (`www.loc.gov`). This study includes both bills that passed and failed in congress. A bill is labeled as looser if it promotes deregulation in the financial sector. An example of such a bill is the Gramm-Leach-Bliley Act, which formally repealed the Glass-Steagall Act. Additional examples are provided by the National Securities Markets Improvement Act of 1996, the Commodity Futures Modernization Act of 2000 and the American Dream Downpayment Act passed in 2003. The first two relaxed the federal securities laws, while the latter relaxed the regulation on the mortgage market.

On the other side of the spectrum, a bill that limits the activities of financial companies is labeled as tighter. An example is the Dodd–Frank Wall Street Reform and Consumer Protection Act.

3   Data

The roll call records for all the votes from all Senators and Representatives were collected from Lewis et al. (2017). Furthermore, they also provide data on political variables, such as party affiliation. In this paper, I include all bills on financial regulation voted on the floor of the U.S. Congress between 1991 and 2014.

The first set of explanatory variables covers financial interests of the legislators, which in here are measured by campaign contributions. Politically targeted activities are usually done through political action committees, commonly known as PACs. The data on campaign contributions is available on the website of the Center for Responsive Politics (`www.opensecrets.org`). From there, I collected the data

on donations from companies classified on the Finance, Insurance and Real Estate industry (FIRE). I include individual donations made by the employees of financial companies as part of the total campaign contributions made by a financial institution. According to the Center for Responsive Politics, the FIRE sector has been the sector that donates the most in campaign contributions to federal candidates and parties in all election cycles covered in this analysis.[1]

The data on contributions has to be collected on the campaign cycle before the Congressional session. This data was collected since 1988, even though there are many missing observations until 1995. This happens because campaign contributions only became obligatory to report in 1995 with the Lobbying Disclosure Act of 1995. Nonetheless, the Center for Responsive Politics collected data on campaign contributions going back to 1988. However, this data is not available for all lawmakers.

The second explantory variable covers constituency interests. My measure of choice in this case is the percentage of people working in the financial industry in each congressional district (in the case of representatives) or state (for senators). This data was collected from the the United States Census Bureau at `http://factfinder.census.gov`.

To quantify political ideology, I use the most standard measure in the political science literature, which is the DW-Nominate ideology score developed by Poole and Rosenthal (1985). In this measure, a score closer to 1 can be described as a conservative, whereas a score closer to -1 is usually described as a liberal.

---

[1]`www.opensecrets.org/overview/sectors.php?cycle=1990`

Additionally, to control for economic conditions, I collect the GDP growth rate of the state of the member of Congress from the Bureau of Economic Analysis. Finally, I use political control variables, which are for the most part straightforward in measurement and collection (take party affiliation for instance) and are available in the aforementioned political database of Lewis et al. (2017). In here, I collect data on seniority and party leadership. Politicians, who have occupied their positions for a long time, usually have greater margins of victory and, therefore, may need less funds to run a successful reelection campaign. A similar reasoning applies to those in leadership positions. This means that these lawmakers may be less responsive to campaign contributions from any donor. The data on committee assignments was collected from `http://web.mit.edu/17.251/www/data_page.html`, a website maintained by political science professor Charles Steward III.

The construction of the dataset for this paper was the most challenging part of this study. Matching the data collected from the different sources was an onerous process due to the different ways in which political candidates are identified by each source. They usually identify the candidates with different codes. Each one of them uses a different code to identify the politicians. They use different codes to identify the candidates. For instance, the Center for Responsive Politics identifies politicians with an eight digits unique number following the letter N. However, Lewis et al. (2017) identifies the same politician with a different five digits unique number. Hence, I had to be very careful and meticulous when matching the data on members of Congress.

3.1 Summary Statistics

Table 1 presents the summary statistics at the legislator level.

The variable party takes the value 1 if the lawmaker is a democrat and zero if the member of Congress is a republican. Hence, one can observe that there were more republicans than democrats during the period analyzed in this study. Additionally, the DW-NOMINATE score (ideology) has a positive mean (0.146). These two variables seem to indicate that the Congresses under study are ideologically conservative. This may help explain why in this period there were more votes on bills that promoted deregulation than on bills that increased the regulatory burden.

The minimum value for the amount of campaign contributions received from the financial industry is 375 dollars. This means that all members of Congress received donations to their campaigns from the financial industry.

4 Empirical Strategy

This paper uses a binary dependent variable regression with unbalanced panel data to explain which are the factors that determine the votes by the legislators. The baseline regression is the following:

$$V_{iB} = \alpha + \beta_1 CC_{iC} + \beta_2 DWnom_{iC} + \beta_3 GDP_{iC} + \beta_4 PopFinance_{iC}$$

$$+\gamma controls_{iC} + s_i + \varepsilon_{iC}$$

where V_{iB} is equal to 1 if legislator i voted "aye" on loosening bill B and zero otherwise; on bills to add regulation V takes the value 0 if legislator i voted "aye" on bill B and one otherwise. CC_{iC} is the log of the campaign contributions from the financial industry to legislator i during the electoral cycle in which the bill was voted on C. $DWnom_{iC}$ measures of political ideology of congressmen i on the electoral cycle of the bill C. GDP_{iC} is the annual growth rate in the state of the legislator i during the electoral cycle in which the bill was voted on C. The measure of constituent interest is $PopFinance_{iC}$, which is the share of population working in the financial industry in the congressional district, in the case of the House of Representatives, or state, for the Senate, of the lawmaker i during the electoral cycle in which the bill was voted on C.

The next group of variables are controls aimed at capturing the influence of political variables in the voting behavior of legislators. These variables include number of terms served in congress and if the member of Congress has a seat on a financial committee or not.

Finally, s_i are the legislator fixed effects, which account for time-invariant legislator characteristics. These are straightforward in the main specification, which is the Linear Probability Model. For the probit model, I get the fixed effects using the Mundlak approach (Mundlak, 1978).

5   Results

One of the main advantages of this study is the ability to isolate the effects of interest groups, constituency interests, ideology and the business cycle. The benchmark model is the linear probability model.[2] Nonetheless, to test the robustness of the results to the choice of model, I also provide the results using probit and logit models.

Table 2 presents the regression estimation results regarding voting for deregulation. In this case, 1 is a vote in favor of bills that loosen financial regulation or a vote against bills that increase regulation.

The coefficient for campaign contributions has a positive sign, which indicates that an increase in campaign contributions leads to an increase in the likelihood of voting for deregulation. The marginal effects coefficient for the log of campaign contributions from the financial industry is 0.0439 in the probit model. This means that an increase of campaign contributions from the financial industry by 1 percent leads to an increase of 4.39 percentage points in the likelihood of voting for deregulation.

GDP growth is associated with an increase in the likelihood of voting for deregulation. In column 1, a one percentage point increase in GDP growth leads to a 7.53 percentage points increase in the probability of voting in favor of deregulation. This means that increases in the growth of the economy lead to more votes for a less regulated financial sector.

Ideology is also relevant to explain voting on financial regulation. In this case, the fact that the coefficient takes a positive value means that an increase in the ideology

---

[2]This follows from Heckman and Snyder Jr (1996), who show that to study voting, the linear probability model provides more consistent estimates than the nonlinear voting models.

score (which means being more conservative) makes a lawmaker more likely to vote for a less regulated financial sector.

The results using a Linear Probabity Model are similar to the ones obtained using a probit or logit model. Additionally, the results are also robust to the inclusion of political control variables.

5.1 Type of Bill

So far, I have pooled all bills together. However, one may wonder if the effect of campaign contributions and other factors is the same on bills proposing financial deregulation and in bills proposing tighter financial regulation. For this purpose, I repeat the main specification, but this time I separate bills that loosen financial regulation from those tightening financial regulation. Tables 3 presents results for bills that loosen regulation. When deregulatory bills are voted on, campaign contributions are one of the main drivers of those votes. Campaign contributions have with a positive sign, which indicates that those contributions lead to an increase in the likelihood of voting to deregulate the financial sector. Additionally, in this case, the coefficient of campaign contributions is 0.07, which is greater than when I pooled all the bills together (0.0485). This suggests that campaign contributions from the financial industry have a greater influence on voting in bills that loosen regulation.

Tables 4 presents results for bills that tighten regulation. In this case, the coefficient for campaign contributions is small and statistically insignificant in all but one regression. Therefore, the results obtained for campaign contributions with all bills pooled together appear to be driven by loosening bills. This is not surprising given

that they constitute the largest amount of bills.

Additionally, I believe that campaign contributions have a smaller coefficient in the case of bills that tighten financial regulation, because these restrictive bills are usually introduced when there is some turmoil in the financial system, as suggested by the literature on the financial regulatory cycle (Rajan (2009) and Coffee Jr (2011)). At these times, the general public pays more attention to financial events and financial firms have less lobbying power.

5.2   Endogeneity

Campaign contributions and voting are endogenous and interdependent variables. If interest groups take the position of candidates as given, they will contribute to those who already share their view. This is usually called the support model (Potters and Sloof, 1996). However, if the groups believe they are able to influence the positions of the candidates, they will contribute while expecting favors in return. This is usually described as the exchange model (Potters and Sloof, 1996). The literature on the influence of contributions on voting usually finds that economic interest groups tend to follow the exchange model, while ideological groups favor a support strategy.[3]

The analysis performed so far does not clearly address this endogenity concern, meaning it does not explain if campaign contributions influence voting or if campaign contributions are directed to those who already agree with the positions of the donors.

To address this problem, I study different votes on the same piece of legislation that took place in different Congressional sessions. These are bills that did not pass

---

[3] For a more detailed discussion on these models, see Potters and Sloof (1996).

on the first vote on the Congress floor, but were recovered and voted on again in the following Congressional session.

The advantage of this exercise is that I have an election in between the two votes and, hence, a new cycle of campaign contributions. Members of Congress displayed their views on the bill at the time of the first vote. Therefore, if financial firms do not expect to be able to affect the voting of lawmakers, then, they do not have any incentives to donate campaign contributions to the legislators who voted against their preferences. However, if firms believe they are able to influence the way members of Congress vote, then, they have incentives to try to influence these lawmakers and donate to their campaigns.

I look at the lawmakers who voted initially against deregulation and also voted on the same bill on the following Congress. This analysis reveals the most important factors pushing legislators to change their initial vote.

Table 5 presents the summary statistics for this case. The mean campaign contributions received by the legislators who voted against the bills the first time reveals that those who switched their vote received more donations from the financial sector in the campaign cycle in between the two votes than those who did not switch their vote. Additionally, the percentage of financial contributions received from the financial sector in the campaign cycle in between the two votes over the total amount of contributions received is also higher for lawmakers who switched their vote than for those who did not. This means that the financial sector became a more important source of campaign funding for these lawmakers.

Figure 1 presents additional evidence on the importance of campaign contribu-

tions on vote switching. It plots the correlation between the amount of campaign contributions received from the financial industry in the campaign cycle in between the two votes and the probability of vote switching. The figure shows that there is a positive relation between these two variables.

Table 6 examines this result in a regression context. The coefficient for campaign contributions is positive and statistically significant in all specifications. Additionally, this is robust to the inclusion of controls. The marginal effects coefficient for the log of campaign contributions from the financial industry is 0.128 in the probit model. This means that an increase of campaign contributions from the financial industry by 1 percent leads to an increase of 12.8 percentage points in the likelihood of voting for deregulation.

The marginal effects coefficient for the log of campaign contributions in this case is greater than when I include all legislators and bills in table 2. In this case, it was 0.0439 probit model.

I believe these results are a strong indicator that campaign contributions drive voting and not the other way around.

5.3   Party Affiliation & Ideology

Table 7 presents the results split by party affiliation. There is significant variation on the voting patterns of member of both parties. Republican lawmakers are more responsive to campaign contributions than their Democrat counterparts. The magnitude of this coefficient for Republican legislators is greater than for Democratic lawmakers (0.103 versus 0.0137) Additionally, the coefficient on campaign contribu-

tions is only statistically significant for Republican members of Congress.

Republican lawmakers are also more ideologically driven than Democrats. The variable ideology is only statistically significant for members of Congress affiliated with the Republican party.

Legislators affiliated with the Democratic party are more driven by economic conditions and constituency interests. These are the only two main explanatory variables that are statistically significant for members of the Democratic party.

Next, I study the ideology interaction with campaign contributions and GDP growth. The goal is to analyze if politicians who are ideologically extreme are more or less sensitive to these factors. In the main specification, there is no interaction between ideology and economic incentives to lawmakers or economic conditions faced by their constituents. This means that after controlling for ideology, all legislators respond equally to special interests and economic conditions. However, in reality, an interaction is likely to exist. For instance, an ideologically extreme lawmaker may have a stronger ideological stance and, therefore, be less sensitive to special interests and economic conditions.

In this case, I estimate:

$$
\begin{aligned}
V_{iB} \quad &= \alpha + \beta_1 CC_{iC} + \beta_2 DWnom_{iC} + \beta_3 GDP_{iC} + \beta_4 PopFinance_{iC} \\
&+ \beta_5(DWnom_{iC} * CC_{iC}) + \beta_6(DWnom_{iC} * GDP_{iC}) + \gamma controls_{iC} + s_i + \varepsilon_{iC}
\end{aligned}
$$

where $DWnom_{iC} * CC_{iC}$ is the interaction term between ideology and campaign

contributions and $DWnom_{iC} * GDP_{iC}$ is the interaction term between ideology and GDP growth.

Figure 2 presents the marginal effects of campaign contributions from the financial industry at different points of the ideological spectrum. The influence of these contributions increases as the ideology score increases. This means that conservative politicians are more responsive to campaign contributions. This result is consistent with the aforementioned results by party affiliation, in which I showed that Republican lawmakers are more responsive to campaign contributions than their Democrat counterparts. This result differs, however, from the one obtained by Mian, Sufi, and Trebbi (2010). When they analyzed the voting behavior on the Emergency Economic Stabilization Act of 2008, they found that conservative politicians were less responsive to campaign contributions than their liberal counterparts. The reason for this discrepancy may be the fact that these authors only analyze voting on one bill, while I take a long-term approach.

Figure 3 presents the marginal effects of real GDP growth at different points of the ideological spectrum. Economic conditions influence more lawmakers who are ideologically closer to the center. In this case, we do not observe a large split between ideological views. Instead, we observe that ideologically extreme legislators are less responsive to economic conditions.

5.4   Robustness Checks

In this section, I am going to perform a few of robustness checks to address potential problems with the empirical strategy used.

5.4.1 Contributions from outside the Financial Sector

A first concern would be that lawmakers are not responding to campaign contributions from finance and that the results obtained for this variable in the previous regressions would also be obtained if instead we had used campaign contributions from other industries. To address this issue, I run the same regressions, but instead of using campaign contributions from the financial sector, I use all campaign contributions excluding the ones from the financial sector. The results are presented in table 9. We can observe that contributions from other sectors are not relevant to the voting in bills concerning financial regulation. These coefficients are extremely small, very close to zero, and are not statistically significant.

5.4.2 Alternative Explanatory Variables

In the core specification, I use the log of campaign contributions on the last election cycle as a measure of the special interest of the financial sector. In here, I test the sensitivity of the measure of campaign contributions. Table 10 presents the results with different measures and ways to calculate campaign contributions for all bills. The average and totals of the last 3 electoral cycles and of all the previous cycles combined attempt to capture the relationship built between the financial industry and the legislator. The percentage of campaign contributions coming from the financial industry tries to measure the dependency of the members of Congress on this sector to be able to run their campaigns. In most regressions, the coefficient estimates are even greater than in the baseline regression, while remaining statistically significant. This is further evidence that campaign contributions are a driver for deregulation in

the financial system.

5.4.3 Important Bills

An additional concern is that the results are being driven by votes in smaller and less important bills, which account for the majority of bills included in this study. To address this concern, I run the same regressions as before, but now instead of using the entire sample, I only include the 12 bills that had a large impact on financial regulationduring the period under study. The results are presented on table 8. These are similar to the ones obtained in the main specifications. Even though the coefficients for campaign contributions are smaller, they have the same signal and remain statistically significant in almost all regressions.

6 Conclusion

This paper analyzes voting on financial regulation and the different inputs of this process. Studying the voting patterns of members of Congress in bills that tried to change financial regulation between 1991 and 2014, I find that campaign contributions are the main driver of congressional voting and they lead to an increase in the likelihood of voting in favor of deregulation.

This conclusion is in line with a recent strand of literature that shows that pressure from special interests played an important role in the deregulation of the financial system (See Igan, Mishra, and Tressel (2011) and Mian, Sufi, and Trebbi (2013)).

Nonetheless, this paper expands on this literature by taking a long-term perspective, including a larger dataset on campaign contributions, covering a larger period of time and bills and controlling for the business cycle. This approach allows me to more precisely identify the factors that are relevant in voting on financial regulation in general and not just in a small sample of bills.

References

Calomiris, Charles W and Stephen H Haber. 2014. *Fragile by Design: The Political Origins of Banking Crises and Scarce Credit.* Princeton University Press.

Calomiris, Charles W and Eugene N White. 1994. "The origins of federal deposit insurance." In *The regulated economy: a historical approach to political economy.* University of Chicago Press, 145–188.

Coffee Jr, John C. 2011. "Political Economy of Dodd-Frank: Why Financial Reform Tends to be Frustrated and Systemic Risk Perpetuated." *Cornell L. Rev.* 97:1019.

Heckman, James J and James M Snyder Jr. 1996. "Linear probability models of the demand for attributes with an empirical application to estimating the preferences of legislators." Tech. rep., National bureau of economic research.

Igan, Deniz and Prachi Mishra. 2011. "Three's company: Wall Street, Capitol Hill, and K Street." .

Igan, Deniz, Prachi Mishra, and Thierry Tressel. 2011. "A fistful of dollars: Lobbying and the financial crisis." Tech. rep., National Bureau of Economic Research.

Kaufman, George G and Randall S Kroszner. 1997. "How should financial institutions and markets be structured? Analysis and options for financial system design." .

Kroszner, Randall S and Philip E Strahan. 1999. "What drives deregulation? Economics and politics of the relaxation of bank branching restrictions." *The Quarterly Journal of Economics* 114 (4):1437–1467.

Kroszner, Randy et al. 1999. *Is the Financial System Politically Independent?: Perspectives on the Political Economy of Banking and Financial Regulation.* Citeseer.

Krueger, Anne O. 1974. "The political economy of the rent-seeking society." *The American economic review* 64 (3):291–303.

Lewis, Jeffrey B., Keith Poole, Howard Rosenthal, Adam Boche, Aaron Rudkin, and Luke Sonnet. 2017. "Voteview: Congressional Roll-Call Votes Database." URL https://voteview.com/.

Mian, Atif, Amir Sufi, and Francesco Trebbi. 2013. "The political economy of the subprime mortgage credit expansion." Tech. rep., National Bureau of Economic Research.

Mian, Atif Rehman, Amir Sufi, and Francesco Trebbi. 2010. "The Political Economy of the US Mortgage Default Crisis." *American Economic Review* 100 (5):1967–98.

Mundlak, Yair. 1978. "On the pooling of time series and cross section data." *Econometrica: journal of the Econometric Society* :69–85.

Peltzman, Sam. 1976. "Toward a more general theory of regulation."

Poole, Keith T and Howard Rosenthal. 1985. "A spatial model for legislative roll call analysis." *American Journal of Political Science* :357–384.

———. 1996. "Are legislators ideologues or the agents of constituents?" *European Economic Review* 40 (3):707–717.

Potters, Jan and Randolph Sloof. 1996. "Interest groups: A survey of empirical models that try to assess their influence." *European journal of political economy* 12 (3):403–442.

Rajan, Raghuram G. 2009. "The credit crisis and cycle-proof regulation." *Federal Reserve Bank of St. Louis Review* 91 (5):397–402.

Stigler, George J. 1971. "The theory of economic regulation." *The Bell journal of economics and management science* :3–21.

Tables

Table 1 presents the summary statistics.

Table 1: Summary Statistics

	count	mean	sd	min	max
Party	6895	0.485	0.500	0	1
Ideology	6895	0.145	0.470	-0.751	1
Member of a Financial Committee	6895	0.168	0.374	0	1
Senior Member of a Financial Committee	6895	1.296	3.972	0	32
Senior Party Member	6895	0.0976	0.297	0	1
Real GDP growth	6895	0.828	2.010	-5.800	14.30
Total Campaign Contributions from Finance in the Last Election Cycle	6895	204492.6	362102.5	375	7819667
Percentage of Campaign Contributions from Finance in the last cycle	6895	0.165	0.161	0.000698	0.981
Fraction Population working in Finance, Insurance and Real Estate	6895	0.0687	0.0210	0.0256	0.152

Table 2 presents the coefficients estimates relating voting patterns to ideology, campaign contributions, GDP growth and constituency employment. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing looser financial regulation or against a bill proposing tighter financial regulation, and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. Column 1 presents the estimates using a linear probability model without political controls. Column 2 presents the marginal effects of the probit model without political controls. Column 3 presents the marginal effects of the logit model without political controls. Column 4 presents the estimates using a linear probability model with political controls. Column 5 presents the marginal effects of the probit model with political controls. Column 6 presents the marginal effects of the logit model with political controls. Robust standard errors are presented in parentheses.

Table 2: Regressions Results - All Bills

	(1) LPM b/se	(2) MFX Probit b/se	(3) MFX Logit b/se	(4) LPM b/se	(5) MFX Probit b/se	(6) MFX Logit b/se	(7) LPM b/se	(8) MFX Probit b/se	(9) MFX Logit b/se	(10) LPM b/se	(11) MFX Probit b/se	(12) MFX Logit b/se
ln(Campaign Contributions	0.0485***	0.0439***	0.0438***	0.0488***	0.0460***	0.0460***	0.0624***	0.0658***	0.0661***	0.0582***	0.0628***	0.0630***
from Finance)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Ideology	0.141***	0.137***	0.134***	0.145***	0.140***	0.138***	1.392***	1.374***	1.432***	1.357***	1.363***	1.420***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.20)	(0.20)	(0.21)	(0.20)	(0.20)	(0.21)
Real GDP growth	0.0753***	0.0706***	0.0715***	0.0751***	0.0708***	0.0717***	0.0930***	0.0940***	0.0953***	0.0934***	0.0942***	0.0955***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Fraction Population	-0.168	-0.354	-0.363	-0.0503	-0.221	-0.231	3.169***	3.431***	3.402***	3.266***	3.533***	3.527***
working in Finance, Insurance and Real Estate	(0.28)	(0.26)	(0.26)	(0.28)	(0.27)	(0.27)	(1.08)	(1.17)	(1.18)	(1.08)	(1.17)	(1.18)
Constant	-0.0457			-0.0588			-0.627***			-0.585***		
	(0.07)			(0.07)			(0.13)			(0.13)		
Political Controls	No	No	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes
Fixed Effects	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
R-sqr	0.102			0.105			0.114			0.116		
N	6895	6895	6895	6895	6895	6895	6895	6895	6895	6895	6895	6895

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

24

Table 3 looks only at bill proposing looser financial regulation. It presents the coefficients estimates relating voting patterns to ideology, campaign contributions, GDP growth and constituency employment. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing looser financial regulation and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. Column 1 presents the estimates using a linear probability model without political controls. Column 2 presents the marginal effects of the probit model without political controls. Column 3 presents the marginal effects of the logit model without political controls. Column 4 presents the estimates using a linear probability model with political controls. Column 5 presents the marginal effects of the probit model with political controls. Column 6 presents the marginal effects of the logit model with political controls. Robust standard errors are presented in parentheses.

Table 3: Regressions Results for Bills Loosening Regulation

	(1)	(2)	(3)	(4)	(5)	(6)
	LPM	MFX Probit	MFX Logit	LPM	MFX Probit	MFX Logit
	b/se	b/se	b/se	b/se	b/se	b/se
ln(Campaign Contributions	0.0707***	0.0688***	0.0682***	0.0732***	0.0723***	0.0727***
from Finance)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Ideology	-0.0292*	-0.0294**	-0.0345**	0.996***	0.761***	0.738***
	(0.02)	(0.01)	(0.01)	(0.19)	(0.16)	(0.15)
Real GDP growth	0.0112***	0.0116***	0.0116***	0.0185***	0.0172***	0.0175***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
Fraction Population	-1.304***	-1.270***	-1.275***	-2.136	-1.904	-1.984*
working in Finance, Insurance and Real Estate	(0.36)	(0.34)	(0.34)	(1.36)	(1.21)	(1.20)
Constant	0.0969			-0.0439		
	(0.08)			(0.13)		
Political Controls	No	No	No	Yes	Yes	Yes
Fixed Effects	No	No	No	Yes	Yes	Yes
R-sqr	0.044			0.059		
N	4055	4055	4055	4055	4055	4055

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

26

Table 4 looks only at bill proposing tighter financial regulation. It presents the coefficients estimates relating voting patterns to ideology, campaign contributions, GDP growth and constituency employment. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing tighter financial regulation and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. Column 1 presents the estimates using a linear probability model without political controls. Column 2 presents the marginal effects of the probit model without political controls. Column 3 presents the marginal effects of the logit model without political controls. Column 4 presents the estimates using a linear probability model with political controls. Column 5 presents the marginal effects of the probit model with political controls. Column 6 presents the marginal effects of the logit model with political controls. Robust standard errors are presented in parentheses.

Table 4: Regressions Results for Bills Tightening Regulation

	(1)	(2)	(3)	(4)	(5)	(6)
	LPM	MFX Probit	MFX Logit	LPM	MFX Probit	MFX Logit
	b/se	b/se	b/se	b/se	b/se	b/se
ln(Campaign Contributions	-0.00556	0.00140	-0.000848	-0.0368*	-0.0237	-0.0238
from Finance)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Ideology	-0.262***	-0.238***	-0.243***	-1.924***	-1.566***	-1.537***
	(0.02)	(0.02)	(0.02)	(0.39)	(0.30)	(0.29)
Real GDP growth	0.0397***	0.0365***	0.0401***	0.0352***	0.0244***	0.0282***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Fraction Population	-0.595	-0.550	-0.471	-4.199***	-3.295**	-3.752***
working in Finance, Insurance and Real Estate	(0.46)	(0.42)	(0.42)	(1.49)	(1.46)	(1.45)
Constant	0.925***			1.738***		
	(0.12)			(0.27)		
Political Controls	No	No	No	Yes	Yes	Yes
Fixed Effects	No	No	No	Yes	Yes	Yes
R-sqr	0.031			0.060		
N	2840	2840	2840	2840	2840	2840

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

Table 5 presents the summary statistics for the legislators who change their voting on the same bill.

Table 5: Summary Statistics - Switching Across Different Congresses

	(1) Aye		(2) Nay	
	count	mean	count	mean
Total Campaign Contributions from Finance in the Last Election Cycle	130	87547.11	53	46755.55
Percentage of Campaign Contributions from Finance in the Last Election Cycle	130	.135553	53	.1025795
Observations	130		53	

Table 6 looks at legislators who change their voting on the same bill. It presents the coefficients estimates relating voting patterns to campaign contributions, GDP growth and constituency employment. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. Column 1 presents the estimates using a linear probability model without political controls. Column 2 presents the marginal effects of the probit model without political controls. Column 3 presents the marginal effects of the logit model without political controls. Column 4 presents the estimates using a linear probability model with political controls. Column 5 presents the marginal effects of the probit model with political controls. Column 6 presents the marginal effects of the logit model with political controls. Robust standard errors are presented in parentheses.

Table 6: Regressions Results - Switching Across Different Congresses

	(1)	(2)	(3)	(4)	(5)	(6)
		Switching	Switching		Switching	Switching
	Switching	MFX Probit	MFX Logit	Switching	MFX Probit	MFX Logit
	b/se	b/se	b/se	b/se	b/se	b/se
ln(Campaign Contributions	0.138***	0.128***	0.125***	0.137***	0.125***	0.119***
from Finance)	(0.04)	(0.04)	(0.04)	(0.05)	(0.04)	(0.04)
Ideology	0.246***	0.243***	0.257***	0.239***	0.235***	0.257***
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)
Real GDP growth	-0.000892	0.00245	0.00244	0.00159	0.00479	0.00624
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Fraction Population	-2.940	-2.389	-2.414	-3.076	-2.569	-2.674
working in Finance, Insurance and Real Estate	(1.93)	(1.72)	(1.70)	(1.96)	(1.75)	(1.83)
Constant	-0.602			-0.593		
	(0.46)			(0.50)		
Political Controls	No	No	No	Yes	Yes	Yes
R-sqr	0.166			0.175		
Pseudo R-sqr						
N	183	183	183	183	183	183

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

Table 7 presents the coefficients estimates relating voting patterns to ideology, campaign contributions, GDP growth and constituency employment by party affiliation. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing looser financial regulation or against a bill proposing tighter financial regulation, and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. Column 1 presents the estimates using a linear probability model for democrats. Column 2 presents the marginal effects of the probit model for democrats. Column 3 presents the marginal effects of the logit model for democrats. Column 4 presents the estimates using a linear probability model for republicans. Column 5 presents the marginal effects of the probit model for republicans. Column 6 presents the marginal effects of the logit model for republicans. Robust standard errors are presented in parentheses.

Table 7: Regressions Results Split by Party

	(1) LPM Republicans	(2) MFX Probit Republicans	(3) MFX Logit Republicans	(4) LPM Democrats	(5) MFX Probit Democrats	(6) MFX Logit Democrats
	b/se	b/se	b/se	b/se	b/se	b/se
ln(Campaign Contributions	0.103***	0.112***	0.114***	0.0137	0.0163	0.0163
from Finance)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Ideology	1.349***	1.370***	1.434***	-0.267	-0.233	-0.255
	(0.21)	(0.23)	(0.26)	(0.50)	(0.49)	(0.52)
Real GDP growth	0.0877***	0.0921***	0.0939***	0.103***	0.101***	0.103***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Fraction Population	2.516	2.961*	3.031*	3.955**	4.130**	3.835**
working in Finance, Insurance and Real Estate	(1.54)	(1.67)	(1.71)	(1.56)	(1.62)	(1.62)
Constant	-1.565***			-0.0739		
	(0.20)			(0.23)		
Political Controls	Yes	Yes	Yes	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
R-sqr	0.131			0.121		
N	3551	3551	3551	3344	3344	3344

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

Table 8 presents the coefficients estimates relating voting patterns to ideology, campaign contributions, GDP growth and constituency employment for the most important bills. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing looser financial regulation or against a bill proposing tighter financial regulation, and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. Column 1 presents the estimates using a linear probability model without political controls. Column 2 presents the marginal effects of the probit model without political controls. Column 3 presents the marginal effects of the logit model without political controls. Column 4 presents the estimates using a linear probability model with political controls. Column 5 presents the marginal effects of the probit model with political controls. Column 6 presents the marginal effects of the logit model with political controls. Robust standard errors are presented in parentheses.

Table 8: Regressions Results - Important Bills

	(1)	(2)	(3)	(4)	(5)	(6)
	LPM	MFX Probit	MFX Logit	LPM	MFX Probit	MFX Logit
	b/se	b/se	b/se	b/se	b/se	b/se
ln(Campaign Contributions	0.0311***	0.0309	0.0316***	0.0400***	0.0426***	0.0428***
from Finance)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Ideology	0.0982***	0.100**	0.0971***	0.312**	0.326**	0.349**
	(0.02)	(0.05)	(0.02)	(0.15)	(0.14)	(0.15)
Real GDP growth	0.0722***	0.0728***	0.0743***	0.0924***	0.0912***	0.0922***
	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)
Fraction Population	-0.392	-0.380	-0.400	2.590**	2.657**	2.713**
working in Finance, Insurance and Real Estate	(0.30)	(0.32)	(0.39)	(1.10)	(1.04)	(1.06)
Constant	0.158**			-0.201		
	(0.08)			(0.15)		
Political Controls	No	No	No	Yes	Yes	Yes
Fixed Effects	No	No	No	Yes	Yes	Yes
R-sqr	0.110			0.118		
Pseudo R-sqr						
N	3418	3418	3418	3145	3145	3145

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

Table 9 presents the coefficients estimates relating voting patterns to campaign contributions made by non-financial firms. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing tighter financial regulation and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. Column 1 presents the estimates for all bills using a linear probability model. Column 2 presents the estimates for bills loosening financial regulation using a linear probability model. Robust standard errors are presented in parentheses.

Table 9: Regressions Results - All campaign contributions except from the Financial Sector

	(1)	(2)
	All	All looser
	b/se	b/se
Ideology	1.484***	1.241***
	(0.22)	(0.21)
Real GDP growth	0.0909***	0.0155***
	(0.00)	(0.01)
Fraction Population	3.496***	-1.715
working in Finance, Insurance and Real Estate	(1.07)	(1.38)
Total Campaign	6.56e-09	6.95e-09
Contributions from Outside of Finance in the Last Election Cycle	(0.00)	(0.00)
Constant	0.0385	0.713***
	(0.08)	(0.10)
Political Controls	Yes	Yes
Fixed Effects	Yes	Yes
R-sqr	0.109	0.029
N	6895	4055

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

Table 10 presents the coefficients estimates relating voting patterns to different measures of campaign contributions made by financial firms. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing looser financial regulation or against a bill proposing tighter financial regulation, and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. The results presented are all estimates using a linear probability model. Robust standard errors are presented in parentheses.

Table 10: Regressions Results - Different measures of Campaign Contributions

	(1) Vote b/se	(2) Vote b/se	(3) Vote b/se	(4) Vote b/se	(5) Vote b/se
Ideology	1.652***	1.609***	1.574***	1.435***	1.474***
	(0.35)	(0.35)	(0.35)	(0.36)	(0.21)
Real GDP growth	0.0906***	0.0906***	0.0921***	0.0951***	0.0871***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
Fraction Population	2.786	2.979	2.920	3.158	3.411***
working in Finance, Insurance and Real Estate	(2.15)	(2.16)	(2.14)	(2.15)	(1.03)
ln(Average Campaign	0.0447*				
Contributions from Finance in the last 3 cycles)	(0.02)				
ln(Average Campaign		0.0739**			
Contributions from Finance in all preceding cycles)		(0.03)			
ln(Total Campaign			0.0528**		
Contributions from Finance in the last 3 cycles)			(0.02)		
ln(Total Campaign				0.0608***	
Contributions from Finance in all preceding cycles)				(0.02)	
Percentage of Campaign					0.306***
Contributions from Finance in the last cycle					(0.03)
Constant	-0.359	-0.679*	-0.508*	-0.639**	0.00947
	(0.28)	(0.41)	(0.30)	(0.31)	(0.07)
Political Controls	Yes	Yes	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes	Yes	Yes
R-sqr	0.098	0.099	0.100	0.103	0.117
N	2417	2417	2417	2417	6895

A */**/*** next to coefficient indicates significance at the 10/5/1% level.

Table 11 looks only at bill proposing looser financial regulation. It presents the coefficients estimates relating voting patterns to different measures of campaign contributions made by financial firms. The dependent variable takes the value 1 if the lawmaker voted in favor of a bill proposing looser financial regulation and zero otherwise. Political controls include being in a finance committee, committee seniority and party seniority. The results presented are all estimates using a linear probability model. Robust standard errors are presented in parentheses.

Table 11: Regressions Results - Different measures of Campaign Contributions for Loosening Bills

	(1)	(2)	(3)	(4)	(5)
	Vote	Vote	Vote	Vote	Vote
	b/se	b/se	b/se	b/se	b/se
Ideology	1.075***	1.072***	0.907***	0.652**	1.222***
	(0.32)	(0.33)	(0.31)	(0.31)	(0.21)
Real GDP growth	0.00413	0.00297	0.00681	0.0113	0.0136**
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Fraction Population	-1.902	-1.537	-1.436	-0.913	-1.796
working in Finance, Insurance and Real Estate	(2.82)	(2.88)	(2.78)	(2.73)	(1.38)
ln(Average Campaign	0.0899***				
Contributions from Finance in the last 3 cycles)	(0.02)				
ln(Average Campaign		0.124***			
Contributions from Finance in all preceding cycles)		(0.03)			
ln(Total Campaign			0.105***		
Contributions from Finance in the last 3 cycles)			(0.02)		
ln(Total Campaign				0.112***	
Contributions from Finance in all preceding cycles)				(0.02)	
Percentage of Campaign					0.136***
Contributions from Finance in the last cycle					(0.02)
Constant	-0.198	-0.577	-0.486*	-0.636**	0.708***
	(0.28)	(0.37)	(0.29)	(0.29)	(0.10)
Political Controls	Yes	Yes	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes	Yes	Yes
R-sqr	0.073	0.071	0.089	0.103	0.033
N	1557	1557	1557	1557	4055

A */**/*** next to coefficient indicates significance at the 10/5/1% level.
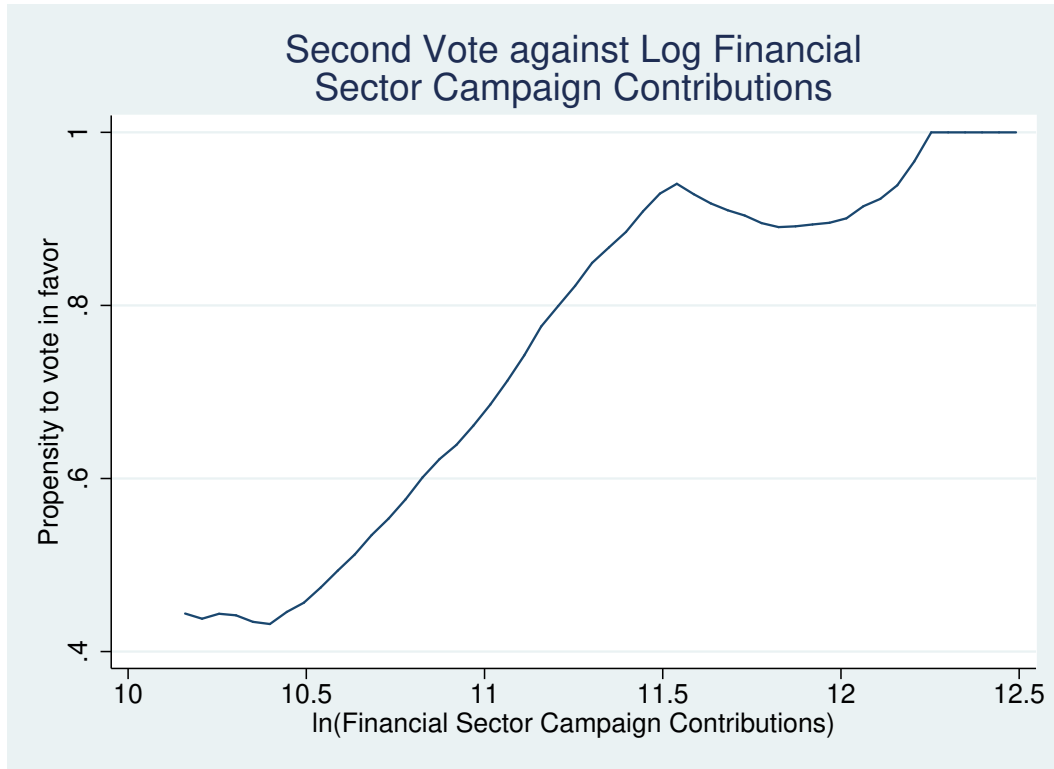
Figures

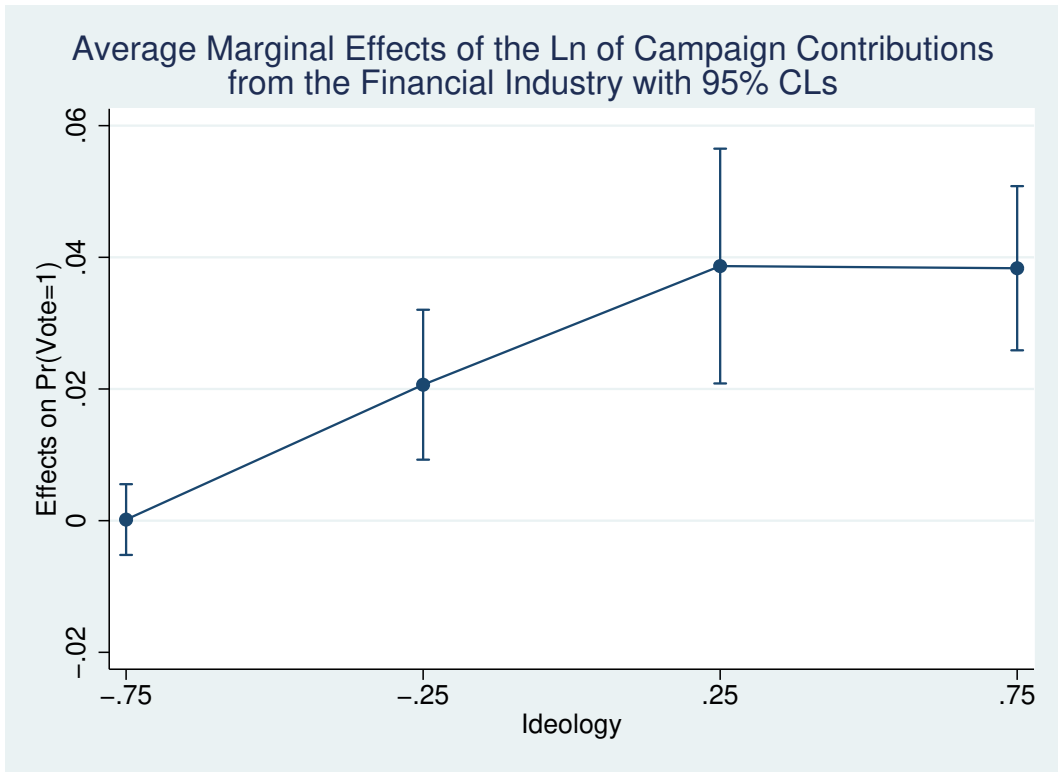Figure 1: Second Vote against Log Financial Sector Campaign Contributions

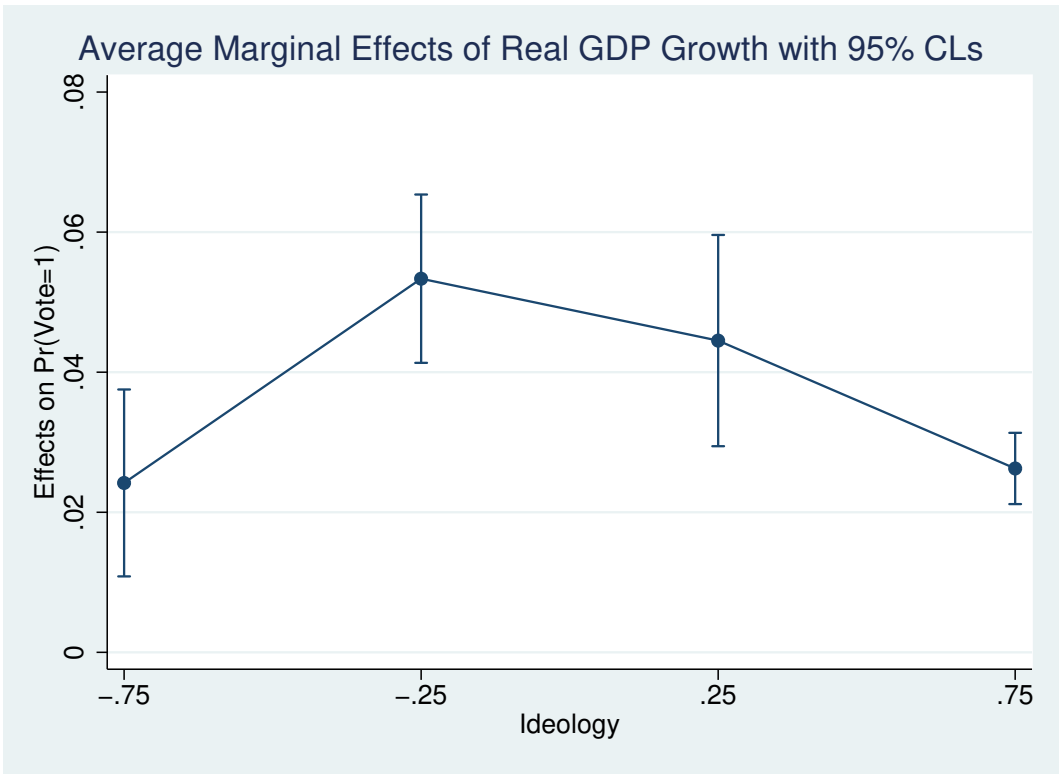Figure 2: Marginal Effects of Campaign Contributions from the Financial Industry

Figure 3: Marginal Effects of Real GDP Growth

Appendix

Bills

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 1340 (103rd): Resolution Trust Corporation Completion Act	1993	It provided funding for the resolution of failed savings associations.	S. 714
H.R. 3474 (103rd): Riegle Community Development and Regulatory Improvement Act of 1994	1994	It reduced administrative requirements for insured depository institutions to the extent consistent with safe and sound banking practices, to facilitate the establishment of community development financial institutions.	
H.R. 3841 (103rd): Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994	1994	It relaxed the interstate restrictions on branch banking by allowing interstate mergers between banks, subject to concentration limits, state laws and the Community Reinvestment Act (CRA) evaluations.	

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 3005 (104th): National Securities Markets Improvement Act of 1996	1996	It relaxed the Federal securities laws and the Investment Company Act of 1940 through exempting national securities exchange members, brokers and dealers from federal margin requirements and repealing borrowing and lending restrictions imposed upon these same institutions.	
H.R. 10 (105th): Financial Services Act of 1998	1998	It relaxed provisions regarding the affiliation among securities firms, insurance companies and depository institutions.	H.R. 10 (106th) & S. 900 (106th)
S. 900 (106th): Gramm-Leach-Bliley Act	1999	It repealed part of the Glass-Steagall Act and allowed financial institutions to act as any combination of commercial bank, investment bank and insurance company.	H.R. 10
H.R. 4541 (106th): Commodity Futures Modernization Act of 2000	2000	It excluded several financial products from coverage in the Commodity Exchange Act, including foreign currency, government securities, security warrants, mortgages and mortgage purchase commitments.	

Continued on Next Page.

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 1408 (107th): Financial Services Antifraud Network Act of 2001	2001	It tried to streamline and facilitate the antifraud information-sharing efforts of Federal and State regulators.	
H.R. 3763 (107th): Sarbanes-Oxley Act of 2002	2002	It prohibited an auditor from performing non-audit services contemporaneously with an audit; prohibited personal loans extended by a corporation to its executives and directors; required that annual reports to include an internal control report.	S. 2673 & H.R. 5118
H.R. 314 (108th): Mortgage Servicing Clarification Act	2003	It amended the Fair Debt Collection Practices Act to exempt mortgage servicers from certain requirements of the Act with respect to federally related mortgage loans secured by a first lien.	
H.R. 1375 (108th): Financial Services Regulatory Relief Act of 2004	2004	It allowed the ratio of reserves against its transaction accounts to be zero for depositary institutions. It also loosened the rules on operations of foreign banks in the U.S.	

Continued on Next Page.

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 923 (108th): Premier Certified Lenders Program Improvement Act of 2004	2004	It amended the Small Business Investment Act of 1958 to allow certain premier certified lenders to elect to maintain an alternative loss reserve.	
H.R. 1461 (109th): Federal Housing Finance Reform Act of 2005	2005	It required housing-related Government-sponsored enterprises to establish an affordable housing fund to (1) increase homeownership for extremely low- and very low-income families, (2) increase investment in housing in low-income areas and areas designated as qualified census tracts or an area of chronic economic distress; (3) increase and preserve the supply of rental and owner-occupied housing for extremely low- and very low-income families; and (4) increase investment in economic and community development in economically underserved areas.	H.R. 1427 (110th)

Continued on Next Page.

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
S. 2856 (109th): Financial Services Regulatory Relief Act of 2006	2006	It allowed the Fed to pay interest on certain reserve balances of depositary banks. It also loosened the regulation on savings and loans departments.	H.R. 3505
H.R. 4804 (109th): FHA Manufactured Housing Loan Modernization Act of 2006	2006	It relaxed the manufactured housing loan insurance program under title I of the National Housing Act.	
H.R. 698 (110th): Industrial Bank Holding Company Act of 2007	2007	It strengthened the powers of the regulators to supervise Industrial Bank Holding Companies and limited commercial ownership of these companies.	
H.R. 1852 (110th): Expanding American Homeownership Act of 2007	2007	It relaxed the requirements to acquire a single family home for underserved borrowers.	S. 2338
H.R. 3915 (110th): Mortgage Reform and Anti-Predatory Lending Act of 2007	2007	It established licensing and registration requirements for residential mortgage originators and provided minimum standards for consumer mortgage loans.	

Continued on Next Page.

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 1424 (110th): Emergency Economic Stabilization Act of 2008	2008	It gave the U.S. treasury Department up to $700 billion to recapitalize the banking sector by direct acquisition of distressed mortgage backed securities or new equity.	
H.R. 3221 (110th): Housing and Economic Recovery Act of 2008	2008	It authorized the Federal Housing Administration to guarantee up to $300 billion, injecting capital into Fannie Mae and Freddie Mac and authorized States to refinance subprime loans using mortgage revenue bonds.	
H.R. 5140 (110th): Economic Stimulus Act of 2008	2008	It provided economic stimulus through recovery rebates to individuals, incentives for business investment, and increased FHA loan limits.	
H.R. 6604 (110th): Commodity Markets Transparency and Accountability Act of 2008	2008	It required parties in commodities trading to provide greater amounts of information on their positions, as well as, it required the Commodity Futures Trading Commission to public provide more of that information.	

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 1664 (111th): To amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards.	2009	It restricted financial institution that received a direct capital investment under the Troubled Asset Relief Program (TARP) from making a compensation payment to an executive or employee.	
H.R. 1728 (111th): Mortgage Reform and Anti-Predatory Lending Act	2009	It restricted some predatorial mortgage origination practices and to provided minimum standards for consumer mortgage loans.	
H.R. 3269 (111th): Corporate and Financial Institution Compensation Fairness Act of 2009	2009	It provided shareholders with an advisory vote on executive compensation and required regulators to prescribe rules that prohibited any compensation structure or incentive-based payment arrangement that encourages inappropriate risks by financial institutions.	

Continued on Next Page.

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 4173 (111th): Dodd-–Frank Wall Street Reform and Consumer Protection Act	2010	Major piece of regulation passed in response of the 2007-08 crisis that includes provisions on consumer protection; end of Too Big to Fail Bailouts; creation of an advance warning system; increase the transparency of exotic financial products and of credit rating agencies.	
H.R. 1315 (112th): Consumer Financial Protection Safety and Soundness Improvement Act of 2011	2011	To amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to strengthen the review authority of the Financial Stability Oversight Council of regulations issued by the Bureau of Consumer Financial Protection and to rescind the unobligated funding for the FHA Refinance Program and to terminate the program.	
H.R. 2682 (112th): Business Risk Mitigation and Price Stabilization Act of 2012	2012	It exempted swap dealers and major swap participants from initial and variation margin requirements for swaps not cleared by a registered derivatives clearing organization.	H. R. 634 (113th)

Continued on Next Page.

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 5405 (113th): Promoting Job Creation and Reducing Small Business Burdens Act	2014	It exempted swap dealers and major swap participants from initial and variation margin requirements for swaps not cleared by a registered derivatives clearing organization; it prohibited the application of the Volcker rule before July 21, 2017; it facilitated access to capital for small and emerging growth companies and reduced the disclosure requirements for those types of companies.	

Continued on Next Page.

Table 12: Bills Details

Bill Name	Year	Details	Related Legislation
H.R. 5461 (113th): To clarify the application of certain leverage and risk-based requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act, to improve upon the definitions provided for points and fees in connection with a mortgage transaction, and for other purposes.	2014	It clarified that the the appropriate Federal banking agencies shall not be required to include a person regulated by a State insurance regulator or a regulated foreign subsidiary or a regulated foreign affiliate of such person engaged in the business of insurance for the purpose of establishment of minimum leverage and minimum risk-based capital requirements on a consolidated basis for a depository institution holding company or a nonbank financial company supervised by the Board of Governors of the Federal Reserve System; it prohibited the application of the Volcker rule before July 21, 2017; it exempted swap dealers and major swap participants from initial and variation margin requirements for swaps not cleared by a registered derivatives clearing organization.	

Note: The descriptions of the bills are based on the information available at the Library of Congress website (`www.loc.gov`) and at `www.govtrack.us`.