The views expressed here are those of the presenter and do not represent those of the IMF, its management, or its Executive Board.
A quick summary

Exploit the financial industry’s position as communicated to legislators...

- ...to understand how campaign contributions influence legislation
  - Campaign contributions: specific individuals, but not specific positions
  - Lobbying: specific issues, but not specific individuals
  - Letters (and testimonies) - clear on specific position
Analysis

Extract positions from letters sent to Congress by financial sector trade associations

- Use these to construct refined measure of campaign contributions: supporting and opposing

Identify various stages of the legislative process

- Introduction by sponsor & co-sponsors
- Consideration by committee
- Voting on the floor

Regress probability of action in each stage on campaign contributions

- Fixed effects to control for unobservable factors
Key findings & contribution

Positions matter

- Campaign contributions by supporting and opposing groups have opposite signs
- Most visible in cosponsoring and voting
- Likely not driven by individual or party preferences, or constituent interests

Adds to the literature because...

- Identifies policy positions
- Examines all stages of legislative process
- Focuses on trade associations
A lot to like...

Novelty

- Nice way to tease out the position of the industry
- Looking at influence at all stages of legislation

Execution and presentation

- Impressive data work (hand-collected letters!)
- Sound empirical techniques
- Quite clearly written
And a bit more to do...

- Further clarify the main contribution
- See how to tie all results together
- Add a few econometric checks
The influence business

Campaign contributions

Network connections

Strategies

Regulatory changes

Key nodes (e.g., committees)

Loss of links

Lobbying

Heterogeneity within the industry (coordination, competition, free riding, aggregation)

Letters

Information vs rents

Opposition activity

Social welfare and policy implications
The main contribution

Strength: clear focus on letters by trade associations

- Tell the reader more on supporting & opposing camps
- Contribution amounts, distribution of key areas, variation through time
- Add something on the testimonies?

But can also be weakness...

- Need to discuss more the implications from the fact that these are public positions
- Strategic consideration in what is made public?
- What do individual members do, if anything, on top of what is done by the association?
- Particularly interesting in cases where benefits of given bill differ across members
- If systematic examination not possible, have a discussion recognizing the caveat
Tie the loose ends

Cautious tone on interpreting the channel...

• ...appreciated but leaves many questions open
  • What is the main mechanism?
  • Why is the asymmetry between supporting and opposing money? An artifact of the sample period?

Some results are not discussed much...

• ...and could be useful in interpreting the big picture
  • Why aren’t committee members more likely to vote yea on their own bill?
  • Why don’t amendments matter?
Annual Lobbying on Finance/Insur/RealEst

Year:
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019

Total:
- $0
- $120M
- $240M
- $360M
- $480M
- $600M

Graph shows the increase in lobbying expenses over the years.
Additional checks

Econometrics

• Observations where Pr(y_ij)=1 are rare; inaccurate estimates?
• Cannot quite compare roll call results to other regressions given different sample (likely not random); re-run the latter in the smaller sample?
• Robust to clustering at bill level?
• Economic significance: another look at unconditional likelihood calculations?

Measurement

• Alternative measure of letters, e.g., weighted based on the importance of co-signing associations (enough variation?)
• Control for “opposition activity”
Wrapping up

Novel approach, fun read

Some wrinkles remain to be fixed

Range of possibilities for future research