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The Financial Bailout: An Examination of House Votes on the Emergency Economic Stabilization Act of 2008

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The Emergency Economic Stabilization Act of 2008 allocated $700 billion of Federal money to troubled financial institutions. Representatives' support for the bailout legislation is based on campaign donations from the financial services industry during the 2008 election cycle, the industry's economic impact on a district, and membership on the House Financial Services Committee. Additionally, this paper considers the effect of political party, ideology, and district competitiveness. While the industry supported the bailout, the House rejected the first proposal before passing H.R. 1424 with bipartisan support. Data for this study comes from the Congressional Record, published reports, and campaign finance reports. This paper challenges the assumption that Congressional votes are based on party affiliation or ideology, arguing that monetary donations received from special interests influence representatives' votes on important legislation. The passage of the Emergency Economic Stabilization Act illustrates the influence of the financial services industry over the House.

When the U.S. financial markets were experiencing turmoil in the fall of 2008, then-President George W. Bush asked Congress to approve legislation allowing the Federal government to purchase illiquid assets and ease banks' balance sheets. Both the Chairman of the Federal Reserve and Secretary of the Treasury argued that the U.S. and international markets would crash without Federal intervention. Despite the administration's warnings, the House of Representatives initially voted to reject the first bailout proposal, H.R. 3997, 205 to 228. Just days later, however, the House reversed its original position and passed the second proposal, H.R. 1424, with bipartisan support.

The final House vote on the bailout legislation occurred one month before the 2008 election, placing national pressure on each member of the House, especially those in competitive districts, at a time when each member would be facing their constituents at the polls. Given Stratmann's (2002) finding that members of the House are influenced by the monetary support they receive from the financial services industry, I believe support for H.R. 1424 was based on the amount of campaign donations members received from the financial services industry, membership on the House Financial Services Committee, and the role of the financial industry in each Congressional district.

This paper examines the factors that explain members' voting decisions on both versions of the Emergency Economic Stabilization Act of 2008. In addition to studying the financial services industry's impact on each Congressional district, this study examines campaign donations at the committee level, specifically donations received by members of the House Financial Services Committee, who have developed lasting relationships with the industry as a result of their jurisdiction over financial services legislation.

Previous research shows that a relationship exists between the financial services industry's campaign donations to representatives and representatives' support for legislation affecting the industry. Stratmann (2002) and Mian, and Sufi and Trebbi (2008) argue that interest groups

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purchase votes through monetary donations. Since members of the House constantly run for re-election, they must raise significant amounts of money from special interest groups, such as the well-funded and well-organized financial services industry. Despite these findings, however, other researchers contend that campaign donations better explain members' voting decisions on a wide range of legislative issues (Poole and Rosenthal, 1991).

This study finds that a correlation exists between representatives, the amount of campaign donations they received during the 2008 election cycle from the financial services industry, and their support for the Emergency Economic Stabilization Act of 2008. On average, those members supporting the bailout received $70,000 more in campaign donations from the industry between 2007 and 2008. District employment in the financial sector also proved statistically significant when examining members' support for this historic legislation.

Business Influence and the Potential Influence of Monetary Donations

For decades, political scientists have worked to identify the factors that influence members' voting decisions. A number of researchers have focused on the role businesses play in shaping the policies and regulations that affect their industry. Vogel (1989) argues that special interest groups gained reputation and influence in the early 1960's, during the Kennedy and Johnson Administrations, and says the groups' degree of actual influence on legislative voting has been debated since.

Today, two main theories exist regarding members' roll call voting patterns on pieces of legislation. The first theory, political ideology, emphasizes the personal ideology of the member. The second theory, "money buys votes," focuses on the effects of special interests' donations to politicians. Using the spatial voting model, the only true predictor of legislative voting patterns exists in an examination of the personal political ideology of the member. Once elected, Poole (2006) argues a representative adopts an ideological position which remains constant throughout a representative's entire elected career. Researchers typically define ideology as "a configuration of ideas and attitudes in which the elements are bound together by some form of constraint" (Poole 2006, 449).

Despite the presence of special interest groups in Washington, members of Congress must play to their constituents' needs if they wish to win re-election. Thus, much of the scholarly literature on Congressional voting in the past forty years has focused on members' political ideologies, the financial support they received from private special interests, and the connection between special interest groups and district characteristics.

By 1969, businesses' influence on Congress had begun to fade due to the passage of several important pieces of regulatory legislation. Research shows the influence of interest groups declines when the American economy is doing well, as evidenced by the industry's decline from the mid-1960's to 1973, and then its resurrection after Watergate, the 1974-75 recession, and the public's uneasiness regarding the OPEC oil embargo (Vogel 1989). These economic challenges allow the business industry to use the state of the American economy for its own gain by giving "credibility to the complaints of businesses about the cost of government regulation," such as in the beginning of 2009, several months after the financial bailout's passage (Vogel 1989, 290-91).

The degree of businesses' influence on legislation has been debated for decades, yet the industry's presence on Capitol Hill and access to money have remained constant, particularly in the area of financial services. Researchers define the financial services industry as three rival financial services groups— commercial banks, securities firms and investment banks, and insurance companies (Kroszner and Stratmann 1998, 1164). In recent years, public interest advocates have stated America is "perilously close to having the best Congress money can buy," while financial service organizations counter that their groups "are nothing more than the collections of citizens exercising their democratic rights" (Schroedel 1986, 371). Studies estimate that the financial services industry's political action committees are "the single largest group of contributors to legislators, providing nearly 20 percent of total giving" (Kroszner and Stratmann 1998, 1164). In fact, the House of Representatives failed to pass just one major piece of legislation lobbied by the American Bankers Association in the early 1980's, the 1982 Bank Underwriting Bill, thereby illustrating the degree of influence the industry has over Congress (Schroedel 1986).

Organized interest groups representing the financial services industry understand that organizations they promote may have little to no direct effect on a representative's district or on his or her constituency, because the industry's impact on Congressional districts varies depending on the makeup of the district's economy and the number of jobs the industry provides (Kroszner and Stratmann, 1998). Districts with a high concentration of jobs in the financial sector exist; however, in districts where the industry has little impact, interest groups must compensate members for devoting time and efforts to a particular bill, especially when competing interest groups also demand time and attention from the same lawmakers (Kroszner and Stratmann, 1998). Financial services legislation in the House, on average, is of little interest to a typical lawmaker's constituents, but the legislation remains very important to the affected industry (Mian, Sufi and Trebbi 2008). The aforementioned industry consequently works hard to develop lasting relationships with members of Congress so representatives' voting records will reflect the industry's views on pieces of important financial services legislation.

Members of the House seeking re-election understand the American public's skepticism towards representatives who change their minds on important issues (Poole, 2006). If campaign donations from special interest groups constantly changed a legislator's mind, he or she would be ineffective as a representative, because his or her constituents would become concerned with the constant ideological change and elect a new representative. And, electing a new representative would erase any relationship the financial services industry developed with the previous member.

However, the principal-agent model finds that serving the district's interest over the Congressman's personal ideology is more "apparent than real," arguing that a representative relies on his or her personal ideology when debating social policy issues, such as abortion or school prayer (Peltzman 1984, 210). When looking at other areas of legislation, such as financial services legislation, forces beyond political ideology come into play, as members examine the effects of a particular bill on their constituents and district (Peltzman 1984).

Stratmann (1984) points out that, even in the wake of sweeping campaign finance reform, the public still believes campaign donations from businesses influence the direction of public policy. Researchers view interest groups' donations to politicians as one of two hypothetical situations. Either "interest groups donate funds because they agree with the legislators' positions" or because "they desire to sway legislators' decisions." The first assumption would invoke less fear of corruption in the minds of American voters (Stratmann 1984, 345). Still, trade associations and lobbying groups representing financial services organizations have some of the largest monetary resources available of any industry. And, while the public has an overall negative opinion of the industry, lawmakers' true views of the financial services industry rarely surface during a campaign. An articulated position by Congressional candidates and incumbents on specific financial legislation is usually not needed when campaigning for a seat in Congress, because voters simply do not demand to know the candidate's stance; "Most voters care little about the details of financial services regulation. Thus, the contributions' potential influence may be larger in this area than on issues voters feel more intensely about" (Stratmann 1984, 348).

Since, following the first campaign finance reforms in 1974, the cost of running a successful Congressional campaign has risen in the past thirty-five years, members constantly need more money, and therefore are considered to be constantly running for re-election. The continuous campaigning demands that members "secure a solid funding base" (Schroebel 1986, 372). Kroszner and Stratmann (1998) make the general assumption that each member's principal personal goal is re-election. And, because public financing is not an option to fund campaigns, legislators have come to rely heavily upon donations from political action committees (PAC).

From the mid-1970's to mid-1980's, PAC contributions increased while contributions from individuals declined (Schroebel, 1986). Competition among PACs in the financial services industry is among the fiercest of all business industry groups, because all sectors of the industry have the resources to donate significant amounts of money to many different members of Congress. In the 2008 election cycle the top four contributors from the financial services industry alone – Goldman Sachs, Citigroup, JPMorgan Chase & Co., and Morgan Stanley— contributed over $14 million to Congressional candidates (Mian, Sufi, Trebbi 2008).

Scholars expect large and wealthy industries to use their resources (monetary, legal and technical expertise, and media campaigns) to try to control legislative outcomes through interactions with government officials. Most importantly, these organizations maintain good relations with Congress over a long period of time so their expertise will be sought by lawmakers in the future. Groups that do not have the needed resources have a difficult time convincing legislators to listen to their suggestions and ultimately fail to develop the crucial lasting relationships (Woll 2007).

Other researchers argue that, while special interest groups buy access to politicians and the political process, they do not have influence over all types of financial services legislation. Data from the 105th Congress (1997-98) revealed that the average representative received roughly the same amount of donations from individuals with a personal interest in business as they did from political action committees (Fellowes and Wolf 2004). Despite the large amount of political campaign contributions by the financial services industry, empirical results show "aggregate business campaign contributions" influence macro-level pro-business tax and regulatory policy votes much more often than votes on direct government expenditures (Fellowes and Wolf 2004, 315, 321). Although special interest groups do not have complete influence over all components of financial services legislation, members of Congress who rely heavily on business PAC contributions for campaign finance are statistically more likely to support pro-business programs than members who rely on individual contributions from businesspeople (Fellowes and Wolf, 2004).

The Constituency and the Committee

Some scholars argue that House voting patterns do not form on the basis of members' reliance on money received from pro-business individuals or business PACs. These scholars argue that the influence the financial services industry has over lawmakers is determined by the committee(s) on which representatives serve. Three distinct features of a committee in the House, which researchers believe correlate to campaign donations, are: committees are standing and not temporary, members can retain the membership for as long as they win re-election, and each committee has a specialized jurisdiction over a particular area of legislation (Kroszner and Stratmann, 1998; Schroedel, 1986). Most importantly, the committee acts as the first step in considering legislation relative to the donating industry. The main committee scholars examine in the House of Representatives is the House Financial Services Committee. The committee has overlapping jurisdiction on multiple and competing sectors of the financial services industry – commercial banks, investment banks, and insurance companies (Kroszner and Stratmann, 1998; Stratmann 2002).

An examination of contributions to members of the House Financial Services Committee and non-committee members offers a contrast in donation levels. Between 1983 and 1992, the mean contribution received per House member from the financial services industry was $8,877 from commercial banks, $2,842 from securities firms and investment banks, and $8,814 from insurance companies. The mean contribution for members of the House Financial Services Committee was $32,935 from commercial banks, $6,890 from securities firms and investment banks, and $13,840 from insurance companies. Since the mean donation for the House Financial Services Committee was much higher than the House as a whole, researchers hypothesize the industry to be most influential at the committee level (Kroszner and Stratmann 1998, 1171).

While research indicates that the financial services industry is more inclined to provide greater financial support to representatives serving on the House Financial Services Committee versus other representatives, previous research indicates that members of the House Financial Services Committee do not represent districts with statistically higher amounts of employment in the financial services sector (Kroszner and Stratmann, 1998). At the 10 percent level, the importance of financial services jobs in each Congressional district does not show a significant increase between members serving on the House Financial Services Committee and the rest of the House of Representatives.

Since no statistical significance could be found linking employment in the financial sector in each district and representatives' votes on financial services legislation, Kroszner and Stratmann (1998) examine the strategies PACs employ when determining the amount of money their organizations should donate to each member of Congress. Using the Herfindahl-Hirschman index, researchers hypothesize that contributions should become concentrated as members gain seniority and develop a reputation with the industry. When this reputation fails to develop, a member leaves their post on the committee, as he or she will not receive the campaign donations their re-election bid requires (Kroszner and Stratmann 1998). On the House Financial Services Committee "relationships are high, and uncertainty is low" and donations are specialized; however, when looking at the entire House, "relationships are low and uncertainty is high" (Kroszner and Statmann 1998, 1183).

Though researchers agree that a relationship between a representative and the industry at the committee level is crucial, they also find that monetary donations have the most power when public visibility of a particular bill is low (Green, Hudak 2009). Most pieces of financial services legislation are long, complicated and use complex terms. This complexity plays in the industry's favor (Schroedel, 1986). In 1991 and 1998, for example, votes were taken in the House to repeal the 1933 Glass-Steagall Act, which divided insurance, investment, and commercial banking interests (Stratmann, 2002). Within seven years, 182 legislators changed their votes on the bill, eventually voting for its repeal. Yet, only five of those members had never received donations from special interests representing the financial services industry (Stratmann, 2002).

From Failure to Passage: H.R. 3997 and H.R. 1424

In the fall of 2008, just one month before the 2008 Presidential election, the House of Representatives voted on a financial services bill that, unlike most previous legislation, received extremely high public visibility. The Emergency Economic Stabilization Act of 2008 would provide $700 billion of taxpayers' money on Main Street to bail out financial institutions on Wall Street. While much of the American public did not support such a large payout to the financial sector, the industry supported receiving the bailout money and having large amounts of capital infused into their organizations (Gallup Poll, September 26, 2008).

On October 3rd, the House of Representatives passed H.R. 1424, following the Senate's lead, and approved the dispersal of Federal money to troubled financial institutions. Prior to October 2008, companies such as American International Group (AIG) and Fannie Mae and Freddie Mac, were bailed out by the Federal Reserve – not Congress (Shah 2009). The Emergency Economic Stabilization Act, however, changed this practice.

The administration's initial proposal, nicknamed "The Paulson Plan," in reference to Treasury Secretary Henry Paulson, was unveiled on September 20, 2008, as an amendment to H.R. 3997, which had passed the full House the previous spring (THOMAS). H.R. 3997 had originally been introduced by Rep. Charles Rangel (D-NY, 15th) in 2007 as legislation that was intended to amend the Internal Revenue Code of 1986 and provide tax relief to members of the military and their families (THOMAS).

The initial plan allowed the Treasury Department to "buy whatever mortgage-related assets it thought appropriate," an idea which made members of Congress nervous (Shah 2009). Once the assets were purchased, the Treasury would be considered the owner and hold all of the rights and privileges associated with owning the particular companies' assets. Despite the additional administrative powers the plan proposed, oversight of the money was vague and insufficient. After the plan's passage, the Treasury would not have to publicly account for the purchased assets for three months and the entire plan "precluded judicial review" making it, in effect, impossible for a court of law or administrative body to review any decisions made by the Secretary of the Treasury (Shah 2009). Although the financial services industry supported a bailout package, the industry did not support a proposal which disallowed judicial challenges; however, when Wall Street learned of the comprehensive bailout legislation, the Dow Jones Industrial Average gained over 600 points in a single day of trading. Still, the initial proposal failed 205-228 in the House on September 29th.

As shown in a poll conducted by the Gallup Organization on September 24, 2008, just 22% of the American public supported the passage of a comprehensive bailout package on the level of the Paulson Plan. Still, only 12% of Americans believed Congress should refrain from taking action at all during such a devastating financial meltdown (Gallup Poll, September 24, 2008). Two days before the House rejected the administration's first bailout proposal, President Bush's approval rating fell to 27%, the lowest of his presidency at that point, illustrating the public's uneasiness of such a large payout to Wall Street (Gallup Poll September 30, 2008).

With H.R. 3997's failure to pass, the Senate decided to amend the Paul Wellstone Mental Health and Addiction Equity Act of 2007 to include the new bailout proposal. The bill was first introduced by Rep. Patrick Kennedy (D-RI, 1st) in 2007, and passed the full House in March 2008. After the Senate amended and passed the legislation as H.R. 1424, the House followed with a vote of 263-171 on October 3rd (THOMAS).

The votes on H.R. 3997 and H.R. 1424 demonstrated the deep divides within both political parties, as many members changed their positions between the two votes (Green, Hudak 2009). But why did members change their positions and support H.R. 1424 after rejecting the first proposal? And why did members support the first bill when so many of their constituents rejected it? Certainly the structure of The Paulson Plan alarmed many members of Congress and the financial services industry, but the passed version of the Emergency Economic Stabilization Act of 2008 contained restrictions on the industry as well. Members who changed their positions and decided to support H.R. 1424 could not have relied on an existing political ideology alone. Deciding to support the bill required an ideological shift. (Shah 2009).

The financial services industry supported the bailout legislation, as it would provide the industry with billions of dollars of capital and enable the industry to write more loans and loosen credit. The well-organized financial services industry lobbied extensively in support of the bailout, and previous research shows that a link exists between campaign donations and members' voting patterns (Stratmann 2002).

Members who received contributions from the financial services industry, and worked to develop relationships with financial organizations, did not want these relationships damaged or destroyed over the bailout legislation. But, what about the members who changed their positions and supported H.R. 1424? Certainly more than the urging by the administration and Federal Reserve Chairman Ben Bernanke to have the bailout package passed quickly contributed to House members' support or rejection of the legislation. After all, representatives probably still had their own electoral interests in mind.

Research Design

This quantitative, empirical study focuses on the two House votes taken on the Emergency Economic Stabilization Act of 2008. Both bills were considered key components of the Bush Administration's plan to disperse $700 billion of Federal money to troubled financial institutions on Wall Street. Although H.R. 3997 failed on final passage in the House, both pieces of legislation are analyzed in this study to determine legislators' positions on each bill and examine which members changed their positions on the comprehensive bailout between the votes taken on September 29th and October 3rd.

The Congressional Record from the 110th Congress on THOMAS, the official website of the Library of Congress, provides data on the roll call votes of both bills, including the H.R. number, date of the full House vote, and the positions of all voting members of the House on each bill. The main dependent variables in this study are members' voting positions on H.R. 3997 and H.R. 1424. Independent variables include the level of campaign donations each representative received in the 2008 and 2010 election cycles from the financial services industry, membership on the House Financial Services Committee, and the number of their constituents employed in the financial sector. A number of potentially intervening variables are also considered including: median household income, and district competitiveness.

Figures on financial services employment in each Congressional district are drawn from United States Census Bureau fact sheets. Each fact sheet contains the number of representatives' constituents employed in the "finance, insurance, real estate, and rental and leasing" sector and median household income, per Congressional district, as of the 2000 census. The census employment data is the most recent account of financial services employment to include all Congressional districts, which is why a study from a year more recent than 2000 is not used to determine employment statistics in this paper. The amount of campaign donations that members received from the financial services industry was obtained from the website, OpenSecrets.org. Donations from the "Finance/Insurance/Real Estate" sector is for the 2008 and 2010 election cycles.

Membership on the House Financial Services Committee serves as an intervening variable in this paper. Each member on the committee develops a relationship with the financial services industry due to the vast jurisdiction the committee has over competing aspects of the financial services sector and members' desired campaign donations. Members of the House Financial Services Committee typically receive more donations from the financial services industry than members of Congress who do not serve on the committee. Membership—including member, their state and district, and party affiliation – during the 110th Congress was determined using the Congressional Record. The Congressional Record also provides the names of all the representatives serving in the 110th Congress, as well as the district each member represents and their party affiliation. In total, 446 representatives served in the House between 2007 and 2008, but this paper only focuses on the 434 members who were in office during the time of the two financial bailout votes, as Representative Stephanie Tubbs Jones (D-OH, 11th) passed away in August 2008 and her seat remained vacant (THOMAS).

The 1st dimension Dynamic Weighted Nominate Score, referred to as "DW-Nominate Score," for each representative in the 110th Congress is obtained from the website of the model's creators, Royce Carroll, Jeff Lewis, James Lo, Nolan McCarty, Keith Poole, and Howard Rosenthal. The 1st dimension DW-Nominate Score determines the political ideology of the House member based on all roll call votes for which they were present during a Congressional session, and encompasses members' votes on all categories of legislative issues, not simply financial services legislation. The DW-Nominate score determines how liberal or conservative a particular member's record is during individual Congressional sessions. Scores range from highly liberal (-1) to highly conservative (+1) (Carroll, Lewis, Lo, McCarty, Poole, Rosenthal 2009).

Since 2008 was an election year, this study includes the Cook Partisan Voting Index for each representative's district to determine if the partisanship of the district affected members' voting decisions on the bailout bills. The further from 0 the voting index exists for each district, the less competitive the district is considered. A score of 0 indicates the district does not support one political party over the other and is highly competitive (The Almanac of American Politics 2009).

After formulating a spreadsheet,[1] I ran t-tests using SPSS statistical software to test my hypotheses. I hypothesized that a correlation exists between the amount of donations members of the House received from the financial services industry in the 110th Congress, employment in the financial sector and legislators' votes of support for the bailout. In addition, I also expected to find a positive relationship between membership on the House Financial Services Committee and committee members' support for the financial bailout legislation.

Analysis

This study analyzes the House vote on H.R. 3997, as well as the votes of representatives who did not support H.R. 3997, to determine the factors that influenced members' positions on the final version of the bailout legislation. The effects of campaign donations, membership on the House Financial Services Committee, household income, district competitiveness, employment, and DW-Nominate scores are also analyzed to determine their impact on members' voting decisions.

Table 1 explains members' voting decisions on the first financial bailout vote using a comparison of means. Members who voted yes and supported H.R. 3997 received significantly more campaign donations in the 2008 election cycle from the financial services industry than members who rejected the proposal. Membership on the House Financial Services Committee, median household income of the district, and district competitiveness showed no significance; however, employment in the financial sector ($p<.05$) and political ideology as measured by the DW-Nominate scores ($p<.01$) were statistically significant.

Table 1: Analysis of House Vote on H.R. 3997

	Voted Yes	Voted No/Abstained	Sig.
N	205	229	-
Mean donations 2008 Cycle	$239,208	$176,290	.003***
Mean donations 2010 Cycle#	$105,389	$57,961	.000***
Financial Services Committee	.17	.14	.373
Median Household Income	$43,648	$43,078	.603
DW Nominate	.17	-.12	.000***
Financial Services Sector Employment in District	21,340	19,680	.028**
District Competitiveness	11.85	11.52	.691

Comparison of Means, Independent T-Test, *p<.10; **p<.05; ***p<.01

Mean donations 2010 is for the 374 returning members of Congress only

Table 2 also uses a comparison of means to examine those members who rejected H.R. 3997 and understand the factors leading to their votes on H.R. 1424. For these members, the district competitiveness, campaign donations for the 2008 and 2010 cycles, membership on the House Financial Services Committee, and median household income did not show any statistical significance. Once again the DW-Nominate scores ($p<.05$) and employment in the financial sector in the district ($p<.01$) demonstrated significance.

As originally hypothesized, the House vote on H.R. 3997 shows a positive relationship between the campaign donations members of the House received from the financial services industry and the representatives' support for the bailout. Employment in the financial sector in each district also seems to have been a factor in members' voting decisions on this historic legislation. Membership on the House Financial Services Committee, however, does not seem to have affected a representative's decision to support the financial bailout proposals.

Table 2: Analysis of House Vote on HR 1424 by Members who voted No on HR 3997

	Changed Vote to Yes on H.R. 1424	Voted No Again on H.R. 1424	Sig.
N	59	170	-
Mean donations 2008 Cycle	$172,826	$177,492	.856
Mean donations 2010 Cycle#	$53,932	$63,344	.636
Financial Services Committee	.14	.14	.916
Median Household Income	$43,350	$42,984	.810
DW Nominate	.24	-.02	.001***
Financial Services Sector Employment in District	21,731	18,968	.020**
District Competitiveness	13.29	10.90	.100

Comparison of Means, Independent T-Test, $^{*}p<.10$; $^{**}p<.05$; $^{***}p<.01$

Mean donations 2009 is for the 374 returning members of Congress only

Conclusion

This paper analyzes the factors that influenced the votes of members of the House on the Emergency Economic Stabilization Act of 2008. The 205 representatives who supported H.R. 3997 received greater monetary support from the financial services industry in the 2008 election cycle than those members who rejected the proposal ($239,208 to $176,290). In addition, the impact of the industry on a member's district also affected members' support for the bailout, perhaps because members worried that their district's economy would falter if the Federal government did not rescue troubled financial institutions. Membership on the House Financial Services Committee was not associated with greater support for the bailout. This is surprising, given that the financial services industry painstakingly forges relationships with members of that committee.

This study demonstrates how influential the financial services industry is on Capitol Hill and over members of the House and thus, how that influence can affect votes. Overall, the industry supported the legislation due to the billions of dollars of capital financial institutions would receive. After the votes were taken in the House on both H.R. 3997 and H.R. 1424, a correlation was found between donations and votes. Members who received greater amounts of money from the financial services industry were statistically more likely to vote for the passage of an unprecedented, comprehensive bailout plan that would allocate $700 billion of *taxpayers' money* to massive financial institutions. This eventually created the argument of Main Street versus Wall Street among angry citizens and unsupportive members of government.

While the relationship between campaign donations and members' voting positions on the Emergency Economic Stabilization Act is statistically significant, it is difficult to determine what other factors affected Congressional members' decisions to support the bailout in the fall of 2008 – aside from those factors already analyzed in this paper. The Secretary of the Treasury, Chairman of the Federal Reserve, and even the President put an enormous amount of pressure on those serving in the House, arguing that a global economic meltdown would occur if the government did not pass a comprehensive bailout package. In addition, from Wall Street's perspective, the Dow Jones Industrial Average rose more than 600 points in a single trading day after the Bush Administration announced the first bailout proposal. Certainly no member of Congress wished to be branded as the person who contributed to a worldwide depression. Yet no one knew to what extent the bailout, paid for with taxpayer dollars, would improve the economy.

While this paper examines the House votes on the Emergency Economic Stabilization Act, it paid no attention to the Senate or the factors which influenced that body's voting decision on H.R. 1424. Governments around the world also allocated money to their own financial institutions, leading one to wonder if the same factors which influenced members of the United States House of Representatives to support the bailout legislation also affected leaders in other countries. Additionally, while the $700 billion bailout of troubled financial institutions was unprecedented, bailouts of other industries and institutions by the Federal government have occurred in history. These previous bailouts lead researchers to strive to identify the specific and unique characteristics which must be present for the Federal government to rescue some industries and organizations while letting others fail, using the Emergency Economic Stabilization Act of 2008 as a key variable.

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[1] Spreadsheet Coding is as follows: Party: Democrats =1, Republican = 0; Financial Services Committee: Members = 1; Non-Members = 0; H.R. 3997 (Vote 1): Voted Yes = 1; Voted No/Abstained = 0; H.R. 1424 (Vote 2): Voted Yes = 1; Voted No/Abstained = 0.