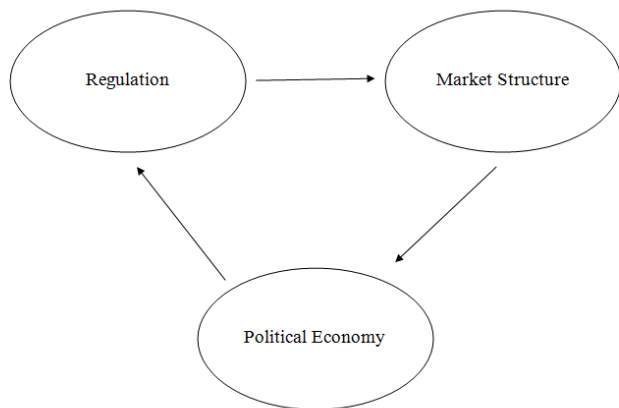


Political Economy of U.S. Banking - Lobbying in Banking Regulation

João Rafael Cunha

EABH Summer School

- Financial Crisis - Attention to financial regulation



- Under researched topic

- Mian, Sufi and Trebbi (2010, 2013)
- Igan and Mishra (2011)
- Bertrand, Bombardini and Trebbi (2010)
- Vidal, Draca and Fons-Rosen (2012)

Tranquil Times

- Garn-St. Germain Depository Institutions Act of 1982
- Gramm-Leach-Bliley Act

Financial Crises

- Competitive Equality Banking Act of 1987
- Financial Institutions Reform, Recovery, and Enforcement Act of 1989
- Emergency Economic Stabilization Act
- Dodd-Frank Wall Street Reform and Consumer Protection Act

- Roll Call Records
- Lobbying contributions
- Network Connections

$$V_{iB} = \alpha + \beta_1 CC_i + \gamma controls_{iB}$$

- Discrete dependent variable regression with pooled data
- Binary variable on voting
- Lobbying expenditures & campaign contributions
- Political Variables

Preliminary Results EESA

Table 3: EESA Voting (Dependent variable - voted in favour of EESA)

	(1)
VARIABLES	EESA
Party	-0.0483 -0.124
Terms served	0.0112** -0.00527
Financial committee	-0.0752 -0.0635
Vote Margin 06	0.000594 -0.00084
DW Nominate	-0.323*** -0.124
Financial share	0.0415*** -0.0109
Log Financial sector contributions 11/08	0.0710*** -0.0257
Constant	-0.472 -0.305
Observations	434
R-squared	0.155

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Research Questions

- Does lobbying influence banking regulation?
- Is there a difference in the effectiveness of lobbying contributions in turbulent and tranquil financial times?
- Is lobbying from the banking industry becoming more effective?