

# Close Elections, Campaign Contributions, and Financial Deregulation

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# Introduction

Are legislators in close elections more susceptible to special interests?

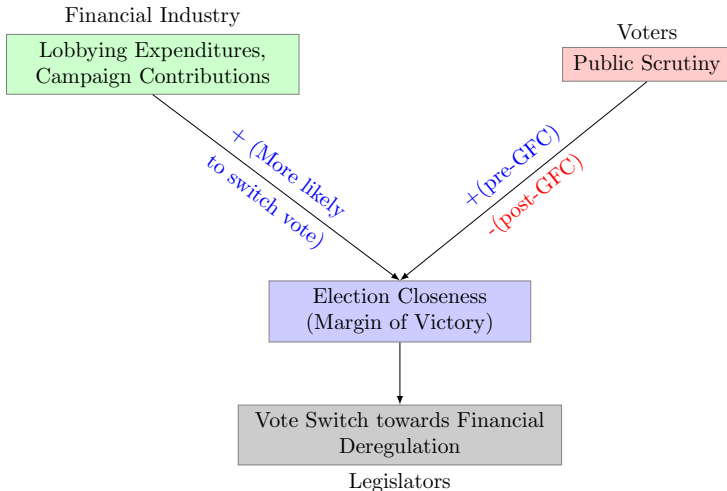
- Answers within the context of financial deregulation
- Igan and Mishra (2014): Looks at legislators being susceptible to special interests of financial industry concerning deregulation of lending practices
- New contribution of this paper: Legislators in **close elections**

# Key Result

Not here yet

- But will come up soon

# Mechanism of Legislators' Vote Switching



# Dependent Variable

**Table:** Definition of the Main Dependent Variable, Vote Switch towards Deregulation

<b>Value of <math>S_{iBR}</math></b>	Voted for deregulation in Bill $B, R$	Voted against deregulation in Bill $B, R$
Voted for deregulation in Bill $B, R - 1$	0	0
Voted for deregulation in Bill $B, R - 1$	1	0

# Regression A-1

Regression A1: Regression with only close election and relevant interaction terms

$$S_{iBR} = \beta_1 L_{BR} + \beta_2 X_{iBR}^P + \beta_3 (L_{BR} \times X_{iBR}^P) \\ + \alpha F_{BR} + \gamma T_{BR} + s_i \times t_c + v_B \times t_c + \mu_R \times t_c + \varepsilon_{iBR} \quad (1)$$

# Results - Igan and Mishra (2014) Original Specification, OLS

<b>Dep. Variable:</b>	sw_p	<b>R-squared:</b>	0.039
<b>Model:</b>	OLS	<b>Adj. R-squared:</b>	0.038
<b>Method:</b>	Least Squares	<b>F-statistic:</b>	34.19
<b>Date:</b>	Tue, 30 Nov 2021	<b>Prob (F-statistic):</b>	1.19e-21
<b>Time:</b>	11:57:57	<b>Log-Likelihood:</b>	-1632.7
<b>No. Observations:</b>	2517	<b>AIC:</b>	3273.
<b>Df Residuals:</b>	2513	<b>BIC:</b>	3297.
<b>Df Model:</b>	3		
<b>Covariance Type:</b>	nonrobust		

	coef	std err	t	P>  t	[0.025	0.975
<b>Intercept</b>	0.2290	0.115	1.995	0.046	0.004	0.454
<b>log_contributions_FIRE</b>	0.0033	0.010	0.350	0.726	-0.015	0.021

## Results - Regression A2 (Election Closeness)

<b>Dep. Variable:</b>	sw_p	<b>R-squared:</b>	0.043
<b>Model:</b>	OLS	<b>Adj. R-squared:</b>	0.041
<b>Method:</b>	Least Squares	<b>F-statistic:</b>	22.51
<b>Date:</b>	Tue, 30 Nov 2021	<b>Prob (F-statistic):</b>	3.82e-22
<b>Time:</b>	11:57:57	<b>Log-Likelihood:</b>	-1627.9
<b>No. Observations:</b>	2517	<b>AIC:</b>	3268.
<b>Df Residuals:</b>	2511	<b>BIC:</b>	3303.
<b>Df Model:</b>	5		
<b>Covariance Type:</b>	nonrobust		

	coef	std err	t	P>  t	[0.025	0.975
<b>Intercept</b>	-0.2967	0.224	-1.327	0.185	-0.735	0.141
<b>log_contributions_FIRE</b>	0.0488	0.019	2.632	0.009	0.012	0.085
<b>mov_past</b>	0.0135	0.005	2.946	0.003	0.005	0.022



## Results - Regression C2 (Media Congruence)

<b>Dep. Variable:</b>	sw_p	<b>R-squared:</b>	0.046
<b>Model:</b>	OLS	<b>Adj. R-squared:</b>	0.044
<b>Method:</b>	Least Squares	<b>F-statistic:</b>	28.44
<b>Date:</b>	Tue, 30 Nov 2021	<b>Prob (F-statistic):</b>	5.85e-18
<b>Time:</b>	11:57:57	<b>Log-Likelihood:</b>	-1169.9
<b>No. Observations:</b>	1774	<b>AIC:</b>	2348.
<b>Df Residuals:</b>	1770	<b>BIC:</b>	2370.
<b>Df Model:</b>	3		
<b>Covariance Type:</b>	nonrobust		

	coef	std err	t	P>  t	[0.025	0.975]
<b>Intercept</b>	0.2349	0.046	5.056	0.000	0.144	0.326
<b>congruence_dc</b>	-0.0031	0.049	-0.063	0.950	-0.099	0.093
<b>bill_complexity</b>	0.0332	0.009	3.646	0.000	0.015	0.051

