

## 700-billion-dollar Question: Why Did They Change Their Minds?

Filipe Campante  
(Harvard Kennedy School)

Davin Chor  
(Singapore Management University)

At first, pundits and analysts were left wondering why 228 representatives chose to “Just Say Nay”. After the eventual approval of the “bailout” (or “rescue”?) package, many have pointed to the tax provisions added by the Senate, or to the renewed persuasion efforts from political leaders, as explanations for the turnaround. But a closer statistical analysis of the data helps us understand why some of the initially unconvinced were more persuadable than others: **extreme ideological positions and the scope of the financial sector in home districts were the key factors.**

Much was made of the political pressures faced by different representatives. Those who were most sensitive to their constituents’ antagonistic sentiments towards the bill because of electoral concerns were indeed more likely to reject it. We found that a **member facing a competitive race was 30% more likely to say “Nay”** than her colleague with a “safe” seat. Also, **a member who was stepping down was almost 50% more likely to vote for the bill** than a colleague with a seat to defend. But the reelection incentives **did not seem to matter in explaining the change of heart**: a representative in a “safe” seat who voted against the bill initially was not more likely to switch his vote than his threatened colleague.

A more crucial factor was ideology. While Republicans were indeed more likely to reject the bill, **what mattered the most was how extreme the ideological position** of each representative was. This turned out to be the **single best predictor** of the “Nay” vote, and particularly so for Republicans: an extremely conservative representative – say, an ideological kin of Sen. Tom Coburn (R-OK), the most conservative of all senators – was about 60% more likely to cast a “Nay” vote than a fellow GOP representative, otherwise identical, who just happened to be as centrist as Sen. Olympia Snowe (R-ME).

What is more, ideology was also very important in understanding which representatives had a change of heart. Among those who initially voted against the bill, the **more ideologically extreme were significantly less likely to change their votes** in the second go-around. Only the less extreme proved within the reach of persuasion.

The other crucial factor was the role of the financial sector. Congresspersons representing districts where the **financial sector is a more prominent employer** were far **more likely to vote for the package** in the first round and, if at first voting against it, **also to eventually change their minds**. This suggests that those constituents who were particularly vulnerable to the rejection of the bill, and to the market reaction after the first vote, were indeed able to make their concerns heard. On the other hand, we could find **no evidence that economic conditions such as** the prevalence of **subprime loans** or the

**unemployment rate** influenced voting patterns, indicating how much the current crisis has expanded far beyond local concerns about toxic mortgages in housing markets.

(Incidentally, members of the **Black Caucus also played a role**. They were indeed more likely to say “Nay” in the first vote, and those who did vote “Nay” were about 30% more likely to reverse their vote in the second round than other representatives – we leave it to the political junkies out there to explain this change.)

In sum, a closer look at the data suggests that the voting patterns were fairly predictable after all – the stunning rejection and the subsequent approval of the bailout package were two sides of a familiar political coin.