

Figure 2.1. The predictive power of the ideological model. The figure shows that a liberal-conservative dimension correctly classifies about 90 percent of all individual roll call decisions although the percentage voting on the majority side is typically below 70 percent. Moreover, the classification percentage has increased steadily since 1980 while the majority percentage has been decreasing. That is, ideological voting is increasing and consensual voting is decreasing.

| <i>The House, 2009</i> | | | | <i>The Senate, 2009</i> | | | |
|--------------------------|--------------|--------------|-----------------------|-------------------------|--------------|--------------|-----------------------|
| <i>Representative</i> | <i>Party</i> | <i>State</i> | <i>Ideology Score</i> | <i>Senator</i> | <i>Party</i> | <i>State</i> | <i>Ideology Score</i> |
| <i>The Liberals</i> | | | | | | | |
| McDermott | D | WA | -0.83 | Sanders | I | VT | -0.69 |
| Stark | D | CA | -0.76 | Kaufman | D | DE | -0.66 |
| Kucinich | D | OH | -0.76 | Boxer | D | CA | -0.60 |
| Miller | D | CA | -0.71 | Feingold | D | WI | -0.58 |
| Woolsey | D | CA | -0.69 | Burr | D | IL | -0.58 |
| Lee | D | CA | -0.69 | Gillibrand | D | NY | -0.57 |
| Waters | D | CA | -0.68 | Merkley | D | OR | -0.57 |
| Filner | D | VA | -0.68 | Brown | D | OH | -0.57 |
| Olver | D | MA | -0.68 | Lautenberg | D | NJ | -0.56 |
| Conyers | D | MI | -0.66 | Durbin | D | IL | -0.56 |
| <i>The Moderates</i> | | | | | | | |
| Griffith | D | AL | -0.01 | Carper | D | DE | -0.27 |
| Bright | D | AL | 0.02 | Landrieu | D | LA | -0.24 |
| Hill | D | IN | 0.02 | Bayh | D | IN | -0.22 |
| Childers | D | MI | 0.02 | Baucus | D | MT | -0.20 |
| Minnick | D | ID | 0.11 | Nelson | D | NE | -0.04 |
| Jones | R | NC | 0.24 | Snowe | R | ME | 0.01 |
| McHugh | R | NY | 0.29 | Collins | R | ME | 0.05 |
| LoBiondo | R | NJ | 0.29 | Voinovich | R | OH | 0.24 |
| Smith | R | NJ | 0.30 | Lugar | R | IN | 0.24 |
| Lance | R | NJ | 0.30 | Murkowski | R | AK | 0.25 |
| <i>The Conservatives</i> | | | | | | | |
| Hensarling | R | TX | 0.84 | Burr | R | NC | 0.58 |
| Deal | R | GA | 0.85 | Barrasso | R | WY | 0.62 |
| McClintock | R | CA | 0.86 | Enzi | R | KY | 0.62 |
| Franks | R | AZ | 0.87 | Bunning | R | KY | 0.63 |
| Shadegg | R | AZ | 0.90 | Kyl | R | AZ | 0.64 |
| Broun | R | GA | 0.91 | Vitter | R | LA | 0.65 |
| Lummis | R | WY | 0.94 | Ensign | R | NV | 0.69 |
| Flake | R | AZ | 0.97 | Inhofe | R | OK | 0.76 |
| Sensenbrenner | R | WI | 0.98 | DeMint | R | SC | 0.81 |
| Paul | R | TX | 1.30 | Coburn | R | OK | 0.87 |

TABLE 2.2.
The Obama administration

| <i>Officials with Past Congressional Service</i> | <i>Ideology Score</i> |
|--|-----------------------|
| Hilda Solis, Sec. of Labor | -0.45 |
| Hillary Clinton, Sec. of State | -0.36 |
| Barack Obama, President | -0.34 |
| Joseph Biden, Vice-President | -0.33 |
| Rahm Emanuel, White House Chief of Staff | -0.32 |
| Ken Salazar, Sec. of the Interior | -0.22 |
| Ray LaHood, Sec. of Transportation | +0.27 |

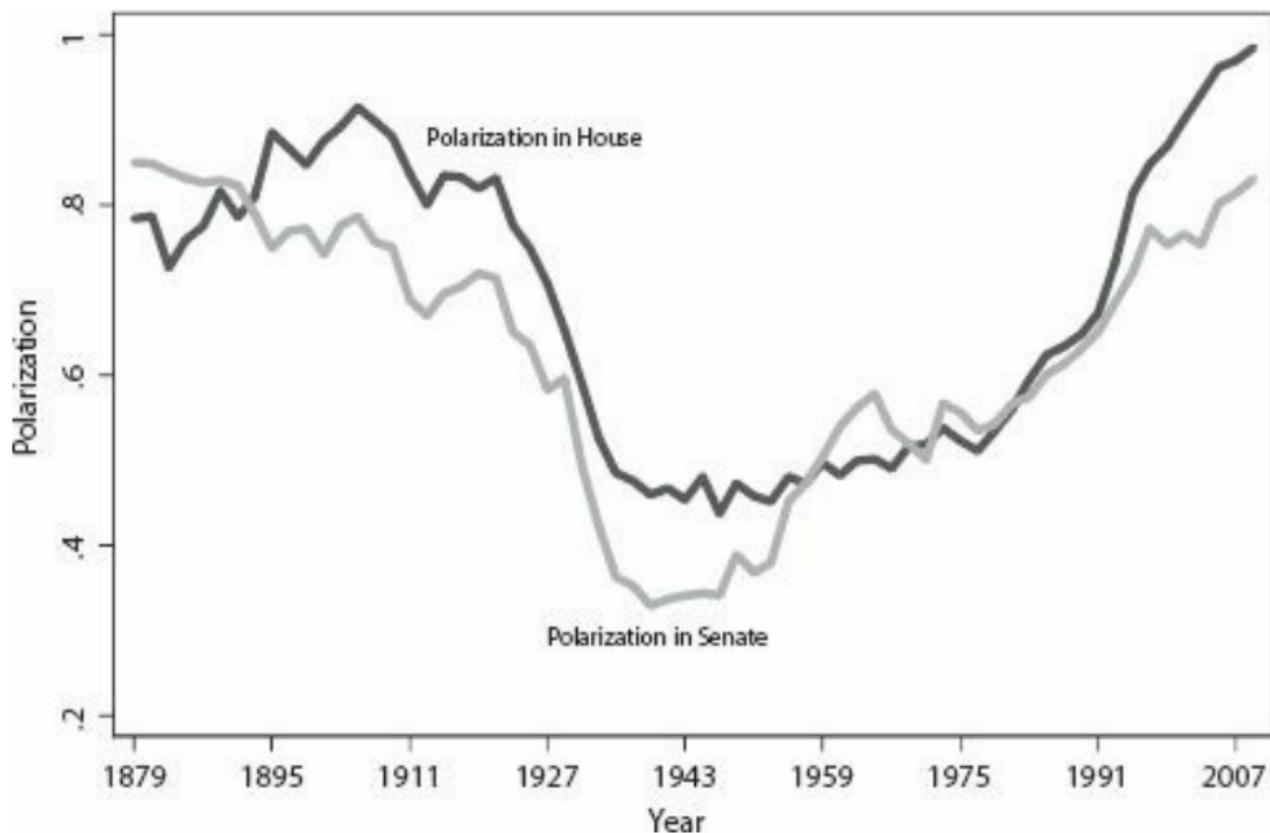


Figure 2.2. Polarization in Congress. The two graphs trace the difference in the position of the average Republican and the average Democrat. The graphs for the House and Senate are largely parallel, indicating that the substance of politics, not the institutional rules of the chambers, determines polarization. The liberal-conservative dimension is constructed to have a minimum value of -1 and a maximum value of $+1$. Consequently, the recent differences between the parties cover about half the length of the dimension.

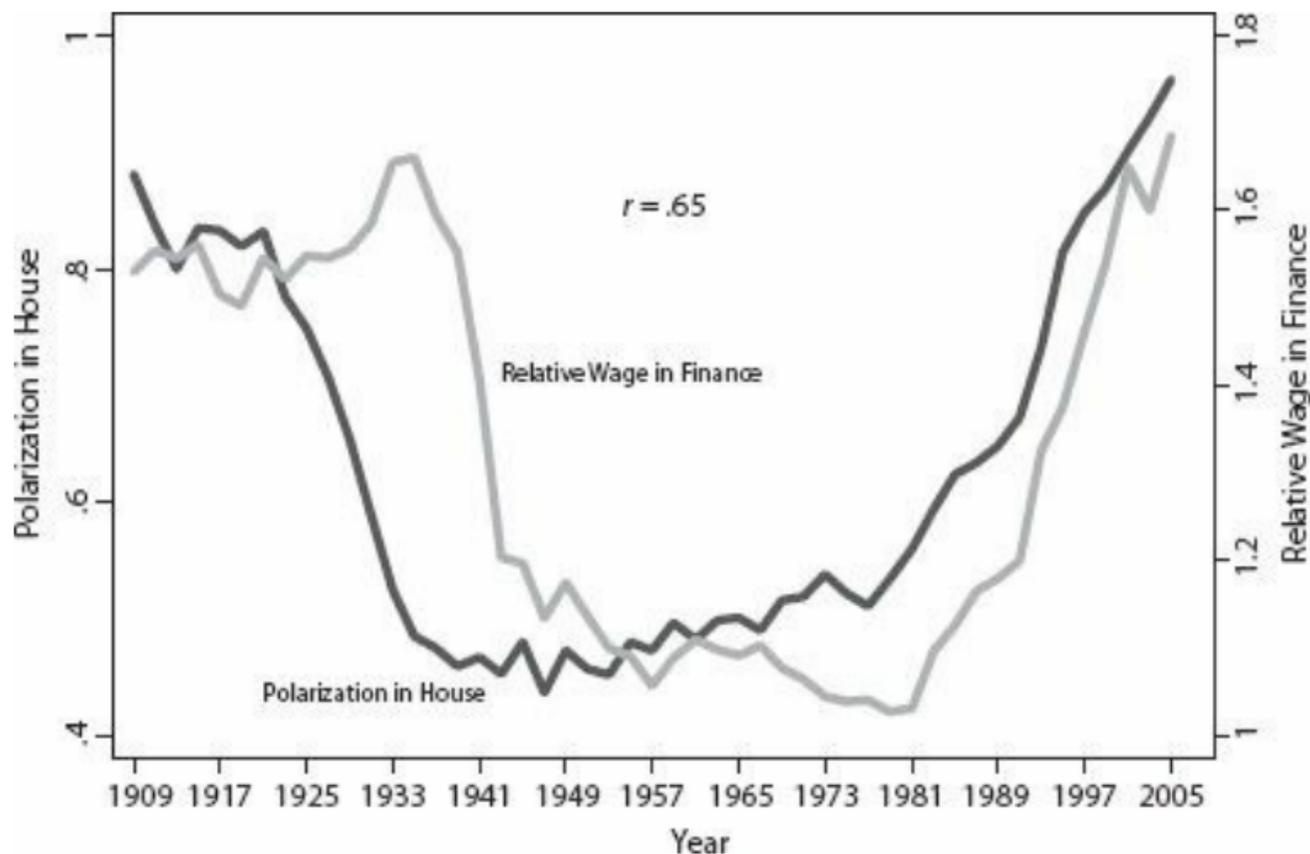
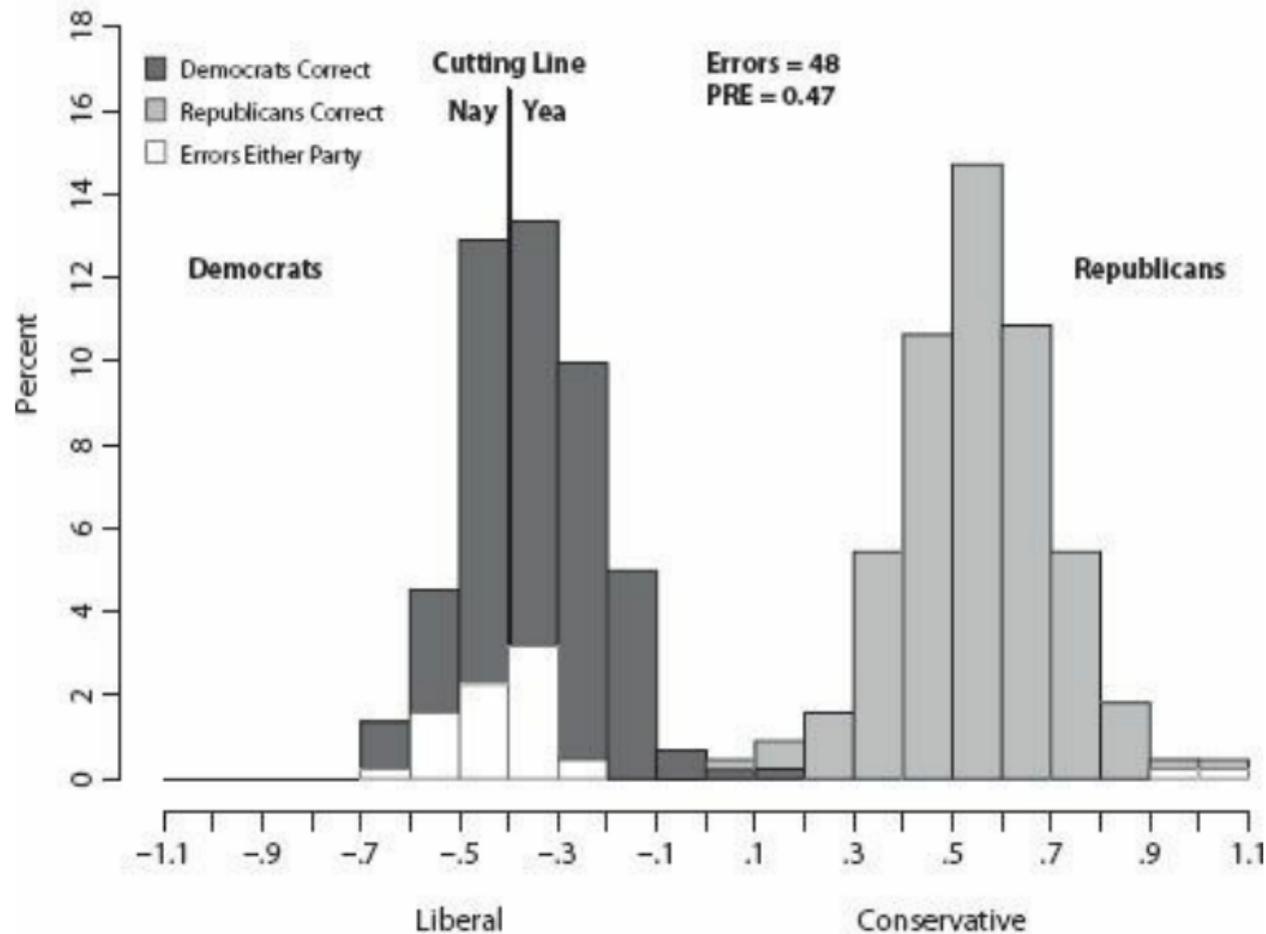


Figure 2.3. Polarization and wages in the financial sector. Polarization and wages in the financial sector follow similar paths through time, with changes in polarization preceding those in wages by 10 years. Relative wage shows financial wages with respect to wages elsewhere in the economy. *Source:* Philippon and Reshef (2009). Source for House polarization: authors' computations from DW-NOMINATE scores posted at voteview.com.

House: Regulation of Auditors
24 April 2002, Yea = 334 Nay = 90



House: Reform Mortgage Lending
15 November 2007, Yea = 291 Nay = 127

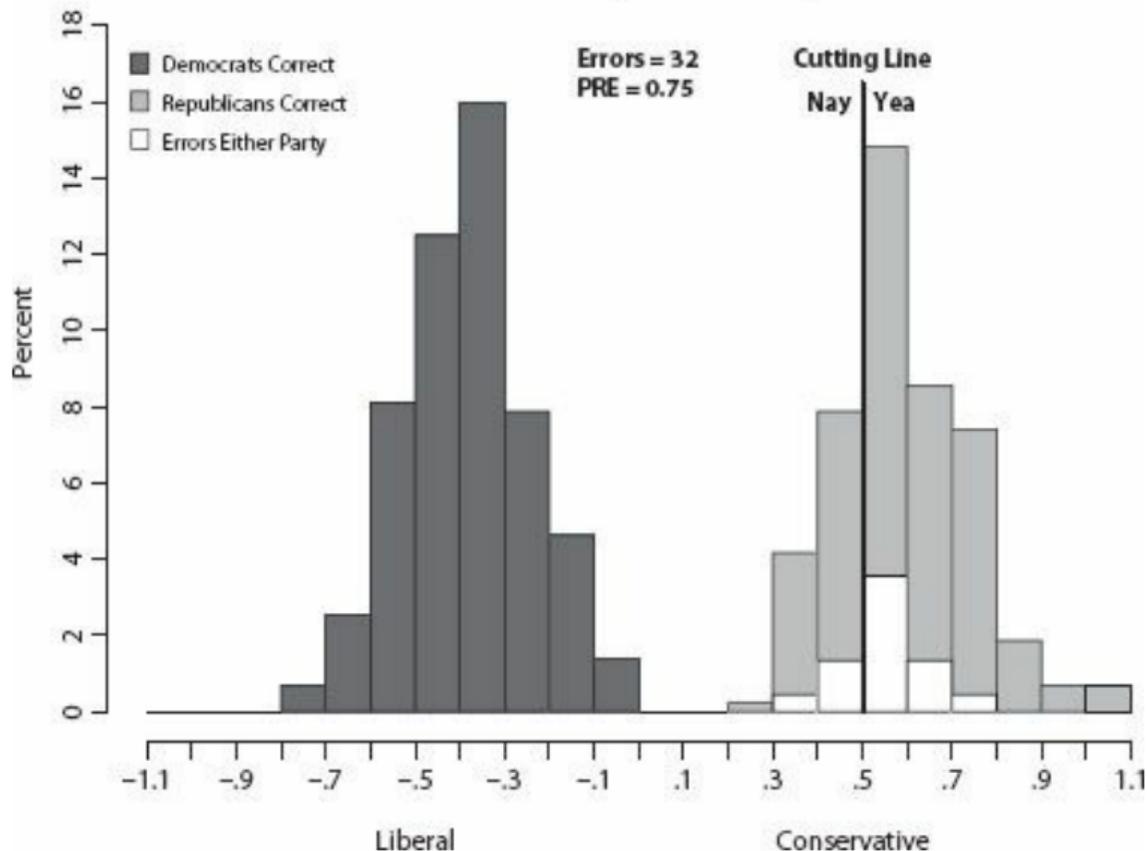


Figure 2.5. A roll call on mortgage lending reform. On this vote, the Democrats are unanimous and are joined by moderate Republicans. As in [figure 2.4](#), the classification errors cluster around the cutting line.

House: Pass Foreclosure Prevention Act
23 July 2008, Yea = 272 Nay = 152

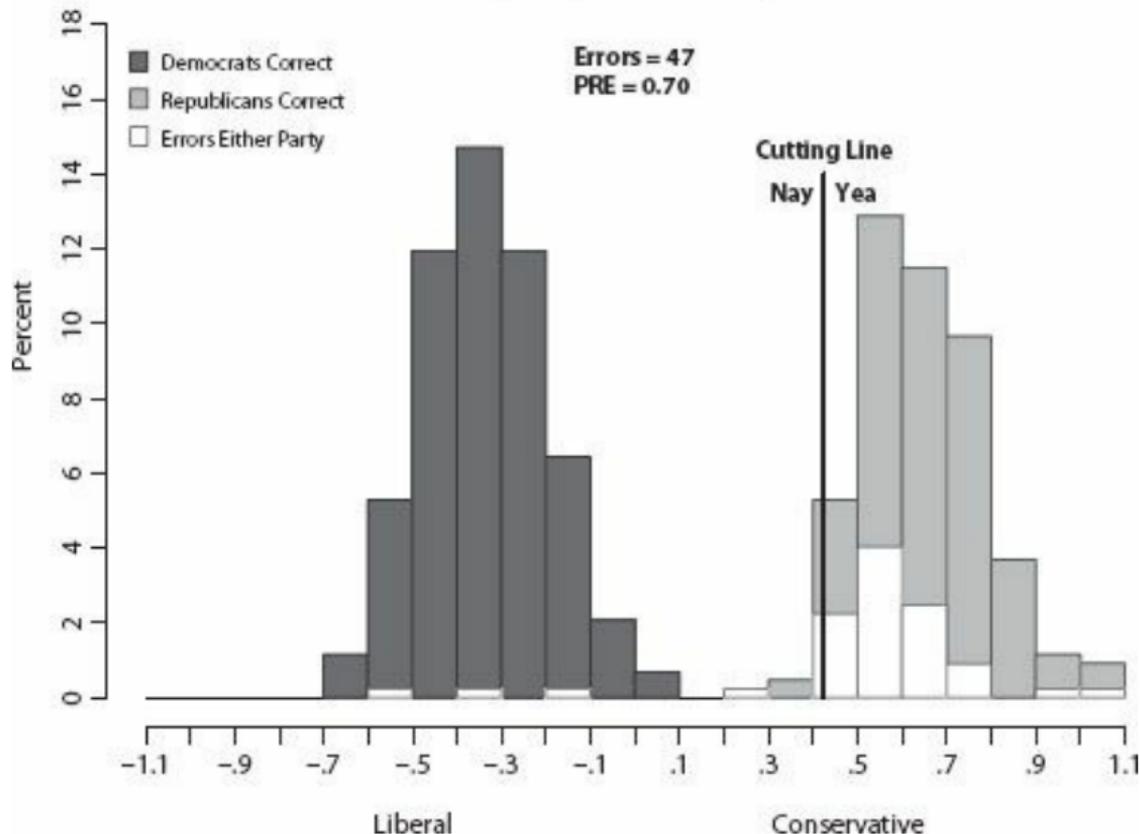


Figure 2.6. The passage vote for the American Housing Rescue and Foreclosure Prevention Act. This vote shows a high degree of support among Democrats and a high degree of opposition among more extreme Republicans. More moderate Republicans are split.

| <i>Roll Call</i> | <i>Sanders</i> | <i>Feinstein</i> | <i>DeMint</i> |
|------------------|----------------|------------------|---------------|
| 1 | YEA | NAY | NAY |
| 2 | YEA | YEA | NAY |
| 3 | NAY | YEA | YEA |
| 4 | NAY | NAY | YEA |
| 5 | YEA | YEA | YEA |
| 6 | NAY | NAY | NAY |

| <i>Roll Call</i> | <i>Sanders</i> | <i>Feinstein</i> | <i>DeMint</i> |
|------------------|----------------|------------------|---------------|
| 7 | YEA | NAY | YEA |
| 8 | NAY | YEA | NAY |

TABLE 3.1

Top 25 House districts for finance and insurance employment in 2000

| <i>Incumbent (2008–9)</i> | <i>State</i> | <i>District</i> | <i>Party</i> | <i>Percentage Employment in Finance and Insurance</i> |
|---------------------------|--------------|-----------------|--------------|---|
| Carolyn Maloney | NY | 14 | D | 13.97% |
| Jerrold Nadler | NY | 8 | D | 11.95% |
| Michael McMahon | NY | 13 | R | 11.92% |
| John Larson | CT | 1 | D | 11.92% |
| Christopher Shays | CT | 4 | R | 10.60% |
| Leonard Boswell | IA | 3 | D | 10.38% |
| Sue Myrick | NC | 9 | R | 10.37% |
| Lee Terry | NE | 2 | R | 10.10% |
| Michael Castle | DE | 1 | R | 9.99% |
| Ander Crenshaw | FL | 4 | R | 9.69% |
| Eric Cantor | VA | 7 | R | 9.42% |
| Rush Holt | NJ | 12 | D | 9.38% |
| Anthony Weiner | NY | 9 | D | 9.34% |
| Patrick Tiberi | OH | 12 | R | 9.19% |
| Nita Lowey | NY | 18 | D | 9.13% |
| Carolyn McCarthy | NY | 4 | D | 8.95% |
| Peter King | NY | 3 | R | 8.90% |
| Leonard Lance | NJ | 7 | R | 8.86% |
| Rodney Frelinghuysen | NJ | 11 | R | 8.85% |
| Erik Paulsen | MN | 3 | R | 8.67% |
| Tom Tancredo | CO | 6 | R | 8.63% |
| Danny Davis | IL | 7 | D | 8.55% |
| John Shadegg | AZ | 3 | R | 8.43% |
| Stephen Lynch | MA | 9 | D | 8.41% |
| Mark Kirk | IL | 10 | R | 8.38% |
| U.S. Average | | | | 5.00% |

hospital industry have, like retail banking, become more concentrated.

TABLE 3.2.

Top 25 districts for real estate employment in 2000

| <i>Incumbent (2008–9)</i> | <i>State</i> | <i>District</i> | <i>Party</i> | <i>Percentage Employment in Real Estate</i> |
|---------------------------|--------------|-----------------|--------------|---|
| Connie Mack | FL | 14 | R | 4.48% |
| Ron Klein | FL | 22 | D | 4.17% |
| John Campbell | CA | 48 | R | 4.10% |
| Jose Serrano | NY | 16 | D | 3.99% |
| Charles Rangel | NY | 15 | D | 3.93% |
| Debbie Schultz | FL | 20 | D | 3.89% |
| Henry Waxman | CA | 30 | D | 3.85% |
| Ileana Ros-Lehtinen | FL | 18 | R | 3.73% |
| Robert Wexler | FL | 19 | D | 3.61% |
| Pete Sessions | TX | 32 | R | 3.49% |
| Ric Keller | FL | 8 | R | 3.38% |
| Vernon Buchanan | FL | 13 | R | 3.33% |
| Mazie Hirono | HI | 2 | D | 3.33% |
| Joseph Crowley | NY | 7 | D | 3.29% |
| John Shadegg | AZ | 3 | R | 3.23% |
| Harry Mitchell | AZ | 5 | D | 3.22% |
| John Culberson | TX | 7 | R | 3.17% |
| Tom Price | GA | 6 | R | 3.15% |
| Carolyn Maloney | NY | 14 | D | 3.14% |
| Dana Rohrabacher | CA | 46 | R | 3.12% |
| Henry Brown | SC | 1 | R | 3.06% |
| John Lewis | GA | 5 | D | 3.04% |
| Dina Titus | NV | 3 | R | 2.98% |
| Gary Ackerman | NY | 5 | D | 2.96% |
| Anthony Weiner | NY | 9 | D | 2.96% |
| U.S. Average | | | | 1.88% |

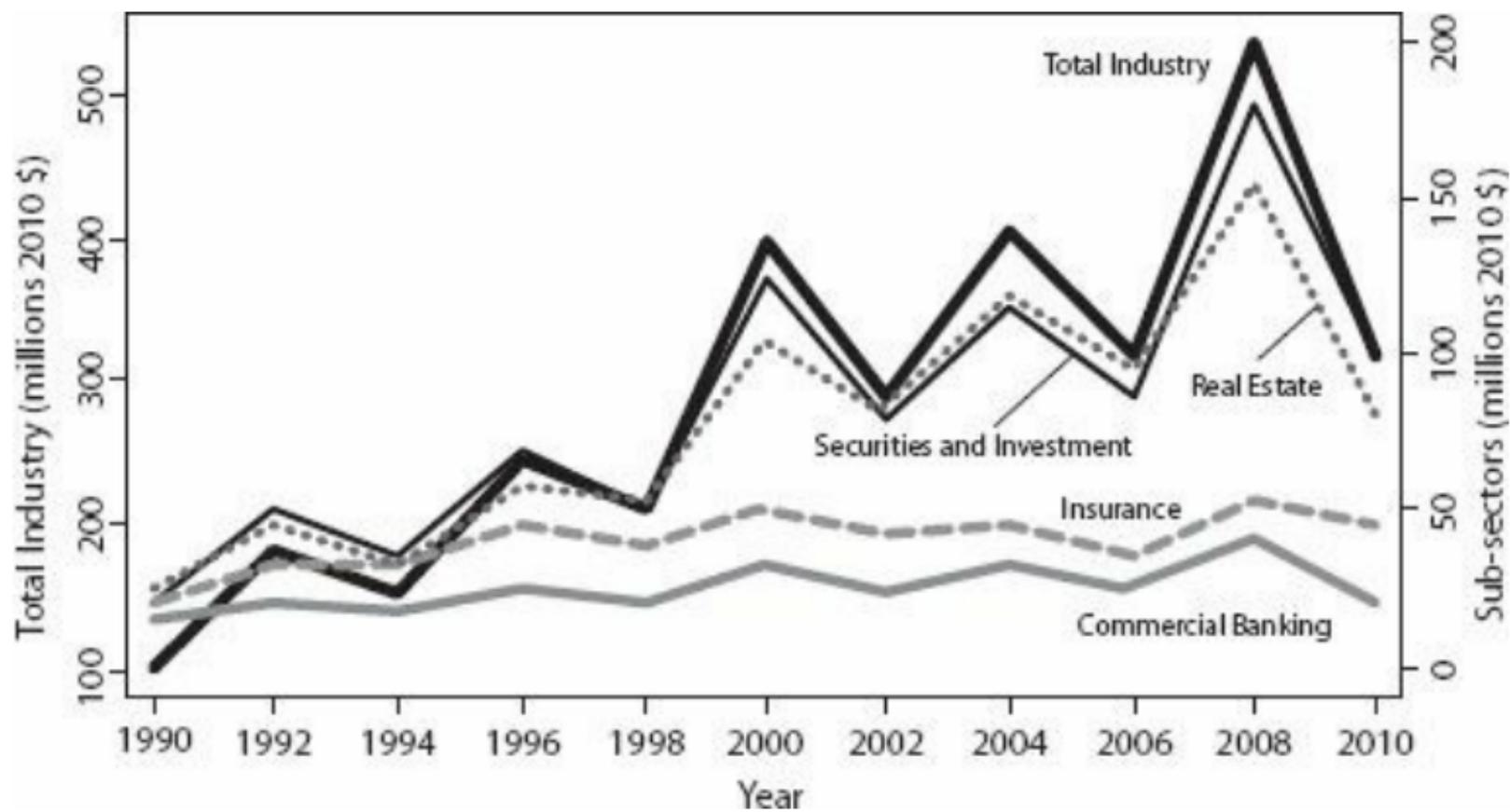


Figure 3.1. Campaign contributions from the financial sector. Campaign contributions from the financial sector have increased sharply, especially from securities, investment banking, and real estate, the sectors most involved in the subprime mortgage crisis.

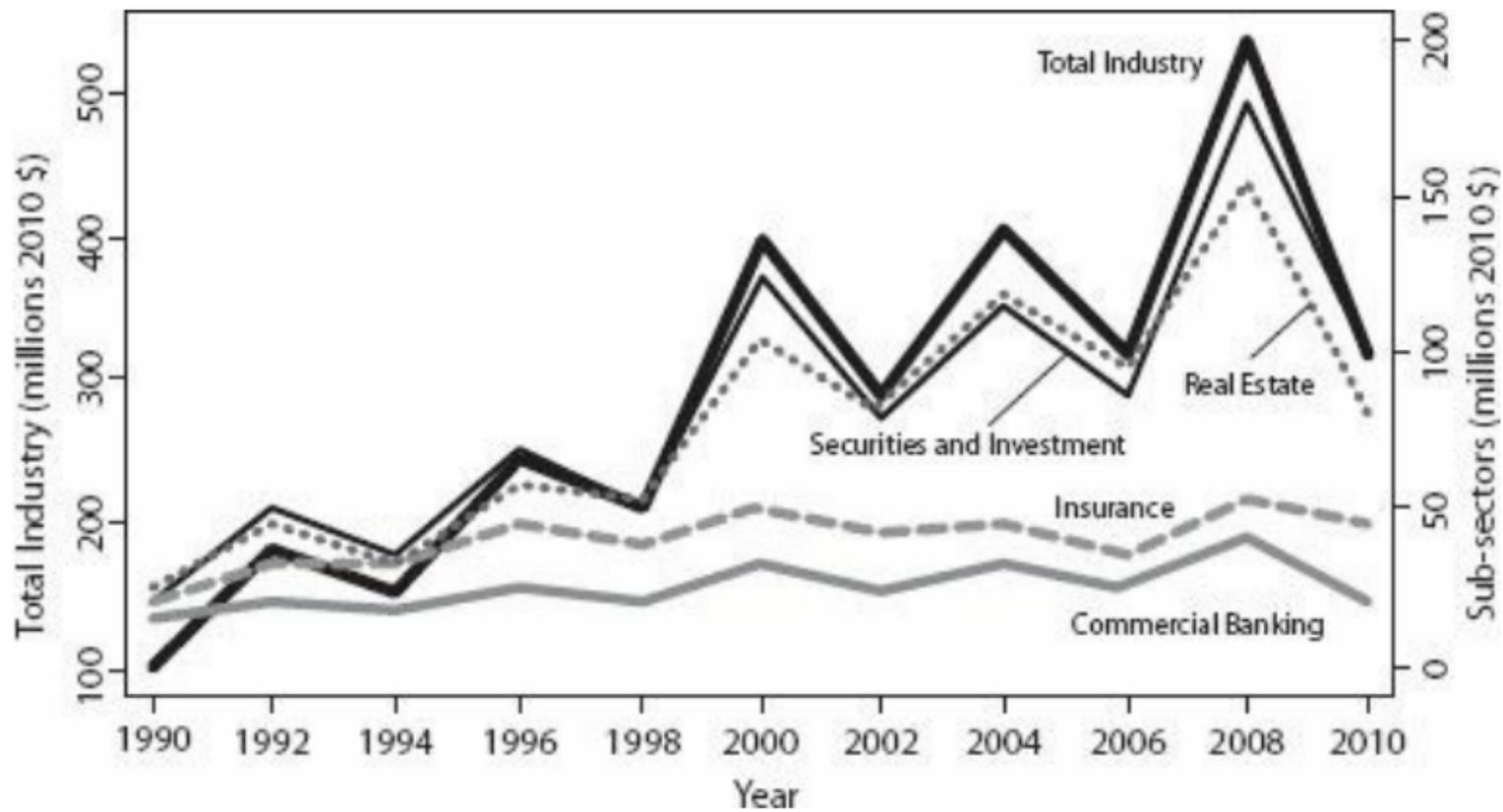


Figure 3.2. Democratic share of contributions. The Democrats have always received a substantial share of the contributions from the financial services industry. Their share is greatest when they control Congress. The figure shows contributions over each two-year election cycle. The period 1995–2006 represents years when the Republicans controlled

TABLE 3.3

Financial industry contributions to house incumbents, 2007–8 election cycle

| <i>Group</i> | <i>Contribution</i> |
|--------------------------------------|---------------------|
| All members | \$157,900 |
| Democrats | \$153,921 |
| Republicans | \$162,686 |
| Financial Services Committee members | \$297,883 |
| Yes on TARP I | \$187,586 |
| No on TARP I | \$131,789 |
| Liberal Democrats | \$140,374 |
| Moderate Democrats | \$169,085 |
| Moderate Republicans | \$156,780 |
| Conservative Republicans | \$169,462 |

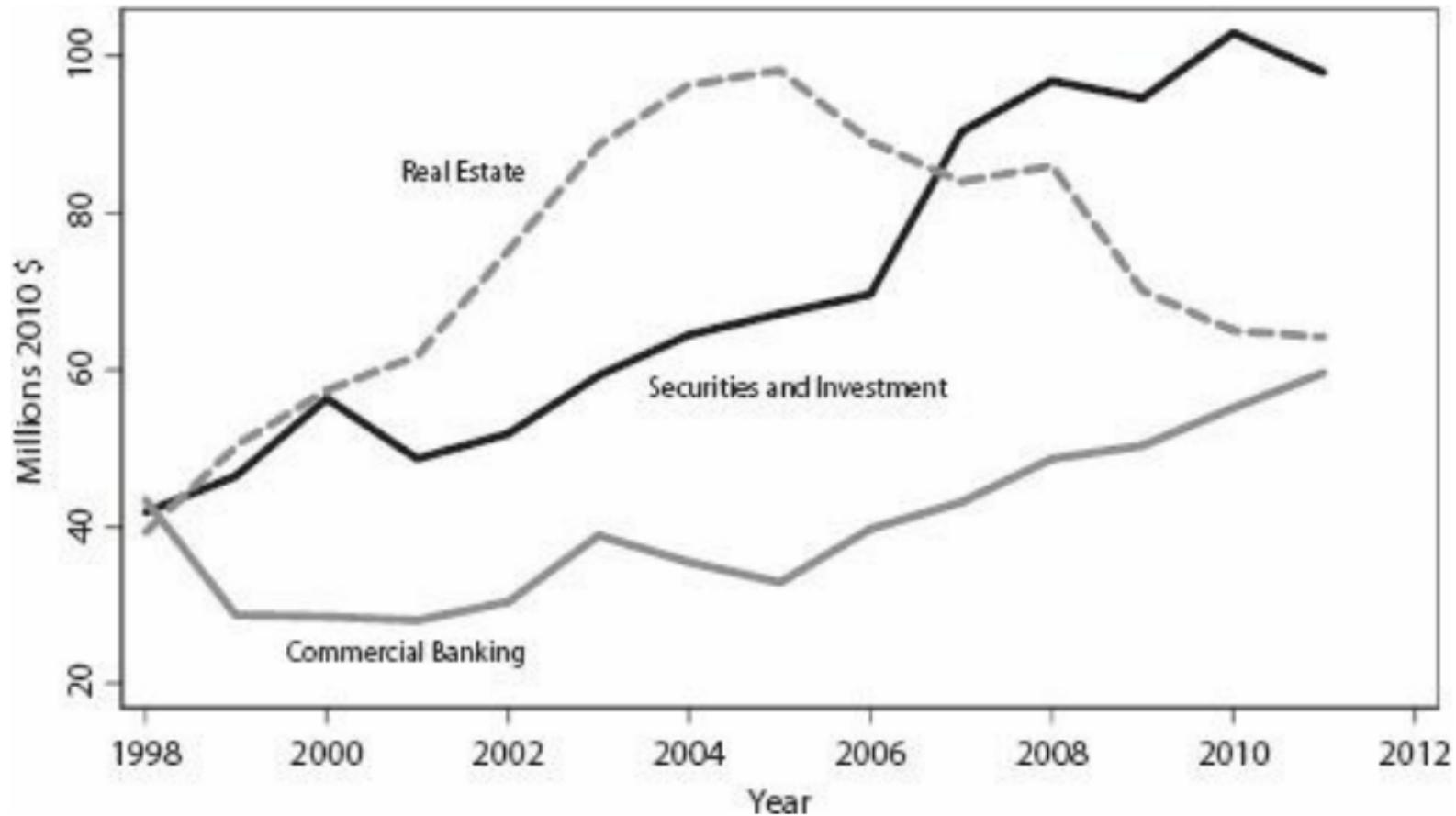


Figure 3.3. Lobbying expenditures by financial and real estate firms. Expenditures soared during the bubble and continued to grow after the pop, with the exception of real estate.

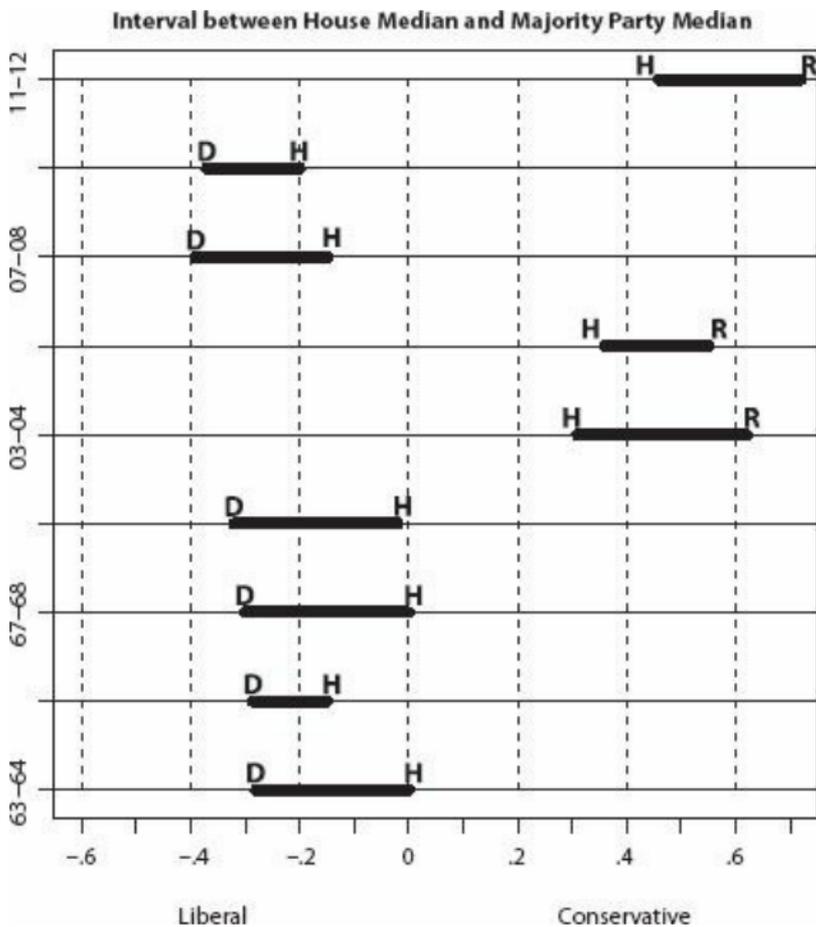


Figure 4.1. The position of chamber and majority party medians for several congressional terms, 1960s and 2000s. The length of the interval indicates the extent to which “negative agenda control” can block policy change. H shows the House median, D or R the majority party median.

Gridlock Interval between Veto and Filibuster Pivots 1960s to 2000s

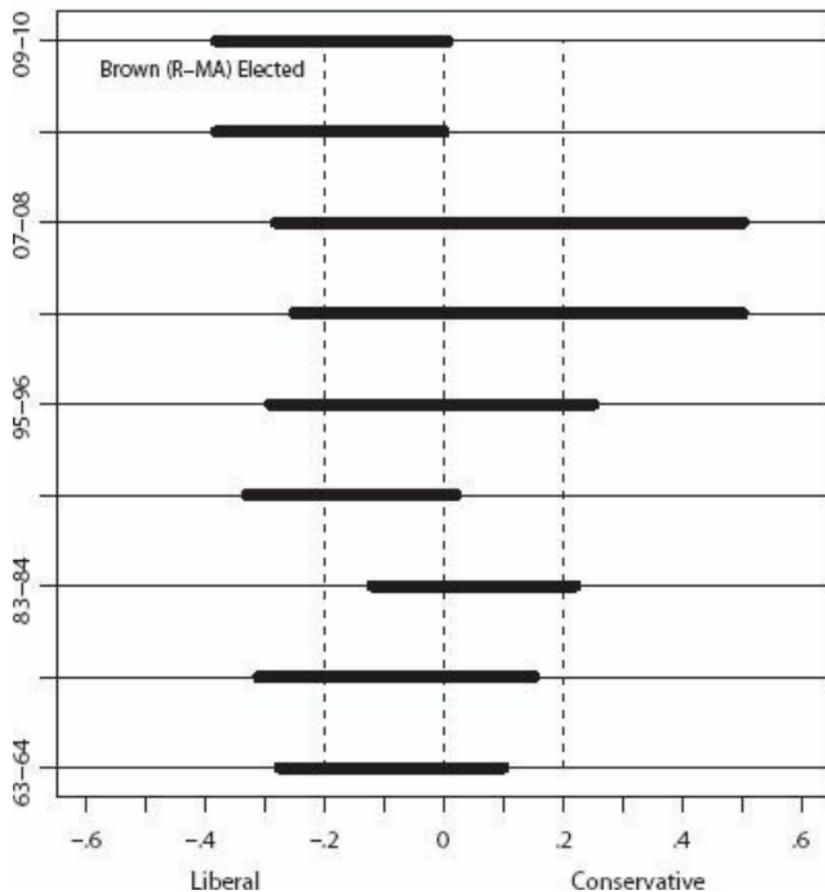


Figure 4.2. The gridlock interval in selected congressional terms. The interval, shown as the thick line, is the gap between the pivots. Gridlock increases as the line gets longer.

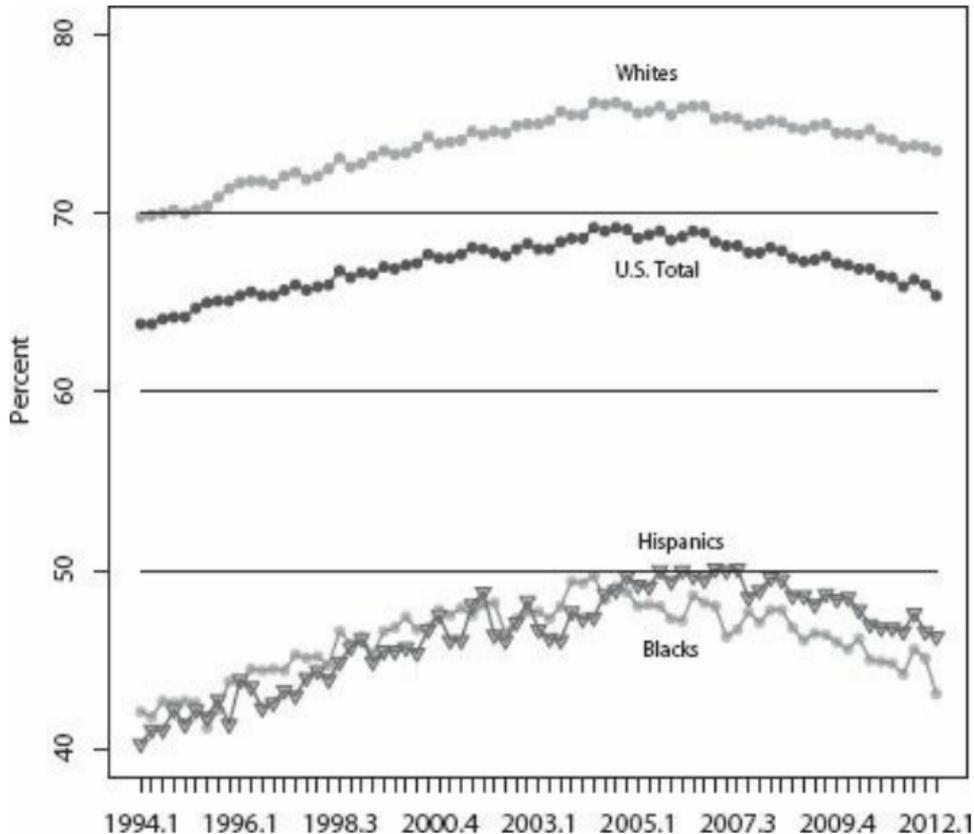


Figure 5.1. Homeownership rates by race and ethnicity, 1994–2012. Homeownership rates have continued to decline beyond the end of the 2007–9 recession. Homeownership rates in 2012 are lower for all groups than the rates in 2002. African American homeownership rates have had a particularly steep decline and have fallen back to the level of the mid-1990s.

Source: Current Population Survey/Housing Vacancy Survey, Series H-111, Bureau of the Census.

| <i>Firm</i> | <i>12/31/1989–12/31/2011</i> | | <i>12/31/1999–12/31/2011</i> | |
|------------------------------------|--|---|--|---|
| | <i>% Increase Common Stock Price</i> | <i>% Increase, Stock Plus Dividends</i> | <i>% Increase Common Stock Price</i> | <i>% Increase, Stock Plus Dividends</i> |
| Amer. International Group (AIG) | -84 | -7 | -98 | -92 |
| Bank of America Corp. (BAC) | -52 | 128 | -78 | -17 |
| Citigroup Inc. (C) | 19 | 604 | -93 | -64 |
| JPMorgan Chase & Co (JPM) | 234 | 440 | -36 | -10 |
| Wells Fargo & Co (WFC) | 879 | 1256 | 36 | 80 |
| Wachovia Corp. (WB) | -46** | 187** | -83** | -40** |
| WAMU (WM) | -100** | 315** | -100** | -30** |
| Goldman Sachs Group (GS) | n.a. | n.a. | -4 | 7 |
| Morgan Stanley (MS) | -44* | 265* | -74 | -56 |
| S&P 500 | 256 | n.a. | -14 | n.a. |

Notes: *Morgan Stanley 12/31/1993–12/31/2011; **WAMU, Wachovia until 2008.

Real Household Income 1972–2010 (2010 \$)

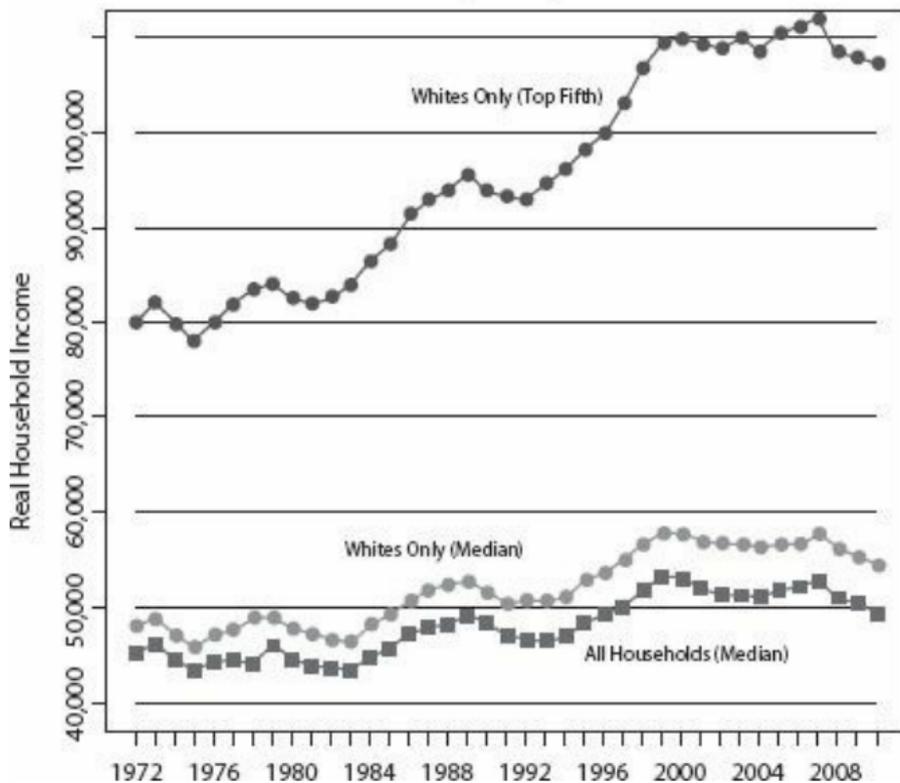


Figure 5.2. Median household income and average income of top quintile, 1972 to 2010 (in 2010 dollars). Income never recovered to the level it reached at the end of the twentieth century under President Clinton. During the eight years of the Bush presidency (2001–8) it recovered somewhat but then fell sharply during the first two years of the Obama presidency.

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements.

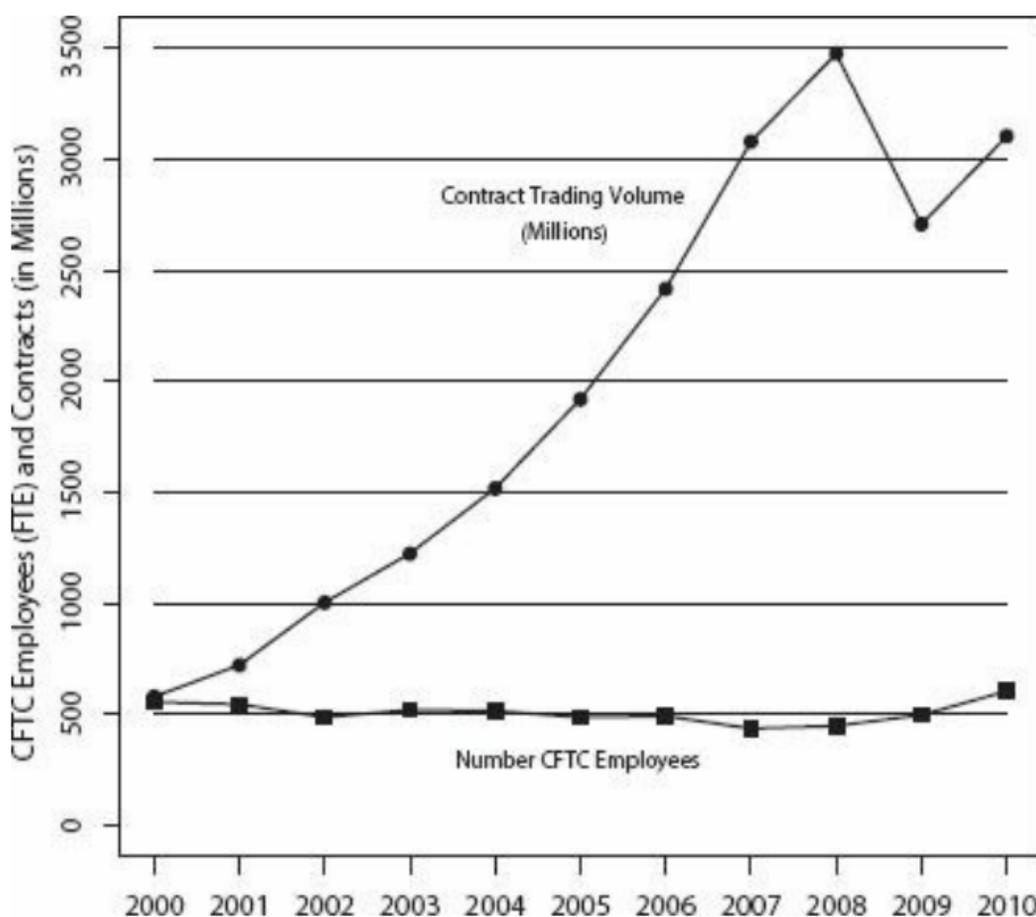


Figure 5.3. Growth of volume of futures and options contracts and CFTC full-time equivalent employees. Trading volume in futures and options contract trading expanded rapidly. The CFTC had practically no increase in staff. The figure plots the number of full-time equivalent (FTE) CFTC employees and the number (in millions) of futures and

House: Pass Federal Reserve Act
22 December 1913, Yea = 298 Nay = 60

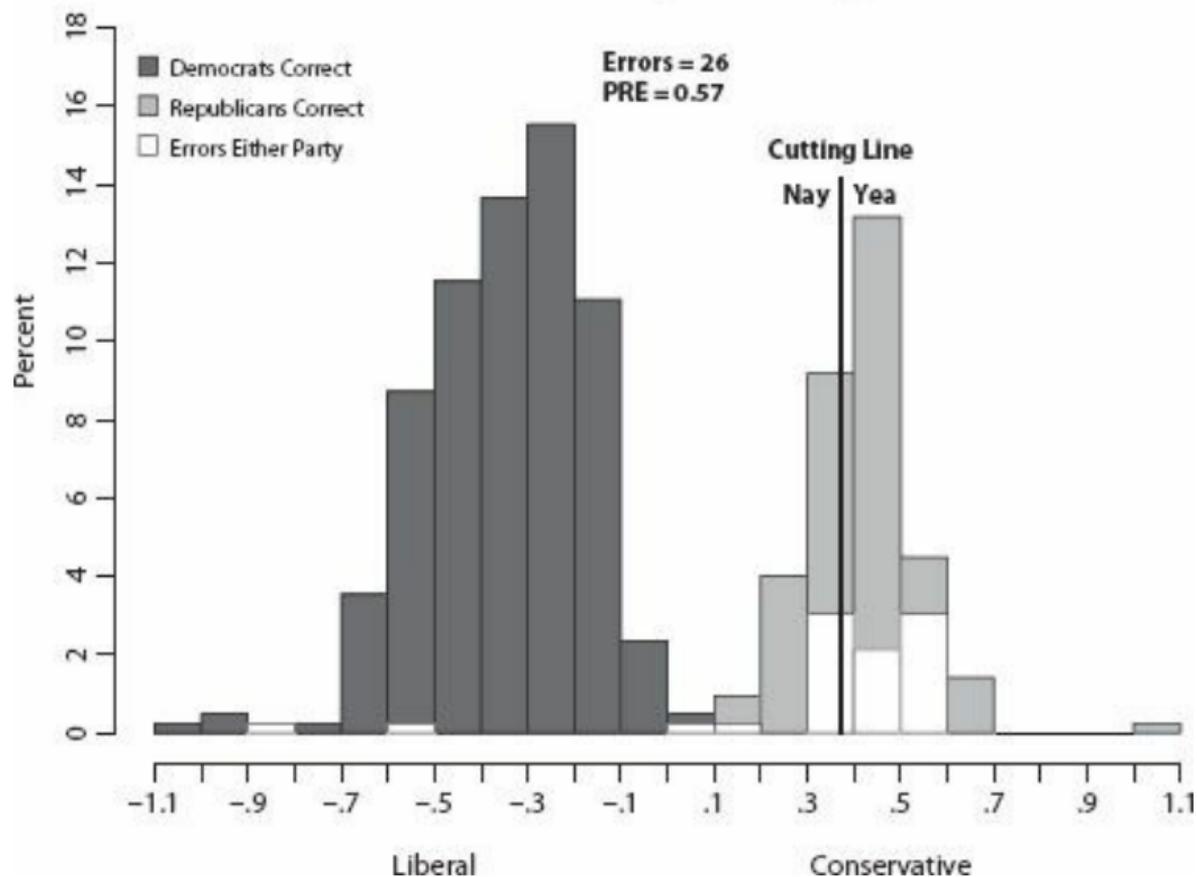


Figure 6.1. The conference report vote in the House of Representatives approving the Federal Reserve Act. The vote

TABLE 6.1.

Democratic control of federal government, 1933–2012

| | 1933–1952 | 1953–1972 | 1973–1992 | 1993–2012 |
|---|-----------|-----------|-----------|-----------|
| Years Democratic Presidency | 20 | 8 | 4 | 12 |
| Years Democratic House Majority | 18 | 18 | 20 | 6 |
| Years Democratic Senate Majority | 18 | 18 | 14 | 9 |
| Years Filibuster Proof Majority Democrats | 10 | 2 | 2 | 0 |
| Maj. of Supreme Court Dem. Appointments | 14 | 19 | 0 | 0* |

Note: *The Democrats did have a filibuster-proof majority for a portion of the 111th Congress.



Figure 7.1. The ancien régime. Former Clinton economic advisor Gene Sperling and Robert Rubin—dynasty members Peter Orszag, Tim Geithner, and Larry Summers at the White House, February 9, 2009. *Source:* Official White House photo by Pete Souza.



Figure 7.2. Economic reform. Elizabeth Warren, Barack Obama, and Timothy Geithner at the White House. This appears to be the only White House website photo of Ms. Warren. *Source:* Official White House photo by Pete Souza.

Senate: Before Lehman vs. after Lehman Ideology Scores

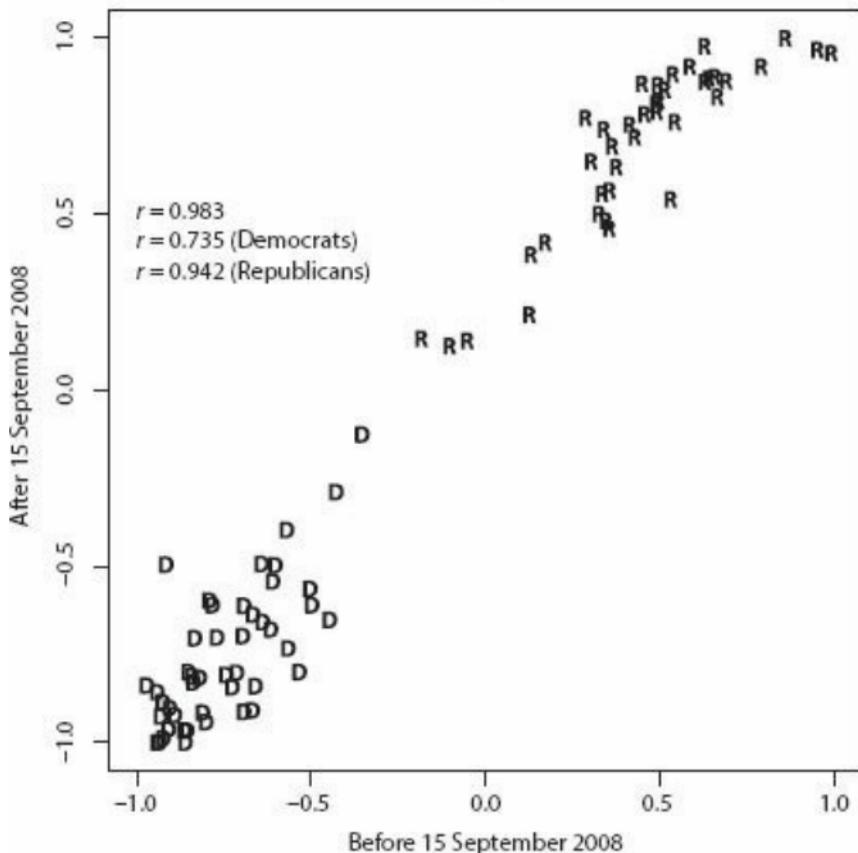
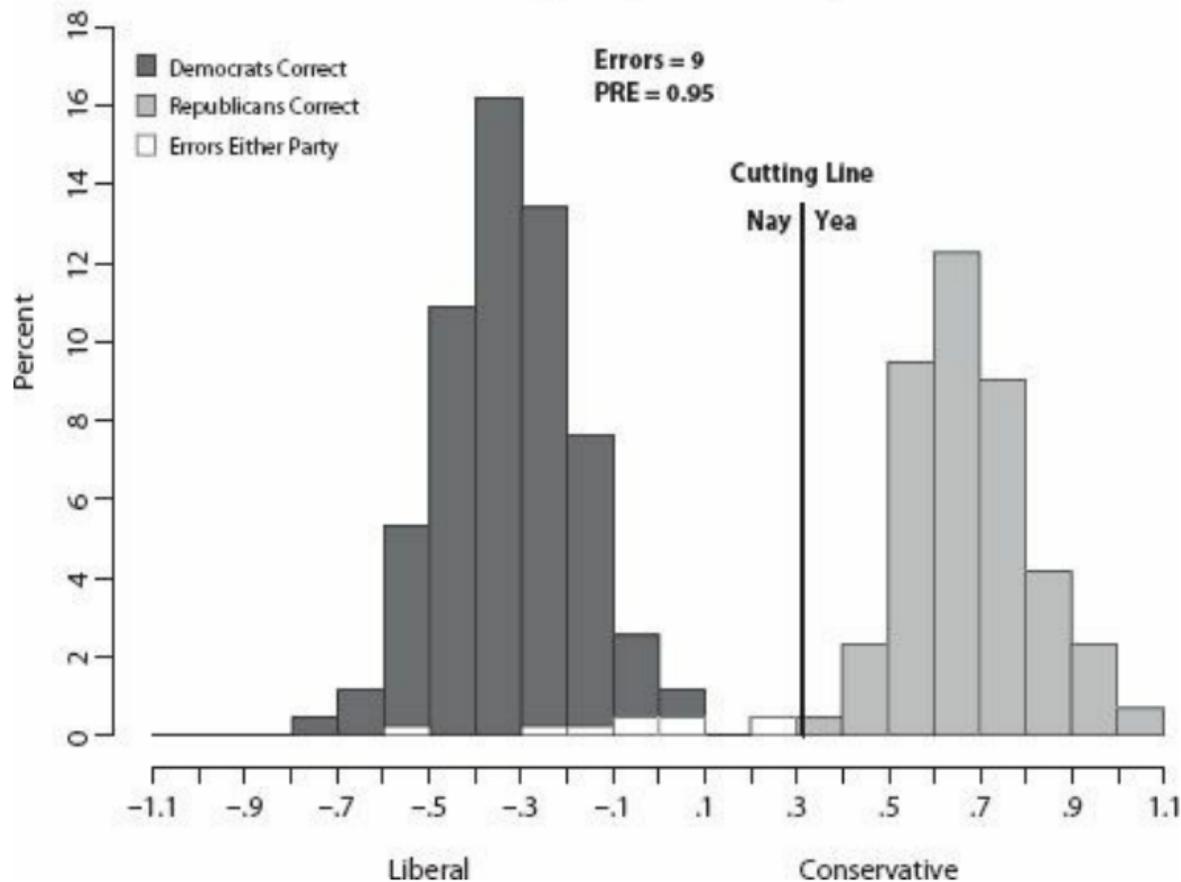


Figure 7.3. Ideology scores before and after the collapse of Lehman Brothers. Each token represents a member of Congress. Each token plots the member's pre- and post-Lehman ideological score. The points fall nearly on a line, indicating that the financial crisis did not change the ideological alignment in either chamber.

House: Pass Stimulus Package
13 February 2009, Yea = 246 Nay = 183



Senate: Pass Stimulus Package
13 February 2009, Yea = 60 Nay = 38

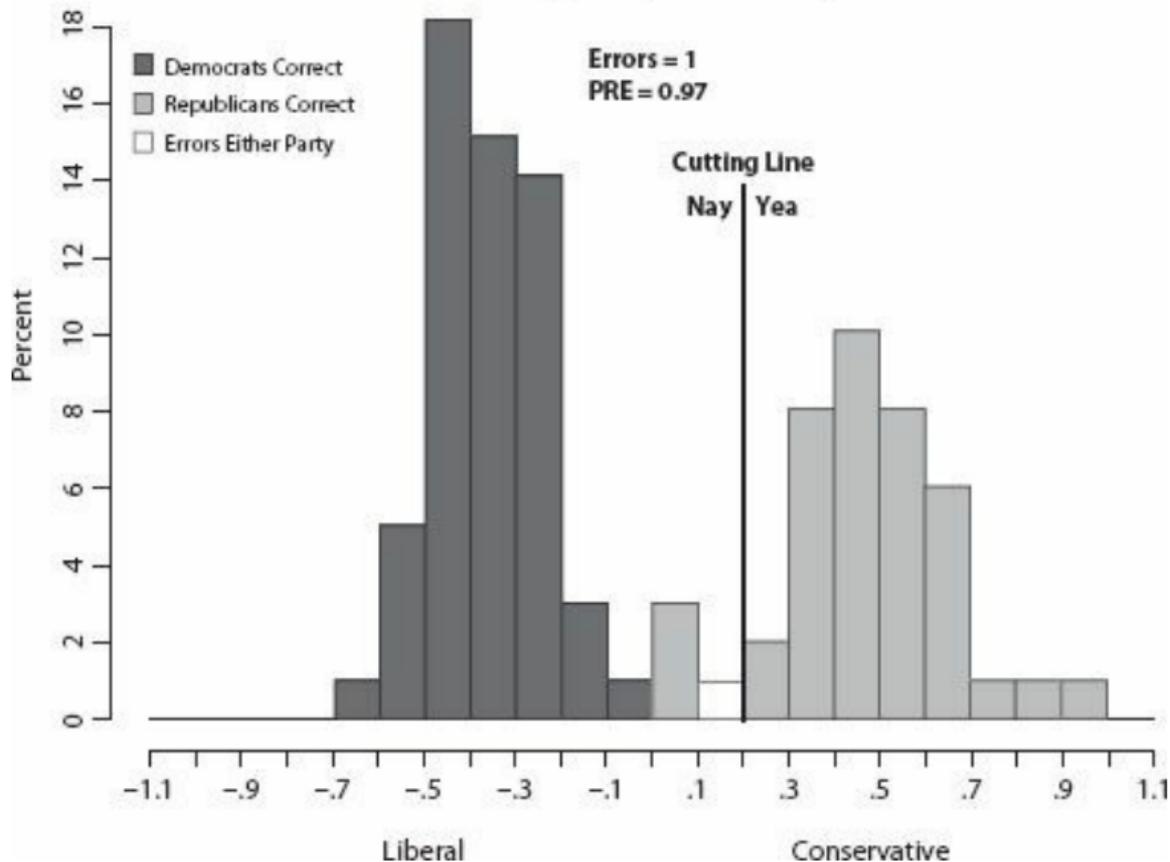


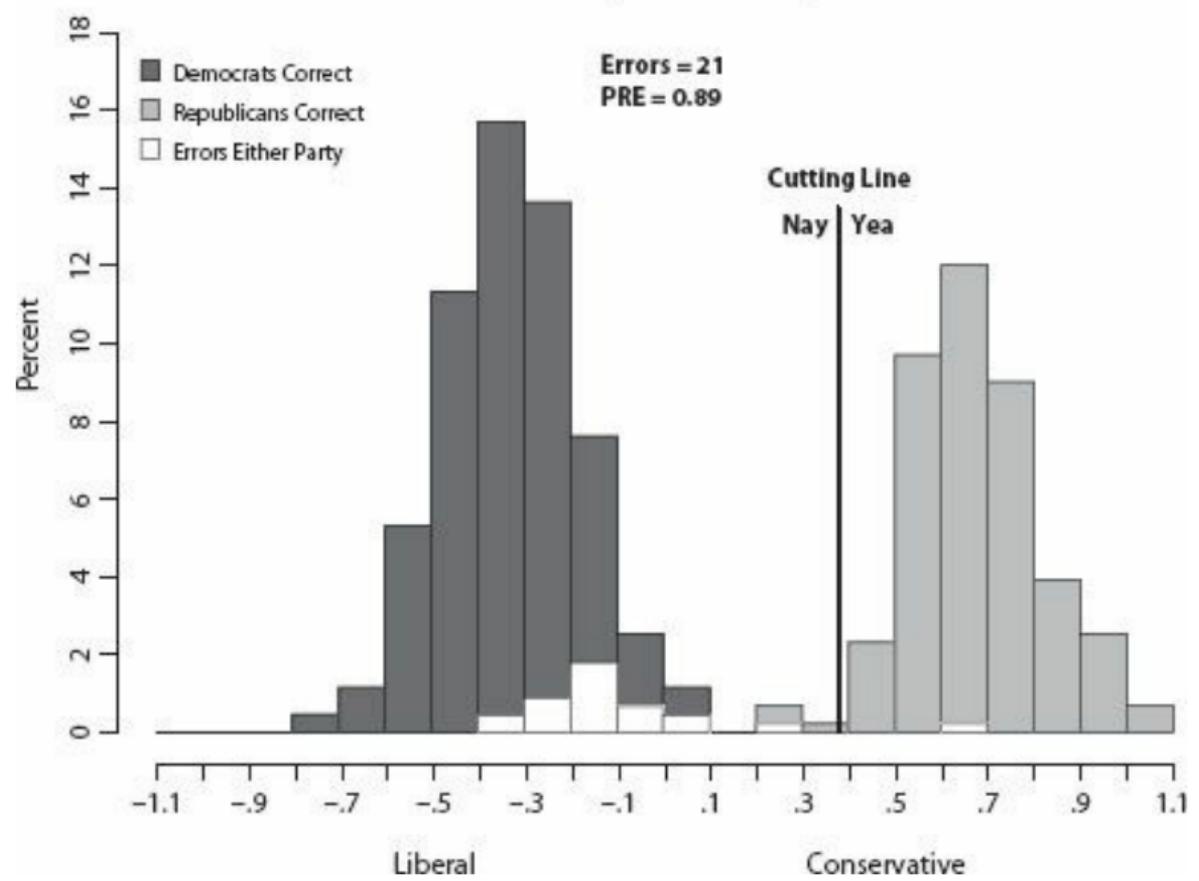
Figure 7.4. The House and Senate votes on the conference report for the Stimulus Package. In the Senate vote, the single prediction error represents Voinovich (R-OH).

TABLE 7.1.

Voter attitudes about the impact of the Obama stimulus plan on the economy as of July 2009

| <i>Partisan Identification</i> | <i>Better</i> | <i>Worse</i> | <i>No Impact</i> |
|--------------------------------|---------------|--------------|------------------|
| All Voters—So Far | 24.7 | 12.5 | 57.3 |
| All Voters—Long Run | 44.3 | 21.9 | 28.1 |
| Republican—So Far | 15.1 | 26.2 | 51.6 |
| Democrat—So Far | 35.6 | 3.7 | 55.5 |
| Independent—So Far | 22.0 | 12.4 | 61.0 |
| Republican—Long Run | 22.7 | 37.4 | 33.7 |
| Democrat—Long Run | 59.7 | 10.2 | 25.6 |
| Independent—Long Run | 44.1 | 22.2 | 6.6 |

House: Dodd-Frank Financial Reform
30 June 2010, Yea = 237 Nay = 192



Senate: Dodd-Frank Financial Reform
15 July 2010, Yea = 60 Nay = 39

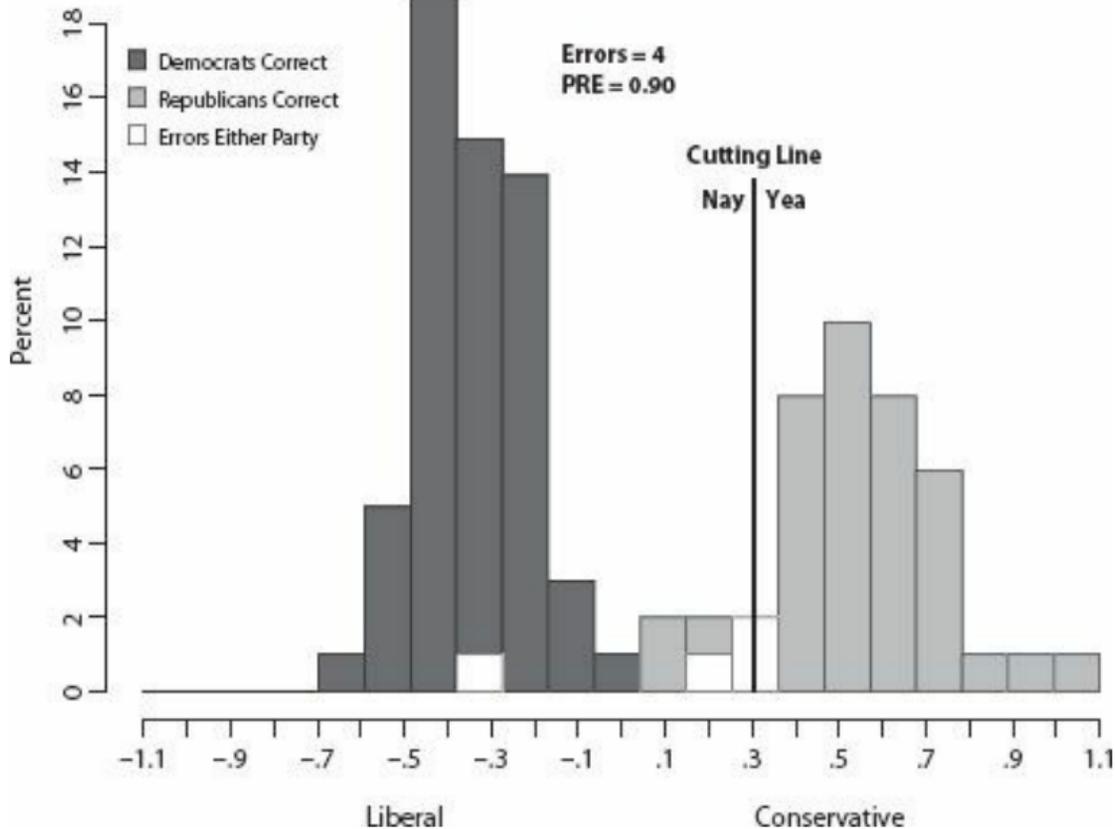


Figure 7.5. The conference report votes on the Dodd-Frank Bill. For the Senate, the prediction errors shown represent Feingold to the left and Voinovich, Murkowski, and Lugar in the center. The errors in the center are close to the cutting line, indicating that the senators were nearly indifferent on the bill. Feingold's error is far more substantial.

Senate: Bankruptcy Judges Stop Foreclosures
 3 April 2008, Yea = 58 Nay = 36

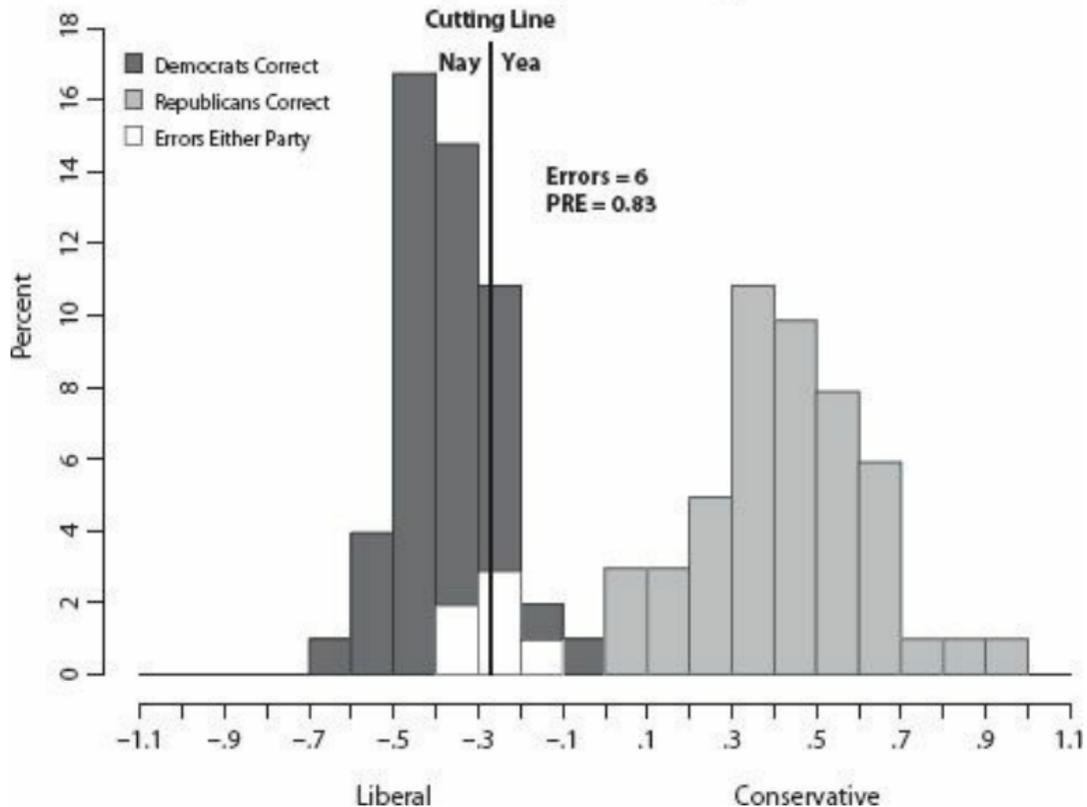
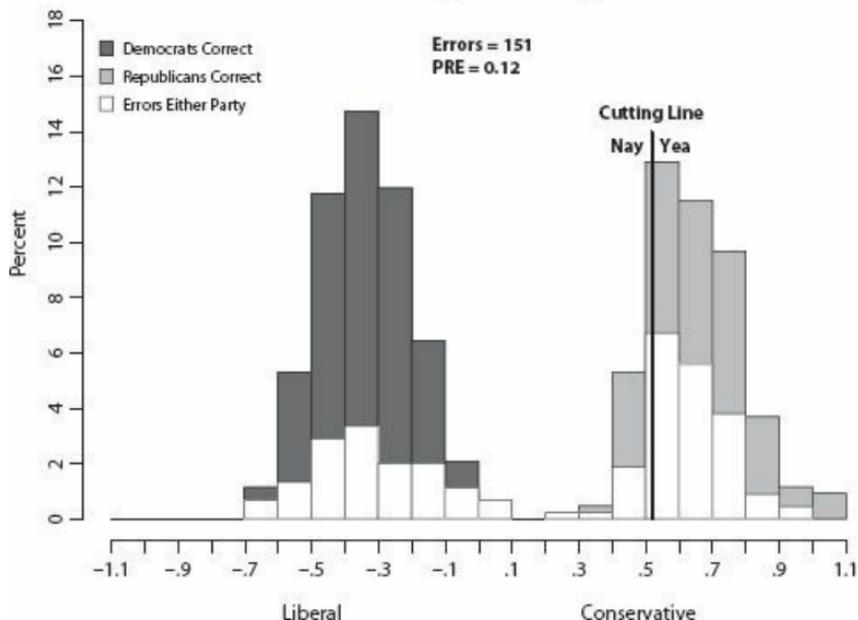
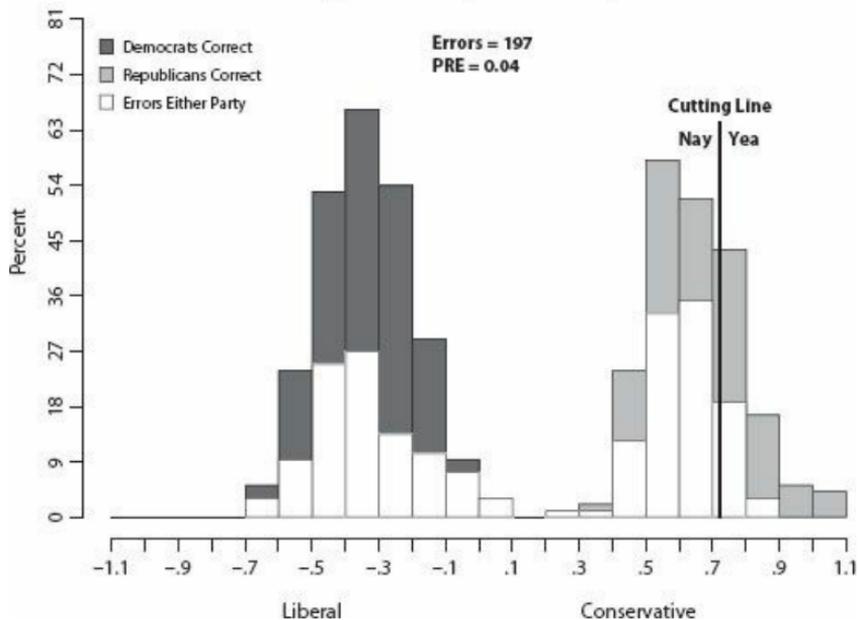


Figure 7.6. The Senate vote on the Durbin Amendment to allow bankruptcy judges to block foreclosures. The vote is liberal-conservative, with the errors symmetric about the cutting line. The vote is a further indication that Congress divided ideologically on financial reform before the failure of Lehman Brothers. The vote also indicates that Democrats would not be a solid majority in favor of progressive financial reforms.

House: Passage of TARP Succeeds
3 October 2008, Yea = 263 Nay = 171



House: Passage of TARP Fails
19 September 2008, Yea = 205 Nay = 228



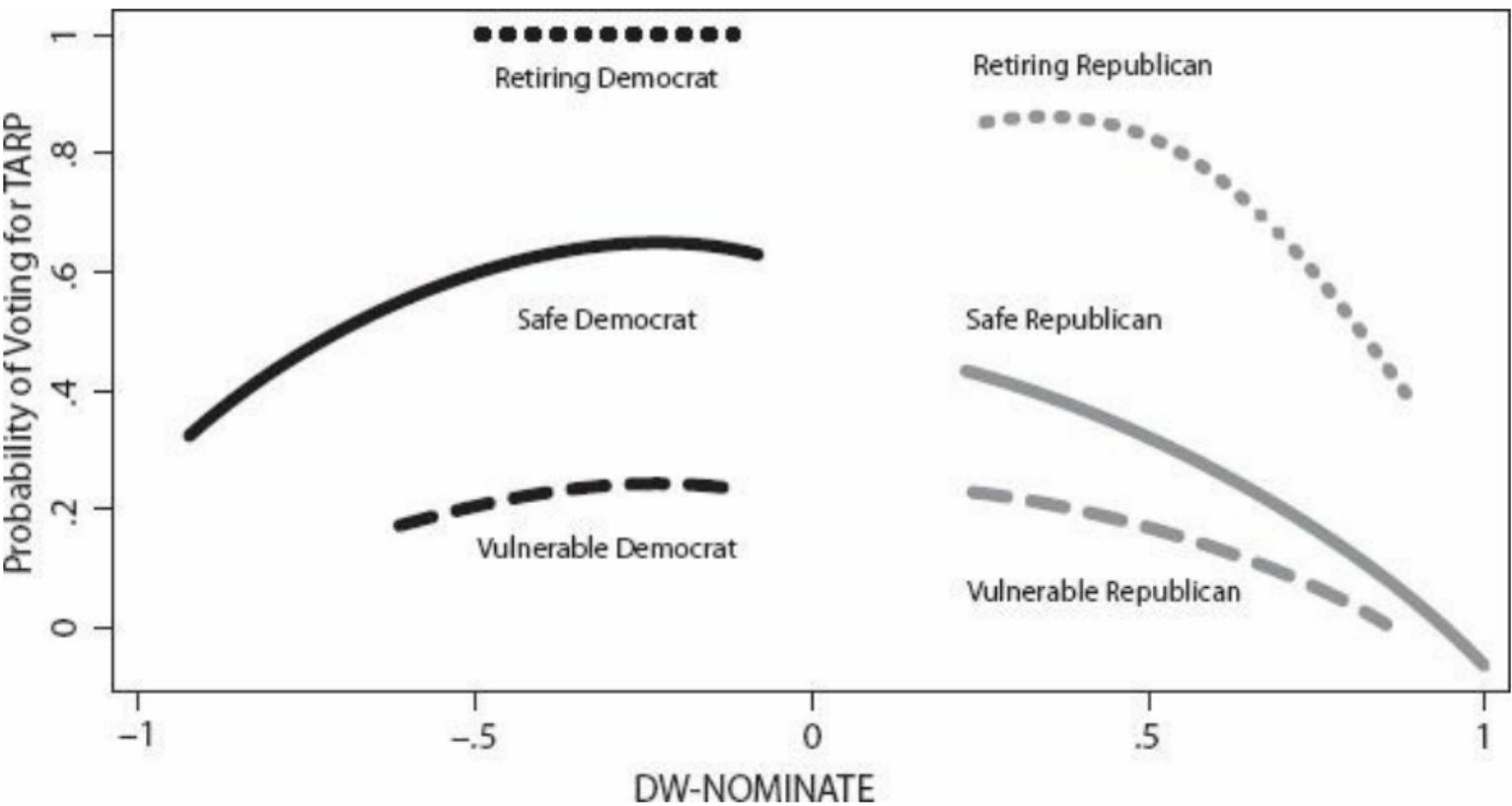


Figure 7.8. The first House vote on TARP. Incumbents running for reelection in vulnerable seats were very unlikely to vote for TARP. Incumbents in safe seats were somewhat more likely to vote for it. Retiring incumbents were by far the most likely supporters. Moderates showed greater support than either extreme liberals or extreme conservatives. Note that the curves for retiring and vulnerable incumbents do not extend to the extremist ends of the graph (-1 and +1). This is because extremists are found only in safe seats.

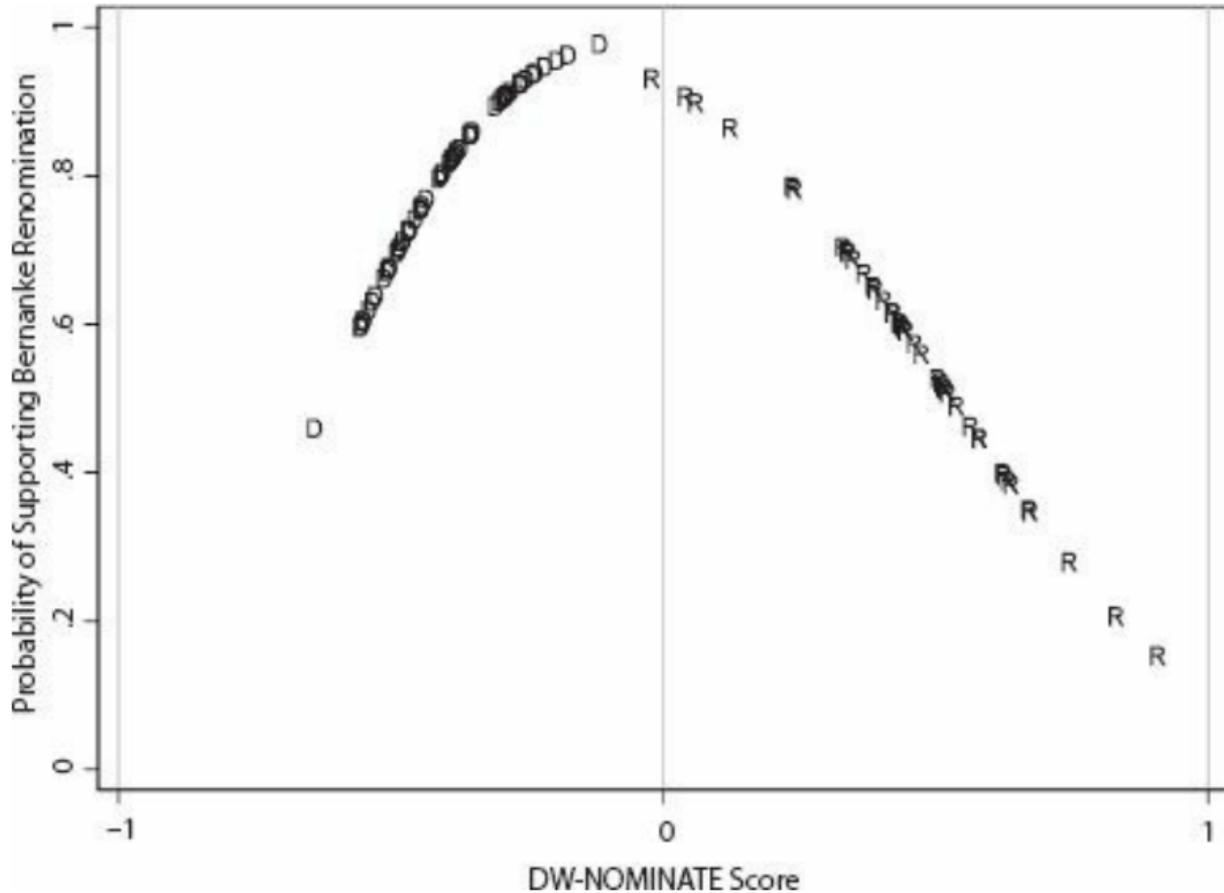


Figure 8.1. Estimated probability of a vote to reappoint Ben Bernanke as Fed chair, January 28, 2010. Each token represents 1 of the 100 senators, with D for Democrats and R for Republicans. Moderates, with scores near zero, were very likely to support Bernanke. Extremists on both sides of the aisle opposed.

TABLE 8.1.

Public opinion on TARP

| <i>TARP Will ...</i> | <i>Agreement*</i> |
|---|-------------------|
| Treat American taxpayers fairly | 40% |
| Make sure that money that is supposed to help the economy doesn't go to the businesses and individuals who caused these problems in the first place | 53% |
| Help ordinary Americans who have mortgage problems keep their homes | 51% |
| Make sure that the government's money is spent properly and not wasted | 47% |

Note: *"Likely" and "somewhat likely" responses.

TABLE 8.2.

Google hits on selected topics

| <i>Topic</i> | <i>Hits (millions) Joint with Tea Party</i> |
|--------------------|---|
| Immigration | 96 |
| Unions | 78 |
| Welfare | 64 |
| Stimulus | 42 |
| Bailout | 33 |
| Health care reform | 20 |
| Obamacare | 18 |
| Budget deficit | 8 |
| Public employees | 4 |
| Financial reform | 3 |
| Dodd-Frank | 2 |

TABLE 8.3.

Ideology of House Republicans

| | <i>Tea Party First Term</i> | <i>Other First Term</i> | <i>Tea Party Returning</i> | <i>Other Returning</i> |
|---|---------------------------------|-----------------------------|--------------------------------|----------------------------|
| Moderate DW-NOMINATE less than .33 | 1 (6%) | 13 (19%) | 0 (0%) | 29 (26%) |
| Conservative DW-NOMINATE between .33 and .67 | 12 (70%) | 44 (64%) | 36 (84%) | 61 (55%) |
| Extreme DW-NOMINATE greater than .67 | 4 (23%) | 12 (17%) | 7 (16%) | 21 (19%) |