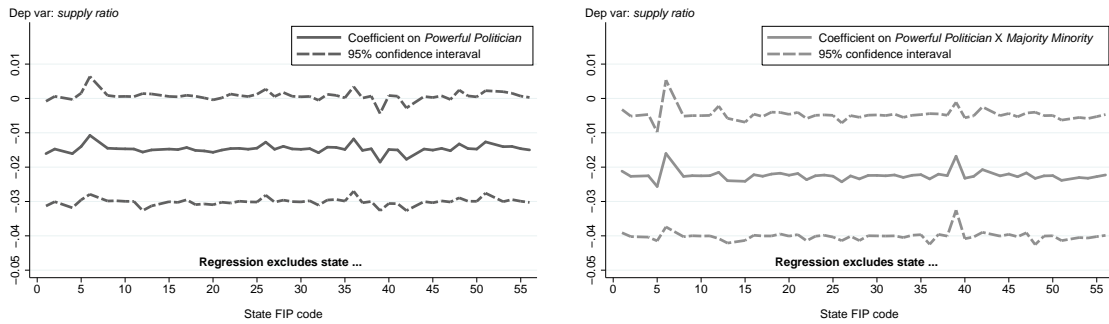


Appendix to: **Politicizing Consumer Credit**

Intended for online publication only

Panel A: Sensitivity across states



Panel B: Sensitivity across years

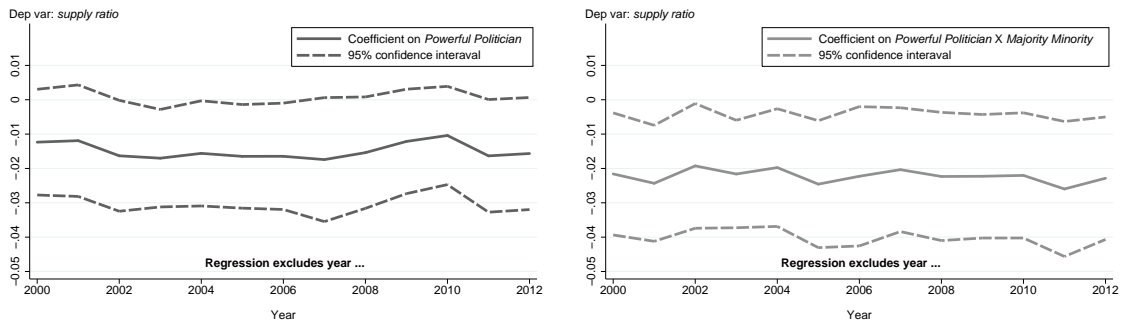


Fig. A.1. Sensitivity of Relation Between Senator Power and Access to Credit.

This figure presents regression estimates of the effect of a Senator’s ascension to a powerful committee chair on consumer credit access in the Senator’s home state. The regression is described in **Table 3**. The dependent variable is *Supply Ratio*. **Panel A** excludes one state in each iteration of the regression. **Panel B** excludes one year in each iteration of the regression.

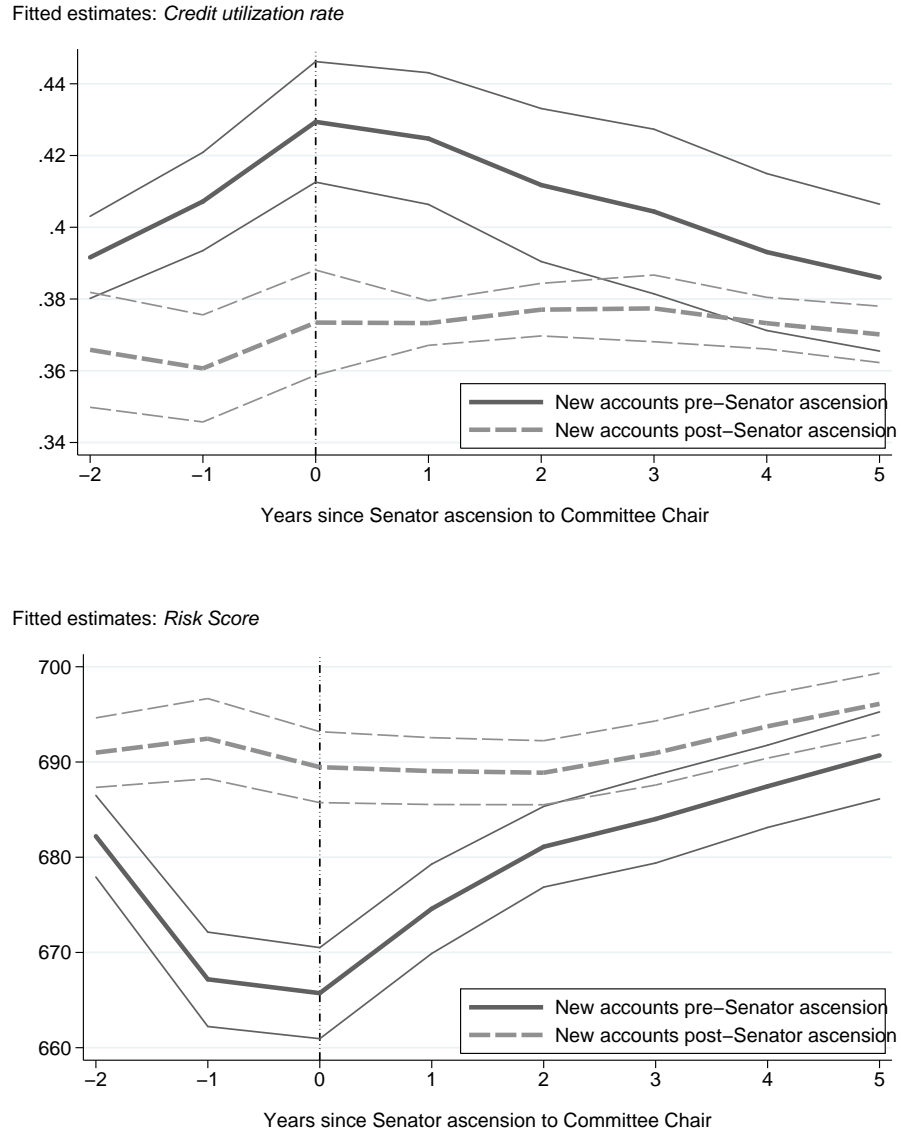


Fig. A.2. New Accounts and Borrower Dynamics.

This figure shows credit utilization rates (top figure) and Equifax Risk Scores (bottom figure) for borrowers who receive at least one new line of credit in the two years before (after) the ascension of a home-state Senator to a powerful committee chair. The figure presents fitted estimates (and 95% prediction intervals calculated using standard errors clustered by state) of an OLS panel regression that includes fixed effects for the consumer's Census tracts.

Table A.1

Anecdotal Examples of Political Interference at U.S. Regulatory Agencies.

This table reports a selection of publicly-identified cases of political interference at U.S. government agencies that possess a regulatory mandate.

Year	Agency	Event summary	Source
1999	Federal Banking Regulators	U.S. Senator publicly rebukes banking regulators for giving the First National Bank & Trust an unsatisfactory Community Reinvestment Act rating	Wall Street Journal [1]
2000	Securities and Exchange Commission	House Commerce Committee members call, write SEC to threaten funding cuts if the agency enhances auditor independence requirements in the wake of Enron	PBS Frontline [2]
2003	Occupational Safety and Health Administration	Accusations of political interference involving associates of a U.S. Senator to help reduce OSHA liabilities for McWane, Inc.	New York Times [3]
2008	Environmental Protection Agency	The Union of Concerned Scientists released a report detailing widespread political pressures placed on scientists at the EPA	UCS White Paper [4]
2011	National Labor Relations Board	Numerous types of overt political interference by members of Congress against the NLRB in its investigations of labor union violations at Boeing	NWLaborPress.org [5]
2015	Internal Revenue Service	Allegations of political interference against “Tea Party”-affiliated groups seeking non-profit status	New York Times [6]
2017	Federal Election Commission	Political interference is said to create gridlock within the FEC that prevents campaign finance laws from being enforced by the agency	New York Times [7]
2017	Consumer Financial Protection Bureau	New CFPB chair halts investigation into payday lender that previously made campaign contributions to the chair when he was a member of Congress	IB Times [8]

[1] <https://www.wsj.com/articles/SB924473987212920299>

[2] <https://www.pbs.org/wgbh/pages/frontline/shows/regulation/interviews/levitt.html>

[3] <http://www.nytimes.com/2003/01/10/us/deaths-on-the-job-slaps-on-the-wrist.html>

[4] https://www.ucsusa.org/sites/default/files/legacy/assets/documents/scientific_integrity/interference-at-the-epa.pdf

[5] <https://nwlaborpress.org/2011/06/boeing/>

[6] <https://www.nytimes.com/2015/08/06/us/politics/senate-report-cites-irs-mismanagement-in-targeting-of-tea-party-groups.html>

[7] <https://www.nytimes.com/2017/02/20/opinion/dysfunction-and-deadlock-at-the-federal-election-commission.html>

[8] <http://www.ibtimes.com/political-capital/cfpb-drops-investigation-payday-lender-contributed-mick-mulvaney-campaigns>

Table A.2
Powerful Politicians and Credit Demand.

This table uses OLS regressions to test the effect of a Senator’s ascension to a powerful committee chair on consumers’ number of new credit inquiries, which is a proxy for consumer credit demand. It uses data from the FRBNY-CCP/Equifax, a representative panel of individual credit records from Equifax. The sample period is years 1999 – 2012. *Supply Ratio* equals the number of new credit lines divided by the number of credit inquiries in the consumer’s credit report. *Powerful Politician* equals one in the two years following ascension, zero otherwise. *Majority Minority* equals one if the consumer lives in a Census tract that is majority non-white, zero otherwise. Other variables are described in the text. The sample includes borrowers with an Equifax Risk Score less than or equal to 640. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels, respectively.

<i>Data set:</i> <i>Dependent variable:</i>	FRBNY-CCP/Equifax Number of credit inquiries					
	(1)	(2)	(3)	(4)	(5)	(6)
Powerful pol. × Majority minority	-0.00118 (0.0073)	-0.00000327 (0.0076)	-0.00447 (0.0091)			
Powerful pol. × CRA Eligible				0.00224 (0.0087)	0.00313 (0.0089)	-0.00150 (0.0085)
Powerful pol.	0.00315 (0.0084)			0.00325 (0.011)		
Census tract FE	x	x	x	x	x	x
Year – quarter FE	x	x	x	x	x	x
Risk Score bin FE	x		x	x		x
Risk Score bin – powerful pol. FE		x			x	
County – quarter FE			x			x
Consumer-quarter observations	1,285,783	1,285,783	1,246,329	1,044,909	1,044,909	1,041,189
R-squared	0.27	0.27	0.33	0.26	0.26	0.30

Table A.3**Powerful Politicians within Committee and Access to Credit.**

This table uses OLS regressions to test the effect of a Senator's ascension to a powerful committee chair on consumers' access to credit. The sample is restricted to include observations only with consumers in states that had Senators from the majority party that were members of a committee where an ascension event occurred (i.e., only those consumers that could have been shocked). It uses data from the FRBNY-CCP/Equifax, a representative panel of individual credit records from Equifax. The sample period is years 1999 – 2012. *Supply Ratio* equals the number of new credit lines divided by the number of credit inquiries in the consumer's credit report. *Powerful Politician* equals one in the two years following ascension, zero otherwise. *Majority Minority* equals one if the consumer lives in a Census tract that is majority non-white, zero otherwise. Other variables are described in the text. The sample includes borrowers with an Equifax Risk Score less than or equal to 640. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels, respectively.

<i>Dependent variable:</i> <i>Sample:</i>	<i>Data set:</i> FRBNY-CCP/Equifax					
	Supply ratio					
	States w/ Senators in majority party					
	(1)	(2)	(3)	(4)	(5)	(6)
Powerful pol.	-0.0244** (0.0096)	-0.0261*** (0.0095)			-0.0275*** (0.0076)	-0.0276*** (0.0077)
Powerful pol. × Majority minority	-0.0331** (0.015)	-0.0328** (0.015)	-0.0652*** (0.021)	-0.0247 (0.018)	-0.0268** (0.012)	-0.0269** (0.012)
Majority minority					0.00594 (0.011)	0.00508 (0.011)
Census tract median income (Z)						-0.000694 (0.0047)
Census tract FE	x	x	x	x		
Year – quarter FE	x	x			x	x
Risk Score bin FE		x		x	x	x
Risk Score bin – powerful pol. FE			x			
County – quarter FE				x		
Consumer FE					x	x
Consumer-quarter observations	380,870	380,870	380,870	366,362	380,242	380,151
R-squared	0.33	0.34	0.34	0.41	0.42	0.42

Table A.4
Robustness to Political Power Shock Duration.

This table uses OLS regressions to test the effect of a Senator's ascension to a powerful committee chair on consumers' access to credit. We assign a state as being treated (i.e. *Powerfulpol.* = 1) for two years, four years, and six years, respectively, after a Senator from that state ascends to become a committee chair. The table uses data from the FRBNY-CCP/Equifax, a representative panel of individual credit records from Equifax. The sample period is years 1999 – 2012. *Supply Ratio* equals the number of credit lines divided by the number of credit inquiries in the consumer's credit report. *Powerful Politician* equals one in the number of years following ascension indicated, zero otherwise. *Majority Minority* equals one if the consumer lives in a Census tract that is majority non-white, zero otherwise. *CRA Eligible* equals one if the consumer resides in a Census tract with ratio of tract income to MSA income less than 80%, zero otherwise. Other variables are described in the text. The sample includes borrowers with an Equifax Risk Score less than or equal to 640. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Powerful Pol. (2 year shock) × Majority minority	-0.0202** (0.0087)					
Powerful Pol. (4 year shock) × Majority minority		-0.0185* (0.010)				
Powerful Pol. (6 year shock) × Majority minority			-0.0213** (0.011)			
Powerful Pol. (2 year shock) × CRA Eligible				-0.0155* (0.0080)		
Powerful Pol. (4 year shock) × CRA Eligible					-0.0171*** (0.0057)	
Powerful Pol. (6 year shock) × CRA Eligible						-0.0170*** (0.0058)
Census tract FE	x	x	x	x	x	x
Year – quarter FE	x	x	x	x	x	x
Risk Score bin – powerful pol. FE	x	x	x	x	x	x
Consumer-quarter observations	1,077,773	1,077,773	1,077,773	875,566	875,566	875,566
R-squared	0.23	0.23	0.23	0.22	0.23	0.23

Table A.5
Margin of Victory and Access to Credit.

This table uses OLS regressions to test the effect of a Senator’s ascension to a powerful committee chair on consumers’ access to credit. It uses data from the FRBNY-CCP/Equifax, a representative panel of individual credit records from Equifax. The sample period is years 1999 – 2012. *Supply Ratio* equals the number of new credit lines divided by the number of credit inquiries in the consumer’s credit report. *Powerful Pol. (Close)* equals one in the two years following ascension for politicians who won their last re-election by less than the 25th percentile of the sample, zero otherwise. *Powerful Pol. (Not Close)* equals one in the two years following ascension for politicians who won their last re-election by more than the 25th percentile of the sample, zero otherwise. *Majority Minority* equals one if the consumer lives in a Census tract that is majority non-white, zero otherwise. Other variables are described in the text. The sample includes borrowers with an Equifax Risk Score less than or equal to 640. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels, respectively.

<i>Data set:</i> <i>Dependent variable:</i>	FRBNY-CCP/Equifax Supply Ratio					
	(1)	(2)	(3)	(4)	(5)	(6)
Powerful Pol. (Competitive)	-0.0265 (0.016)	-0.0274 (0.017)	-0.0261 (0.017)	-0.0273 (0.017)	-0.0251 (0.019)	-0.0269 (0.019)
Powerful Pol. (Not Competitive)	-0.0457*** (0.011)	-0.0440*** (0.0096)	-0.0366*** (0.0094)	-0.0354*** (0.0087)	-0.0366*** (0.011)	-0.0351*** (0.0093)
Powerful Pol. (Competitive) × Majority minority			-0.00157 (0.016)	0.000100 (0.015)		
Powerful Pol. (Not Competitive) × Majority minority			-0.0343** (0.014)	-0.0325** (0.014)		
Powerful Pol. (Competitive) × CRA eligible					-0.00541 (0.012)	-0.00177 (0.011)
Powerful Pol. (Not Competitive) × CRA eligible					-0.0360*** (0.011)	-0.0357*** (0.011)
Census tract FE	x	x	x	x	x	x
Year-quarter FE	x	x	x	x	x	x
Risk Score bin FE		x		x		x
Consumer-quarter observations	890,271	890,271	890,271	890,271	890,271	890,271
R-squared	0.24	0.25	0.24	0.25	0.24	0.25

Table A.6
Powerful Politicians and CRA Regulatory Exams by Examiner.

This table uses ordered logit regressions to test the relation between a Senator’s ascension to a powerful committee chair and subsequent CRA regulatory exam performance for banks headquartered in the politician’s home state. The data on CRA exams comes from the Federal Financial Institutions Examination Council. The dependent variable, *CRA exam rating* equals 4 for “outstanding”, 3 for “satisfactory”, 2 for “needs to improve”, and 1 for “substantial noncompliance”. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels, respectively.

<i>Data set:</i> <i>Ordered logit dep. var.:</i>	FFIEC bank exams			
	CRA exam rating			
	All exams		Small bank exams	
	(1)	(2)	(3)	(4)
Powerful pol.[no Fed. Reserve Exams]	-0.351*** (0.12)	-0.245** (0.11)	-0.373** (0.15)	-0.283** (0.11)
Powerful pol.[Fed. Reserve Exams]	0.292* (0.18)	0.267 (0.20)	0.332 (0.22)	0.166 (0.26)
Year FE	x	x	x	x
State FE		x		x
Observations	28,518	28,518	18,985	18,985
Pseudo R-squared)	0.015	0.041	0.029	0.051

Table A.7

Bank Performance: Income Statement Tests.

This table uses OLS regressions to test the effect of a Senator's ascension to a powerful committee chair position on the income statements of banks operating in the Senator's home state. Bank income statement data is sourced from the Call Reports. The unit of observation in this table is a bank-state-quarter. The sample period is 1999 – 2012. The dependent variables include annualized interest income, non-interest income, interest expense, and non-interest expense, all scaled by the bank's total assets and then multiplied by 100 (to yield values in percentage points). *Powerful Politician* equals one in the two years following a Senator's ascension for banks in the Senator's state, and equals zero otherwise. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels, respectively.

	Call Reports			
<i>Data set:</i>	Interest Income /	Non-Interest Income /	Interest Expense /	Non-Interest Expense /
<i>Dependent variable:</i>	Total Assets	Total Assets	Total Assets	Total Assets
<i>Sample:</i>	All banks			
	(1)	(2)	(3)	(4)
Powerful Politician	0.0425*	-0.0181	0.0133	-0.0947**
	(0.023)	(0.019)	(0.019)	(0.043)
Year-quarter FE	x	x	x	x
Bank FE	x	x	x	x
State FE	x	x	x	x
Bank-State-Quarter Observations	453,695	453,695	453,695	453,695
Adj. R^2	0.79	0.81	0.88	0.71

Table A.8**Senator Shocks and State Macroeconomic Conditions.**

This table uses OLS regressions to test the effect of a Senator's ascension to chair a Senate committee on macroeconomic indicators in the Senator's home state. *Powerful Politician* is a binary variable that takes the value of one in the two years following an ascension shock and zero otherwise. The dependent variables are state-level measures of macroeconomic conditions. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels respectively.

Panel A — Macroeconomic Variables and Political Shocks									
<i>Dependent Variable:</i>	Ln(GDP)	Ln(Personal Income)	Ln(Employ- ment)	Ln(Disposable Income)	Unemply- ment Rate	Ln(House Price Index)	Ln(Bank- ruptcies)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Powerful Pol.	0.00510 (0.00967)	-0.00129 (0.00720)	-0.00422 (0.00571)	-0.00262 (0.00694)	-0.257 (0.159)	0.00944 (0.0169)	-0.0161 (0.0588)		
Year FE	x	x	x	x	x	x	x		
State FE	x	x	x	x	x	x	x		
State-Year observations	574	574	574	574	574	574	574		
Within R-squared	0.00118	0.000123	0.00219	0.000530	0.0105	0.00131	0.000263		
Panel B — Lagged Macroeconomic Variables and Political Shocks									
<i>Dependent Variable:</i>	Powerful Politician								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Lag Log(GDP)	-0.0862 (0.475)							0.721 (1.090)	0.350 (1.132)
LagLog(Personal Income)		-0.379 (0.510)						-0.759 (1.373)	0.874 (4.342)
Lag Log(Employment)			-0.652 (0.658)					-0.686 (1.049)	-0.758 (1.019)
Lag Log(Disposable Income)				-0.494 (0.517)					-1.967 (3.927)
Lag Log(Unemployment Rate)					-0.0458* (0.0240)				-0.0611** (0.0242)
Lag Log(House Price Index)						0.137 (0.244)			0.191 (0.260)
Lag Log(Bankruptcies)								-0.0303 (0.0608)	0.0246 (0.0626)
Year FE	x	x	x	x	x	x	x	x	x
State FE	x	x	x	x	x	x	x	x	x
State-year observations	524	524	524	524	524	524	524	524	524
Within R-2	0.000149	0.00183	0.00325	0.00301	0.0112	0.00133	0.000866	0.00585	0.0271

x

Table A.8

Senator Shocks and State Macroeconomic Conditions Continued.

		Panel C — Changes in Macroeconomic Variables and Political Shocks									
		<i>Dependent Variable:</i>				Powerful Politician					
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
ix.	Δ Log(GDP)	-1.40e-06 (2.22e-06)							1.67e-06 (2.95e-06)	2.17e-06 (2.44e-06)	
	Δ Log(Personal Income)		-2.87e-06 (2.23e-06)						-2.81e-06 (2.54e-06)	-1.80e-06 (7.80e-06)	
	Δ Log(Employment)			-0.000487 (0.000383)					-0.000377 (0.000338)	-0.000442 (0.000331)	
	Δ Log(Disposable Income)				-4.31e-06 (4.96e-06)					-1.30e-06 (1.05e-05)	
	Δ Unemployment Rate					-0.0103 (0.0365)				-0.0406 (0.0344)	
	Δ Log(House Price Index)						-0.00199 (0.00202)			-0.00180 (0.00163)	
	Δ Log(Bankruptcies)							5.14e-05 (6.57e-05)		8.35e-06 (4.67e-05)	
	Year FE	x	x	x	x	x	x	x	x	x	x
	State FE	x	x	x	x	x	x	x	x	x	x
	State-year observations	524	524	524	524	524	524	524	524	524	524
Within R-2	0.00251	0.00666	0.00843	0.00574	0.000259	0.00914	0.00364	0.0101		0.0195	

Table A.9
Powerful Politicians and Household Unemployment (PSID).

This table uses OLS regressions to test the effect of a Senator's ascension to a powerful committee chair on unemployment outcomes. The data comes from the Panel Survey of Income Dynamics (PSID). The dependent variable in Panel A is an indicator variable that takes the value of one if a respondent indicates a positive spell of unemployment in a given year, zero otherwise. The dependent variable in Panel B is the number of weeks that a respondent indicates he/she was unemployed. The dependent variable in Panel C is the log of family income in a given year. Power Pol. (2 year shock) is a variable that takes the value of 1 in the two years following a Senate Chair ascension, zero otherwise. Power Pol. (4 year shock) is a variable that takes the value of 1 in the four years following a Senate Chair ascension, zero otherwise. Power Pol. (6 year shock) is a variable that takes the value of 1 in the six years following a Senate Chair ascension, zero otherwise. Robust standard error clustered by state are reported in parentheses.

Panel A						
<i>Data set:</i> <i>Dependent variable:</i>	Panel Survey of Income Dynamics					
	Unemployment Indicator					
	(1)	(2)	(3)	(4)	(5)	(6)
Power Pol. (2 year shock) = 1	0.00831 (0.00811)	-0.00242 (0.00571)				
Power Pol. (4 year shock) = 1			0.00553 (0.00635)	-0.00244 (0.00455)		
Power Pol. (6 year shock) = 1					0.00562 (0.00643)	-0.00199 (0.00429)
Year FE	x	x	x	x	x	x
State FE	x		x		x	
Household FE		x		x		x
Household-Year Observations	63,993	63,988	71,269	71,264	75,325	75,322
R-squared	0.009	0.304	0.008	0.291	0.008	0.286
Panel B						
<i>Data set:</i> <i>Dependent variable:</i>	Panel Survey of Income Dynamics					
	Unemployment Duration					
	(1)	(2)	(3)	(4)	(5)	(6)
Power Pol. (2 year shock) = 1	0.0128 (0.186)	-0.197 (0.132)				
Power Pol. (4 year shock) = 1			0.0465 (0.151)	-0.0875 (0.123)		
Power Pol. (6 year shock) = 1					0.0912 (0.155)	-0.0291 (0.107)
Year FE	x	x	x	x	x	x
State FE	x		x		x	
Household FE		x		x		x
Household-Year Observations	63,993	63,988	71,269	71,264	75,325	75,322
R-squared	0.013	0.298	0.012	0.283	0.012	0.278

Table A.9
 Powerful Politicians and Household Unemployment (PSID). (Continued)

Panel C						
<i>Data set:</i>	Panel Survey of Income Dynamics					
<i>Dependent variable:</i>	Log family income					
	(1)	(2)	(3)	(4)	(5)	(6)
Power Pol. (2 year shock) = 1	0.0150 (0.0223)	0.0320*** (0.0116)				
Power Pol. (4 year shock) = 1			-0.00265 (0.0148)	0.0129 (0.00925)		
Power Pol. (6 year shock) = 1					0.00244 (0.0139)	0.0104 (0.00753)
Year FE	x	x	x	x	x	x
State FE	x		x		x	
Household FE		x		x		x
Household-Year Observations	63,714	63,708	70,953	70,947	74,971	74,967
R-squared	0.057	0.728	0.056	0.721	0.055	0.719

Table A.10
Powerful Politicians and Household Unemployment (CPS).

This table uses OLS regressions to test the effect of a Senator's ascension to a powerful committee chair on unemployment outcomes. The data comes from the Current Population Survey (CPS). The dependent variable in Panel A is an indicator variable that takes the value of one if a respondent indicates that they were unemployed and looking to rejoin the workforce, zero if they are otherwise in the workforce. The dependent variable in Panel B is the log of weekly income. Power Pol. (2 year shock) is a variable that takes the value of 1 in the two years following a Senate Chair ascension, zero otherwise. Power Pol. (4 year shock) is a variable that takes the value of 1 in the four years following a Senate Chair ascension, zero otherwise. Power Pol. (6 year shock) is a variable that takes the value of 1 in the six years following a Senate Chair ascension, zero otherwise. Robust standard error clustered by state are reported in parentheses.

Panel A						
<i>Data set:</i> <i>Dependent variable:</i>	Current Population Survey					
	Unemployment Indicator					
	(1)	(2)	(3)	(4)	(5)	(6)
Power Pol. (2 year shock) = 1	0.000283 (0.00237)	0.000411 (0.00225)				
Power Pol. (4 year shock) = 1			0.000463 (0.00269)	0.000476 (0.00251)		
Power Pol. (6 year shock) = 1					0.000297 (0.00262)	0.000279 (0.00247)
Time FE	x		x		x	
State FE	x	x	x	x	x	x
Industry-Time FE		x		x		x
Person-Month Observations	9,373,053	9,326,297	10,386,818	10,334,174	11,063,228	11,007,149
R-squared	0.007	0.025	0.007	0.025	0.007	0.025
Panel B						
<i>Data set:</i> <i>Dependent variable:</i>	Current Population Survey					
	Log weekly earnings					
	(1)	(2)	(3)	(4)	(5)	(6)
Power Pol. (2 year shock) = 1	0.00280 (0.00524)	0.00295 (0.00424)				
Power Pol. (4 year shock) = 1			0.00361 (0.00422)	0.00309 (0.00339)		
Power Pol. (6 year shock) = 1					0.00321 (0.00387)	0.00308 (0.00322)
Time FE	x		x		x	
State FE	x	x	x	x	x	x
Industry-Time FE		x		x		x
Person-Month Observations	1,960,045	1,960,045	2,171,113	2,171,113	2,311,329	2,311,329
R-squared	0.028	0.264	0.028	0.263	0.027	0.261

Table A.11

Access to Credit and Political Parties.

This table uses OLS regressions to examine whether Senators' political affiliations affect the relationship between political power and consumers' access to credit. The data, the sample, and other variables are described in **Table 3**. Standard errors clustered at the state level are in parentheses. ***, **, and * denote statistical significance at the 1, 5, and 10% levels, respectively.

<i>Data set:</i>		FRBNY-CCP/Equifax					
<i>Dependent variable:</i>		Supply Ratio					
<i>State Sample:</i>		Republican Shocks and Control		Democratic Shocks and Control		All States	
		(1)	(2)	(3)	(4)	(5)	(6)
ΛX	Powerful Republican × Majority minority	-0.0377*				-0.0376*	
		(0.020)				(0.020)	
	Powerful Republican × CRA eligible		-0.0145				-0.0145
			(0.019)				(0.019)
	Powerful Democrat × Majority minority			-0.0143		-0.0143	
				(0.014)		(0.014)	
	Powerful Democrat × CRA eligible				-0.0223**		-0.0223**
				(0.0095)		(0.0095)	
Census tract FE	x	x	x	x	x	x	x
County – quarter FE	x	x	x	x	x	x	x
Risk Score bin FE	x	x	x	x	x	x	x
Consumer-quarter observations		797,578	665,908	806,092	681,183	855,981	719,678
R-squared		0.34	0.30	0.34	0.30	0.33	0.29

Table A.12

Reasons for Senate Committee Chair Turnover

Name	Party	State	Congress	Committee	Previous Chair	Reason for Ascension
Daniel Akaka	D	HI	112	Indian Affairs	Byron Dorgan	Previous Chair retired
Max Baucus	D	MT	107	Finance	Bill Roth	Jeffords switched parties giving Democrats control of the Senate; previous ranking member had retired
Barbara Boxer	D	CA	110	Environment	James Inhofe	Democrats won control of the Senate; previous ranking member retired
Saxby Chambliss	R	GA	109	Agriculture	Thad Cochran	Previous Chair changed committees
Thad Cochran	R	MS	109	Appropriations	Ted Stevens	Previous Chair changed committees
Susan Collins	R	ME	108	Homeland Security	Joseph Lieberman	Republicans won control of the Senate; previous ranking member retired
Kent Conrad	D	ND	107	Budget	Pete Domenici	Jeffords switched parties giving Democrats control of the Senate; previous ranking member had retired
Larry Craig	R	ID	109	Veterans' Affairs	Arlen Specter	Previous Chair changed committees
Michael Enzi	R	WY	109	Health, Education and Labor	Judd Gregg	Previous Chair changed committees
Dianne Feinstein	D	CA	111	Intelligence	Jay Rockefeller	Previous Chair changed committees
Bob Graham	D	FL	107	Intelligence	Richard Shelby	Jeffords switched parties giving Democrats control of the Senate; previous ranking member had retired
Phil Gramm	R	TX	106	Banking	Al D'Amato	Previous Chair lost re-election
Judd Gregg	R	NH	109	Budget	Don Nickles	Previous Chair retired
Tom Harkin	D	IA	111	Health, Education and Labor	Ted Kennedy	Previous Chair stepped down for health reasons
James Inhofe	R	OK	108	Environment	Jim Jeffords	Republicans won control of the Senate; previous ranking member retired
Daniel Inouye	D	HI	111	Appropriations	Robert Byrd	Previous Chair stepped down for health reasons
Tim Johnson	D	SD	112	Banking	Chris Dodd	Previous Chair retired
John Kerry	D	MA	111	Foreign Relations	Joe Biden	Previous Chair became Vice President
Mary Landrieu	D	LA	111	Small Business	John Kerry	Previous Chair changed committees

Blanche Lincoln	D	AR	111	Agriculture	Tom Harkin	Previous Chair changed committees
Trent Lott	R	MS	108	Rules	Chris Dodd	Republicans took control of the Senate; Lott stepped down as Majority Leader and took Chair
Richard Lugar	R	IN	108	Foreign Relations	Joe Biden	Republicans won control of the Senate; previous ranking member retired
John McCain	R	AZ	109	Indian Affairs	Ben Campbell	Previous Chair retired
Mitch McConnell	R	KY	106	Rules	John Warner	Previous Chair changed committees
Patty Murray	D	WA	112	Veterans' Affairs	Daniel Akaka	Previous Chair changed committees
Harry Reid	D	NV	107	Ethics	Pat Roberts	Jeffords switched parties giving Democrats control of Senate; previous ranking member chaired different committee
Pat Roberts	R	KS	106	Ethics	Robert Smith	Previous Chair changed committees
Pat Roberts	R	KS	108	Intelligence	Bob Graham	Republicans won control of the Senate; previous ranking member chaired a different committee
John Rockefeller	D	WV	111	Commerce	Daniel Inouye	Previous Chair changed committees
Charles Schumer	D	NY	111	Rules	Dianne Feinstein	Previous Chair changed committees
Richard Shelby	R	AL	108	Banking	Paul Sarbanes	Republicans won control of the Senate; previous ranking member retired
Gordon Smith	R	OR	109	Aging	Larry Craig	Previous Chair changed committees
Robert Smith	R	NH	106	Environment	John Chafee	Previous Chair died
Arlen Specter	R	PA	109	Judiciary	Orin Hatch	Previous Republican hit limit
Deborah Stabenow	D	MI	112	Agriculture	Blanche Lincoln	Previous Chair lost re-election
Ted Stevens	R	AK	109	Commerce	John McCain	Previous Chair changed committees
George Voinovich	R	OH	108	Ethics	Harry Reid	Republicans won control of the Senate; previous ranking member chaired a different committee
John Warner	R	VA	106	Armed Services	Strom Thurmond	Previous Chair stepped down for health reasons

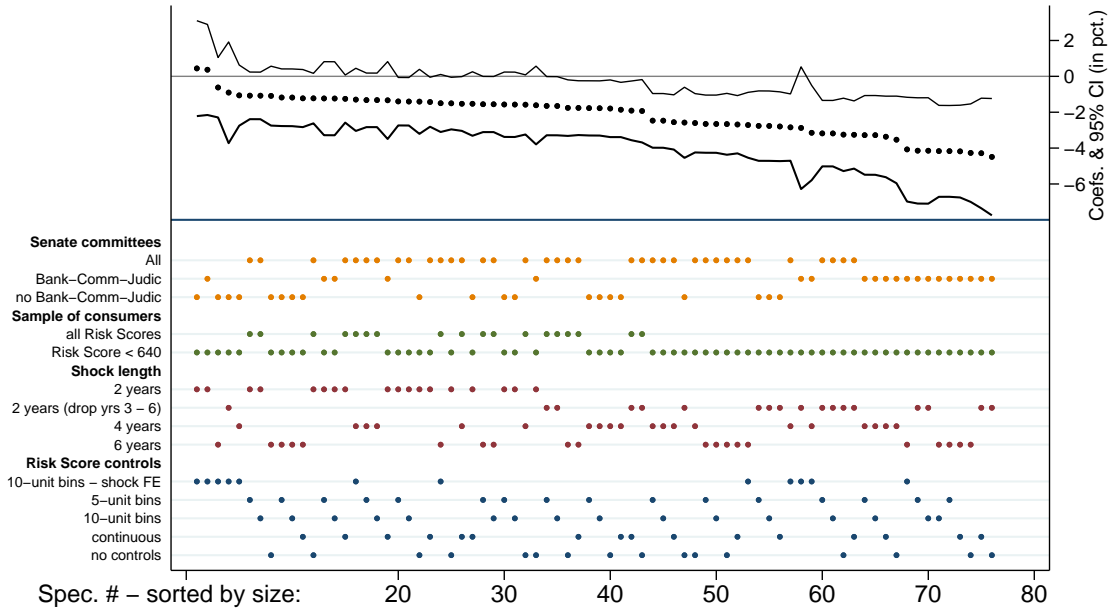
A.I. Robustness of Main Results using Specification Curve Analysis

With regards to our empirical design, we note that a study such as ours does not have one “correct” specification and hence requires us to balance concerns over identification, sample size, and plausibility. In this section of our internet appendix, we employ “specification curve” analysis (Simonsohn et al., 2015) to concisely summarize the robustness of our results to a variety of empirical choices that we have made. Specification curve analysis allows us to visualize the effects of changing our primary empirical specification along a variety of dimensions. In effect, it presents a picture indicating which sets of assumptions produce statistically and economically significant regression results, and which sets of assumptions produce weaker results.

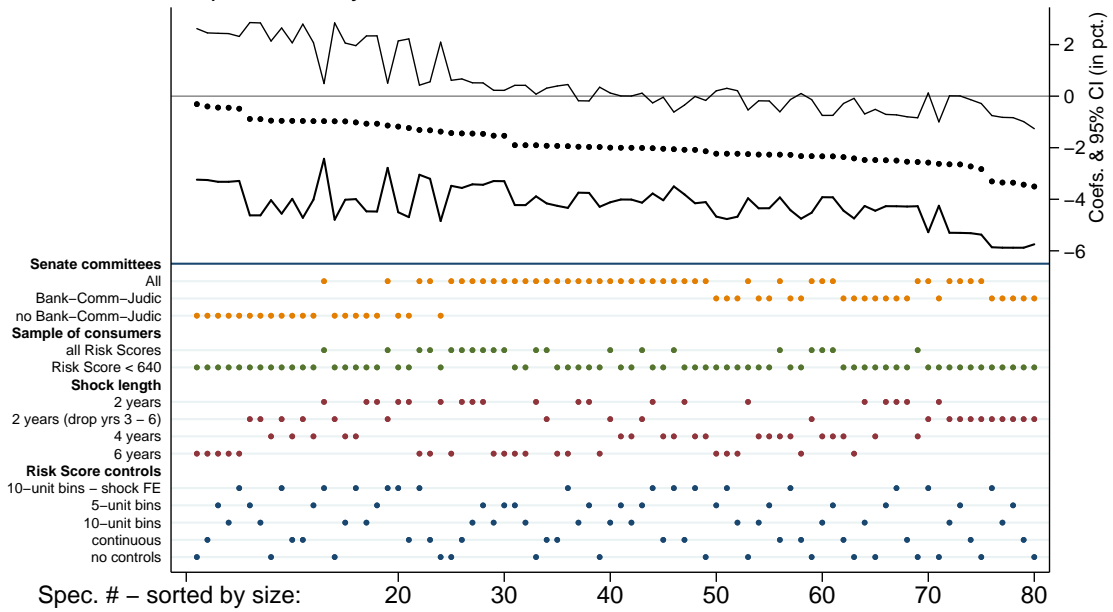
For example, when designing the empirical design of our baseline result (reported in Table 3) we made decisions on four primary dimensions: (i) the duration of political power shocks (two years vs. longer); (ii) whether to include all Senate committees or only a subset of committees; (iii) whether to include only subprime borrowers or all borrowers; and (iv) how to control for borrower characteristics such as Risk Score (the FRBNY-CCP/Equifax equivalent of a credit score). When designing our tests that rely on HMDA data we made empirical decisions along different dimensions: (i) the duration of political power shocks (two years vs. longer); (ii) whether to focus on in-state, out-of-state, or all applications; (iii) whether to include GSE securitized application; and (iv) whether and how to include for applicant income. For each of these points, we construct a menu of potential specification choices. We then re-estimate our main tests using each combination of possible choices along the dimensions suggested by the editor and referee.

The first three figures below present specification curves for *Powerful Politician* and are the interactions of *Powerful politician* with *Majority minority* and *CRA eligible* using CCP/Equifax data, while the last three figures are done using HMDA data. The top line of each figure presents point estimates ordered in magnitude from smallest to largest. The points indicate coefficients and are surrounded by 95% confidence bands. The dots below the blue horizontal line combine to indicate the specification choice. All of the specifications have Census tract and time fixed effects. Standard errors are clustered by state.

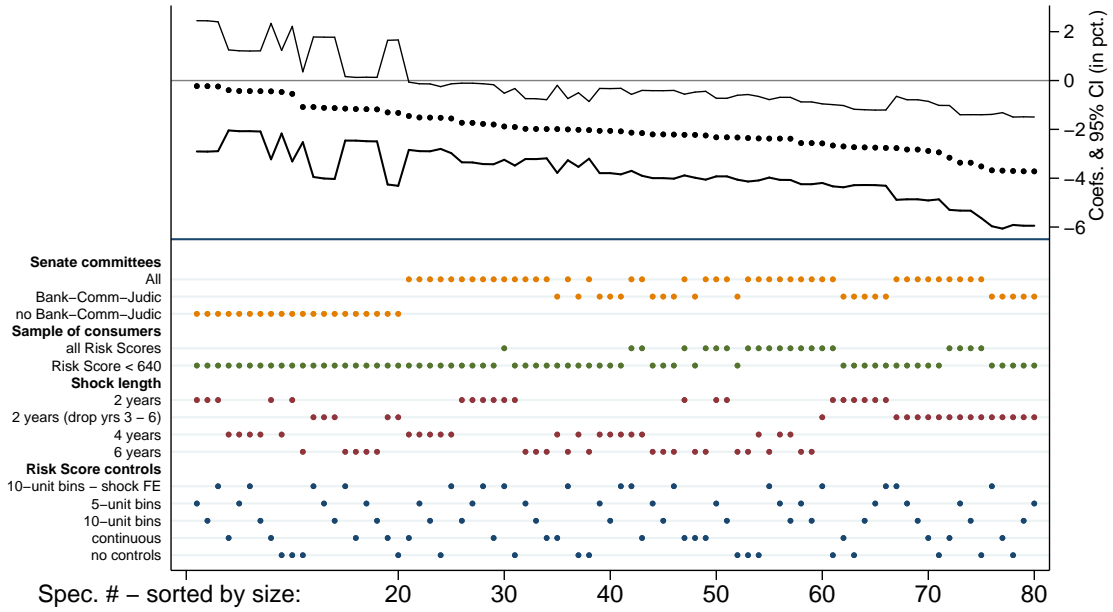
Coef. on *Powerful pol.*



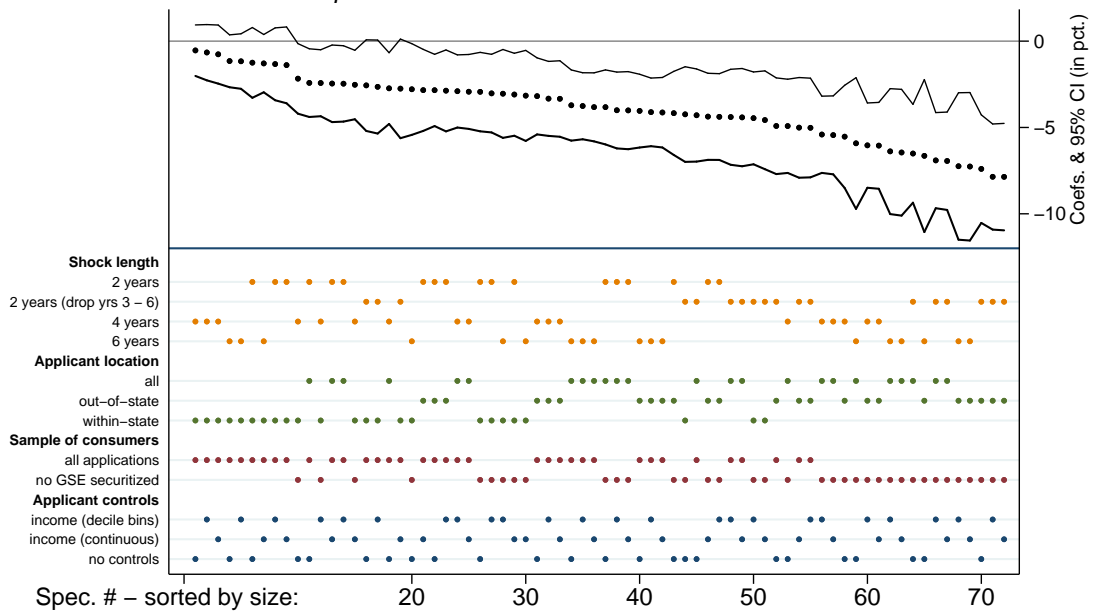
Coef. on *Powerful pol. X minority*



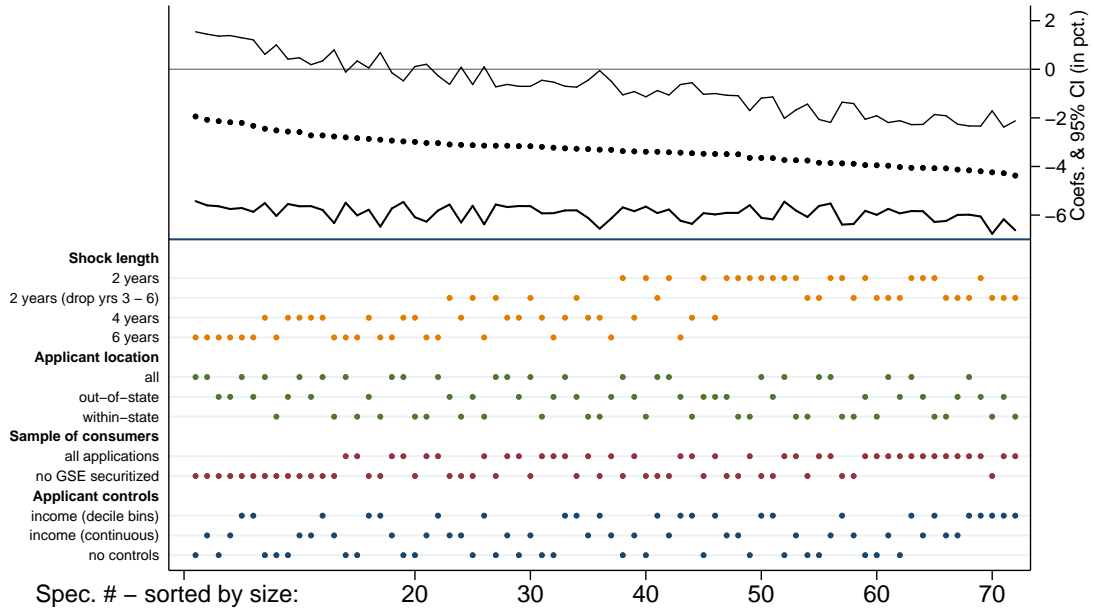
Coef. on *Powerful pol.* X *CRA_eligible_tract*



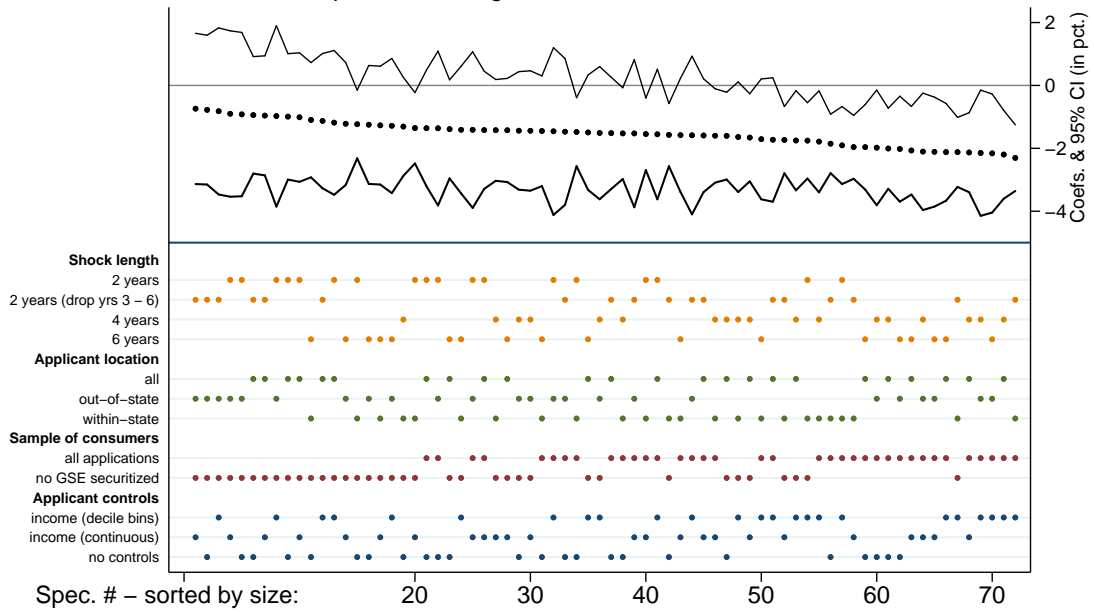
HMDA data. Coef. on *Powerful pol.*



HMDA data. Coef. on *Powerful pol. X minority*



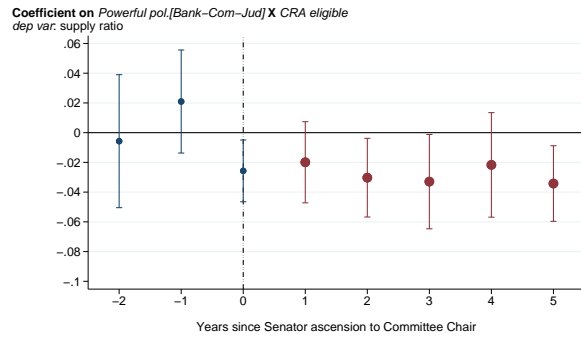
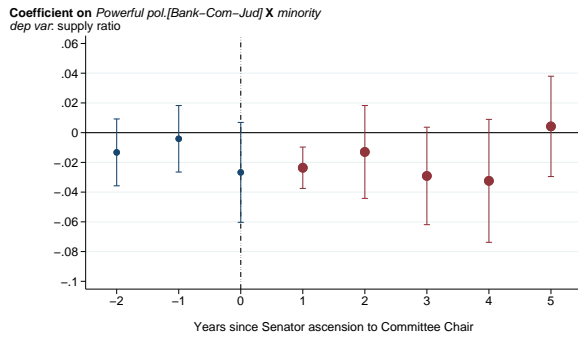
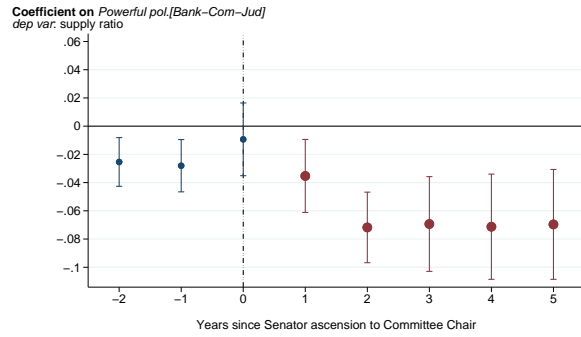
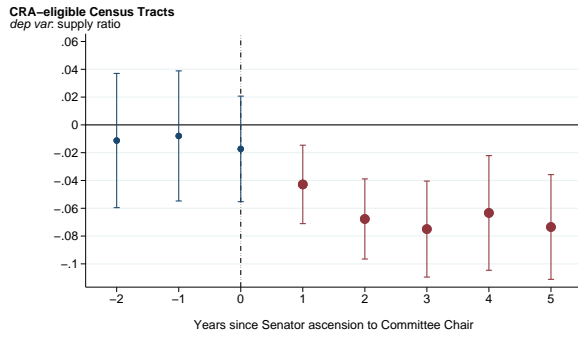
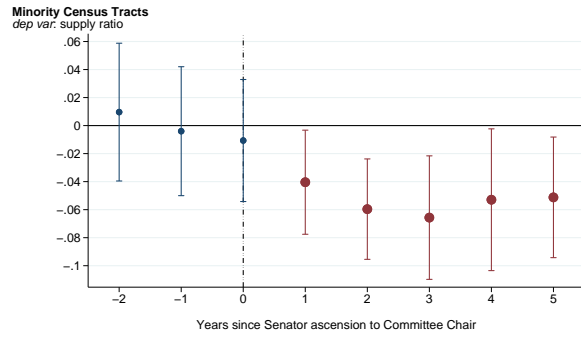
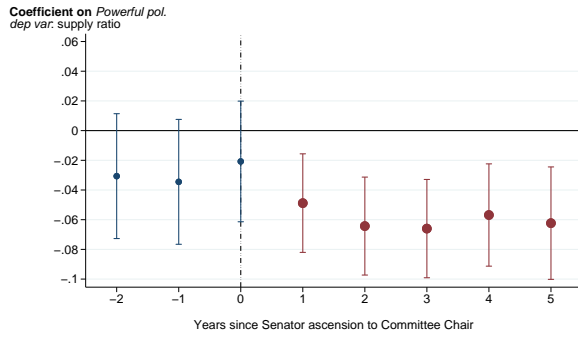
HMDA data. Coef. on *Powerful pol. X CRA_eligible_tract*



A.II. Distributed Lags Regression Plots

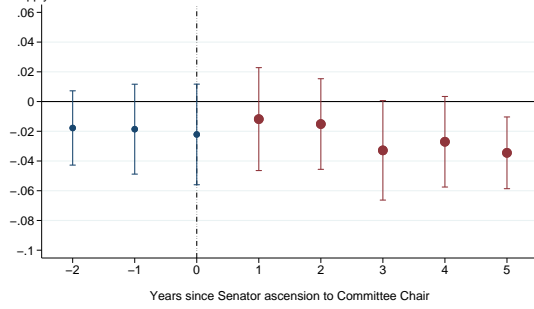
We present dynamics plots for other variables in our analysis below.

Distributed Lags for Regressions using Equifax/CCP Data

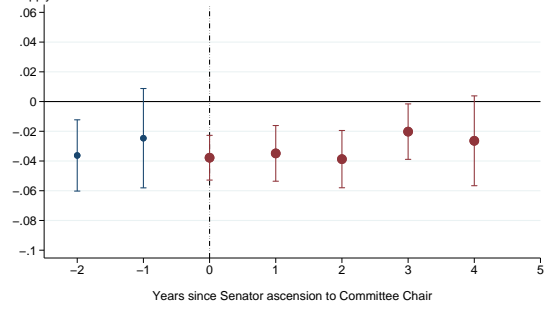


Distributed Lags for Regressions using Equifax/CCP Data (continued)

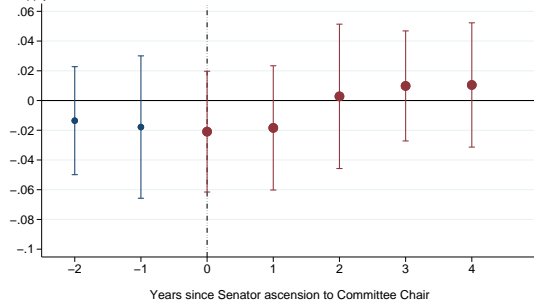
Coefficient on *Powerful pol.[Other coms] X CRA eligible*
dep var: supply ratio



Coefficient on *Powerful pol.[Other coms]*
dep var: supply ratio

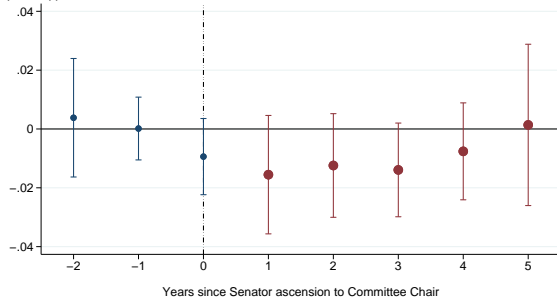


Coefficient on *Powerful pol.[Other coms] X minority*
dep var: supply ratio

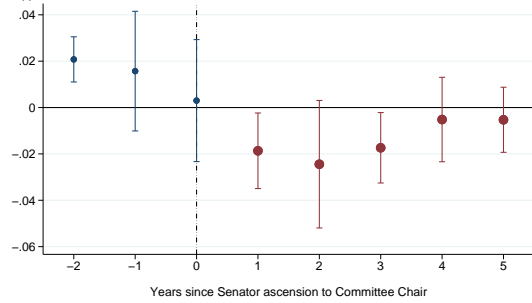


Distributed Lags for Regressions using HMDA Data

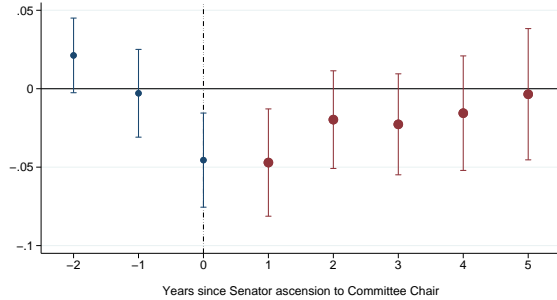
Coefficient on *Powerful pol.* in HMDA data
dep var: approval rate



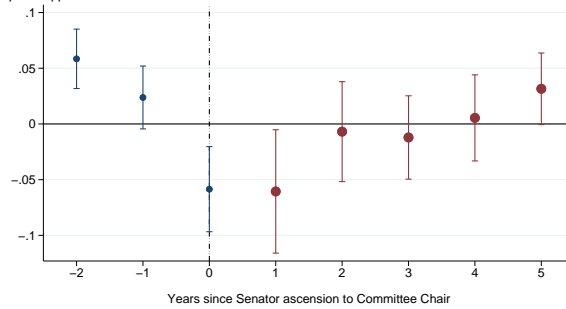
Coefficient on *Powerful pol. X minority* in HMDA data
dep var: approval rate



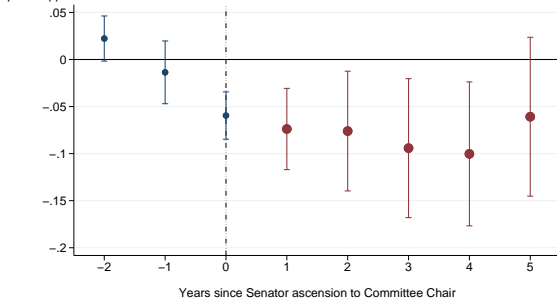
Coefficient on *Powerful pol. (win state applicant)* in HMDA data
dep var: approval rate



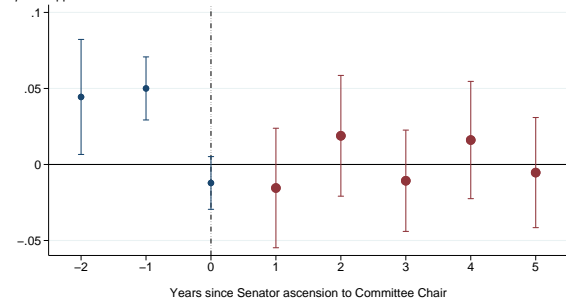
Coefficient on *Powerful pol. (win state applicant) for minority applicants* in HMDA data
dep var: approval rate



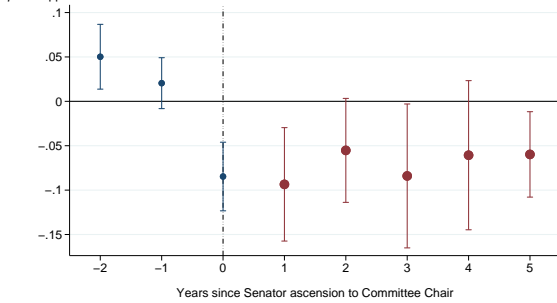
Coefficient on *Powerful pol. (out-of-state applicant)* in HMDA data
dep var: approval rate



Coefficient on *Powerful pol. (out-of-state applicant) X minority applicant* in HMDA data
dep var: approval rate

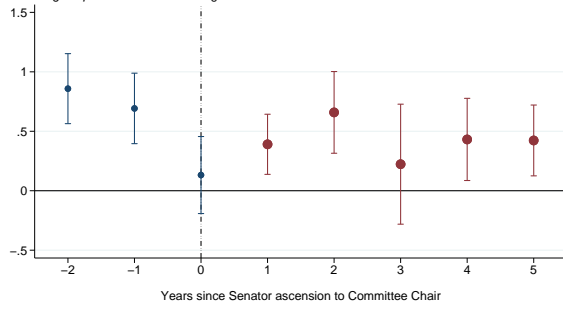


Coefficient on *Powerful pol. (w/out-of-state applicant) for minority applicants* in HMDA data
dep var: approval rate

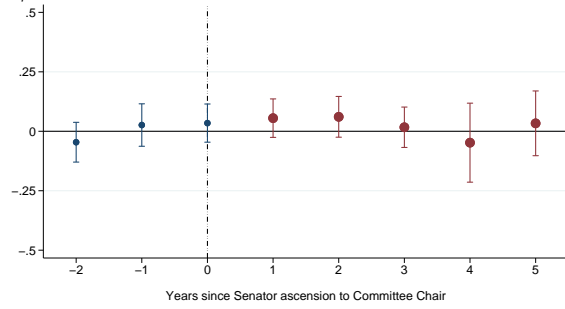


Distributed Lags for Regressions using Other Data Sources

Coefficient on *Powerful pol. for CRA exams* [no small banks exams]
 Ordered logit dep var: CRA Exam Rating



Coefficient on *Powerful pol. for Bank ROA*
 Sample: all banks



A.III. Discussion of Senate Chair Ascensions that are Retained

As we note in Section 2, the role of committee chair is filled by the Senator from the majority party with the longest continuous tenure on that committee, provided the Senator does not already chair another committee. Senators ascend to become chair of a committee when there is a vacancy caused by the previous chair's resignation, re-election defeat, decision to chair a different committee, or a change in party control of the Senate. While it is extremely unlikely that ascension events that are due to vacancies in the chair position are biased by confounding changes in economic conditions, ascension events that are due to changes in the control of the majority party in the Senate could plausibly be due to changes in economic conditions that themselves are responsible for the change in Senate control. We address this challenge by only including events in which an ascension is caused by *both* a change in the control of Congress *and* a vacancy at the top of the committee within the party taking power. Such ascensions are still a function of the historical timing of when the new Senate chair joined the committee many years prior to his/her ascension. We feel that this is sufficiently different than the mechanical change of a Ranking Member taking over *only because of* an election.

Specifically, there are three election cycles in our sample that this choice potentially impacts, and each of these cycles merits further explanation. The first "control switch" occurs in the 107th United States Congress, when Jim Jeffords (I-VT) left the Republican party to become an Independent who caucused with the Democrats. Given that the pre-switch composition of the Senate was a 50-50 split with a Republican vice-president to break tie votes (including the vote to instill Majority and Minority leaders), Jeffords' switch gave the Democrats a 51-49 majority and changed control of the Senate. Existing research (Jayachandran, 2006) suggests that Jeffords' switch was not due to underlying economic fundamentals, which suggests that these events should be included in our analysis.

The second "control switch" occurred as a result of the ensuing elections in 2002 where the Republican party won three new seats and lost one, resulting in a net gain of seats that was sufficient for Republicans to reclaim a narrow majority of 51-49. The fact that the Republican party both lost and won seats seems largely to have been a function of which particular Senate seats were up for election (Class 2 Senators, located mostly in the south) and a post-September 11th effect. Thus, the change in party control in 2002 was unlikely to be caused by economic fundamentals.

The final "control switch" occurred following the 2006 election, which was largely a referendum on the incumbent president, George W. Bush. However, because we remove all promotions of Ranking Member and rely on the combination of a control switch *and* sufficient seniority (historically determined), this election cycle only accounts for one event. Thus, given the political context of the events during our sample and the fact that we remove those shocks that would be mostly likely due to current economic fundamentals, we believe that our approach is reasonable.