

The Political Economy of International Bailouts:
Congressional Voting on Bailout Legislation in the 1990s

August 2001

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Prepared for delivery at the 2001 Annual Meeting of the American Political Science Association, San Francisco, CA August 30 - September 2, 2001. Copyright by the American Political Science Association. I thank Joseph Gochal and Sarah Matthews for research assistance.

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Abstract: In the 1990s, the American Executive organized financial rescues of Mexico and several Asian economies. In the U.S. Congress, however, financial rescues (“bailouts” to detractors) were highly controversial and many members sought to reduce or eliminate the executive’s freedom to engage in them. In this paper, I analyze voting on bailout legislation in the House of Representatives with an eye toward explaining who opposes and who supports bailouts and why. I argue that congressional positions on bailouts reflect the relative income effects of trade and international capital flows on member political constituencies. My key finding, which follows from Stolper-Samuelson-Mundell reasoning, is that members are significantly more likely to oppose the executive’s pro-bailout agenda as the proportion of low-educated, low-skilled workers in their districts increases. Overall, my results suggests that the recent “globalization backlash” also find expression in debates over U.S. international financial policy, which is not surprising since the same economic forces generating “losers” by way of trade and immigration operate with respect to capital flows.

1. Introduction

Currency crises in Mexico and East Asia in the 1990s prompted activist responses from the American Executive. Faced with the possibility that financial market instability would spread to other nations, vitiating economic prosperity and threatening policy reforms in these regions and elsewhere, Clinton administration officials organized financial rescues and assumed the mantle of leadership in international financial affairs. The United States Congress, however, strongly resisted the executive's internationalist approach to emerging market crises. It opposed the use of government funds in the Mexican peso crisis, passed legislation that temporarily removed the executive's discretion to use the Exchange Stabilization Fund (ESF) for financial rescues, and delayed an increase in U.S. resources for the International Monetary Fund (IMF) during the height of the Asian crisis. This opposition is important because the ability of the executive to stabilize the international financial system and to orchestrate financial rescues depends upon the continued support of Congress.

In this paper, I explore the sources of congressional opposition to U.S. global financial leadership and, in particular, to financial rescues (termed "bailouts" by detractors). Although several studies have addressed the topic (Henning 1999; Roett 1996; Schwartz 1996), this paper is the first to statistically analyze the congressional politics of American bailout policy.

Specifically, I examine voting by members of the House of Representatives on four legislative actions in the 1990s: three amendments to Treasury appropriations bills that sought to reduce the autonomy of the executive to use the ESF for the bailouts, and a motion that would have allowed the House and Senate to pass identical supplemental spending bills in 1998, providing the IMF with \$18 billion in new U.S. resources. I analyze these votes individually and then in a pool, as a partial control for context-specific factors.

The evidence in the paper is used to support two main arguments. First, the determinants of congressional voting on U.S. bailout policy are related to the distributional impact of economic globalization across House constituencies. I draw on international economics to isolate the winners and losers of international financial integration and, by extension, the policies designed to encourage and protect it. Financial globalization, like the integration of goods markets, is beneficial to the nation as a whole, but owners of locally abundant factors of production are much better off while owners of scarce factors within the country lose, at least in the short run (Stolper and Samuleson, 1941; Mundell 1957). This implies that supporters of bailouts should represent districts that are over-weighted in the locally abundant factor (high-skilled workers) while opponents should be legislators whose districts are heavy in the scarce factor (low-skilled workers). I find robust support for this argument and conclude that the politics of bailouts is in character with the politics of “globalization” more generally.

My second argument flows from Ricardo-Viner reasoning and relates congressional voting on bailout legislation to the industrial composition of member districts. Specifically, I expect that a member of congress will be more likely to support (oppose) bailouts as the proportion of individuals employed in export (import-competing) sectors increases. My findings are consistent with this argument but only weakly related to voting; outside the pooled analysis, the industry-level coefficient estimates are rarely significant.

The paper is organized as follows. Section 2 develops the arguments outlined above. Section 3 provides an overview of the Clinton Administration’s policies toward emerging market crises and describes the Congress’s largely hostile response to these policies. Section 4 lays out the empirical model and presents data and results. Section 4 concludes and discusses the implications of the analysis.

2. Explaining Congressional Support and Opposition to Bailouts

Congressional support for the executive's efforts to rescue foreign economies was low and variable in the 1990s. Congress restricted the executive's independence formally, through legislation, and informally, by repeated threats of restrictive legislation. To understand both the restraints Congress imposed on the executive and the accompanying political conflict, we need to know who supports and who opposes international financial rescues and why. The positions of legislators surely depend on a host of considerations, including partisan identity, political ideology, and expectations about the future consequences of engaging in bailouts (e.g. the moral hazard problem may make future bailouts more likely).¹ Among the most crucial considerations facing legislators, however, is how bailouts affect the incomes of their constituents.

Members need to be sensitive the income effects of financial rescues on their constituencies because constituents hold the power to vote members out of office. In other words, I make the standard assumption that legislator behavior is self-interested and derives at least in part from the desire to remain in office. The assumption implies that members of Congress make decisions on international financial policy based upon how these policies affect them personally (which is to say electorally), without regard for the policies' national or international affects. While I acknowledge that members may care about factors other than the incomes of constituents, I abstract from these considerations for the sake of theoretical tractability. However, in the data analysis below I incorporate some of these other influences to

¹ The moral hazard rationale for opposing bailouts finds support among some prominent academic economists, including Allan Meltzer (1998), Charles Calomiris (1998), and Anna Schwartz (2000). Some members of Congress echoed this concern (see Henning 1999) in debates over bailouts. But whether they did so out of genuine concerns along the lines of moral hazard, or with the motive of seizing an opportunity to make political hay is an open question. My statistical analysis at least partially addresses the question.

both gain a deeper understanding of divisions in Congress on financial rescues and to verify the robustness of any income/distributional results that emerge.

How do financial rescues affect relative incomes in the United States? Fiscal considerations provide little leverage on this question. Rescues from the ESF have no direct distributional effects by way of the budget since the ESF is self-financing (see below). Bailouts from the IMF also have no budgetary impact because they take the form asset transfers (Henning 1999, 49). But rescues can affect relative incomes indirectly by way of their effect on the openness of international capital and goods markets. The primary rationale for financial rescues is to preserve the openness of the world economy. Charles Kindleberger argued long ago that an unchecked financial crisis in some corner of the world could spread contagiously, leading the world economy into recession and prompting a nationalist backlash of capital market restrictions and generalized protectionism. However, when the world economy has a “hegemon” – a nation with a very large and relatively open economy – global openness can be preserved since the hegemon has a unilateral interest in providing the international public goods (e.g. a lender of last resort facility) needed to contain local crises. Rescues are, in short, the means to an end – maintenance of an economically integrated world economy – and the end is what drives the domestic politics of rescues. The intuition is that members of Congress oppose (support) financial rescues because their constituents are harmed (gain) by economic globalization.

2a. Distributional Effects of Trade Integration

To see how financial rescues affect income distribution within the United States thus requires an understanding of how economic integration affects relative incomes. This topic has long been at the center of international economics. One of the fundamental results of trade theory, the Stolper-Samuelson Theorem, tells us one group will surely be hurt by the integration of goods

markets. Stolper and Samuelson (1941) identified the winners and losers from trade in terms of the factors of production, such as labor and capital, from which they derive their incomes.

Owners of abundant factors tend to gain more than average from trade, while owners of scarce factors tend to lose. The latter do not just gain less than average; they are actually made unambiguously worse off by trade, within the constraint of the particular model.

So trade theory tells us that there are losers as well as gainers from trade, and that a particularly likely group of losers is the owners of a country's scarce factors. In the United States, the scarce factor is low-skilled labor, and thus the group most likely to lose from globalization is low-skilled labor (Wood 1994, Leamer 1984). This is hardly a surprise. As trade has increased with nations where low-skilled labor is abundant (and hence cheap), organized labor in the United States has mobilized against globalization and received protection in less-skilled intensive industries (Haskel and Slaughter 2000; Baldwin and Magee, 2000). By contrast, highly skilled labor and capital are abundant in the United States relative to the rest of the world and thereby benefit from freer trade. Indeed, workers with college degrees tend to support further liberalization of international trade (as well as investment, and immigration) while those with less education and fewer skills tend to resist such initiatives (Scheve and Slaughter 2001). The cleavage in these views reflects the very different wage performance across skill levels in the United States since the early 1970s. Less-skilled workers have experienced zero and even negative real wage growth due at least partially to trade and immigration.

2b. Distributional Effects of Capital Flows

The discussion so far refers to the gainers and losers from international trade. To a considerable extent, the gainers and losers from international capital mobility are the same as those that follow

from the Stolper-Samuelson Theorem (Quinn and Inclán 1997). This is intuitive since capital tends to flow across borders in response to the same market forces as trade (Mundell 1957).

Mundell's analysis works as follows. According to Stolper-Samuelson reasoning, increased trade between a high-wage country (the United States) and a low-wage country (Mexico) has a depressing effect on the wages of low-skilled workers in the U.S., who must find new jobs in sectors that previously had employed relatively few of them. Now assume that capital is mobile internationally. For example, when American plants move south of the border to avail themselves of cheaper Mexican labor, there is subsequently less capital in the United States relative to the supply of workers, so wages will need to fall to restore full employment in the United States, while wages will rise in Mexico. Factor prices converge directly via the movement of capital rather than indirectly by way of the movement of factor-intensive goods. The bottom line is that low-skill workers in the U.S. are threatened both by importing the goods low-wage foreign workers produce, and also by equipping foreign workers with exported U.S. capital.

A corollary is that trade protection cannot prevent factor-price convergence when capital markets are open (Mundell 1957). Since capital seeks out its most remunerative global use, trade restrictions provoke large-scale capital movements that equalize factor prices directly, and simultaneously eliminate the gains from commodity trade. In the last half century, both physical and financial capital has become much more mobile while labor has not. Capital flows thus provide an additional channel for labor to lose, and capital to gain, from globalization.²

² In a related analysis, Rodrik (1997) has shown that in a globalized economy, where capital and high skilled labor are internationally mobile and low-skilled labor is not, the burden of providing social services must be shifted toward low-wage labor, or those services must be scaled back.

If we take it as given that the globalization requires an international lender of last resort to deal with shocks (Frankel and Roubini), the Stolper-Samuelson-Mundell framework yields the following prediction about cleavages in Congress on financial bailouts.

H1: All else equal, the probability that a member will support (oppose) bailouts and bailout-facilitating legislation increases as the proportion of high-skilled (low-skilled) individuals in her district rises.

2c. The Ricardo-Viner Model

The Stolper-Samuelson Theorem is based on the assumption that factors are perfectly mobile across industries; that they can switch costlessly from the low return sector to the high return sector after an easing of trade barriers. This implies that factor returns are equalized across sectors and therefore that the incomes of factor owners rise and fall together regardless of the sector in which they are employed. By contrast, the Ricardo-Viner model assumes that some or all factors may be stuck in their current industry due to high costs of exit (e.g., relocation, retooling, and retaining costs). The idea is that many people are invested in “industry specific” capital, human and/or physical, in particular industries – skills and equipment that are useful only within that industry. When an industry expands due to trade, the need for these specialized inputs expands as well, and they become more valuable. Their owners therefore gain. But for industries that contract due to import competition, the owners of specific factors find their skills or their property obsolete, and they may lose considerably. For many, these costs will continue for a period of months or even years as they relocate, retrain, reinvest, and otherwise readjust. In

short, the divisions about free trade fall along industry lines, with workers and owners in export industries gaining while workers and owners in import-competing industries lose.

The Ricardo-Viner framework yields the following prediction about cleavages on financial bailouts:

H2: All else equal, the probability that a member will support (oppose) bailouts and bailout-facilitating legislation increases as the proportion of individuals employed in export (import-competing) industries in her district rises.

2d. Summary

The predictions of the Stolper-Samuelson-Mundell model and the Ricardo Viner model are not necessarily competing. Much will depend on the degree to which factors are mobile across industries, which can vary by industry or across factors within an industry (Frieden 1992). For example, the costs of shifting factors employed in the steel or auto industries to other uses may be higher than the costs of redeploying factors from industries where skills are more transferable and minimum efficient scale is lower. Hence it is possible that both hypotheses will find support in the data analysis. However, I do expect to find stronger support for the Stolper-Samuelson-Mundell prediction for the following reason.

My substantive focus is on financial rescue legislation and financial integration more broadly, issues that are largely outside the scope of the Ricardo-Viner model. Indeed, the approach is better suited to explaining the pattern of protection across industries (Trefler 1993). By contrast, the Stolper-Samuelson-Mundell approach is directly relevant since it shows that commodity imports and international capital movements can have identical effects on relative

wages. The two components of globalization – trade and capital flows – have independent yet complimentary distributional effects. Moreover, when both goods markets and factor markets are integrated, as in the 1990s, the pressures toward factor price equalization intensify. Thus, in the context of both trade openness *and* international capital mobility, a member of Congress would be even more likely to vote against bailout legislation as the proportion of less-skilled workers in his/her district increases. Intuitively, such a member opposes international financial rescues as a means of reversing, or at least slowing, the pace of global economic integration, and thereby halting the pressure on low-skilled constituents' incomes.

In the next section, I provide a summary of events on Capitol Hill as financial crisis hit Mexico in late 1994 and several Asian economies in 1997-98. This overview includes a description of the congressional legislation that I later analyze statistically.

3. U.S. Policies Emerging Market Crises in the 1990s: Mexico

Following the mismanaged devaluation of the Mexican peso on December 20, 1994, global investors lost confidence in Mexico's macroeconomic policies and began a run on the peso. Although the crisis originated in the growing inconsistency between Mexico's monetary and fiscal policies and its fixed exchange rate system, the run was more severe than implied by Mexico's economic fundamentals. The peso fell by fifty percent, far more than the twenty percent that Dornbusch and Werner (1994) and other observers had forecast was necessary to restore equilibrium. Mexican policy errors notwithstanding, officials in the U.S. Treasury and the Federal Reserve had been expecting to see a small devaluation that would diminish many of Mexico's economic problems (GAO 1996: 76-108). But what took place was a large devaluation

that turned into an economic crisis.³ The Mexican position was fundamentally solvent; “the crisis was one of illiquidity – a textbook case for an international loan to smooth the adjustment process” (Henning 1999: 62).

Although U.S. officials did not foresee that a small devaluation would lead to a run on the peso, by early January they had concluded that a multibillion-dollar assistance package was needed to contain the crisis. Their stated objectives were to (1) help Mexico overcome its short-term liquidity crisis, (2) limit the adverse effects of Mexico’s crisis from spreading to other Latin American economies and beyond, and (3) prevent adverse effects on U.S. trade, employment, and immigration (GAO 1996: 110-15). On January 12, President Clinton announced a plan to extend \$40 billion in loan guarantees to Mexico (GAO 1996 for details).

The plan required legislation and initially found strong bipartisan support among the Congressional leadership. Speaker of the House Newt Gingrich (R-GA) said “We have zero choice in this. The Republican leadership is committed to doing everything we can to make it work” (quoted in Humphrey 2000: 36). House Minority Leader Richard Gephardt (D-MO), Senate Majority Leader Robert Dole (R-KS), and Senate Minority Leader Thomas Daschle (D-SD), also backed the plan and assured quick passage through Congress (Henning 1999: 63). However, opposition grew quickly among the rank-and-file of both parties, dooming the rescue plan, and putting new pressure on the peso.

On January 31, with speculation running high that Mexico was on the brink of defaulting on its short-term obligations – an event that could have triggered an international panic – the Clinton administration withdrew the proposed loan guarantee program and announced an

³ Exchange markets often overvalue currencies and then, with a precipitous change in sentiment, depreciate them to levels far below their optimal long-term equilibria, a process known as “overshooting.”

alternative rescue package that required no congressional approval at all (Devroy and Chandler 1995; Henning 1999: 64-66). In this end-run around Congress, the President tapped his executive authority to direct the Secretary of the Treasury to extend up to \$20 billion in loans and loan guarantees to Mexico via the Exchange Stabilization Fund (ESF).⁴ Beyond the U.S. contribution, the plan also entailed multilateral participation: \$17.5 billion in standby credit facilities from the IMF (which was 3.5 times more than it has lent to any single country in its history), \$10 billion from other industrial countries via the Bank for International Settlements (BIS), and \$1 billion in swap facilities from Canada. The package totaled \$48.8 billion, \$8.8 billion more than the initial allocation of loan guarantees that Clinton had sought from Congress.⁵

Many in Congress were surprised by the administration's use of the ESF for Mexico. Some members were not aware that the ESF existed; most had no idea that the Treasury Secretary, with the approval of the President, could use the ESF for a rescue of a foreign currency without involving the Congress. The ESF, suddenly controversial, had operated in relative obscurity for 60 years (Schwartz 1996).

Congress created the ESF in 1934 for the purpose of stabilizing the value of the dollar during an unsettled period in international finance (Bordo and Schwartz 2000). The original intent was protectionist. Great Britain had recently gone off the gold standard and was depreciating the pound to gain a competitive advantage in international trade. With the backing of Congress, the Roosevelt Administration vowed to fight fire with fire and explicitly modeled the ESF on Britain's Exchange Equalization Account (EEA) (Henning 1999: 11-12). Like the

⁴ See GAO (1996: 118-27) for the terms and conditions of the ESF package.

⁵ See Graham, Norman, Fidler, and Bardacks (1995) for an hour-by-hour account of the domestic and multilateral negotiations that led to the package.

EEA, the ESF was set up to operate beyond the direct control of the legislature. The Secretary of the Treasury was given exclusive control: The secretary's "decisions shall be final and not subject to review by any other officer of the United States" (PL 87-73, sec. 10b, quoted in Schwartz 1996: 5). The delegation of authority was further enhanced by an off-budget financing arrangement similar to the Federal Reserve's. Instead of being dependent on yearly congressional appropriations, the ESF paid for its administrative expenses, currency market operations, and stabilization loans out of interest earnings on its portfolio of foreign securities and from gains on its currency holdings. Congress partially reined in the ESF's budgetary independence in 1980 when it put the Fund's administrative expenses on-budget, requiring annual appropriations from the Congress (Henning 1999: 48). But this change did not constrain the ESF's ability to intervene in currency markets or engage in financial rescues.

The Mexican rescue of 1995 brought the ESF's capacity for independent action to the attention of Congress, and many members saw the rescue as an overstepping of executive authority. Although Congress could do little to stop the peso support plan,⁶ it could prevent the executive from subverting the will of Congress in the future. Congress had created the ESF as an independent institution in 1934 and, by a simple majority vote, it could reduce or eliminate that independence. Despite early signs that the Mexican rescue was working – the peso strengthened markedly and Mexico began to regain access to private foreign capital (Lustig 1998, 185-200) – a series of legislative actions to tighten the leash on the ESF followed the bailout.

⁶ Congress did, however, demand greater *ex post* disclosure on the bailout. With passage of the Mexican Debt Disclosure Act of 1995, the president was required to submit semiannual reports to Congress on many aspects of the peso support package (Henning 1999:68). There was no roll call vote on the act as it was attached to a general Treasury appropriations bill (H.R. 889). President Clinton signed the appropriations bill into law (P.L. 104-6) on April 10, 1995.

On July 19, 1995, Representative Bernard Sanders (Ind-VT) proposed an amendment (H.AMDT.572) to the FY1996 Treasury appropriations bill (H.R. 2020) that would have blocked all rescue activities of the ESF. The amendment would “prohibit the use of any funds made available in the [appropriation] bill for the salaries and expenses of any employee, including any employee of the Executive Office of the President, in connection with the obligation of expenditure of funds in the Exchange Stabilization Fund for the purpose of bolstering any foreign currency” (*Congressional Record* July 18, 1995: H7180). By targeting the ESF’s administrative expenses, Sanders’ proposal exploited the 1980 change in the budgetary treatment of the ESF to curtail its independence (see above). The House passed the amendment by a roll call vote of 245 to 183, with Republicans voting 156 to 73 in favor and Democrats split 88 to 110 against. [I analyze this vote below.] But the Senate sought less restrictive legislation and the Sanders’ amendment did not become law.

In the Senate, sentiment ran toward restricting, but not eliminating, the capacity of the ESF to conduct rescues. Alfonse D’Amato (R – NY) found the necessary support (by voice vote) for a softer substitute to the Sanders amendment (S.AMDT.2229). Like the Sanders’ amendment, it would prohibit the use of appropriated funds for salaries and administrative expenses associated with an ESF bailout. However, if the President certified in writing that there was no projected cost and that there was an assured source of repayment, ESF funds could be employed for a rescue. The amendment also mandated a certification procedure for ESF loans of over \$1 billion and 6 months duration. For such loans, the approval of Congress would be needed, unless the President certified in writing that a foreign financial crisis threatened “vital United States economic interests” or “the stability of the international financial system” (*Congressional Record*, August 5, 1995: S11629). Congress could pass a binding resolution

disapproving the president's waiver of the term and duration restrictions on ESF loans, but the president could veto the resolution. The D'Amato amendment thus allowed ESF rescues but engaged Congress directly in the decision-making process. If Congress did object to the waiver, the added delay would "very likely render any financial rescue ineffective" (Henning 1999:69).

The D'Amato amendment was incorporated into the final FY1996 appropriation bill and became law, despite a threatened presidential veto that was not executed. Its formal constraints on ESF autonomy lasted for only fiscal two years. (The restrictions required renewal because they were attached to the annual Treasury appropriation; the ESF statute itself was not changed). The constraints were renewed for FY1996 but Congress allowed them to lapse for the FY1998 appropriation. Part of the reason may have been the fear that Congress would be blamed for exacerbating financial instability during the Asian currency crisis. In any case, the formal constraints were binding during the onset of the Asian crisis in 1997 and appear to have altered the Clinton Administration's approach to the global crisis (Henning 1999: 75-80). But even without the legal restraints, the administration may have been hesitant to employ ESF funds to the full extent it desired for fear stimulating a new movement in Congress to reduce ESF independence.

3a. The Asian Crisis

The Asian crisis presented an even stronger case for an international financial rescue than Mexico in 1995.⁷ The Asian nations that faced sudden capital flow reversals in 1997-98 had strong economic fundamentals. Current account deficits, real (inflation-adjusted) exchange rate overvaluation, and other macroeconomic disequilibria were not present in these episodes. This is not to say that government policies were entirely satisfactory – poor market financial regulation

⁷ See Chang (1999) for a review of the literature on the Asian crisis.

in the context of implicit deposit insurance schemes led local banks to make risky investments or simply to steal funds borrowed from abroad. But like Mexico, these problems did not warrant a crisis on the scale of the one that occurred.

When the crisis broke in Thailand in July of 1997, the D'Amato amendment was still in effect. Any bilateral lending above \$1 billion required a presidential waiver and exposed the program to the uncertainty and delay of congressional disapproval. The Clinton administration chose not to go that route, preferring instead to have the IMF and the BIS take the lead in organizing and funding Thailand's rescue package. In light of the ensuing spread of the crisis to other countries and regions, the failure of the U.S. to contribute bilateral funds, and thereby signal its commitment to stemming the crisis, was probably a mistake. Arguably, the systemic crisis might have been nipped in the bud if the U.S had taken a more active leadership role. American funds via the ESF were made available in subsequent crises in Korea and Indonesia, as part of a "second line of defense" to IMF packages (Henning 1999: 76-77). But a key difference was that the D'Amato amendment lapsed between the dates of the Thai rescue and the later crises, freeing up the ESF. Thus, if it was a mistake for the U.S. not to participate in the Thai rescue, "the mistake could be attributed to Congress" (Frankel and Roubini, forthcoming, 35).

In placing the IMF at the point on the Thai rescue, the Clinton administration was apparently seeking domestic political cover for the ESF.⁸ But when Treasury Secretary Robert Rubin announced that he was making up to \$3 billion in ESF loans available to Indonesia, the congressional assault on the ESF continued. On November 8, 1997, Senator Launch Faircloth (R-NC) introduced a bill (S.1458) amending the ESF statute so as to mandate congressional

⁸ A common view is that IMF stabilization programs provide political cover for developing country politicians that need to implement unpopular policies. One might infer from this episode that the IMF is also useful to developed country politicians for the same reason.

approval of any rescue loan greater than \$250 million. Faircloth argued that the ESF was “not designed to be the personal piggy bank of the Secretary of the Treasury to bail out other countries whenever he desires” (*Congressional Record*, November 8, 1997, S12121). The Faircloth bill, titled “The Accountability for International Bailouts Act of 1997,” died in committee but the sentiment behind it remained.⁹

On July 16, 1998, Sanders continued the assault on ESF bailouts by introducing a very restrictive amendment to the FY1999 Treasury appropriation bill, prohibiting “any loan in excess of \$250 million to a foreign entity through the Exchange Stabilization Fund.” The Sanders amendment (H.AMDT.730) failed 195 to 226. Republicans voted 143 to 82 in favor, while Democrats were split 51 to 144 against the amendment. So unlike the D’Amato amendment of 1995, this constraint did not become law. Still, it is surprising that the amendment was as popular as it was, coming at the apogee of the global financial crisis with Congress facing the possibility of a Russian economic meltdown – “Indonesia with Nukes”. [Since a roll call vote was taken, I analyze the vote].

Sanders revived the effort in the summer of 1999 – a period of relative calm in global financial markets – with an amendment containing milder language. The amendment (H.AMDT.293), attached to the FY2000 appropriation, would “prohibit loans or credit in excess of \$1 billion to a foreign entity or government through the Exchange Stabilization Fund unless approved by Congress.” On July 15, 1999 the House rejected the latest Sanders effort by a recorded vote of 192 to 228. [Though it failed to get congressional approval, the roll call vote provides grist for the statistical mill].

⁹ Bernard Sanders revived the Faircloth bill in the House on January 27, 1998 (H.R. 3106). No action was taken on the bill.

While no legislation to restrict ESF rescues was approved by Congress after the D'Amato amendment of 1995, the threat of new restrictions probably affected Treasury behavior. As Henning argues (1999: 78), the strong congressional sentiment against bailouts, "as much as the D'Amato amendment itself and follow-on legislative proposals, made the Treasury reluctant to use the ESF for financial rescues." But increasing reliance on the IMF had its dangers too. Since the Mexican rescue, Secretary Rubin and Undersecretary Lawrence Summers had been working to get nations to prepare for future crises by bolstering their contributions to the IMF and to agree that international consortiums, not the United States, should serve as the lender of last resort. In Asia, the IMF took the lead, with plenty of behind-the-scenes coaching from Rubin and Summers. As the IMF's \$100 billion rescue of Asia went ahead, Congress demanded more intrusiveness into IMF programs, and a far smaller American contribution to solving Asia-style crises. Congress refused initially to approve the Administration's request that the U.S. contribute its \$18 billion share of an increase in IMF resources, which consisted of an increase in members' capital quotas and the establishment of the New Arrangements to Borrow (NAB). It was only in October 1998 that Congress finally relented and approved the \$18 billion appropriation. The continued spread of the crisis to Russia and Brazil, along with President Clinton's admonishment of congressional foot-dragging as "irresponsible," probably convinced some members that they would be held responsible if a global recession were to take place (Frankel and Roubini, 36).

Despite the yearlong debate on approving the administration's request for the \$18 billion IMF quota/NAB increase, there was only one vote in the House that exclusively addressed the issue and is therefore amendable to quantitative analysis. In the spring of 1998, the Senate passed an emergency supplemental spending bill that included funding for the U.S. peacekeeping

missions in Bosnia and the Middle East, disaster relief for storm victims here in the U.S., and the IMF. However, the House broke these funding requests into two separate supplemental bills. The first bill (H.R. 3579) included funding for Bosnia, the Middle East, and disaster relief. The second bill (H.R. 3580) included funding for the IMF and \$500 million to help pay U.S. arrears to the United Nations (Congressional Research Service, 1998).

With the House supplemental bill diverging from the path taken by the Senate (i.e. that the House had two different bills and the Senate had one), the IMF increase was under threat. Procedure requires that for a bill to reach the President for signature, it must pass both houses of Congress in identical form (with differences worked out in a conference committee before returning to the floor for final passage in both houses). So, in an attempt to reconcile the legislation and avoid a crisis in the debate between House and Senate conference committee members, Congressman David Obey (D-WI), offered a motion to accept the Senate language of its supplemental bill which includes funding for everything but the U.N. This would have allowed the House and Senate to pass identical supplemental spending bills, providing the IMF with \$18 billion in new U.S. commitments.

On April 23, 1998, by a vote of 186 to 222, with 22 Republicans and 28 Democrats breaking ranks with their party, Obey's motion was defeated. The House refused to adopt the Senate language, keeping their spending bills separate from the Senate's. As a result, the Senate was forced to strip their IMF language from its bill and adopt the House language providing funds for Bosnia, the Middle East and disaster relief only. The Obey motion thus provides a clean vote on which to analyze the politics of (IMF) bailouts.

4. Data Analysis

The analysis estimates the probability that a member of Congress will vote in favor of legislation to restrict bailouts. Since the dependent variable is dichotomous, 1 = “Yes” vote; 0 = “No” vote, I employ a probit model with robust Huber/White standard errors. I analyze four votes, three on the ESF and one on IMF funding. Bernard Sanders (Ind-VT), one the strongest critics of bailouts in Congress, introduced all three proposals on ESF autonomy for which specific roll call votes were taken (see Henning 1999 for other proposals that did not come to a vote). I refer to these votes as *Sanders 1995*, *Sanders 1998*, and *Sanders 1999* (Appendix 1 for details). *Sanders 1995* is the vote on Sander’s proposal to end the ESF’s ability to engage in rescues. It followed Clinton’s end run around Congress during the Mexico crisis and would have banned the use of any funds made available in the FY1996 appropriation “for the purpose of bolstering any foreign currency via the ESF.” *Sanders 1998* is the vote on the proposal to prohibit any loan in excess of \$250m from ESF. *Sanders 1999* is the vote to prohibit all loans in excess of \$1 billion to a foreign country from the ESF unless approved by Congress. A “yes” vote on each of these bills indicates that a member was opposed to ESF independence of action on financial rescues. The vote on *IMF Funding* is for Obey’s motion to accept the Senate language on the FY1999 supplemental spending bill. The motion would have allowed the House and Senate to pass identical spending bills, providing the IMF with \$18 billion in new U.S. commitments. A “yes” vote here shows support for increasing the IMF’s capacity to engage in rescues during and after the Asian crisis. I first analyze the four votes separately and then pool the votes, as a means to control for bill-specific strategic voting and other context-contingent effects.¹⁰

¹⁰ For the pooled analysis, I reversed votes on Obey’s IMF Funding motion so that a “yes” vote indicates opposition to bailouts.

I assess support/opposition for international financial rescues by looking at the relationship between congressional voting on bailout legislation and the characteristics of political constituencies. I have two main arguments. The first derives from Stolper-Samuelson-Mundell and posits a relationship between constituent skill levels and member voting on bailouts. *H1*: The higher (lower) the skill level of constituents, the more likely the member will be to vote against (for) restrictions on the ESF/IMF. This is my favored hypothesis since the distributional impact of globalization is heightened when capital and goods markets are both integrated. The second argument derives from the Ricardo-Viner framework and privileges industry characteristics over skill levels as the determinate of voting. *H2*: The probability that a member supports (opposes) bailouts increases as the proportion of export (import-competing) industries in her district rises.

I measure worker skill levels in two ways: by educational attainment and by occupational classification. HIGH EDUCATION is the proportion of workers in a district that have earned a four-year college degree or higher (see Appendices 2a and 2b for data descriptions, summary statistics, and sources). HIGH SKILLS is the percentage of district workers in executive, administrative, managerial, and professional occupations. My proxies for the industrial makeup of districts are NET IMPORTS and NET EXPORTS. NET IMPORTS is the percentage of district workers employed in manufacturing sectors where the ratio of imports to consumption is greater than the ratio of revenues from exports to total industry revenue. These ratios are provided at the two-digit SIC level for 1995 by Campa and Goldberg (1997). Such import-competing sectors include Apparel, Furniture, Electronics, Transportation, and Primary Metals, among others. NET EXPORTS is the percentage of workers in sectors where the ratio of revenues from exports to total industry revenue is greater than the ratio of imports to

consumption (i.e., Tobacco, Chemicals, Food, Instruments, and Printing). Note that employment by industry in congressional districts is estimated from data collected at the county level in *County Business Patterns 1997*. If a county contains more than one congressional district within its borders, the number of workers from an industry who are in each district is estimated by using the fraction of the county's population residing in each district. Thus, if 10 percent of a county's population lives in a congressional district, that district receives 10 percent of the county's workers in each industry.

Tables 1 – 4 report the results for each individual vote; Table 5 is the pooled analysis of all four votes. The findings are remarkably stable across all five regressions and robust to the introduction of controls and alternative specifications. Each table begins with a baseline specification (Model 1) in which I estimate the impact of education attainment controlling only for the political party of members. The party dummy is negative and highly significant in all models, indicating that democrats were significantly more likely to support the Clinton Administration's pro-bailout position on these votes. Controlling for that fact, my results suggest that congressional voting is strongly related to the impact of globalization on political constituents relative wages, in a manner consistent with the Stolper-Samuelson-Mundell approach. Members are significantly more likely to vote against legislation restricting ESF bailouts (and in favor of IMF funding) as the proportion of highly educated workers in a district increases.

In Model 2, I add vote-specific variables to the baseline regression as controls. For *Sanders 1995* (Table 1) I include GOP FRESHMEN and HISPANIC. Analysts have pointed to the strong anti-bailout sentiment among the incoming freshmen class of "Contract with America" Republicans (Roett 1996; Lustig 1998). One letter circulating among House freshman before the

vote declared: “We are opposed to this proposal because we were elected to Congress to clean up the mess in Washington, not to approve a handout to the international financial community. We need to focus our energies on passing the Contract with America” (Quoted in Roett 1996:37). The positive and significant coefficient estimate on GOP FRESHMEN confirms that this new group of legislators was indeed ideological hostile to financial rescues. HISPANIC controls for the relevant ethnic characteristic of districts. The idea is that members from heavily Hispanic districts might oppose the bill (be favorable to assisting Mexico) because their constituents have familial and economic ties to Mexico and Latin America and therefore value economic stability in the region. Indeed, the estimate suggests that the higher the ratio of Hispanics to total district population, the greater the likelihood a member would oppose the legislation.

Ethnic characteristics do not appear to be relevant to voting on other legislation, however. For *Sanders 1998, 1999, and IMF Funding* (Tables 2 – 4), I included ASIAN in Model 2 to measure member responsiveness to the ethnic group whose countries of origin were in need of bailouts. The control is positive (oddly) but never significant.

Model 3 incorporates the industry level variables implied by the Ricardo-Viner model. In all vote analyses, the estimates are correctly signed: members from districts with higher levels of employment in import-competing sectors opposed bailouts while members with higher levels of employment in export industries supported financial rescues. In all but one of the individual votes (*IMF Funding*, Table 4), these variables are not significant. However, in the larger n pooled analysis (Table 5), both variables are properly signed and significant at conventional levels.

Model 4 re-specifies the relationship between constituency skills and congressional voting by substituting occupational status (HIGH SKILLS) for education attainment. In all

individual votes and in the pooled analysis, the Stolper-Samuelson-Mundell finding is reconfirmed. Members with larger proportions of the “winners” of economic globalization tend to support bailouts.

5. Conclusion

During the 1990s, financial crises in emerging market countries presented serious threats to the stability and openness of the world economy. The Clinton administration responded with a large rescue package for Mexico in 1995 and provided strong behind-the-scenes support for the IMF-led rescue of several Asian economies in 1997-98. The Congress, however, was highly divided on bailouts, and many members were eager to reduce the executive’s freedom to engage in them. On three occasions – *Sanders 1995*, the D’Amato amendment of 1995, and *IMF Funding 1998* – the anti-bailout contingent obtained majority support for legislation to limit bailouts. Although these actions posed formal constraints for only a short time (the D’Amato amendment lapsed in FY1997 and Congress ultimately approved the administration’s request for IMF funding), they signaled how low and tenuous congressional support for U.S. international financial leadership had fallen. Given that financial markets are prone to overshooting and other imperfections, the reluctance on the part of Congress to allow the executive to provide global leadership invites greater global financial instability.¹¹

I have analyzed the sources of congressional support and antipathy to bailouts here. My central argument draws on Stolper-Samuelson-Mundell reasoning and shows that there is a systematic pattern to congressional voting on bailout legislation. Congressional positions on

¹¹ A potential *benefit* of congressional anti-bailout sentiment is that it reduces the moral hazard problem. U.S. claims that in the future it will not necessarily bail out troubled debtors are more credible if nobody can be confident that the Congress will go along (Frankel and Roubini, forthcoming).

bailouts, I argue, arise from the distributional effects of trade and international capital mobility on members' political constituencies. The key finding is that members are significantly more likely to oppose the executive's pro-bailout agenda as the proportion of low-educated, low-skilled workers in their districts increases. This result suggests that the "globalization backlash" witnessed in other areas of foreign economic policy – NAFTA, WTO, Fast-Track, MFN for China, immigration – also finds expression in debates over U.S. international financial policy. This is not surprising since the same economic forces generating losers by way of trade and immigration operate with respect to capital flows.

The argument hinges on the idea that bailout legislation provides opportunities for members of Congress to weigh in on the pace and extent of economic globalization. Note that bailouts themselves have no direct distributional consequences via the budget; even quota contributions to the IMF are not budgetary costs but rather asset-exchanges. Instead, bailouts are political because international crisis management is a means to an end: maintenance of an integrated world economy. The members of Congress that support bailouts do so because their constituents benefit from globalization and thereby want the U.S. government to take steps to protect the world economy from shocks like currency crises. Conversely, members that oppose bailouts have constituents that lose from globalization and therefore don't mind if the government lets the world economy struggle to adjust to shocks without leadership.

A potential criticism of my interpretation is that I'm picking up something other than the relative wage effects of trade and investment; that the positive relationship between pro-bailout voting and education is spurious. Educated constituencies, for example, might simply be more cosmopolitan and therefore better equipped intellectually to understand the need for the United States to serve as an international lender of last resort. But while a college education might make

individuals more prone to take an internationalist outlook, there is no compelling reason why this should imply support for bailouts. After all, even academic economists are divided on the issue, with a handful taking very public stances against bailouts on moral hazard grounds (see *footnote 1*). This interpretation might be more compelling in other contexts such as trade legislation, where the overwhelming majority of academic opinion favors free trade. But on bailouts, where no such unanimity exists, it's hard to attribute the findings to constituents' intellectual capacity.

I also find limited support (in the pooled analysis) for the Ricardo-Viner approach, in which the industrial composition of districts influences congressional voting. As the proportion of workers in sectors that compete with imports increases, the more likely it is that a member will oppose bailouts. Conversely, more workers in export industries increases the probability that a member will vote to support bailouts. These results suggest that sector-level factors influence the politics of bailout voting independently of factor-level conditions, such as skill levels. This is consistent with analyses of voting on recent trade legislation in Congress (e.g., Baldwin and Magee 2000), and with my most general point: cleavages on international financial policy and bailouts follow directly from international trade theory.

Appendix 1: Bill Information

	<i>Sanders 1995</i>	<i>Sanders 1998</i>	<i>Sanders 1999</i>	<i>IMF Funding 1998</i>
Bill summary	Bans use of Treasury funds “for the purpose of bolstering any foreign currency via the ESF.”	Prohibits any loan in excess of \$250 million from the ESF.	Prohibit loans in excess of \$1 billion to a foreign country from the ESF unless approved by Congress.	Allows the House and Senate to pass identical spending bills, providing the IMF with \$18 billion.
Roll call ID	No. 531	No. 291	No. 304	No. 109
Congress	104 th	105 th	106 th	105 th
Vote date	7-19-95	7-16-98	7-15-99	4-23-98
Vote result	245 to 183	195 to 226	192 to 228	186 to 222
Partisan split	Rep: 156 to 73 Dem: 88 to 110	Rep: 143 to 82 Dem: 51 to 144	Rep: 147 to 68 Dem: 44 to 160	Rep: 22 to 193 Dem: 164 to 28

Appendix 2a: Summary Statistics and Variable Definitions

<i>Variable</i>	<i>Sanders 1995</i>				<i>Sanders 1998</i>			
	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>
Party	.4654378	.4993797	0	1	.4746544	.4999335	0	1
Ideology	.3987586	.3876698	0	1	.4662442	.4083793	0	1
High Education	.2008801	.0799189	.0530092	.513779	.2008801	.0799189	.0530092	.513779
High Skills	.2579756	.0639867	.0678135	.5281996	.2584127	.0634052	.0917705	.5281996
FreshmanGOP	.1670481	.3734463	0	1				
Hispanic	.0902882	.1435915	.0026503	.8371676				
Asian					.0292668	.0552279	.0015284	.6657487
Net Imports	.1343927	.0802187	.0013214	.4262863	.1346612	.0801147	.0014254	.4262863
Net Exports	.0530927	.044888	.0042135	.4606277	.0531876	.044888	.0042135	.4606277

Variable definitions

Party: 1 = Dem; 0 = Rep

Ideology: Rating by Americans for Democratic Action (ADA). 0 to 1, with 1 the most liberal.

High Education: percent persons 25 years and over with a BA degree or higher

High Skills: percent employed persons 16 years and over in executive, administrative, managerial, and professional specialty occupations

Freshman GOP: 1 = Republican member elected in 1994

Hispanic: percent population of Hispanic origins

Asian: percent population of Asian origins

Net Imports: percent employed persons 16 years and over working in two-digit SIC manufacturing sectors where the ratio of imports to consumption is greater than the ratio of revenues from exports to total industry revenue. (Leather 31, Misc 39, Apparel 23, Furniture 25, Electronic 36, Transportation 37, Primary Metals 33, Stone Glass 32 Rubber 30, Lumber 24, Machinery 35, Petroleum 29, Textiles 22, Paper 26, Fabricated metals 34).

Net Exports: percent employed persons 16 years and over working in two-digit SIC manufacturing sectors where the ratio of revenues from exports to total industry revenue is greater than the ratio of imports to consumption (Tobacco 21, Chemicals 28, Food 20, Instruments 38, Printing 27).

Appendix 2b: Summary Statistics (cont.) and Data Sources

<i>Variable</i>	<i>Sanders 1999</i>				<i>IMF Funding 1998</i>			
	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>
Party	.4861751	.5003856	0	1	.4746544	.4999335	0	1
Ideology	.5108318	.3907359	0	1	.4662442	.4083793	0	1
High Education	.2006531	.0798701	.0530092	.513779	.2006531	.0798701	.0530092	.513779
High Skills	.2584127	.0634052	.0917705	.5281996	.2584127	.0634052	.0917705	.5281996
Asian	.0292421	.0551668	.0015284	.6657487	.0292421	.0551668	.0015284	.6657487
Net Imports	.1346612	.0801147	.0014254	.4262863	.1346612	.0801147	.0014254	.4262863
Net Exports	.0531876	.044888	.0042135	.4606277	.0531876	.044888	.0042135	.4606277

Data Sources

Party: indicated in roll call data [<http://thomas.loc.gov>]

Ideology: Americans for Democratic Action (ADA) [<http://adaction.org>]

High Education: *Congressional Districts of the United States* CD-ROM, U.S. Department of Commerce, Bureau of the Census. 104th Congress

High Skills: *Congressional Districts of the United States* CD-ROM, U.S. Department of Commerce, Bureau of the Census. 104th Congress

Freshman GOP: [get source from Joe]

Hispanic: *Congressional Districts of the United States* CD-ROM, U.S. Department of Commerce, Bureau of the Census. 104th Congress

Asian: *Congressional Districts of the United States* CD-ROM, U.S. Department of Commerce, Bureau of the Census. 104th Congress

Net Imports: *County Business Patterns 1997* CD-ROM, U.S. Department of Commerce, Bureau of the Census. County level sectoral employment data was aggregated up to the congressional district level by way of the MABLE '98/Geocorr v3.0 Geographic Correspondence Engine [<http://plue.sedac.ciesin.org/plue/geocorr>]

Net Exports: *County Business Patterns 1997* CD-ROM, U.S. Department of Commerce, Bureau of the Census. See Net Imports and text for the concordance procedure.

Table 1: Probit Analysis of Sanders 1995

Dep. Var.: 1 = "yes" vote on restricting ESF bailouts	1	2	3	4
Constant	.9798694*** (.1887354)	.8992504*** (.213307)	.7065155** (.3073837)	.8630199** (.4035398)
Political Party (1 = Dem; 0 = Rep)	-.6721363*** (.1265936)	-.3879356*** (.1407425)	-.3845142*** (.1420876)	-.368316*** (.1409175)
High Education (% B.A. degree or higher)	-2.382821*** (.7843667)	-2.52702*** (.8176275)	-2.145094** (.9042185)	
High Skills (% in high skill occupations)				-2.349132** (1.128344)
Freshman GOP (1 = Republican elected in 1994)		.876876*** (.2144734)	.8764593*** (.2145569)	.8779542*** (.2146124)
Hispanic (% population of Hispanic origin)		-1.571165*** (.4462634)	-1.434283*** (.4600178)	-1.461076*** (.4667825)
Net Imports (% employed in net import sectors)			1.280556 (.9650154)	1.381109 (.9664297)
Net Exports (% employed in net export sectors)			-1.305211 (1.456657)	-1.314818 (1.468315)
Log Likelihood	-275.29021	-259.40207	-256.00374	-256.63896
Prob > chi2	0.0000	0.0000	0.0000	0.0000
Observations	428	428	425	425

Note: * $p < .10$, ** $p < .05$, *** $p < .01$. Probit with robust Huber/White standard errors in parentheses.

Table 2: Probit Analysis of *Sanders 1998*

Dep. Var.: 1 = "yes" vote on restricting ESF bailouts	1	2	3	4
Constant	.9398259*** (.1983652)	.9438685*** (.2006042)	.9278049*** (.2789483)	1.146121*** (.3943912)
Political Party (1 = Dem; 0 = Rep)	-1.034152*** (.1320172)	-1.038325*** (.1352561)	-1.03072*** (.1366608)	-1.014063*** (.1363286)
High Education (% B.A. degree or higher)	-2.861815*** (.8559819)	-2.9001*** (.897702)	-2.694138*** (.9526593)	
High Skills (% in high skill occupations)				-2.93819** (1.224807)
Asian (% population of Asian origin)		.1898152 (1.307662)	.185709 (1.328264)	-.1028699 (1.356568)
Net Imports (% employed in net import sectors)			.7926405 (.9376114)	.8371949 (.9525813)
Net Exports (% employed in net export sectors)			-2.569677 (1.698927)	-2.620183 (1.739669)
Log Likelihood	-253.74538	--253.73386	-250.36942	-251.37098
Prob > chi2	0.0000	0.0000	0.0000	0.0000
Observations	420	420	417	417

Note: * $p < .10$, ** $p < .05$, *** $p < .01$. Probit with robust Huber/White standard errors in parentheses.

Table 3: Probit Analysis of Sanders 1999

Dep. Var.: 1 = "yes" vote on restricting ESF bailouts	1	2	3	4
Constant	1.058577*** (.2012667)	1.087093*** (.2039885)	.992009*** (.2931741)	1.379457*** (.3975156)
Political Party (1 = Dem; 0 = Rep)	-1.299124*** (.1360009)	-1.330645*** (.1396355)	-1.34216*** (.1423169)	-1.336096*** (.1418823)
High Education (% B.A. degree or higher)	-2.86801*** (.8534157)	-3.169323*** (.8911077)	-3.021134*** (.967282)	
High Skills (% in high skill occupations)				-3.786836*** (1.19379)
Asian (% population of Asian origin)		1.48389 (1.264826)	1.658331 (1.275955)	1.431284 (1.276496)
Net Imports (% employed in net import sectors)			.9088024 (.9452538)	.8506119 (.958752)
Net Exports (% employed in net export sectors)			-1.239231 (1.630976)	-1.282651 (1.658706)
Log Likelihood	-235.38692	-234.55866	-230.14943	-230.21426
Prob > chi2	0.0000	0.0000	0.0000	0.0000
Observations	418	418	415	415

Note: * $p < .10$, ** $p < .05$, *** $p < .01$. Probit with robust Huber/White standard errors in parentheses.

Table 4: Probit Analysis of IMF Funding 1998

Dep. Var.: 1 = support \$18 billion funding for the IMF (Obey motion)	1	2	3	4
Constant	-2.100288*** (.2810881)	-2.082368*** (.2808041)	-1.693828*** (.3385943)	-1.778601*** (.4406172)
Political Party (1 = Dem; 0 = Rep)	2.452255*** (.1734259)	2.434085*** (.1745984)	2.449223*** (.1785352)	2.408404*** (.173151)
High Education (% B.A. degree or higher)	3.881067*** (1.088994)	3.697118*** (1.112694)	3.013514*** (1.17114)	
High Skills (% in high skill occupations)				2.775672** (1.377345)
Asian (% population of Asian origin)		1.01578 (1.385926)	.4401489 (1.325106)	.9590232 (1.480395)
Net Imports (% employed in net import sectors)			-2.292538** (1.116217)	-2.485454** (1.123557)
Net Exports (% employed in net export sectors)			1.206912 (1.957613)	1.238967 (2.017834)
Log Likelihood	-144.21375	-144.06205	-140.15948	-141.54271
Prob > chi2	0.0000	0.0000	0.0000	0.0000
Observations	407	407	404	404

Note: * $p < .10$, ** $p < .05$, *** $p < .01$. Probit with robust Huber/White standard errors in parentheses.

Table 5: Probit Analysis of 4 Pooled Votes: Sanders 1995, 1998, 1999, IMF Funding 1998

Dep. Var.: 1 = vote against ESF/IMF bailouts	1	2	3	4
Constant	1.180174*** (.1014237)	1.20022*** (.1022262)	1.005613*** (.1438602)	1.184091*** (.1953818)
Political Party (1 = Dem; 0 = Rep)	-1.266303*** (.0673157)	-1.286908*** (.0688516)	-1.283144*** (.0696935)	-1.264005*** (.069175)
High Education (% B.A. degree or higher)	-2.831*** (.4261208)	-3.019894*** (.4421089)	-2.630132*** (.4727134)	
High Skills (% in high skill occupations)				-2.766947*** (.5890654)
Asian (% population of Asian origin)		.9124822 (.619579)	1.119842* (.6267731)	.8363323 (.6302619)
Net Imports (% employed in net import sectors)			1.38789*** (.4871888)	1.478298*** (.4928238)
Net Exports (% employed in net export sectors)			-1.52816* (.8153676)	-1.571468* (.8298527)
Log Likelihood	-958.43844	-957.26998	-941.67758	-946.1109
Prob > chi2	0.0000	0.0000	0.0000	0.0000
Observations	1672	1672	1660	1660

Note: * $p < .10$, ** $p < .05$, *** $p < .01$. Probit with robust Huber/White standard errors in parentheses.

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