

Does Congress Polarization Extend to Stock Tradings?

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POVZETEK:

Članek raziskuje, ali politična polarizacija v Kongresu vpliva na finančne odločitve poslancev. Izpelja, da polarizacija ima pozitiven povezavo z podobnostjo skupnih akcijskih poročil Demokratov in Republikanov. To je zaznamano tudi pri aktivnih tradiranjih poslancev, ki so bolj informacijsko uspešni. Raziskava pokaže, da polarizacija v Kongresu ne vpliva na podobnost finančnih odločitev v tradiranju akcij.

METODA:

Raziskovalci uporabljajo DW-NOMINATE-jevo prvi dimenzijo skorajnosti med centralnimi demokratičnimi in republikanskimi poslancem, da merijo polarizacijo. Podatki o tradiranju akcij poslancev od leta 2012 do 2024 so analizirani, da je podobnost skupnih akcijskih poročil raziskovanih politik povezana z polarizacijo.

KLJUČNE UGOTOVITVE:

- Polarizacija je povezana z podobnostjo skupnih akcijskih poročil Demokratov in Republikanov.
- Podobnost skupnih akcijskih poročil je pogostejša med aktivnimi tradiranjema.
- Polarizacija ne vpliva na podobnost finančnih odločitev v tradiranju akcij poslancev.

POMEN ZA TRGOVANJE:

Raziskava pokaže, da politična polarizacija v Kongresu ne vpliva na finančne odločitve poslancev pri tradiranju akcij. To je pomembno znanstveno ugotovitev, ker pripomaga k razumevanju, da bi politične razlike morali biti več odločitev o finančnih trgovinah. Trgovci lahko uporabljajo to znanje za bolj učinkovito analizo političnih vplivov na finančne trge.

Does Congress Polarization Extend to Stock Tradings?

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Abstract:

Measuring polarization as the DW-NOMINATE's first dimension score distance between the median Democratic and Republican legislators and using a comprehensive dataset of equity trades by Senators and House Representatives in a long sample period from 2012 to 2024, we show that polarization has a positive association with cosine similarity between Democrats' and Republican's aggregate stock portfolios of S&P 500 stocks. We examine legislative gridlock (lawmaking efficiency) as a channel through which polarization concentrates policy-relevant investment signals and opportunities, thereby strengthening the portfolio similarity across parties. The subsample test on active traders, who are supposedly more adept at utilizing information, shows stronger relation between polarization and portfolio similarity, further indirectly enhancing our information channel hypothesis. Our study, taken together, suggests that the influence of increasing polarization on divergent financial decisions of corporations and individuals, according to prior studies, does not extend to congressional stock trades, however.

Keywords: Politics, Polarization, Ideological polarization, Partisan polarization, Ideology, Congress, Legislator

JEL Classifications: D72, E44, G11, G14, G41

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1 Introduction

“Our polarization is now what social scientists call ‘affective polarization, where you’re not just disagreeing on policies—you really actively mistrust the other side. It takes on this very personal element, and I think that is a big barrier to discourse,...”
— Francis Fukuyama

“Interviewer: Do your personal investments conform to the legislation on stock trading that you’ve proposed? Ro Khanna: Absolutely. Yes... Interviewer: ...You have no knowledge of where that money is...Is it a blind trust?...It’s diversified...If you went and found out there would be no overwhelming percentage in this or that stock. Ro Khanna: Correct. And I found out when we disclose it.”
— Rep. Ro Khanna (D-CA) in an interview with NPR

Among the plethora of current issues surrounding the political climate, two issues stand out, both of which also carry consequences for the public trust in the political system’s integrity and ability to serve. They are congressional stock trading and increasing political polarization of the legislature. The former regularly reaches the news, and in fact, the attention to congressional stock trading is increasingly becoming visible among both the public and the academic research. As news after news of profitable trades by legislators periodically reaches public awareness, the interest in congressional stock trading is generating debates and serious calls by both voters and legislators themselves to ban tradings of financial securities. Part of this call is rooted in the view that because Congress members (and their staff) have non-public information access, congressional stock trading is a gray area that flies too close to what can be labeled as insider trading. The lax enforcement of the the STOCK Act—which is meant to regulate informed congressional stock trading—further feeds into growing doubts over whether the allure of financial gains with little legal risk attached is too great to resist for elected officials who are, in theory, meant to serve the public and not their wallets.

Although far from being unanimous, academic studies back up the view of the public that legislator trades, in aggregate, are possibly information-driven, and therefore may be a breach of ethical act and trust entrusted by the public. For example, Hanousek et al. (2023) argue that, on the premise of social contract theory, empirical evidence of information-motivated trades represents the conflict of interest and erosion in the integrity of the government. Also, based on the view of social contract theory and virtue ethics, Li et al. (2025) study the patterns of senators’

trades during significant legislative landmarks and present that senators appear to have timed their stock trades to legislative breakthroughs and decisions. Despite self-imposed controls by some Representatives in their tradings (as mentioned in one of the opening quotes), a good percentage of academic studies presenting empirical evidence for informed tradings thus raises an interesting question relating to the factors and states that influence the information access and use.

The growing ideological divide, aka polarization, is the second unmistakable issue of today's political environment. Today's state of polarization is also notable because the growing divergence in political beliefs is reflected in both elected officials and voters. According to this study by Brookings Institute, among the Democrats, the percentage of those identifying as 'liberals' has risen to 54% in 2022 from just 25% in 1994. Similarly, the percentage of Republicans identifying as 'conservatives increased to 72% in 2022. An effect of polarization among voters could be that individuals and households, tethered to their ideological beliefs, begin to disagree in their interpretation of financial and economic information. Hence, economic sentiment may become divergent even when the same information is presented, the eventual result of which is that polarization affects the financial decision making of individuals or unit of individuals. Studies support this conjecture. McCartney et al. (2024) show that political polarization affects financial decisions on when to sell a home. At a larger unit level, Duchin et al. (2021) show that the greater the political divide between two firms, the less likely they are to merge. Hong and Kostovetsky (2012) reports that mutual fund managers, identified as Democrat donors, hold in their portfolio fewer stocks of socially irresponsible companies than Republican manager-donors do.

In the case of elected legislators, several incidences, developments, and events show that political polarization among them has also been hardly missable. For example, ad hominem attacks in campaign speeches and ads have become almost normalized. As mentioned in one of the opening quotes, the era of affective polarization means that legislators may actively oppose the other party's proposals and ideas without even assessing them purely on merits. Not surprisingly, voting across the aisle has become increasingly rare. Given that this ideological divide and polarized Congress is certainly a reality, it is logical to extend the aforementioned association between polarization and financial decision making to Congress members. In other words, do higher polarization lead to more or less similar financial decisions?

Possibly, congressional stock tradings is one of the financial activities that most relevantly

reflect the decision making of legislators. As Table 1 shows, none of the other financial securities are traded as many times as stocks by the officials, to the extent that stock trades account for approximately 80% of total financial transactions disclosed by the officials. Hence, we modify our question to whether higher polarization leads to more or less similar financial decision in stock trading among legislators. The answer to this question surprisingly depends the duality of opposing outcomes. On one side of duality, if polarization and ideological differences can shape divergent investment behaviors in retail and institutional investors, politicians should also exhibit disparate investment styles as politicians are the archetype of polarized differences. On the other side, it bears repeating that politicians are regularly exposed to a great deal of market-relevant information and congressional stock trades appear to be often influenced or motivated by those set of information. Besides, experience gained from instituting policies that have the potential to impact the market, firms, and/or the wider economy helps them use the information more effectively in financial decision making than non-legislators do. Hence, their stock investment decision making and patterns are more likely to be determined by the type and availability of information than ideological differences. This clean two-sided supposition is further complicated when we allow for the possibility that polarized climate itself alters the investment information environment for politicians. To the degree that the underlying information signal used by legislators come from lawmaking activities and polarization shape the manner of lawmaking activities, it becomes reasonable to expect that polarization affects portfolio similarity through an information-altering channel. Following this trail of thoughts, we pose the final question: does polarization alter stock holdings of the two parties and if so, which channel is at work?

This question begs an empirical answer based on a large number of stock trade records over a sufficiently long sample period, and we attempt to rise to the occasion with this study. First of all, we need a measure of polarization. To do so, we follow the works of prior literature, which define it as the distance in the first dimension of DW-Nominate score (Poole and Rosenthal, 2011) between a median Democrat and Republican. We use a comprehensive dataset on congressional stock trading from 2iQ's Capitol Trades, which include all stock trades disclosed by both House Representatives and Senators from 2012 (when the STOCK Act was enacted) to August 2024. From the stock trading data, we construct monthly cosine similarity in portfolio of Democratic and Republican party. We use a robust set of mostly macro controls that include market excess return, CBOE Volatility Index (VIX), economic policy uncertainty (EPU), the

number of days in a month Congress is in session, a dummy indicator to control for which party controls the presidency, investor sentiment, and political conflict index. We also use Jaccard similarity as a robustness check for our baseline regression model. Our empirical evidence finding is that polarization is positively associated with cosine similarity between the portfolios of Democrats and Republicans. Presumably, this finding is contradictory to the more intuitive conjecture that polarization may lead to more divergent portfolio formation of the two parties. That elected legislators display financial decision behaviors opposite to non-legislators amid rising polarization is, however, not an enigma when we take into consideration of superior information access and polarization-influenced information process mentioned earlier. To formalize this argument, we present legislative gridlock as a mechanism through which polarization influences the forming of informative signal for stock trading opportunities available to legislators. If politicians' lucrative investment decisions are based on the intelligence from the passing of laws and polarization negatively impacts lawmaking activities, we expect that lower polarization-induced lawmaking shrinks information signals, which ultimately leads to more similar investment in stocks. Our empirical results provide evidence for this channel test. Overall, we provide the first evidence that, because investment information is shaped by polarization differently in the Congress environment, the effect of polarization on financial decision of legislators can run counter to its effect on those of the general population.

Our study makes three contributions. First, we contribute to the literature on congressional stock trading by shifting the focus from individual trading performance to portfolio similarity across political parties. Existing studies examine whether members of Congress trade profitably, whether their trades reflect private or policy-relevant information, and how disclosure regulation affects trading behavior (Karadas, 2019; Belmont et al., 2022; Karadas and Schlosky, 2024; Moe and Ma, 2024; Li et al., 2025; Hanousek et al., 2023). We instead examine whether Democratic and Republican legislators hold increasingly similar portfolios when political polarization rises. This approach allows us to study commonality in politicians' investment behavior rather than only the profitability of individual trades.

Second, we contribute to the literature on political polarization and financial decision-making. Prior research shows that polarization affects firms, households, investors, and financial markets (Azzimonti, 2018, 2021; McCartney et al., 2024; Leng et al., 2024; Akey et al., 2026). We extend this literature by examining politicians themselves as investors. This setting is important because legislators are not only exposed to political conflict but also participate directly in the

polymaking process that generates policy-relevant information.

Third, We also contribute to research on legislative gridlock and productivity, which shows that ideological disagreement can impede lawmaking and that legislative output is distinct from roll-call voting behavior (Binder, 1999; Clinton and Lapinski, 2006, 2008; Leng et al., 2024). If polarization reduces legislative productivity, policy-relevant investment opportunities may become more concentrated around a smaller set of politically salient firms and industries. Our evidence suggests that the positive association between polarization and portfolio similarity is stronger when legislative productivity is low, consistent with the view that common policy information can dominate ideological divergence in congressional investment decisions.

Overall, our findings suggest that political polarization does not necessarily lead politicians from opposing parties to make more divergent financial decisions. In Congress, where legislators share access to policy-relevant information, polarization may instead produce convergence in portfolio choices.

The remainder of the paper proceeds as follows. Section 2 provides institutional background on congressional stock trading and political polarization. Section 3 reviews the related literature and develops the hypotheses. Section 4 describes the data and variable construction. Section 5 presents the empirical results and channel analyses. Section 6 concludes.

2 Institutional Background

In this section, we first present a brief background, in a slightly chronological format, on institutional and legal facts as it pertains to regulations on congressional trading of stocks and other financial securities. Thereafter, we briefly describe the state of polarization among Congress members and the distinct features of today’s polarized political landscape.

The view that guardrails are needed on the possibility of Congress members and staff profiting monetarily from valuable information obtained through their privileged positions predates the well-known documentary CBS 60 minutes Exposé on Congressional trades and the frequently discussed STOCK Act of 2012, often attributed to the public uproar caused by the show’s investigation. Pre-STOCK-Act, academic studies and journalistic works examining the paths and patterns of wealth gains among politicians for any alarming breach of integrity existed—almost as though they served as forerunners to what would become a more extensively researched topic of interest to academia and media following the STOCK Act.

For example, Lenz and Lim (2009) tracked wealth accumulation of House members to determine whether the wealth accumulation rate of politicians were faster than a group of comparable households. An investigative book (with a slight partisan bias) reporting a number of ‘insidious’ ways by which politicians gain wealth was published in 2011 to a great deal of interest and generally positive reviews.¹ A Wall Street Journal Article reported a case of Congressional staffer who enjoyed doubling of an investment in an renewable-energy firm in 2010.² In fact, Representative Bernie Sanders, with 7 Democratic cosponsors, introduced in the 104th Congress (1995-1996) a bill, H.R. 1356, close in spirit and idea to the bill H.R. 5015 of the 109th Congress (2005-2006) which would later be codified into the STOCK Act. The bill introduced by Rep. Bernie Sanders, among other objectives, aimed to improve the disclosure standard provisions of the Ethics in Government Act of 1978, which were outmoded, lax, and loosely enforced.

It would take another 17 years from the time H.R. 1356 made an appearance to Congress taking this matter of ‘self-monitoring’ in a serious manner when the STOCK Act was finally passed on April 4, 2012. With its passage, Congress members as well as their staff were barred from monetizing material Congressional knowledge for their personal benefits. In addition, the Act mandated increased transparency by adding rapid reporting of financial transactions—as in disclosure within 30-45 days from the transaction date—although some disclosure rules were backpedaled by the amendment S.716 during the 113th Congress (2013-2014).³ The STOCK Act also creates the disclosure environment that makes our empirical setting possible, as it requires members of Congress to report covered financial transactions within a short window after the transaction.

While the introduction of the STOCK Act could be, in some aspects—particularly in the drive to check the power of public officials—a winning moment for some, the aforementioned amendment and, more importantly, the enforcement of the act is entirely another thing. Awareness of the lack thereof reached its crest when news broke out that a sizable number of legislators appeared to have made financial transactions that either preempted the negative market effects from COVID-19 or rode the rising wave of some stocks benefiting from COVID-19 disruptions.⁴

¹Schweizer (2011)

²Congressional Staffers Gain From Trading in Stocks

³See Appendix B of Li et al. (2025) for a more minute chronicle of congressional events associated with the STOCK Act.

⁴As an example for the case of preventing price decline in portfolio holdings, Senator Richard Burr sold up to \$150,000 worth of stock in Wyndham Hotels & Resorts. For the latter case, Senator David Perdue added to this portfolio \$185,000 worth of DuPont stock on March 2, the same day the senate briefing on COVID-19 was held.

The mountain of news articles highlighting the 2020 congressional insider trading scandal and the public backlash seemingly had no effect on the enforcement extent of the STOCK Act as the Justice Department concluded investigations by not finding any wrongdoing in the stock trades of four senators, Richard Burr (R-NC), Dianne Feinstein (D-CA), Jim Inhofe (R-OK), and Kelly Loeffler (R-GA).

The renewed public and media scrutiny generated by the 2020 congressional insider trading scandal gave way to a wave of legislative bills introduced originating from both the House of Representatives (bills starting with the letters “H.R.”) and from the Senate (bills starting with the letters “S.”). Table A1 provides an exhaustive overview of respective bills that are all, in essence, meant to create a successor legislation to the STOCK Act and impose stricter controls on Congressional tradings of financial securities. A great percentage of these bills nevertheless moved past beyond the ‘Introduced’ stage, as shown by congressional bill tracker.

At the time of writing of this paper, two bills stand out: the H.R. 5106 - Restore Trust in the Congress Act and the H.R. 7008 - Stop Insider Trading Act. The H.R. 5106 is notable for its status as a bipartisan bill produced after negotiations among legislators who are diametrically opposed in ideology. Two original cosponsors, Representative Alexandria Ocasio-Cortez/AOC (D-NY) and Representative Tim Burchett (R-TN) were reported to have worked together, despite their former skirmishes in which AOC named Burchett among “legitimate white supremacist sympathizers at the core of the House of Representative caucus” while Burchett has called AOC ‘a witch,’ and ‘a communist.’⁵ The H.R. 7008, on the other aisle (no pun intended), is perhaps the only bill on legislative trading that meaningfully went beyond the ‘Introduced’ (or ‘referred’) stage when it was passed by the House, largely along the partisan line with 232-198 majority on July 22, 2026. The bill is viewed with skepticism by Democrats and received negligible Democratic support—only 13 Democrats voted ‘Yeas’. That is because, unlike H.R. 5106, H.R. 7008 with 71 Republican and 1 Democrat cosponsors, is decidedly a partisan bill, and Democrats were reluctant to support the bill as Republicans attached a nongermane voter-ID rider provision to it.

The future development of these two bills, if they progress further in legislative stages, could reshape the legislative environment surrounding congressional stock trading. These two bills also show that congressional trading is an interesting area of study as it sometimes elicits collaboration across party and ideological lines and in some other times it accurately reflects

⁵AOC in Conversation with David Axelrod Timestamp:01:15:00

the partisan and ideological polarization of the Congress. We extend this observation and bring it into actual trading patterns of legislators, and examine in this paper, the relation between portfolio similarity between the two parties and the ideological polarization among the members.

It is nearly impossible to not observe the increasing ideological gap in the U.S. politics. Except for a small number of issues that elicit bipartisan collaboration such as matters concerning national security and/or economic threats posed by China, Russia, or other traditional foreign adversaries of the U.S., Republicans and Democrats of nowadays—both voters and politicians—hold vastly dissimilar attitudes in economic beliefs, societal and political reforms, and the vision for the country. Among the politicians, polarization, to the extent that it results from politicians' shift in subscribed ideological beliefs, is not an entirely new phenomenon, for Democratic and Republican party exhibited a significant but gradual swing in political and ideological beliefs from the onset of the 20th century. However, today's polarized political landscape has a few remarkable characteristics. First, whilst the change in identity associated with Democrats and Republicans could rightly be seen as a facet of polarization, both parties still hosted a significant number of center-leaning politicians and it was not uncommon in Congress where a Republican politician was more liberal than a Democrat and a Democrat more conservative than Democrat. The number of centrists in both parties has, however, declined and if anything, the prominent faces of both parties are often labeled as ideologues, which partially reflects the shift in opposite directions for the two parties. Second, while both parties moved away from the center, Republicans have moved further to the right than Democrats did to the left. Third, whereas this divergence in ideological viewpoints among Congress members is party driven by the change in composition and the mirroring change in ideological beliefs of their respective electorate base, studies agree that the pervasiveness of social media may have negatively facilitated the ideological division (Di Tella et al., 2026).

Just as it is hard to ignore the escalating polarization, sometimes amplified by social medias and news outlets, so it is easy to develop—due to the presence of repeated news on polarization-driven debates, arguments, and standoffs—the perception that partisan animosity of the Congress permeates through other aspects of the lives of legislators. Subscribing to this logic follows that polarized politicians take different decisions with regard to other salient aspects of their lives. This thinking, however, calls for a more nuanced analysis. In all possibility, most, if not all, elected officials are acutely aware of the unparalleled power and access they enjoy and thus the concept of political class as a distinct elite class is well established in social science. Being

members of this same class, they may still make common decisions despite their differences since they work under the same system and within the same rules which present largely overlapping sets of opportunities. One of those opportunities is the privilege to work in an environment with a continuous flow of information about the state of the economy. Members of Congress are unusual investors because their legislative roles expose them to committee deliberations, policy negotiations, hearings, and information about the likely direction of government action. It can then be expected that members exposed to the overlapping information about conditions of the nation and corporations could still make similar investment decisions, even as the external facade of polarization-induced conflicts continues to grow. In fact, as we argue below, political polarization could modify the extent of the availability of common set of prevalent information, which subsequently leads to more common investment behaviors among political class members. Using this justification, in this paper, we address the question of whether portfolio similarity between the two parties is strengthened or weakened by the ideological polarization among the members. Because legislative activity is one channel through which policy-relevant information is produced, variation in bill passage and legislative productivity provides a useful setting for examining how polarization changes the information environment faced by legislators.

3 Literature Review and Hypothesis

3.1 Literature related to Congressional Trading and Politician Portfolio Choice

Our study first relates to the growing literature on congressional trading and politicians' portfolio choices. Prior research examines whether members of Congress trade on policy-relevant or private information, whether their trades generate abnormal performance, and how disclosure regulation affects their trading behavior. For example, Karadas (2019) shows that congressional trades are related to legislators' access to private information, while Belmont et al. (2022) examine congressional trading performance around the implementation of the STOCK Act. More recent studies extend this literature by documenting congressional trading activity over longer sample periods and by linking trades to legislative activity, uncertainty, and disclosure incentives (Karadas and Schlosky, 2024; Moe and Ma, 2024). Closely related to our setting, Aiken et al. (2020) show that politicians' ideological positions are associated with their portfolio choices and

that ideologically similar politicians hold more similar portfolios. We build on this literature by shifting the focus from whether individual politicians trade profitably or ideologically to whether political polarization shapes the similarity of portfolios held by members of Congress. More broadly, portfolio similarity has been used in finance to capture commonality in institutional investment behavior and shared exposures across investors (Girardi et al., 2021). We apply this logic to members of Congress and examine whether political polarization is associated with commonality in the portfolios of Democratic and Republican legislators.

3.2 Literature related to Political Polarization and Financial Decision-Making

Our study also contributes to the literature on political polarization and financial decision-making. A growing body of research shows that political conflict and polarization shape real investment, financial markets, and investor behavior. Azzimonti (2018) shows that partisan conflict depresses private investment, while Azzimonti (2021) links partisan conflict news to investor expectations. Related work finds that political polarization affects corporate investment, firms' exposure to policy uncertainty, household financial decisions, municipal issuers, venture capital investment, and real asset markets (Leng et al., 2024; McCartney et al., 2024; Akey et al., 2026). Collectively, these studies show that polarization is economically consequential beyond electoral politics. We extend this literature by examining whether polarization also shapes the investment behavior of politicians themselves, who are not only exposed to political conflict but also participate directly in the policymaking process.

3.3 Literature related to Ideology Measurement and Legislative Institutions

Our study further relates to research on ideology measurement, legislative polarization, and legislative productivity. Political science research has developed widely used measures of legislators' ideological positions, most notably the NOMINATE and DW-NOMINATE scores, which use roll-call voting behavior to locate legislators in an ideological space (Poole and Rosenthal, 1985; Cox and Poole, 2002). These measures have become central to empirical work on congressional polarization because they allow researchers to summarize ideological distance within and across parties over time. At the same time, prior research shows that legislative polarization is

closely connected to legislative gridlock and productivity. Binder (1999) documents the dynamics of legislative gridlock, while Clinton and Lapinski (2006) and Clinton and Lapinski (2008) develop measures of legislative accomplishment and emphasize that legislative output cannot be fully captured by roll-call votes alone. More recent work similarly highlights both the usefulness and limitations of roll-call-based measures for understanding legislative behavior (Fowler and Lewis, 2026). We draw on this literature by using congressional polarization measures to capture ideological distance while also examining legislative productivity as a channel through which polarization may shape portfolio similarity.

Taken together, these literature leave an important question unanswered: whether political polarization shapes how members of Congress allocate their own financial portfolios. Existing studies of congressional trading primarily examine individual trades, trading performance, disclosure regulation, and ideological portfolio choices, while studies of political polarization mainly focus on firms, households, investors, and financial markets outside Congress. We connect these literature by examining portfolio similarity among members of Congress as a new outcome that captures commonality in politicians' investment behavior. This approach allows us to study whether polarization separates politicians through ideology or instead leads them to hold more similar portfolios because they respond to common policy-relevant information. In doing so, our study contributes to research on political institutions and finance by showing how polarization may shape not only the behavior of firms and outside investors, but also the financial decisions of policymakers themselves.

3.4 Hypothesis Development

Political polarization has become an increasingly important force shaping economic and financial decision-making. Prior research shows that political conflict affects private investment, investor expectations, corporate investment, household financial decisions, and asset markets (Azzimonti, 2021, 2018; Leng et al., 2024; McCartney et al., 2024; Akey et al., 2026). These findings suggest that polarization is not merely a feature of electoral politics, but also an economically relevant information environment. For members of Congress, this environment is especially important because they are simultaneously political actors, policymakers, and personal investors. As legislators, they observe and participate in the policymaking process; as investors, they choose portfolios that may reflect both their political beliefs and their access to policy-relevant information (Aiken et al., 2020; Karadas, 2019; Karadas and Schlosky, 2024; Moe and Ma, 2024).

Because members of Congress hold and trade public equities while simultaneously participating in the political process, their portfolios provide a useful setting for studying how political forces are reflected in financial choices. We therefore examine whether political polarization is associated with the similarity of politicians' equity portfolios. Political polarization can shape the financial decisions of members of Congress through competing forces. On the one hand, greater polarization increases the ideological distance between Democratic and Republican legislators. If political beliefs extend to investment decisions, greater polarization should lead legislators from opposing parties to hold increasingly different portfolios. Consistent with this view, prior research shows that politicians' ideological positions are related to portfolio choice and that ideologically similar politicians tend to hold more similar portfolios (Aiken et al., 2020)

On the other hand, members of Congress differ from ordinary partisan investors because they operate within the same policymaking institution. Related evidence shows that legislative activity itself contains value-relevant information for firms, as stock prices respond to congressional legislation and political connections (Cohen et al., 2013). This evidence supports the view that Congress is an information-rich setting for studying politicians' portfolio decisions. Democratic and Republican legislators jointly participate in the legislative process and are exposed to many of the same developments involving legislation, regulation, government spending, economic policy, and politically sensitive firms and industries. Political disagreement therefore does not necessarily imply equivalent divergence in their financial decisions. Even as their ideological positions move further apart, legislators from both parties may increasingly focus on a common set of firms and industries whose economic prospects are particularly sensitive to congressional action.

Political polarization may strengthen this common policy environment. Greater ideological disagreement raises the stakes surrounding legislative outcomes and can increase the economic relevance of policy developments for affected firms and industries. Members of both parties, despite opposing policy preferences, have incentives to pay attention to these same politically exposed firms. Consequently, portfolio choices may become more similar if legislators' common exposure to the congressional policy environment outweighs ideological segmentation in their investment decisions. This argument leads to our first hypothesis:

H1. Higher congressional polarization is positively associated with portfolio similarity between Democratic and Republican legislators.

A related implication concerns legislative gridlock. Political science research shows that

ideological polarization can impede legislative agreement and reduce legislative productivity (Binder, 1999; Clinton and Lapinski, 2006; Leng et al., 2024). As disagreement between parties increases, a smaller share of proposed legislation may successfully progress to enactment. In such an environment, legislators' policy attention may become concentrated around a narrower set of salient and economically consequential legislative issues.

This concentration provides a setting in which the common policy environment may become particularly relevant for portfolio choice. Although Democratic and Republican legislators may disagree sharply about the preferred direction of policy, they continue to evaluate many of the same unresolved policy risks, affected industries, and firms. When legislative productivity is low, the set of policy developments capable of generating economically meaningful signals may therefore become more concentrated. If the positive association between polarization and portfolio similarity reflects legislators' shared exposure to this policy environment, the association should be stronger during periods of greater legislative gridlock. Accordingly, we state our second hypothesis:

H2. The positive association between congressional polarization and portfolio similarity is stronger when legislative productivity is lower.

Taken together, our hypotheses emphasize the tension between ideological divergence and shared policy-relevant information in congressional portfolio choice. If ideology dominates, polarization should lead Democratic and Republican legislators to hold increasingly different portfolios. If the common policy environment dominates, however, polarization may be associated with greater portfolio similarity, especially when legislative productivity is low and policy attention is concentrated around a narrower set of economically consequential issues. We test these predictions using monthly portfolio similarity between Democratic and Republican legislators and congressional polarization based on DW-NOMINATE scores.

4 Data Sources, Sample Construction, Variables and Summary Statistics

We choose our Congress-level political polarization variable by following in the footsteps of existing literature in both finance and political science which extensively employ the measure developed by Poole and Rosenthal (2011). The data itself is mutation and continuation of the original developed in Poole and Rosenthal (1985). Commonly called DW-nominate scores and

consisting of two components/dimensions, researchers use the first dimension of the measure to approximate the degree of polarization among legislators. Some works using the measure—available for download at <https://voteview.com/data>—include Mian et al. (2014), Hoang et al. (2025), and Aiken et al. (2020). For the purpose of this paper, we estimate (bi)yearly Congress-level polarization extent by, first, measuring the distance between the median ideal points of Democrat and Republican parties of House and Senate, and then, by taking the mean of the distance across the two legislative chambers. This approach is identical to works in polarization and finance such as Leng et al. (2024) and Li et al. (2024), which essentially estimates the ideological difference between an archetypal Democrat and Republican politician. Figure 1 reports the progression of the polarization measure during the period 2011-2024 by plotting the distance between median points of Democratic and Republican parties, separately for the House and Senate, and the average across the two lawmaking chambers. We gather data on stock trading activities of Congress members from 2iQ’s *Capitol Trades*. The database provides comprehensive records of U.S. politicians’ trading activities in financial securities, starting from 2012 when the STOCK Act was implemented. The sample period chosen for this study is 2012-2024, originally consisting of 138,629 transactions in 3,961 stocks.⁶ Table 1 presents a finer breakdown of legislators’ trading activities in 21 types of financial securities. It is to be noted that transaction in public stocks account for nearly 80% of all reported transactions. From these original 138,629 records, we then take only the trades associated with S&P 500 stocks, decreasing the sample size to 97,573 transactions connected to 639 stocks. The primary reason for limiting to S&P 500 stocks is that politicians’ trades in non-S&P 500 constituents are negligible and smaller in reported trade quantity, and mirrors the approach of Dong and Xu (2025). Furthermore, to the extent that some of the trades by elected officials are motivated either by their close relationship with firms’ important personnel, by lobbying exposure, or by advanced knowledge of possible implication from their policy decisions, large-cap S&P 500 constituents are the stocks most likely to be traded by legislators. Thereafter, we construct net position at legislator-month-stock level, i.e., the position held by legislators in a stock at the end of a particular month by subtracting the sale amount from the purchase amount, using the trades with transaction dates—not reported dates—that fall in that particular month. We then proceeded to construct monthly portfolio weight vector of Democrat and Republican parties respectively by using the universe of stocks in the latest sample construction stage as a base. We

⁶See Li et al. (2025)’s Appendix C for details varying sample periods chosen by a number of earlier works on Congressional stock tradings.

provide a simplified example of party-month level portfolio weight vector construction in the following.

First, consider a small stock universe consisting of S1, S2, S3, S4, and S5. Assume there are 5 democrats D1, D2, D3, D4, D5; and five republicans R1, R2, R3, R4, and R5. Suppose that in a particular month, the five democrats collectively hold positions, in thousands, \$25, \$10, \$5, \$0, and \$10 in each of the five stocks respectively. Suppose also that, in the same month, the five republicans altogether hold positions, in thousands, \$10, \$20, \$30, \$40, \$50 in each of the five stocks respectively. The portfolio weight will then be calculated as a division of the total position in each stock held by all members of the same party (the numerator) by the sum of total positions across all stocks in the universe held by all members of the same party (the denominator). The party-month level portfolio weight vector for the Democrats is thus $[25/50, 10/50, 5/50, 0/50, 10/50] = [0.5, 0.2, 0.1, 0, 0.1]$. We calculate portfolio vector weights in this manner for Democrat and Republican parties for all the months in our sample period, and denote them as $\vec{w}_D^t$ and $\vec{w}_R^t$ respectively. These weights are the inputs to the monthly portfolio cosine similarity measure given by the following equation

$$\text{CosineSimilarity}_{DRt} = \frac{\vec{w}_D^t \cdot \vec{w}_R^t}{\|\vec{w}_D^t\| \|\vec{w}_R^t\|} \quad (1)$$

where $\vec{w}_D^t$ and $\vec{w}_R^t$ are value-weighted average holdings in the universe of stocks by Democrats and Republicans in month t . When constructed this way, cosine similarity lies in the interval $[-1, 1]$.⁷ The Figure 2 plots the resulting monthly cosine similarity between the value-weighted portfolios of Democrats and Republicans for S&P 500 stocks over the sample period.

We also use the Jaccard similarity measure for robustness in our tests of relation between party-level portfolio similarity and in-between party ideological distance. This measure captures the similarity by identifying how many common stocks are in the aggregate portfolios of Democrats and Republicans relative to the universe of total stocks held by them. Mathematically, it is expressed as

$$J(D_t, R_t) = \frac{|D_t \cap R_t|}{|D_t \cup R_t|} \quad (2)$$

where D_t and R_t are sets of stocks held by each political party in month t .

Panel A of Table 2 presents descriptive statistics for our dependent variable(s), the main

⁷Negative similarity values result from negative vector components when legislators liquidate their long positions.

explanatory variable (legislative polarization constructed from DW-Nominate 1st dimension), and a robust set of appropriate control variables. The distribution of portfolio cosine similarity is right-skewed, with the average at 0.02 and the median at 0.008. The distribution has a considerable degree of standard deviation, which possibly alludes to frequent composition changes in aggregate portfolios of Democrats and Republicans. When viewed in conjunction with Figure 2, it appears that portfolio similarity overall is trending up despite the fact that portfolio composition are also more volatile in the latter part of the sample period. Political polarization is tightly and evenly distributed, as indicated by almost similar mean and median scores which are not far from the minimum and maximum values, producing a small standard deviation. Other control variables follow various form of distribution—right-skewed, normal approximate, left-skewed, and binary/bernoulli—due to their type (discrete and continuous) and construction, which altogether enables our model to be specified as correctly as it should be. In panel A, we also present the statistics on bill passage rate, which has a mean of 2.7% and the standard deviation of 0.7%, consistent with the well-circulated knowledge that a very small percentage of bills eventually become laws. Panel B reports that the correlation between the calculated polarization and portfolio cosine similarity—averaged at the yearly level—is 0.471, indicating that polarization has a positive association with portfolio similarity.

5 Empirical Test Results

This section provides our regression model and results, along with the mechanism test(s) and associated results on the relation between polarization and portfolio similarity.

5.1 Polarization and Portfolio Similarity

To estimate the association between portfolio similarity and polarization, we use the following baseline specification:

$$\begin{aligned} \text{Similarity}_t = & \alpha + \beta_1 \text{Polarization}_y + \rho \text{Similarity}_{t-1} + \beta_2 \text{MktExcess}_{t-1} + \beta_3 \ln(\text{VIX}_{t-1}) \\ & + \beta_4 \ln(\text{EPU}_{t-1}) + \beta_5 \text{SessionDays}_t + \beta_6 \text{DemPresident}_t \\ & + \beta_7 \text{Sentiment}_t + \beta_8 \ln(\text{PCI}_t) + \mu_m + \varepsilon_t, \end{aligned} \quad (3)$$

where ‘ t ’ indexes months and ‘ y ’ indexes years. The dependent variable, Similarity_t , is the cosine similarity between Democrats’ and Republicans’ value-weighted stock portfolios in month t , and the explanatory variable, Polarization_t , is the difference between the chambers-averaged parties’ median DW-NOMINATE scores in the first dimension. Because our work is concerned with aggregate portfolio similarity rather than the singular portfolio of individual politicians, many of our controls capture the economic, market, and political conditions at the macro scale instead of at the minute level. The collection of specification controls thus includes, one-month-lagged portfolio similarity, market excess return factor from Fama-French 3-factor model, the natural logarithm of VIX , the natural logarithm of economic policy uncertainty, the number of days Congress is in session in each month, an indicator for a Democratic president, investor sentiment, and the log partisan conflict index.⁸ The term μ_m denotes month-of-the-year fixed effects. Statistical inference is based on heteroskedasticity- and autocorrelation-consistent (HAC) standard errors with 12 monthly lags. We use HAC standard errors in place of robust standard error clustered the year because, in our inputs to the regression model, the dependent variable is monthly, the explanatory variable is repeated across months within a year (or two), the dependent variable also likely has serial correlation, and many of our controls are time-series variables. Furthermore, the sample period chosen covers only 13 years from 2012 to 2024, and the small number of year clustering has the potential to introduce biased results. However, we also estimate the model with year-clustered standard errors to establish the robustness of our results.

Table 3 reports the results of our tests on the baseline mode of eq. (3). Column (1) corresponds to the univariate regression of cosine similarity on polarization. Column (2) and (3) specifications are almost identical and differs only in the choice of clustering. The estimated relations between controls and the dependent variable are interesting. For instance, portfolio similarity is negatively correlated with VIX , but positively correlated with EPU , which possibly suggests that they capture distinct set of information that matter to investment decisions of Democrats and Republicans. Increased portfolio similarity in times of higher EPU is, however, explainable, by extending the main finding from Moe and Ma (2024) who report that congressional stock trades’ abnormal returns rise with increasing EPU. In an environment of heightened

⁸Market excess return is retrieved from Professor Kenneth French’s website; VIX is obtained from Federal Reserve Bank of St. Louis’ FRED; Economic Policy Uncertainty data is sourced from Policy Uncertainty website; Investor Sentiment, first introduced in Baker and Wurgler (2006), is fetched from Professor Wurgler’s website; and finally investor sentiment conflict index, developed by Azzimonti (2018), comes from Federal Reserve Bank of Philadelphia.

EPU, policy-relevant information gained by legislators—as a result of their prominent role in policymaking—compels them to profitable trades that offer them higher abnormal returns. Since the number of these good trading opportunities is not one too many, and if the Congress members are motivated by information which points to a set of certain stocks, they will trade more or less the same stocks, leading to higher portfolio similarity. The number of session days in a month is also positively related to portfolio similarity. Not only is this finding not unexpected, it also supports the ‘information channel’ view which has long held that legislators trades are often propelled by non public information, the quantity of which is likely to be greater when the Congress is in session. More importantly, in all three columns, we observe that polarization is positively related to portfolio similarity with high degree of statistical significance. The estimated β_1 in column (2) is 1.694, which implies that one standard deviation increase in polarization is associated with an increase in portfolio similarity of 0.039 ($= 1.694 \times 0.023$). This magnitude is both statistically strong at 5% significance and economically non-negligible. Thus, this finding firmly supports our main hypothesis. Column (3) and (4) report results for Jaccard similarity and we find that positive relation between portfolio similarity and polarization still holds.

5.2 Legislative Gridlock Channel

To establish the hypothesized relation between legislative productivity and polarization, we employ the following regression model by drawing precedents from earlier works in the literature of political economy:

$$\begin{aligned} \text{BillPassageRate}_y = & \alpha + \beta_1 \text{Polarization}_y + \beta_1 \text{DemPresident}_y + \beta_2 \text{Split_Legislature}_y \\ & + \beta_3 \text{Unemployment}_y + \beta_4 \text{GDPgrowth}_y \end{aligned} \quad (4)$$

where ‘y’ denotes years, *BillPassageRate_y* is the variable to capture the legislative productivity in a year, *DemPresident_y* represents a unity when a Democrat is serving as a president, *SplitLegislature_y* is a dummy that is 1 when a party controls both chambers and 0 otherwise, *Unemployment_y* is the year-averaged unemployment measured in % and *GDPgrowth_y* is the year-to-year real GDP growth rate expressed in decimals. We calculate bill passage rate as the ratio of the number of bills passed in a year relative to all bills introduced in each Congress session (which typically spans two years). Table 4 presents the bill passage rate by 32 policy

areas as grouped by the CONGRESS.GOV website.

Table 5 reports the univariate (column 1) and multivariate regression results (column 2). Both columns show that as polarization rises, bill passage rate declines; and more importantly, the magnitude of this association is economically powerful and the statistic strongly significant. The estimates indicate that one standard deviation increase in polarization reduces the legislative productivity by 0.001 ($= -0.212 \times 0.007$). In percentage terms, this translates to a decrease in legislative productivity by 5.42%. This figure is in line with reported findings from similar studies involving polarization and legislative productivity, such as Atanassov et al. (2024) which give a 6.2% decline in lawmaking productivity attributable to polarization. Other variables have more or less expected signs. For example, the legislature split too is negatively correlated with bill passage rate, lending credence to the notion that the state of competing chambers headed by opposing parties slows down the lawmaking process.

Having established that polarization influences Congress' ability in moving bills forward to the enactment stage, we examine whether this legislative impasse acts as a channel by which polarization impacts portfolio similarity. Conditional on the assumption that (some of or most of) Congress members' stock trades are driven by information shaped and influenced by policymaking activities and that the opportunities to act on these kind of information shrinks from higher legislative gridlock, we expect Congressional stock trades and subsequently portfolio formations of Democrats and Republicans to become more similar despite the divergent ideological scores between them as they react to the increasingly common set of information pertinent to the market and economy. To test this quantitatively, we create a new dummy variable *LowProductivity* that divides the period of study into one with low productivity—i.e, the variable is 1 for years with below-average *BillPassageRate*— and one with low productivity—i.e, the variable is 0 for years with low legislative gridlock. We then estimate the following regression equation by modifying our model from Equation (3):

$$\begin{aligned}
\text{Similarity}_t = & \alpha + \beta_1 \text{Polarization}_y + \beta_2 \text{Polarization}_y \times \text{LowProductivity}_y + \beta_3 \text{LowProductivity}_y \\
& + \rho \text{Similarity}_{t-1} + \beta_2 \text{MktExcess}_{t-1} + \beta_4 \ln(\text{VIX}_{t-1}) \\
& + \beta_5 \ln(\text{EPU}_{t-1}) + \beta_6 \text{SessionDays}_t + \beta_7 \text{DemPresident}_t \\
& + \beta_8 \text{Sentiment}_t + \beta_9 \ln(\text{PCI}_t) + \mu_m + \varepsilon_t,
\end{aligned} \tag{5}$$

where 't' and 'y' index months and years respectively. Table 6 contains the regression re-

sults, detailed in columns (1) to (6). Columns (1)-(2) consider bill passage rate of all bills; columns (3)-(4) focus on top six policy areas in terms of the number of bills introduced; and column (5)-(6) only take into account six important policy areas deemed to be most flush with market-relevant information.⁹ To support our hypothesis that political gridlock associated with political polarization (for which we provided estimation results in Table 5) brings about higher similarity in portfolios of Democrats and Republicans, the estimates on the interaction term *Polarization* $\times$ *LowProductivity* should be positive and significant. Our results, which are positive and significant across all six columns, are in line with the expectation. The results thus show that gridlock strengthens the positive association between polarization and portfolio similarity. Quantitatively, using column (6) as an example, the marginal effect of polarization from a one standard deviation increase in polarization when *LowProductivity* = 1 is 0.049 ($= (5.808 - 3.675) \times 0.023$). This corresponds to about 30.5% increase of one standard deviation of portfolio similarity during periods of low legislative productivity in six policy areas containing market-relevant information. Hence, overall, our results show that congressional gridlock strengthens the positive association between polarization and portfolio similarity, supporting our second hypothesis.

5.3 Subsample Test(s)

Congressional stock trading activity displays an uneven distribution wherein a set of certain legislators report a large number of transactions and some other legislators do not trade as actively. A number of reasons could be put forward to explain, and we put out below the conjecture we are most inclined to. Perhaps, legislators with a high number of trade records have longer years of service in the Congress, which in turn is highly likely to be positively correlated with the power, information network, and the honed ability to know when and when not to act on the investment information signals.¹⁰ To the degree that these members of Congress whose reported traders are above-average are more informed traders, this calls for an examination into

⁹Top six policy areas with the highest number of bills introduced are Armed Forces and National Security, Crime and Law Enforcement, Government Operations and Politics, Health, Public Lands and Natural Resources, and Taxation. Top six market-information-rich policy areas we chose are Armed Forces and National Security, Commerce, Finance and Financial Sector, Foreign Trade and International Finance, Labor and Employment, and Taxation.

¹⁰We also recognize that a number of alternative explanations could compete with ours, one of which is that a higher number of trades than usual results from portfolio balancing required by an investment strategy like index replication. While it is certainly plausible, especially for cases where a politician has selected to trade under the blind trust, ascribing large trading activity mostly to index replication, an inactive investment style, would put it at odds with a number of prior and ongoing studies on Congressional stock trading, many of which suggests the existence of informed trading among politicians (Li et al., 2025; Hanousek Jr. et al., 2021; Blonien et al., 2025).

whether our empirical results obtained so far would remain consistently so for this group of members.

In this section, we address this interesting premise. The first data step taken is identifying most ‘active’ traders from each party—Democratic and Republican—by requiring that their total number of trades throughout the sample period is above the median number of trades among each party’s members. Then, we filtered out only the trades of these group of politicians and proceeded to calculating cosine portfolio similarity of the two parties by completing the steps as outlined in Section 4. Afterward, we report the results, in Table 7, of running the estimation models eq. (3) and eq. (5) on the cosine similarity values built from subsample transactions. Column (1) corresponds to the result of estimation model eq. (3) and Column (3) to (4) to the results of eq. (5). We find that the results remain significant and in some specifications, are stronger in magnitude than the full sample results. For instance, in column (1), the reported coefficient 1.787 is roughly 5.5% larger than what is reported under the same specification of Table 3. In quantitative speak, the portfolio similarity between active Democrat and Republican traders rise by 0.041 ($= 1.787 \times 0.023$) for a one standard deviation increase in polarization. Examining the legislative channel, we continue to see stronger findings—both in terms of magnitude and statistical significance—for the specification related to Top 6 policy areas. The *Polarization* $\times$ *LowProductivity* coefficient of 3.777 in column (3) of Table 7 is nearly 6% larger than the corresponding coefficient in column (4) of Table 6. Our results, overall, suggest that active traders—defined as those with higher-than-median reported number of trades—are likely to be those more attuned to the investment information environment of the Congress, and their portfolios get more similar when heightened polarization shifts the information availability to a narrower set of legislative bills.

6 Conclusion

This paper examines whether increasing political polarization among members of the U.S. Congress extends to their personal investment portfolios. Using congressional stock transactions from 2012 to 2024, we construct monthly value-weighted equity portfolios for Democratic and Republican legislators and measure the similarity between the two portfolios. We combine these measures with Congress-level ideological polarization based on the distance between Democratic and Republican median DW-NOMINATE scores.

We document a positive association between congressional polarization and portfolio similarity. As the ideological distance between Democratic and Republican legislators increases, their aggregate stock portfolios become more, rather than less, similar. This finding is robust to alternative measures of portfolio similarity. The result suggests that ideological divergence in Congress does not necessarily translate into equivalent divergence in legislators' financial decisions. Instead, legislators from opposing parties may continue to respond to a common policy environment and to overlapping sets of firms and industries whose economic prospects are affected by congressional activity.

We further examine legislative gridlock as a potential channel underlying this relation. Higher political polarization is associated with lower bill passage rates, consistent with prior evidence that ideological disagreement reduces legislative productivity. Moreover, the positive association between polarization and portfolio similarity is stronger during periods of lower legislative productivity, including when legislative productivity is measured using policy areas with substantial market relevance. These findings are consistent with the view that gridlock may concentrate legislators' attention around a narrower set of economically consequential policy issues, increasing commonality in the firms and industries reflected in their portfolios.

Overall, our results highlight a distinction between political disagreement and financial behavior among policymakers. Although Democrats and Republicans have become increasingly separated in ideological space, their investment portfolios need not move further apart. The evidence instead suggests that the institutional environment shared by members of Congress can generate commonality in financial decisions even during periods of heightened political division. More broadly, the study contributes to the literature on politics and finance by showing that political polarization can shape not only the decisions of firms, households, and outside investors, but also the personal financial behavior of the policymakers at the center of the political process.

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Figure 1: Mean-Difference Trends for Dimension 1

This figure reports the time-series movement in polarization at the Congress, separately for both House and Senate, and for the polarization average across the two chambers. Polarization is calculated as the distance between the median ideal DW-Nominate first dimension points of Democrat and Republican parties for House and Senate.

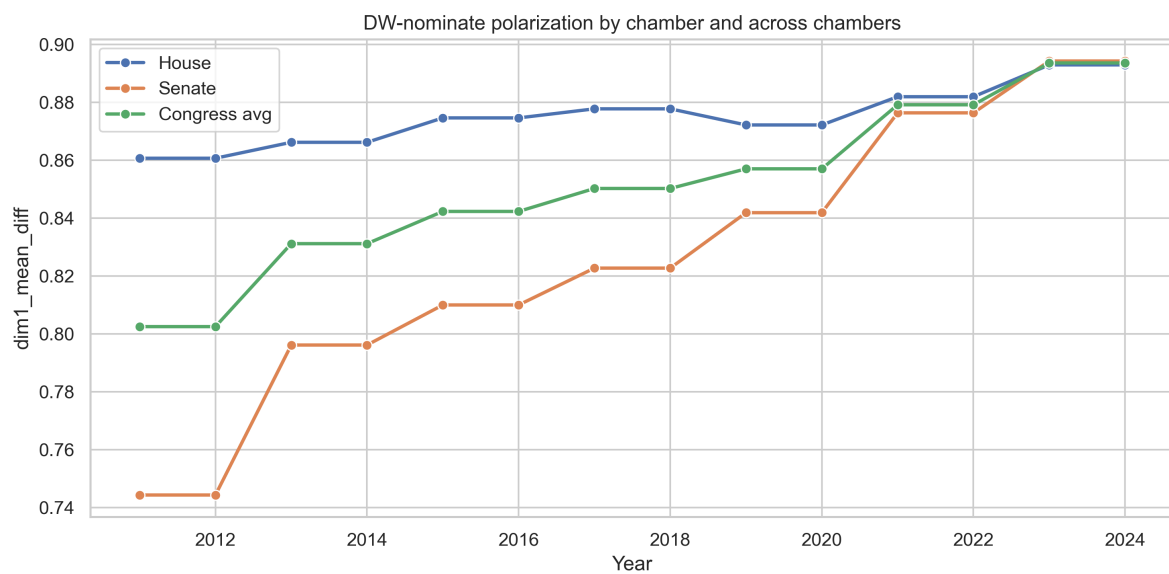


Figure 2: Monthly Cosine Similarity of Democratic and Republican S&P 500 Portfolios

This figure reports the time-series movement in monthly portfolio similarity of Democrats and Republicans' trades in S&P 500 stocks during the sample period 2011-2024.

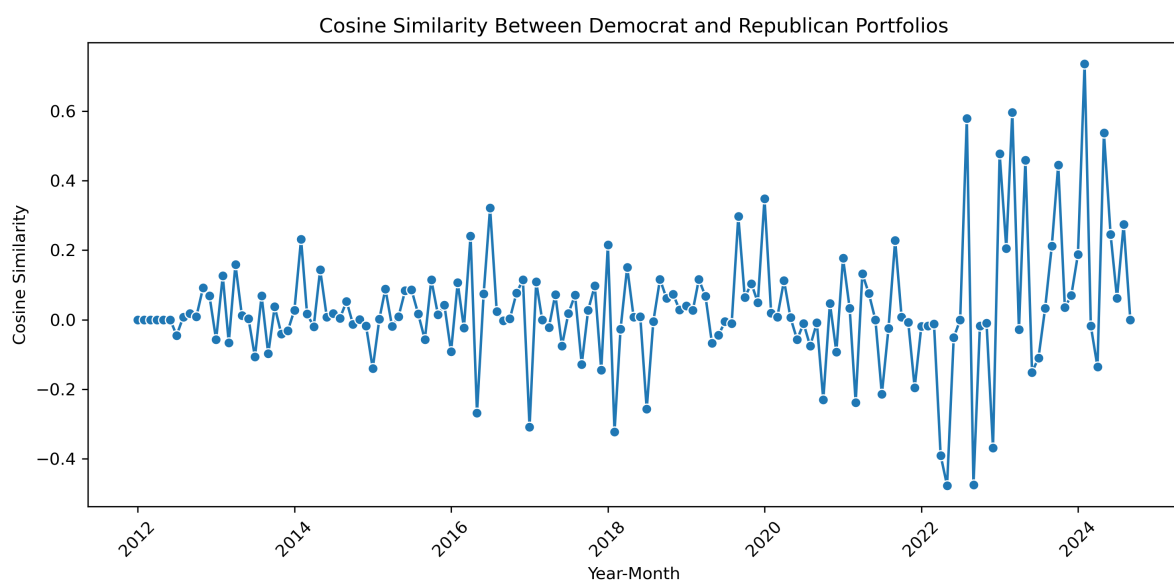


Table 1: Democrats' and Republicans' Trades in 21 Types of Financial Securities

This table presents summary statistics of buy and sell transactions in 21 types of financial assets by Democratic and Republican members of Congress, respectively, over the sample period from January 2012 to August 2024.

Asset type	Dem BUY	Dem SELL	Rep BUY	Rep SELL
ABS	1	0	0	0
Corporate Bond	1,189	818	1,580	1,256
Crypto	2	5	54	26
ETF	611	471	1,900	1,727
ETN	8	7	22	17
Futures	1	2	74	72
Hedge/Private Equity Funds	94	67	25	86
Municipal Security	2,298	1,213	4,145	3,233
Mutual Fund	467	459	1,140	914
Non-public Stock	956	340	345	208
Other Investment Fund	240	76	243	77
Other Securities	2	8	27	2
Ownership Interest	4	3	5	3
Preferred Shares	282	152	136	54
Private Equity Fund	124	13	195	51
REIT	1,049	899	1,175	699
Stock	29,784	27,549	39,580	40,703
Stock Appreciation Right	1	1	0	0
Stock Options	760	947	375	1,103
Variable Annuity	0	0	2	0
Venture Capital	97	12	17	1

Table 2: Summary Statistics for the Baseline Portfolio-Similarity Model

Panel A reports monthly descriptive statistics for the variables in the baseline portfolio-similarity specification. Panel B reports the Pearson correlation between yearly portfolio similarity and the Dimension 1 median difference in DW-NOMINATE scores, its p-value, and annual observation count.

Panel A: Summary Statistics of Variables							
Variable	Unit / scale	N	Mean	Std. Dev.	Min.	Median	Max.
Portfolio cosine similarity	Continuous cosine measure $[-1, 1]$	143	0.020	0.161	-0.477	0.008	0.597
Political polarization (Dimension 1 median difference)	Absolute DW-NOMINATE-point difference $[0, 2]$	143	0.843	0.023	0.799	0.845	0.888
Portfolio cosine similarity _{<i>t</i>-1}	Continuous cosine measure $[-1, 1]$	143	0.019	0.161	-0.477	0.008	0.597
Jaccard Similarity	Continuous measure $[0, 1]$	143	0.226	0.091	0	0.218	0.639
Jaccard Similarity _{<i>t</i>-1}	Continuous measure $[0, 1]$	143	0.224	0.093	0	0.218	0.639
MktEcess _{<i>t</i>-1}	Decimal return	143	0.011	0.043	-0.134	0.014	0.136
ln(VIX _{<i>t</i>-1})	Natural log of index level	143	2.832	0.297	2.315	2.783	4.056
ln(EPU _{<i>t</i>-1})	Natural log of index level	143	4.876	0.302	4.266	4.865	5.859
SessionDays _{<i>t</i>}	Number of days	143	16.378	4.022	1.000	17.000	23.000
DemPresident _{<i>t</i>}	Binary indicator (0/1)	143	0.664	0.474	0.000	1.000	1.000
Sentiment _{<i>t</i>}	Orthogonalized index (unitless)	143	0.131	0.526	-0.373	-0.042	2.006
ln(PCI _{<i>t</i>})	Natural log of index level	143	4.958	0.260	3.548	4.964	5.603
BillPassageRate (All)	Percentage	14	0.027	0.007	0.017	0.026	0.037
Panel B: Correlation Between Yearly Portfolio Similarity and Dimension 1 Median Difference							
Portfolio similarity vs. Dimension 1 median difference						0.471	
p-value						0.065	
Observations						13	

Table 3: Political polarization and portfolio similarity

This table presents the regression estimates of eq. (3). The main dependent variable is either portfolio cosine similarity or Jaccard similarity. Controls include one-month lagged portfolio similarity, market excess return factor of Fame-French 3-factor model, the natural logarithm of VIX, the natural logarithm of economic policy uncertainty, the number of days in a month Congress is in session, an indicator variable for Democrat presidency, investor sentiment, and the natural logarithm of Jaccard similarity. HAC-clustered standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

	[Portfolio cosine similarity]			[Jaccard similarity]	
	(1)	(2)	(3)	(4)	(5)
Polarization	1.345*** (2.374)	1.694** (2.334)	1.694* (1.665)	0.621* (1.762)	0.621 (1.419)
Similarity _{<i>t</i>-1}		-0.164*** (-2.682)	-0.164*** (-3.982)	0.328*** (2.871)	0.328*** (2.716)
MktExcess _{<i>t</i>-1}		0.096 (0.233)	0.096 (0.176)	-0.366** (-2.017)	-0.366* (-1.720)
ln(VIX _{<i>t</i>-1})		-0.041 (-0.517)	-0.041 (-0.490)	-0.072* (-1.918)	-0.072* (-2.043)
ln(EPU _{<i>t</i>-1})		0.008 (0.105)	0.008 (0.078)	0.020 (0.645)	0.020 (0.651)
SessionDays _{<i>t</i>}		0.007* (1.929)	0.007* (1.742)	-0.004** (-2.109)	-0.004** (-2.141)
DemPresident _{<i>t</i>}		0.068** (2.011)	0.068* (1.764)	-0.083*** (-4.597)	-0.083*** (-3.815)
Sentiment _{<i>t</i>}		-0.096*** (-3.926)	-0.096*** (-4.670)	0.017* (1.777)	0.017* (1.755)
ln(PCI _{<i>t</i>})		-0.058 (-1.105)	-0.058 (-0.937)	-0.020 (-0.729)	-0.020 (-0.589)
N	153	143	143	143	143
R ²	0.036	0.130	0.130	0.558	0.558
Month FE	No	Yes	Yes	Yes	Yes
HAC Cluster	No	Yes	No	Yes	No
Year Cluster	No	No	Yes	No	Yes

Table 4: Bill Passage Rates by Policy Area, 112th–118th Congresses

This table reports the bill passage rate in each congressional cycle of each 32 policy area and of all policy areas combined.

Policy area	Bill passage rate (%)							
	112–118	112	113	114	115	116	117	118
Agriculture and Food	0.6	0.0	0.6	2.9	0.7	0.7	1.1	0.1
Animals	1.5	1.5	3.6	0.0	1.3	0.0	1.5	2.9
Armed Forces and National Security	3.9	2.8	3.4	4.6	4.6	3.8	5.6	2.6
Arts, Culture, Religion	4.9	7.7	6.2	5.6	7.7	0.0	6.1	4.1
Civil Rights and Liberties, Minority Issues	2.7	0.0	2.0	3.9	4.5	2.4	4.0	1.0
Commerce	2.1	4.7	0.5	3.8	3.6	1.4	2.2	0.4
Congress	3.2	3.3	2.1	5.1	4.4	2.3	3.9	2.0
Crime and Law Enforcement	2.7	4.4	2.5	3.0	3.8	2.5	3.4	0.8
Economics and Public Finance	5.0	3.1	3.1	4.3	6.8	6.6	7.2	5.6
Education	0.6	0.8	0.4	0.8	0.4	0.7	0.6	0.4
Emergency Management	4.8	2.1	4.5	8.6	5.8	5.2	6.2	2.0
Energy	1.2	1.1	2.8	0.3	5.1	0.3	0.0	0.6
Environmental Protection	1.3	1.3	1.2	1.3	1.0	1.8	0.9	1.4
Families	1.7	2.4	4.5	0.0	2.3	1.1	0.0	2.5
Finance and Financial Sector	1.8	4.8	2.3	1.3	2.3	2.5	0.7	0.6
Foreign Trade and International Finance	0.8	0.4	0.0	3.1	1.8	1.5	2.1	1.3
Government Operations and Politics	10.0	12.1	10.3	14.6	13.4	7.7	8.2	7.5
Health	1.2	0.6	2.2	1.7	2.0	1.0	1.0	0.7
Housing and Community Development	0.4	0.0	1.5	1.8	0.0	0.4	0.0	0.0
Immigration	1.0	3.0	2.0	0.3	1.1	0.9	0.6	0.5
International Affairs	2.6	4.7	5.3	5.0	5.8	1.7	1.5	0.3
Labor and Employment	0.4	0.0	0.8	0.8	0.3	0.7	0.2	0.2
Law	3.2	6.5	3.9	3.1	0.9	2.1	3.6	2.9
Native Americans	6.7	6.7	10.6	7.3	7.6	5.3	7.8	3.5
Public Lands and Natural Resources	3.7	4.5	4.0	2.5	5.2	4.2	2.2	2.9
Science, Technology, Communications	2.4	1.7	3.8	1.5	4.6	3.3	1.3	0.8
Social Sciences and History	3.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Welfare	1.2	1.7	0.8	0.6	1.2	2.3	1.1	0.6
Sports and Recreation	5.1	0.0	11.8	0.0	15.4	5.9	5.9	0.0
Taxation	0.4	0.8	0.8	0.4	0.2	0.3	0.0	0.4
Transportation and Public Works	2.9	4.5	5.6	4.9	3.3	1.1	1.6	2.1
Water Resources Development	3.3	3.3	5.5	1.3	3.4	2.7	0.0	6.1
All	2.6	2.6	3.2	3.2	3.7	2.4	2.4	1.7

Table 5: Political polarization and political gridlock

This table presents the regression estimates of eq. (4). The main dependent variable is the bill passage rate calculated with the data from CONGRESS.GOV website. Controls include an indicator variable for Democrat presidency, an indicator variable for whether the Congress control is split between Democrats and Republicans, the average unemployment rate in a year (in %), and real GDP growth rate year-to-year (in deciamls). HAC-clustered standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

	[Bill passage rate]	
	(1)	(2)
Polarization _y	-0.124** (0.057)	-0.212*** (-4.953)
DemPresident _t		-0.003* (-1.653)
Split_Legislature _t		-0.007*** (-2.949)
Unemployment _t		-0.001 (-1.305)
GDPgrowth _t		-0.008 (-0.241)
N	14	14
R ²	0.267	0.130
HAC Cluster	Yes	Yes

Table 6: Political polarization, legislative gridlock, and portfolio similarity

This table presents the regression estimates of eq. (5). The main dependent variable is the portfolio cosine similarity. Controls include LowProductivity (which is 1 for years/congressional cycle with above-median bill passage rate and 0 otherwise), the interaction term between LowProductivity and Polarization, one-month lagged portfolio similarity, market excess return factor of Fame-French 3-factor model, the natural logarithm of VIX, the natural logarithm of economic policy uncertainty, the number of days in a month Congress is in session, an indicator variable for Democrat presidency, investor sentiment, and the natural logarithm of Jaccard similarity. HAC-clustered standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

	[All]		[Top 6 policy areas]		[Important policy areas]	
	(1)	(2)	(3)	(4)	(5)	(6)
Polarization	-2.778** (-2.493)	-1.167 (-0.8113)	-0.345 (-0.681)	-1.139 (-0.779)	-2.778** (-2.493)	-3.675 (-1.253)
Polarization × LowPro- ductivity	5.014*** (3.936)	2.944* (1.735)	2.205** (2.184)	3.570* (1.856)	5.014*** (3.936)	5.808** (1.986)
LowProductivity	-4.165*** (-3.902)	-2.399* (-1.698)	-1.845** (-2.180)	-2.940* (-1.843)	-4.165*** (-3.902)	-4.820** (-1.970)
Similarity _{t-1}		-0.180*** (-3.105)		-0.181*** (-3.164)		-0.217*** (-3.282)
MktExcess _{t-1}		0.086 (0.207)		0.143 (0.340)		0.167 (0.395)
ln(VIX _{t-1})		-0.024 (-0.282)		-0.010 (-0.113)		-0.016 (-0.159)
ln(EPU _{t-1})		-0.049 (-0.500)		-0.077 (-0.691)		-0.019 (-0.202)
SessionDays _t		0.008** (2.019)		0.008** (2.067)		0.009** (1.969)
DemPresident _t		0.039 (1.372)		0.023 (0.550)		0.051* (1.672)
Sentiment _t		-0.113*** (-4.785)		-0.106*** (-4.625)		0.008 (0.151)
ln(PCI _t)		-0.013 (-0.191)		-0.021 (-0.318)		0.028 (0.340)
N	143	143	143	143	143	143
R ²	0.197	0.153	0.095	0.158	0.197	0.226
Month FE	No	Yes	No	Yes	No	Yes
HAC Cluster	No	Yes	No	Yes	No	Yes

Table 7: Political polarization and portfolio similarity among the politicians with above-median number of transactions

This table presents the regression estimates of eq. (3) and of eq. (5) on the subsample of stock transactions by politicians whose disclose. The main dependent variable is the portfolio cosine similarity or Jaccard similarity. Controls for tests of eq. (3) include one-month lagged portfolio similarity, market excess return factor of Fame-French 3-factor model, the natural logarithm of VIX, the natural logarithm of economic policy uncertainty, the number of days in a month Congress is in session, an indicator variable for Democrat presidency, investor sentiment, and the natural logarithm of Jaccard similarity. In addition to those controls, tests of eq. (5) also include, as controls, LowProductivity (which is 1 for years/congressional cycle with above-median bill passage rate and 0 otherwise), and the interaction term between LowProductivity and Polarization. HAC-clustered standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

	[Portfolio cosine similarity]			
	[Baseline]	[All]	[Top 6 policy areas]	[Important policy areas]
	(1)	(2)	(3)	(4)
Polarization	1.787** (2.497)	-3.234 (-1.151)	-1.196 (-0.810)	-3.224 (-1.151)
Polarization $\times$ LowProductivity		5.449**	3.777**	5.445**
LowProductivity		(1.933) -4.512* (-1.926)	(1.983) -3.114** (-1.970)	(1.923) -4.512* (-1.926)
Similarity _{$t-1$}	-0.173*** (-2.832)	-0.221*** (0.001)	-0.189*** (-3.298)	-0.221*** (-3.401)
MktExcess _{$t-1$}	0.073 (0.170)	0.137 (0.315)	0.124 (0.287)	0.167 (0.355)
ln(VIX _{$t-1$})	-0.060 (-0.713)	-0.032 (-0.303)	-0.027 (-0.292)	-0.036 (-0.331)
ln(EPU _{$t-1$})	0.037 (0.453)	0.008 (0.076)	-0.051 (-0.448)	0.009 (0.079)
SessionDays _{t}	0.006* (1.674)	0.008** (1.736)	0.007* (1.812)	0.009** (1.736)
DemPresident _{t}	0.079** (2.428)	0.063** (2.102)	0.031 (0.805)	0.065** (2.001)
Sentiment _{t}	-0.104*** (-4.520)	-0.005 (-0.097)	-0.114*** (-5.247)	-0.005 (-0.097)
ln(PCI _{t})	-0.054 (-1.049)	0.032 (0.387)	-0.017 (-0.261)	0.037 (0.394)
N	143	143	143	143
R ²	0.131	0.222	0.160	0.222
Month FE	Yes	Yes	Yes	Yes
HAC Cluster	Yes	Yes	Yes	Yes

Appendix A

Table A1: Congressional stock-trading measures introduced from 2020 through August 25, 2026

CongressMeasure	Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
116th / H.R. 6401 2020	Ban Conflicted Trading Act	2020-03-26	Raja Krishnamoorthi	D	House	2 (AOC; Neguse)	Ban purchase or sale of specified securities, commodities, futures, and net-short positions by Members and covered congressional employees; blind-trust/divestment pathway; civil penalty of at least 10%.	Financial Services; Agriculture; House Administration – referred only
116th / H.R. 6461 2020	Insider Trading Prohibition Act (IPO Act)	2020-04-07	Tulsi Gabbard	D	House	0	Ban Members, spouses, and specified officials from purchasing or selling covered securities, commodities, futures, derivatives, or net-short positions; divestment window.	Financial Services; Agriculture; Oversight & Reform; House Administration; Judiciary – referred only
116th / H.R. 7200 2020	TRUST in Congress Act	2020-06-15	Abigail Spanberger	D	House	1 (Chip Roy)	Require Members, spouses, and dependent children to place covered investments in qualified blind trusts; certifications publicly posted; diversified funds and Treasury securities exempt.	House Administration – referred only
116th / H.R. 9029 2020	Anti-Corruption and Public Integrity Act	2020-12-18	Pramila Jayapal	D	House	4	Omnibus ethics bill expressly banning Members and senior congressional staff from owning or trading individual stocks, alongside broader anti-corruption reforms.	Judiciary plus Oversight & Reform, House Administration, Ways & Means, Financial Services, Intelligence, Rules, Foreign Affairs, Armed Services, and Budget – referred only
116th / S. 5070 2020	Anti-Corruption and Public Integrity Act	2020-12-19	Elizabeth Warren	D	Senate	0	Senate omnibus companion expressly banning Members and senior congressional staff from owning or trading individual stocks; broader ethics reforms.	Finance – referred only
117th H.R. 336	TRUST in Congress Act	2021-01-15	Abigail Spanberger	D	House	8	Require Members, spouses, and dependent children to place covered investments in qualified blind trusts; public certification.	House Administration – referred only
117th H.R. 459	HUMBLE Act	2021-01-25	Angie Craig	D	House	0	Amend House Rule XXIII to prohibit Representatives, Delegates, and the Resident Commissioner from owning common stock of individual public corporations.	Multiple House committees – referred only

Congress	Measure	Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
117th	H.R. 1579	Ban Conflicted Trading Act	2021-03-03	Raja Krishnamoorthi	D	House	14	Ban purchase or sale of covered investments and net-short positions by Members and covered congressional employees; qualified blind trust permitted.	Financial Services; Agriculture; House Administration – referred only
117th	S. 564	Ban Conflicted Trading Act	2021-03-03	Jeff Merkley	D	Senate	2 (Warnock; Brown)	Senate companion prohibiting purchase or sale of covered investments and net-short positions; qualified blind trust permitted.	Homeland Security & Governmental Affairs – referred only
117th	S. 3494	Ban Congressional Stock Trading Act	2022-01-12	Jon Ossoff	D	Senate	1 (Mark Kelly)	Require Members, spouses, and dependent children to divest covered investments or place them in qualified blind trusts; compliance certification and public disclosure.	Homeland Security & Governmental Affairs – referred only
117th	S. 3504	Banning Insider Trading in Congress Act	2022-01-13	Josh Hawley	R	Senate	0	Prohibit Members and spouses from holding, buying, or selling covered financial instruments; blind-trust exception; disgorgement and civil penalties.	Homeland Security & Governmental Affairs – referred only
117th	H.Res. 873	NO STOCK Resolution	2022-01-18	Angie Craig	D	House	0	Amend House Rule XXIII to prohibit House Members from owning common stock of individual public corporations.	Ethics – referred only
117th	H.R. 6490	Banning Insider Trading in Congress Act	2022-01-25	Vicky Hartzler	R	House	0	House companion prohibiting Members and spouses from holding, buying, or selling covered financial instruments; qualified blind-trust exception.	House Administration; Ways & Means – referred only
117th	S. 3550	Ethics Reform Act	2022-02-01	Ben Sasse	R	Senate	0	Prohibit Members of Congress from purchasing or selling individual securities; widely held investment funds exempt.	Homeland Security & Governmental Affairs – referred only
117th	H.R. 6678	Bipartisan Ban on Congressional Stock Ownership Act	2022-02-09	Pramila Jayapal	D	House	1 (Matt Rosendale)	Prohibit Members and spouses from owning specified stocks, bonds, commodities, futures, derivatives, and similar assets; require divestment; diversified-fund exemptions.	Financial Services; Agriculture; House Administration; Ways & Means – referred only
117th	H.R. 6694	STOCK Act 2.0	2022-02-09	Katie Porter	D	House	0	Ban covered trades by Members, senior staff, spouses, and dependents; strengthen online financial-disclosure and periodic-transaction-report access and reporting penalties.	Oversight & Reform; House Administration; Judiciary – referred only
117th	S. 3612	STOCK Act 2.0	2022-02-09	Kirsten Gillibrand	D	Senate	0	Prohibit covered trades and expand disclosure, public access, and penalties; includes securities, commodities, futures, and cryptocurrency.	Homeland Security & Governmental Affairs – referred only

Congress	Measure	Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
117th	S. 3631	Bipartisan Ban on Congressional Stock Ownership Act	2022-02-10	Elizabeth Warren	D	Senate	5	Prohibit Members and spouses from owning covered stocks, bonds, commodities, futures, and complex investment vehicles; require divestment; diversified-fund exemptions.	Finance – referred only
117th	H.R. 6844	Restoring Trust in Public Service Act	2022-02-25	Andy Kim	D	House	0	Prohibit Members, spouses, and dependents from owning covered investments; require divestment; salary-based penalties and public notices of violations.	Judiciary; Financial Services; Agriculture; Oversight & Reform; House Administration; Ways & Means – referred only
117th	H.R. 9216	PORTFOLIO Act	2022-10-21	David Schweikert	R	House	0	Broad federal-employee conflict-of-interest bill covering Members; prohibit purchase or ownership of covered investments with divestment or qualified-blind-trust compliance.	Oversight & Reform; House Administration; Judiciary; Ways & Means – referred only
117th	H.R. 9623	Anti-Corruption and Public Integrity Act	2022-12-20	Pramila Jayapal	D	House	0	Omnibus ethics bill expressly banning Members and senior congressional staff from owning or trading individual stocks.	Judiciary plus nine additional House committees – referred only
117th	S. 5315	Anti-Corruption and Public Integrity Act	2022-12-20	Elizabeth Warren	D	Senate	0	Senate omnibus companion expressly banning individual-stock ownership and trading by Members and senior congressional staff.	Finance – referred only
118th	H.R. 345	TRUST in Congress Act	2023-01-12	Abigail Spanberger	D	House	37	Require Members, spouses, and dependent children to place covered investments in qualified blind trusts; public certification.	House Administration – referred only
118th	H.R. 389	PORTFOLIO Act	2023-01-17	David Schweikert	R	House	0	Prohibit Members and covered congressional employees from purchasing or owning covered investments; qualified-blind-trust and divestment framework.	Oversight & Accountability; Judiciary; House Administration; Ways & Means – referred only
118th	S. 58	PELOSI Act	2023-01-24	Josh Hawley	R	Senate	0	Prohibit Members and spouses from holding, buying, or selling covered financial instruments; divestment or qualified-blind-trust route.	Homeland Security & Governmental Affairs – referred only
118th	H.R. 507	HUMBLE Act	2023-01-25	Angie Craig	D	House	0	Amend House Rule XXIII to prohibit House Members from owning common stock of individual corporations.	Multiple House committees – referred only
118th	S. 439	PELOSI Act	2023-02-15	Josh Hawley	R	Senate	0	Prohibit Members and spouses from holding, buying, or selling covered financial instruments; divestment or blind-trust compliance.	Homeland Security & Governmental Affairs – referred only

Congress	Measure	Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
118th	H.R. 1138	Prohibit Insider Trading Act	2023-02-21	Zach Nunn	R	House	1 (Greg Stanton)	Prohibit Members and spouses from owning or trading covered investments; annual certification; disgorgement and civil penalties.	House Administration; Ways & Means – referred only
118th	H.Res. 156	NO STOCK Resolution	2023-02-24	Angie Craig	D	House	0	Amend House Rule XXIII to prohibit House Members from owning common stock of individual corporations.	Ethics – referred only
118th	H.R. 1463	Restoring Trust in Public Servants Act	2023-03-08	Andy Kim	D	House	0	Prohibit Members and family members from owning or trading covered investments; require divestment; salary-based penalties.	Judiciary; Financial Services; Agriculture; Oversight & Accountability; House Administration; Ways & Means – referred only
118th	H.R. 1679	Bipartisan Ban on Congressional Stock Ownership Act	2023-03-21	Pramila Jayapal	D	House	11	Prohibit Members and spouses from owning covered stocks, bonds, commodities, futures, and complex investments; require divestment.	Financial Services; Agriculture; House Administration; Ways & Means – referred only
118th	H.R. 2383	Prohibition of Financial Trading on Government Property Act	2023-03-29	Nancy Mace	R	House	1 (Angie Craig)	Prohibit Members and congressional employees from financial trading on federal property or using federal resources; covers securities and other assets.	Oversight & Accountability; House Administration – referred only
118th	S. 1171	ETHICS Act	2023-04-17	Jeff Merkley	D	Senate	20	Ban Members, spouses, and dependent children from holding, purchasing, or selling covered financial instruments; divestment or blind-trust compliance; public certifications.	HSGAC – ordered reported 2024-07-24; formally reported 2024-12-19 (S. Rept. 118-309; Calendar No. 729)
118th	H.R. 2678	ETHICS Act	2023-04-18	Raja Krishnamoorthi	D	House	3	House companion prohibiting Members, spouses, and dependents from holding, purchasing, or selling covered instruments; divestment or qualified blind trust.	House Administration; Oversight & Accountability; Judiciary – referred only
118th	H.R. 3003	Bipartisan Restoring Faith in Government Act	2023-04-28	Brian Fitzpatrick	R	House	3	Prohibit Members, spouses, and dependent children from owning covered financial instruments; require sale or qualified blind trust; public pledge and certification.	House Administration; Ways & Means – referred only
118th	S. 2463	Ban Stock Trading for Government Officials Act	2023-07-25	Kirsten Gillibrand	D	Senate	1 (Josh Hawley)	Restrict covered financial interests and trades by Members and other senior government officials; impose divestment and compliance rules.	Homeland Security & Governmental Affairs – referred only
118th	S. 2773	Ban Congressional Stock Trading Act	2023-09-12	Jon Ossoff	D	Senate	8	Require Members, spouses, and dependents to divest covered investments or place them in qualified blind trusts; certification and publication requirements.	Homeland Security & Governmental Affairs – referred only

Congress	Measure	Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
118th	H.R. 6141	Insider Trading Prevention Act	2023-11-01	Pat Fallon	R	House	0	Prohibit specified securities transactions by Members, spouses, and dependent children.	House Administration – referred only
118th	H.R. 6842	STOCK Act 2.0	2023-12-15	Katie Porter	D	House	0	Ban covered trades by Members, senior staff, spouses, and dependents; expand disclosure, public access, and penalties.	Oversight & Accountability; House Administration; Judiciary – referred only
118th	S. 3555	STOCK Act 2.0	2023-12-18	Kirsten Gillibrand	D	Senate	0	Prohibit covered trading and strengthen STOCK Act financial-disclosure and periodic-transaction-report enforcement and public access.	Homeland Security & Governmental Affairs – referred only
118th	H.R. 7264	Stop Politicians Profiting from War Act	2024-02-06	Rashida Tlaib	D	House	1 (Cori Bush)	Prohibit or require divestment of Members' and families' financial interests tied to covered defense contractors, including stocks and other securities.	Agriculture; Financial Services; House Administration; Ways & Means – referred only
118th	H.R. 8177	Stop Foreign Payoffs Act	2024-04-30	Jared Golden	D	House	0	Prohibit or require divestment of covered financial interests tied to foreign adversaries; applies to Members and other covered officials.	Oversight & Accountability; House Administration – referred only
118th	H.R. 10133	Timely Stock Disclosure Act	2024-11-15	Tim Burchett	R	House	0	Tighten STOCK Act periodic-transaction-report deadlines to 15 days after notice and no later than 30 days after the transaction.	Oversight & Accountability; House Administration – referred only
119th	H.R. 253	Bipartisan Restoring Faith in Government Act	2025-01-09	Brian Fitzpatrick	R	House	3	Prohibit Members, spouses, and dependents from owning or transacting in covered financial instruments; require sale or qualified blind trust and certification.	House Administration; Ways & Means – referred only
119th	H.R. 358	No Corruption in Government Act	2025-01-13	Zach Nunn	R	House	1	Prohibit Members and spouses from owning, purchasing, or selling covered financial instruments; blind-trust exception; certification and disgorgement provisions.	House Administration; Ways & Means; Judiciary; Oversight & Government Reform – referred only
119th	H.R. 396	TRUST in Congress Act	2025-01-14	Seth Magaziner	D	House	46	Require Members, spouses, and dependents to place covered investments in qualified blind trusts; public certification.	House Administration – referred only
119th	H.R. 1712	MEME Act	2025-02-27	Sam Liccardo	D	House	18	Prohibit covered officials and family members from issuing, sponsoring, or promoting covered assets for gain and from specified prohibited financial transactions; includes securities and digital assets.	Oversight & Government Reform; Judiciary; House Administration – referred only
119th	H.R. 1756	Stop Politicians Profiting from War Act	2025-02-27	Rashida Tlaib	D	House	9	Prohibit or require divestment of Members', spouses', and dependents' financial investments tied to covered defense contractors; includes stocks, bonds, and complex securities.	Financial Services; House Administration; Ways & Means; Agriculture – referred only

Congress	Measure	Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
119th	H.R. 1908	End Congressional Stock Trading Act	2025-03-06	Tim Burchett	R	House	0	Require Members, spouses, and dependents to divest covered financial instruments and prohibit ownership or trading; diversified funds and specified assets exempt.	Financial Services; Agriculture; House Administration; Ways & Means – referred only; later discharge-rule efforts did not substantively advance H.R. 1908
119th	H.R. 2624, §5	HUMBLE Act	2025-04-03	Angie Craig	D	House	1	Section 5 would amend House Rule XXIII to prohibit House Members from owning common stock of individual corporations.	Multiple House committees – referred only
119th	H.R. 3001, Title V	Restriction of Trading and Ownership by House Members	2025-04-24	Brian Fitzpatrick	R	House	0	Title V would amend House Rule XXIII to prohibit House Members from owning or trading covered securities, futures, commodities, and synthetic interests.	Multiple House committees, including House Administration, Ethics, and Rules – referred only
119th	S. 1498	PELOSI Act / HONEST Act	2025-04-28	Josh Hawley	R	Senate1 (Bernie Moreno)		As reported as the HONEST Act, prohibit Members, spouses, and dependents from purchasing, selling, or owning covered investments; require divestment and restrict future use of qualified blind trusts.	HSGAC – ordered reported 2025-07-30; formally reported with amendment 2025-12-10; Senate Calendar No. 294
119th	H.R. 3182	Member stock-trading prohibition bill	2025-05-05	Robert Bresnahan Jr.	R	House	0	Prohibit Members and spouses from owning, purchasing, or selling covered financial instruments; specified pre-term holdings, qualified-blind-trust, and diversified-fund exemptions.	House Administration – referred only
119th	S. 1620	MEME Act	2025-05-06	Chris Murphy	D	Senate	0	Senate companion to H.R. 1712; prohibited transactions include securities, futures, commodities, and digital assets.	Homeland Security & Governmental Affairs – referred only
119th	H.R. 3388	PELOSI Act	2025-05-14	Mark Alford	R	House	0	Prohibit Members and spouses from owning, purchasing, or selling covered financial instruments; divestment, disgorgement, civil penalties, and public certification.	House Administration – referred only
119th	S. 1879	Ban Congressional Stock Trading Act	2025-05-22	Jon Ossoff	D	Senate	8	Require Members, spouses, and dependent children to divest covered investments or place them in qualified blind trusts; compliance certification.	Homeland Security & Governmental Affairs – referred only
119th	H.R. 3635	Foreign Adversary Investment Prohibition Act	2025-05-29	Thomas Kean Jr.	R	House	1	Prohibit Members from covered financial transactions benefiting foreign adversaries, including securities, security futures, commodities, and synthetic interests.	Financial Services; Agriculture – referred only
119th	H.R. 3779	STOCK Act 2.0	2025-06-05	Dave Min	D	House	9	Prohibit Members, officers, employees, spouses, and dependents from owning, purchasing, or selling covered instruments and net-short positions; expand disclosure and enforcement.	Oversight & Government Reform; House Administration; Judiciary; Ways & Means – referred only

CongressMeasure		Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
119th	H.Res. 491	NO STOCK Resolution	2025-06-09	Angie Craig	D	House	0	Amend House Rule XXIII to prohibit House Members from owning common stock of individual corporations.	Ethics – referred only
119th	H.R. 4036	No Shorting America Act	2025-06-17	Thomas Kean Jr.	R	House 1 (Angie Craig)		Prohibit Members, spouses, and dependents from short-selling covered instruments issued by exchange-listed businesses; pledge and civil-penalty provisions.	House Administration – referred only
119th	H.R. 5106	Restore Trust in Congress Act	2025-09-03	Chip Roy	R	House	16	Prohibit Members, spouses, and dependents from directly or indirectly owning or trading covered investments; require divestment; disgorgement and civil penalties.	House Administration – referred only
119th	S. 2852	Restoring Trust in Public Servants Act	2025-09-17	Andy Kim	D	Senate	0	Prohibit Members, spouses, dependents, and covered congressional employees from owning or trading covered investments; require divestment and impose salary-based penalties.	Finance – referred only
119th	S. 2877	No Stock Act	2025-09-18	Kirsten Gillibrand	D	Senate	0	Prohibit covered officials from holding, buying, or selling covered investments and from creating net-short positions.	Homeland Security & Governmental Affairs – referred only
119th	H.R. 5827, Title V	MARKET CHOICE Act	2025-10-24	Thomas Suozzi	D	House	0	Title V would amend House Rule XXIII to prohibit House Members from owning or trading covered financial instruments.	Multiple House committees – referred only
119th	S. 3201	Congressional stock-trading restriction bill	2025-11-19	Tim Sheehy	R	Senate	0	Restrict Members’ and families’ ownership or trading of covered investments through divestment and qualified-blind-trust requirements.	Homeland Security & Governmental Affairs – referred only
119th	H.R. 6731	Restore Trust in Government Act	2025-12-16	Seth Magaziner	D	House	5	Prohibit Members, spouses, and dependents from direct or indirect ownership or trading of covered instruments; require divestment; disgorgement and public penalties.	Oversight & Government Reform; House Administration; Ways & Means – referred only
119th	H.R. 7008	Stop Insider Trading Act	2026-01-12	Bryan Steil	R	House	71	House-passed version prohibits purchases of covered publicly traded securities; sales permitted only after public notice 7–14 days in advance; penalties and divestment for prohibited purchases.	House Administration – reported; House passed 232–198 on 2026-07-22; Senate received 2026-07-23 and placed on Senate Calendar No. 548 on 2026-08-06
119th	S. 3649	Restore Trust-type congressional trading ban	2026-01-15	Ashley Moody	R	Senate 1 (Kirsten Gillibrand)		Prohibit Members, spouses, and dependents from owning or trading covered investments; divestment framework.	Homeland Security & Governmental Affairs – referred only
119th	H.R. 7852	No Getting Rich in Congress Act	2026-03-05	Haley Stevens	D	House	5	Prohibit Members, spouses, and dependents from purchasing or selling covered investments unless held in a qualified blind trust; disgorgement and civil penalties.	House Administration; Oversight & Government Reform; Judiciary; Rules – referred only

Congress	Measure	Short title	Introduced	Sponsor	P	Ch.	Orig. co-sp.	Core restriction	Committee / latest formal action
119th	S. 4134	Stop Insider Trading Act companion	2026-03-18	Pete Ricketts	R	Senate	6	Senate analogue to H.R. 7008: prohibit covered purchases and require advance public notice for sales, with penalties.	Homeland Security & Governmental Affairs – referred only
119th	H.R. 9222, Title I	Drain the Swamp Act – Restore Trust in Government title	2026-06-09	Greg Landsman	D	House	1 (Josh Riley)	Title I prohibits purchases and requires divestment of covered investments by Members, spouses, and dependents; disgorgement and public penalties.	Multiple House committees – referred only
119th	S.Res. 784	Senate stock-trading rule resolution	2026-06-23	Jon Ossoff	D	Senate	0	Amend Senate Rule XXXVII to prohibit Senators from buying or selling publicly traded stocks and cryptocurrency, effective January 1, 2027.	Rules & Administration – referred only
119th	H.R. 9429	Public Service Accountability Act	2026-06-24	Maggie Goodlander	D	House	1 (Brian Fitzpatrick)	Prohibit Members, spouses, dependents, and covered congressional staff from owning or trading covered securities and require divestment; also contains prediction-market restrictions.	Oversight & Government Reform; House Administration; Judiciary – referred only