Businesspeople in Elected Office: Identifying Private Benefits from Firm-Level Returns

Supplementary Appendix

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A Descriptive Statistics and Balance Tests

A1.1 Placebo Checks

- Tables A1, A2, and A3 present the results of placebo regressions on the baseline covariates used to assess balance between the treatment and the control group in the regression discontinuity design used in the main text. The aim here is determine whether there is balance between observations located near the threshold needed to win an election. By running placebo models on other variables measured at the time of assignment to treatment, we can check that treatment status is being more or less randomly assigned. The t-statistics derived from these models (as well as from other specifications) are those used to generate Figure 3 in the main text (Balance Statistics).

- The regressions exclude other covariates, including year and region fixed effects, and two specifications and sample sizes are presented. In Panel A, the sample is restricted to elections within a 2% bandwidth, that is, to elections that were decided by a winning margin of less than 2% and no control function is included. In Panel B, the sample is restricted to elections within a 5% bandwidth, or to elections that were decided by a winning margin of less than 5%, and a local linear control function is included.

- The results show that the treatment of winning a close election is not correlated with any of the other baseline covariates (measured during the year prior to the election). We do not observe any sorting either at the candidate level (using various characteristics of the candidates vying for elections) nor at the firm level (using various firm-level financial and descriptive indicators). We can thus be confident that using the Regression Discontinuity Design based on close elections is appropriate for the Russian case, as elections are truly competitive and victory appears to be as-if randomly assigned among a large sample of close races.

TABLE A1: PLACEBO CHECKS - CANDIDATE COVARIATES

Outcome:	Age	Male	Incumbent	United Russia Party	Systemic Opposition	Other Party	Company Director	Previous Vote Share
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A: Close Margin RD with bandwidth of 2%								
District Win	0.017	−0.053	−0.023	0.061	−0.003	−0.002	−0.006	0.062*
	(0.022)	(0.038)	(0.046)	(0.064)	(0.051)	(0.031)	(0.054)	(0.034)
Constant	3.859***	0.897***	0.257***	0.303***	0.217***	0.080***	0.429***	0.339***
	(0.015)	(0.023)	(0.033)	(0.034)	(0.032)	(0.020)	(0.038)	(0.022)
Observations	329	329	329	329	329	329	329	94
Panel B: Local linear RD with bandwidth of 5%								
District Win	0.021	−0.037	−0.042	0.040	0.017	−0.012	−0.043	0.083**
	(0.028)	(0.047)	(0.060)	(0.081)	(0.063)	(0.038)	(0.068)	(0.041)
Constant	3.860***	0.890***	0.250***	0.303***	0.199***	0.084***	0.456***	0.330***
	(0.019)	(0.030)	(0.040)	(0.043)	(0.039)	(0.025)	(0.048)	(0.026)
Observations	784	784	784	784	784	784	784	215

*** p<0.01, ** p<0.05, * p<0.1 This table presents results of regressions of pre-treatment candidate covariates (indicated in the column headers) on treatment status. Panel A restricts the sample to observations within a 2% bandwidth and does not use a control function; a simple binary indicator is used to indicate whether the firm is connected to a winning or losing candidate. Panel B restricts to a bandwidth of 5% and includes a local linear control function. All models use robust standard errors clustered on the candidate and election levels, but do not include any other covariates as controls or fixed effects.

TABLE A2: PLACEBO CHECKS - FIRM COVARIATES (1)

Outcome:	Foreign-Owned	State-Owned	Systemic Firm	Agriculture	Construction	Natural Resources	Immobile Assets
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Panel A: Close Margin RD with bandwidth of 2%							
District Win	−0.010	0.071	0.000	−0.072	0.046	−0.026	−0.131
	(0.046)	(0.060)	(0.000)	(0.070)	(0.064)	(0.026)	(0.108)
Constant	0.051	0.051	0.000	0.154***	0.077*	0.026	0.744***
	(0.036)	(0.036)	(0.000)	(0.056)	(0.042)	(0.026)	(0.080)
Observations	88	88	88	88	88	88	88
Panel B: Local linear RD with bandwidth of 5%							
District Win	−0.014	0.079	0.010	−0.074	0.050	−0.021	−0.132
	(0.059)	(0.078)	(0.021)	(0.092)	(0.087)	(0.021)	(0.144)
Constant	0.034	0.054	−0.010	0.195***	0.035	0.021	0.742***
	(0.049)	(0.046)	(0.021)	(0.074)	(0.070)	(0.021)	(0.110)
Observations	222	222	222	222	222	222	222

*** p<0.01, ** p<0.05, * p<0.1 This table presents results of regressions of pre-treatment firm covariates (indicated in the column headers) on treatment status. Panel A restricts the sample to observations within a 2% bandwidth and does not use a control function; a simple binary indicator is used to indicate whether the firm is connected to a winning or losing candidate. Panel B restricts to a bandwidth of 5% and includes a local linear control function. All models use robust standard errors clustered on the candidate and election levels, but do not include any other covariates as controls or fixed effects.

TABLE A3: PLACEBO CHECKS - FIRM COVARIATES (2)

Outcome:	Total Assets (logged)	Revenue (logged)	Profit Margin	Leverage	Tax Rate	State Contracts
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Close Margin RD with bandwidth of 2%						
District Win	−0.260	−0.728	−0.051	0.135	−0.035	0.057
	(0.538)	(0.495)	(0.034)	(0.104)	(0.044)	(0.175)
Constant	10.981***	11.597***	0.037	0.546***	0.291***	0.125
	(0.380)	(0.326)	(0.026)	(0.048)	(0.040)	(0.110)
Observations	88	87	87	87	53	19
Panel B: Local linear RD with bandwidth of 5%						
District Win	−0.703	−1.123*	−0.036	0.113	−0.084	0.014
	(0.711)	(0.661)	(0.055)	(0.146)	(0.063)	(0.228)
Constant	11.447***	11.785***	0.040	0.453***	0.304***	0.162
	(0.510)	(0.461)	(0.039)	(0.079)	(0.056)	(0.140)
Observations	222	209	209	218	130	49

*** p<0.01, ** p<0.05, * p<0.1 This table presents results of regressions of pre-treatment firm covariates (indicated in the column headers) on treatment status. Panel A restricts the sample to observations within a 2% bandwidth and does not use a control function; a simple binary indicator is used to indicate whether the firm is connected to a winning or losing candidate. Panel B restricts to a bandwidth of 5% and includes a local linear control function. All models use robust standard errors clustered on the candidate and election levels, but do not include any other covariates as controls or fixed effects.

A1.2 Determinants of Close Elections

- Table A4 presents the results from a series of models investigating possible differences between 'close' (or competitive) elections and other elections determined by a much larger margin of votes. Key to this discussion is that close elections may not be representative of the full sample of elections in the Russian context. Therefore the local average treatment effect identified through the RD design may be credible for the subpopulation of firms located near the threshold, but it may not reflect the overall advantages accrued to firms that are located farther from or at the extremes on the scale of vote margin.

- To examine this possibility, I ran models that used varying definitions of 'close' elections as a binary dependent variable. In Model 1, an election was determined close (coded as 1) if the winner won by less than 5% of the total vote, whereas in Models 2, 3, and 4, the dependent variables are coded as 1 if the margin was less than 10%, 20%, and 35% respectively. Several explanatory variables are used. First, the total number of candidates is calculated in Number of Candidates. Next, the binary variable UR Victory takes a 1 if a candidate affiliated with the ruling United Russia party won; this indicator reflects the possibility that these elections were not truly competitive if United Russia candidates were more likely to win them. Next, the percentage of male candidates running and average age are captured with the Male Candidate and Average Candidate Age variables. The binary variable Incumbent Ran takes a 1 if any incumbent from the previous parliamentary convocation ran in the election. Lastly, the number of voters on the voter list is logged and measured in Number of Voters.

- Because of the binary dependent variables, I use logistic models with robust standard errors clustered on the regional level in all specifications. Several interesting results emerge. First, as expected, a greater number of candidates running is associated with a greater likelihood of an election being competitive. This is intuitively plausible, seeing that the presence of multiple candidates can eat into the vote share of the potential winner and spread votes between more viable politicians. Secondly, politicians from the ruling United Russia party are less likely to win in competitive elections. The fact that close elections are not UR strongholds, and UR politicians do not have any disproportionate advantage in winning these races, provides additional support to the validity of using the close elections RD design in the Russian context. However, besides the results for these two variables, no other point estimates are statistically significant. Close elections look remarkably similar to non-competitive ones along a number of important dimensions, which should increase our ability to make generalizations about the local average treatment effect.

TABLE A4: DETERMINANTS OF COMPETITIVE ELECTIONS

	Close 5%	Close 10%	Close 20%	Close 35%
	(1)	(2)	(3)	(4)
Number of Candidates	0.282***	0.351***	0.455***	0.597***
	(0.062)	(0.062)	(0.062)	(0.076)
UR Victory	−1.961***	−1.814***	−1.960***	−1.855***
	(0.146)	(0.138)	(0.106)	(0.114)
Male Candidate %	−0.597*	−0.394	−0.401*	−0.578**
	(0.322)	(0.293)	(0.234)	(0.278)
Average Candidate Age	0.093	−0.007	0.233	0.383
	(0.447)	(0.399)	(0.408)	(0.370)
Incumbent Ran	−0.162	−0.053	−0.148	0.049
	(0.143)	(0.134)	(0.130)	(0.153)
Midterm Election	0.100	0.073	0.002	0.001
	(0.244)	(0.224)	(0.212)	(0.196)
Number of Voters (logged)	−0.050	−0.054	−0.069	−0.158
	(0.101)	(0.118)	(0.116)	(0.131)
Constant	−1.001	−0.337	−0.378	0.550
	(1.968)	(2.038)	(2.132)	(2.166)

*p<0.1; **p<0.05; ***p<0.01

The outcome variables are binary indicators for whether a single-member district election was decided by 5%, 10%, 20% or 35%, as indicated by the column headers. The analysis is done at the electoral district level using logistic models. All models use robust standard errors clustered on the region level.

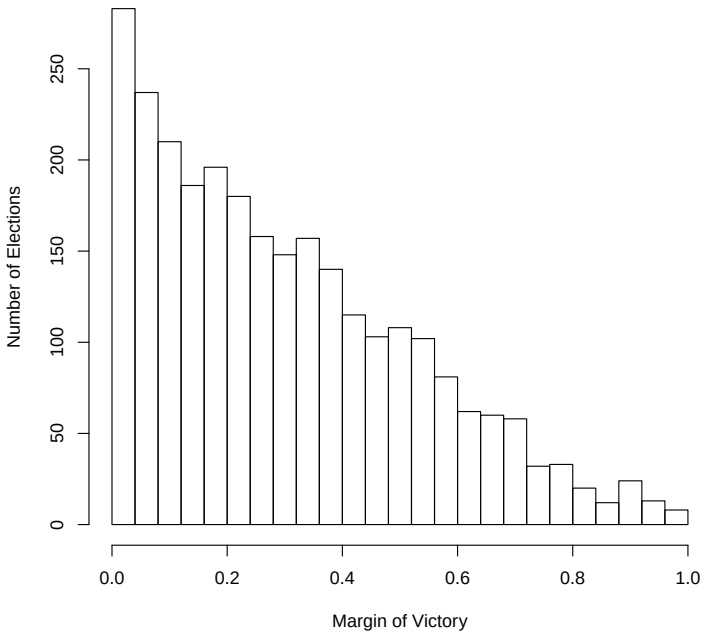
A1.3 Data Description

- Table A5 presents Summary Statistics for all of the variables used in the regressions in the main text and Appendix.
- Figure A1 is a histogram of the margin of victory for candidates across SMD elections.

TABLE A5: SUMMARY STATISTICS

Statistic	N	Mean	St. Dev.	Min	Max
Male	12,551	0.863	0.344	0	1
Age (logged)	12,551	3.813	0.251	3.045	4.394
United Russia Party	12,551	0.192	0.394	0	1
Previous Vote Share	2,293	0.327	0.211	0.002	0.956
Incumbent	12,551	0.122	0.327	0	1
Systemic Opposition	12,551	0.335	0.472	0	1
Other Party	12,551	0.086	0.280	0	1
Company Director	12,551	0.298	0.457	0	1
Foreign-Owned	2,703	0.010	0.099	0	1
State-Owned	2,703	0.036	0.185	0	1
Systemic Firm	2,703	0.060	0.238	0	1
Agriculture	2,703	0.664	0.472	0	1
Construction	2,703	0.124	0.330	0	1
Natural Resources	2,703	0.092	0.289	0	1
Immobile Assets	2,703	0.033	0.178	0	1
Revenue (logged), End Year	2,546	11.590	2.486	1.099	20.270
Revenue (logged), Start Year	2,563	11.171	2.364	0.000	19.708
Profit Margin, End Year	2,532	−0.056	0.764	−28.222	0.909
Profit Margin, Start Year	2,554	−0.009	0.454	−9.586	0.997
Total Assets (logged), Start Year	2,703	10.798	2.652	0.000	19.916
Total Assets (logged), End Year	2,703	11.432	2.642	1.099	20.295
Won State Contracts, End Year	806	0.269	0.444	0	1
Won State Contracts, Start Year	807	0.056	0.230	0	1
Leverage, Start Year	2,671	0.693	1.506	0.00002	58.361
Leverage, End Year	2,670	0.870	2.596	0.00000	65.093
Tax Rate, End Year	1,340	0.194	0.144	0.00002	1.000
Tax Rate, Start Year	1,552	0.232	0.162	0.0001	0.994
Democracy Level (Region)	2,702	30.226	5.681	17	42
Natural Resources in Region	2,703	0.318	0.466	0	1
Percentage of UR Seats	2,703	0.612	0.183	0.172	0.974
Percentage of Businesspeople in Parliament	2,703	0.471	0.104	0.025	0.714
Regional GRP (logged)	2,703	12.127	1.087	8.130	15.779
Number of Sectoral Rivals in Parliament	2,682	3.075	3.057	0	20

FIGURE A1: CANDIDATE MARGIN OF VICTORY (%)



B Robustness Checks

A2.1 Convocational Heterogeneity

- In Table A6, I present extensions of the argument that the more sectoral rivals that a connected firm has in parliament, the lower the payoffs of winning office are. In the panels, I subset the data according to whether a firm has 0, less than 2, or less than 4 direct rivals also represented by businessperson candidates in each parliamentary convocation. If a firm's connected candidate won office and was the only 'representative' of his or her firm's sector in office during that convocation, the number of rivals is zero. The results demonstrate strongly diminishing returns with regard to the number of competitors. Competitors serve as clear obstacles to extracting rents.

TABLE A6: POLITICAL CONNECTIONS AND THE NUMBER OF SECTORAL RIVALS IN PARLIAMENT

Dependent Variable:	Revenue		Profit Margin	
	(1)	(2)	(3)	(4)
Panel A: Sample Split at Whether Firm has Any Rival in Parliament				
Samples:	No Rivals	>=1 Rivals	No Rivals	>=1 Rivals
District Win	0.876*	0.303	0.316	0.145**
	(0.485)	(0.231)	(0.339)	(0.073)
Bandwidth:	0.131	0.131	0.113	0.113
Observations	137	449	103	373
Panel B: Sample Split at Whether Firm has >2 Rival in Parliament				
Samples:	<2 Rivals	>=2 Rivals	<2 Rivals	>=2 Rivals
District Win	0.560**	0.153	0.159	0.081
	(0.245)	(0.297)	(0.098)	(0.068)
Bandwidth:	0.131	0.131	0.113	0.113
Observations	305	281	242	234
Panel C: Sample Split at Whether Firm has >4 Rival in Parliament				
Samples:	<4 Rivals	>=4 Rivals	<4 Rivals	>=4 Rivals
District Win	0.724***	−0.334	0.176**	−0.027
	(0.250)	(0.458)	(0.076)	(0.084)
Bandwidth:	0.131	0.131	0.113	0.113
Observations	446	140	359	117

*** p<0.01, ** p<0.05, * p<0.1 This table displays heterogenous RD treatment effects of winning office using a optimal bandwidth (CCT) and a local-linear control function. Panel A presents results from subsetting whether a connected firm had no sectoral rivals that were connected to a legislator in the parliament (working as a businessperson politician). If a firm's connected candidate won office and was the only 'representative' of his or her firm's sector in office during that convocation, the number of rivals is zero. Panel B presents results from subsetting whether a connected firm had two or more sectoral rivals that were connected to a legislator in the parliament (working as a businessperson politician). Panel C presents results from subsetting whether a connected firm had four or more sectoral rivals that were connected to a legislator in the parliament (working as a businessperson politician). All models include firm-level and candidate-level covariates, as well as region and year fixed effects. Robust standard errors are clustered on the candidate and election levels.

A2.2 Averages Across Convocation

- Interviews with businessperson candidates indicate that holding elected office can sometimes involve a steep learning curve in terms of getting acquainted with politics in the legislature. In the main text, the model specifications incorporate this insight by looking at the last year a firm's candidate was in (or would have been in) a parliamentary convocation. This approach also allows for a comparison of similar years in the convocation - the starting pre-election level controlled for on the right hand side of all specifications is also the last full year of the previous convocation.

- In this robustness check, I instead present results looking at the main outcomes of revenue and profitability *averaged* across all of the years a firm's candidate was (or would have been) in parliament. Tables A7 and A8 present the results. In general, the magnitude of the coefficients are slightly smaller than those observed in the main text, but still often significant at the 10% level. This suggests that the returns to office don't begin to full kick in until later into the parliamentary turn, which is supported by similar regressions that look at individual years of the convocation instead of the average. Businessperson politicians seem to require time in office in order to secure benefits for their firms, which by the end of their term, results in substantial improvements in performance.

TABLE A7: POLITICAL CONNECTIONS AND FIRM REVENUE AVERAGED OVER TERM

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	0.331***	0.291***	0.602***	0.478***	0.803***	0.831**	0.373**	0.392*	0.441
	(0.059)	(0.066)	(0.203)	(0.155)	(0.308)	(0.329)	(0.187)	(0.220)	(0.285)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.126	0.126	0.251
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	2,458	2,458	87	135	206	206	573	573	1,188

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is the average firm revenue (logged) over the connected candidate's term in office (actual or otherwise). Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

TABLE A8: POLITICAL CONNECTIONS AND FIRM PROFIT AVERAGED OVER TERM

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	−0.036	0.006	0.111**	0.081**	0.147**	0.162***	0.085*	0.087	0.303
	(0.040)	(0.044)	(0.046)	(0.031)	(0.059)	(0.060)	(0.043)	(0.057)	(0.218)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.068	0.068	0.137
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	2,441	2,441	86	134	205	205	314	314	627

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is the average profit margin over the connected candidate's term in office (actual or otherwise). Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

A2.3 Director Type

- Tables A9 and A10 present regressions examining the effect of winning office on revenue and profit margin respectively in an identical format to those in main tables in the paper, except only candidates that served as director or deputy director of their firms are included. The main results are robust to this restricting of the sample, though some of the standard errors are larger due to the sample size being reduced.

- Tables A11 and A12 instead restrict the sample to candidates that only ran in the plurality races. This could be a concern given that in the main regressions, I dropped all candidates which lost in the plurality races but took a spot through the party list system. We see that the point estimates on revenue are somewhat larger and still statistically significant. Similarly, restricting to only SMD candidates returns robust results on profit margin with this reduced sample.

- Tables A13 and A14 alternately include all firms whose candidate ran on either ballot, regardless if they won or lost. Again, the point estimates for the regressions on revenue and profitability are robust to this sample. Changing how the analysis sample is constructed to account to potential selection does not affect the robustness of the results.

TABLE A9: POLITICAL CONNECTIONS AND FIRM REVENUE ONLY DIRECTORS

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	0.317***	0.212**	0.442*	0.339*	0.512	0.598*	0.317*	0.292	0.333
	(0.071)	(0.083)	(0.225)	(0.176)	(0.342)	(0.346)	(0.183)	(0.225)	(0.288)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.141	0.141	0.283
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	1,956	1,956	73	107	164	164	530	530	1,084

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is firm revenue in the final year of the connected candidate's term in office. The sample is restricted only to candidates that served as their firm's director at the time of the election. Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

TABLE A10: POLITICAL CONNECTIONS AND FIRM PROFIT ONLY DIRECTORS

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	−0.029	0.034	0.168**	0.125**	0.199**	0.219**	0.144***	0.163*	0.230**
	(0.037)	(0.028)	(0.079)	(0.058)	(0.093)	(0.103)	(0.055)	(0.084)	(0.109)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.102	0.102	0.205
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	1,939	1,939	73	107	164	164	359	359	783

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is firm profitability in the final year of the connected candidate's term in office (actual or otherwise), whether they won or lost. The sample is restricted only to candidates that served as their firm's director at the time of the election. Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

TABLE A11: POLITICAL CONNECTIONS AND FIRM REVENUE ONLY SMD CANDIDATES

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	0.330***	0.289***	0.741***	0.539***	0.867**	0.807**	0.393**	0.363*	0.463
	(0.068)	(0.078)	(0.234)	(0.177)	(0.364)	(0.364)	(0.186)	(0.214)	(0.297)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.143	0.143	0.285
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	1,967	1,967	68	104	165	165	529	529	1,067

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is the total firm revenue in the final year of the connected candidate's term in office (actual or otherwise), whether they won or lost. The sample is restricted only to candidates ran in a single-member district and not on a party list in a given election. Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

TABLE A12: POLITICAL CONNECTIONS AND FIRM PROFIT ONLY SMD CANDIDATES

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	−0.020	0.050*	0.160*	0.107*	0.197*	0.218**	0.078	0.102	0.148
	(0.034)	(0.031)	(0.087)	(0.059)	(0.103)	(0.109)	(0.052)	(0.067)	(0.098)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.123	0.123	0.246
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	1,951	1,951	67	103	164	164	453	453	924

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is firm profitability in the final year of the connected candidate's term in office (actual or otherwise), whether they won or lost. The sample is restricted only to candidates ran in a single-member district and not on a party list in a given election. Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

TABLE A13: POLITICAL CONNECTIONS AND FIRM REVENUE
ALL MIXED-MEMBER CANDIDATES

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	0.345***	0.227***	0.561***	0.420***	0.562*	0.621**	0.283**	0.251*	0.338*
	(0.062)	(0.072)	(0.199)	(0.152)	(0.312)	(0.302)	(0.138)	(0.148)	(0.205)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.213	0.213	0.426
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	2,501	2,501	96	149	219	219	1,029	1,029	1,946

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is firm revenue in the final year of the connected candidate's term in office. The sample includes all candidates, whether they won or lost on either ballot. Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

TABLE A14: POLITICAL CONNECTIONS AND FIRM PROFIT
ALL MIXED-MEMBER CANDIDATES

Control Function:	None				Local Linear				Cubic
Bandwidth:	Global		2%	3%	5%		Optimal		Optimal*2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
District Win	−0.010	0.034	0.145**	0.100**	0.168**	0.188**	0.101**	0.119*	0.240**
	(0.029)	(0.028)	(0.069)	(0.048)	(0.078)	(0.084)	(0.048)	(0.072)	(0.105)
Bandwidth	0.8	0.8	0.02	0.03	0.05	0.05	0.095	0.095	0.189
Firm and Cand. Covariates	No	Yes	No	No	No	Yes	No	Yes	Yes
Region, Sector, Year FE	No	Yes	No	No	No	No	No	Yes	Yes
Observations	2,480	2,480	95	148	218	218	426	426	931

*** p<0.01, ** p<0.05, * p<0.1 The outcome variable is firm profitability in the final year of the connected candidate's term in office (actual or otherwise), whether they won or lost. The sample includes all candidates, whether they won or lost on either ballot. Columns 1 and 2 present OLS results using the full dataset. Columns 3 and 4 also use OLS specifications, but restrict the bandwidth to close winning vote margins. Columns 5 to 8 are RD specifications using polynomial control functions based on vote margin. Firm and candidate controls include age, gender, incumbency, ruling party membership, state ownership, foreign ownership, and logged total assets in the pre-election year. All models use robust standard errors clustered on the candidate and election levels as well as include the pre-election value for the outcome.

A2.4 Digging into the Democracy Mechanism

- Heterogeneity analysis using regression discontinuity designs is conventionally done by subsetting the sample along single dimensions of interest. This may introduce problems if mechanisms are identified along some dimension that could be plausibly endogenous to another unaccounted for dimension. With regards to this paper, that involves finding that the value of winning office decreases in more democratic regions. In Russia, democratic regions may be more economically developed. The heterogeneous effect on democracy may be then capturing the effect of regional wealth, rather than the quality of democratic institutions.

- To address this issue, I first ran a regression of the Carnegie Center's democracy score that was used in the paper on regional GDP per capita, the level of urbanization in the region, and an indicator for the presence of natural resources. These factors are widely thought to be associated with the quality of democratic institutions, not just in Russia, but around the world. The sample used was all regions that entered the dataset for the years 2003-2011, with the unit of analysis being the region-year. Democracy is indeed slightly positively correlated with economic development. I also ran the same regression with the percentage of seats belong to ruling United Russia members as the outcome.

- Next, I merged the region-year-level residuals from these regressions into the firm-level database upon which the regression discontinuity was run. These residuals reflect the variation in democratic development and in United Russia control over the legislature between regions that are unexplained by economic development, urbanization and resource wealth. Using the median of these residuals, I subset the RDD sample, the same approach used in the paper that subset along the median of the raw scores. I then ran the same RDD specifications as those in the heterogeneity tables in the paper.

- The results are shown in Table A15. Even when accounting for the level of economic development, the heterogeneous effects on the level of democracy from the main paper hold. Firms that are connected to candidates in more (residualized) democratic regions perform better in terms of revenue and profitability. Similarly, the results subsetting on the (residualized) percentage of United Russia members in a legislature conform to the main results in the paper. The value of winning a seat in places with a stronger opposition presence increases.

TABLE A15: INSTITUTIONAL RESIDUALIZED HETEROGENEITY

Dependent Variable:	Revenue		Profit Margin	
	(1)	(2)	(3)	(4)
Panel A: Sample Split at Median of Residualized Democracy Score				
Sample:	Low Dem.	High Dem.	Low Dem.	High Dem.
District Win	0.159	0.521**	0.083	0.187**
	(0.295)	(0.233)	(0.052)	(0.078)
Bandwidth:	0.131	0.131	0.113	0.113
Observations	264	324	209	269
Panel B: Sample Split at Median of Residualized UR Control of Parliament				
Sample:	Low UR Control	High UR Control	Low UR Control	High UR Control
District Win	0.572***	−0.194	0.228***	−0.012
	(0.220)	(0.406)	(0.069)	(0.081)
Bandwidth:	0.131	0.131	0.113	0.113
Observations	411	167	334	135

*** p<0.01, ** p<0.05, * p<0.1 This table displays heterogenous RD treatment effects of winning office using the optimal bandwidth (CCT) for vote share and a local-linear control function. Panel A subsets on the median (residualized) democracy score in the region. Panel B subsets on the median (residualized) number of legislative seats the ruling party controlled. All models include firm-level and candidate-level covariates, use robust standard errors clustered on the candidate and election levels, and include the pre-election value for the outcome.

- The Carnegie Center's Democracy Index aggregates expert assessments of the following ten different components of democracy. Work by Libman and Obydenkova (2015) has shown that these components are highly correlated with the composite score, confirming its validity. Moreover, they explore how well the ten components (presented below) match up to standard definitions of democracy and find that the Carnegie Index solidly reflects a conception of 'liberal democracy' (and not either broader or more minimalist ones).

- I run another robustness check on the heterogeneity results in the main paper derived from subsetting democracy score by creating a new index from the six constituent elements (marked by an asterisk) that are even more central to democracy defined as the presence of political liberties, accountability, transparency, and alternation in power. Table A16 presents the results from this subsetting, which are consistent with those found in the main paper.

  - * Regional political structure: independence of judiciary and law enforcement, balance of power between branches, and limits or violations of civil rights
  - * Openness or closedness of political life: transparency, inclusion in national processes
  - * Electoral integrity: how honest elections were; how much administrative resources were used; level of political interference; limits on rights of participation
  - * Political pluralism: presence of stable parties, factions, and legislative associations; coalitions in elections
  - * Media independence: level of reading publics; media's role in politics; level of pressure from authorities
  - * Civil society: strength of non-governmental organizations; referenda; forms of unsanctioned public activity, such as rallies, demonstrations, and strikes
  - Corruption: presence of corruption scandals
  - Economic liberalization: regional legislative and legal practice; property-related scandals
  - Elites: quality, reproduction, and diversity among elites; effectiveness of methods of coordinating their interests
  - Local self-government: presence of elected bodies of local self-government; their activity and influence

TABLE A16: BREAKING DOWN DEMOCRACY INDEX

Dependent Variable:	Revenue		Profit Margin	
	(1)	(2)	(3)	(4)
Panel: Sample Split at Median of Elections Score				
Sample:	Low Dem.	High Dem.	Low Dem.	High Dem.
District Win	0.268	0.425	0.056	0.196**
	(0.287)	(0.264)	(0.038)	(0.082)
Bandwidth:	0.131	0.131	0.113	0.113
Observations	257	334	202	279

*** p<0.01, ** p<0.05, * p<0.1 This table displays heterogenous RD treatment effects of winning office using a bandwidth of 10% vote share and a local-linear control function. The panel presents results from subsetting by the median of new only 'liberal' democracy index in the region. All models include firm-level and candidate-level covariates. Robust standard errors are clustered on the candidate and election levels.

A2.5 Multiple Thresholds

- An additional robustness check is to test how the main specifications perform using multiple values of bandwidths. This approach helps identify any dependence on a specific sample or threshold that could be driving the results. Figures A2 and A3 show the estimates for two specifications, the local-linear model and the close margin model, with the solid line depicting the treatment effect and 95% confidence interval shown in the shaded area. The effects are estimated at thresholds in the range of a 1% to a 10% margin of victory in 0.5% intervals. In the models using the smaller bandwidths, the effects are somewhat larger and noisier, but become more stable and consistently significant (as indicated by the 95% confidence interval not intersecting with the 0 axis) as the sample size grows. The figures offer additional support to the result that a firm director winning election office increases revenue and profitability for his or her affiliated firms.

FIGURE A2: MULTIPLE THRESHOLDS - TOTAL REVENUE

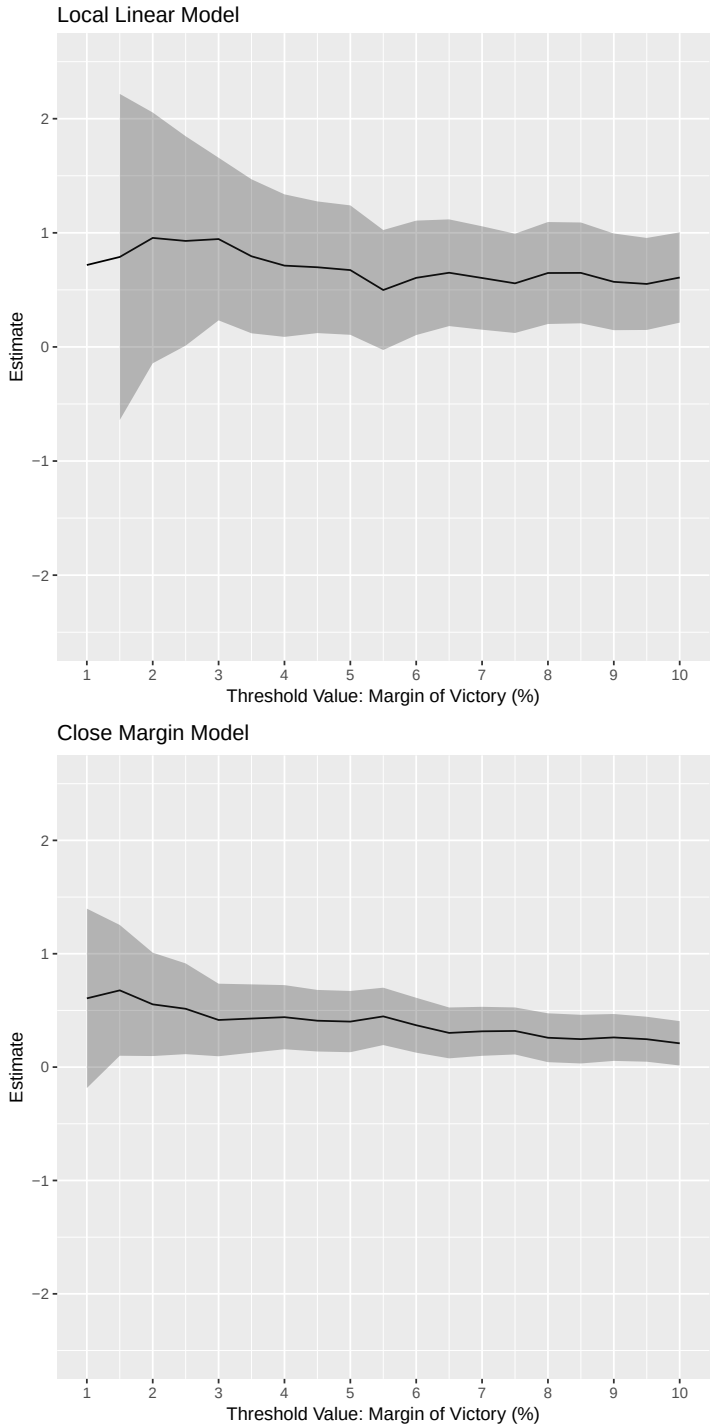
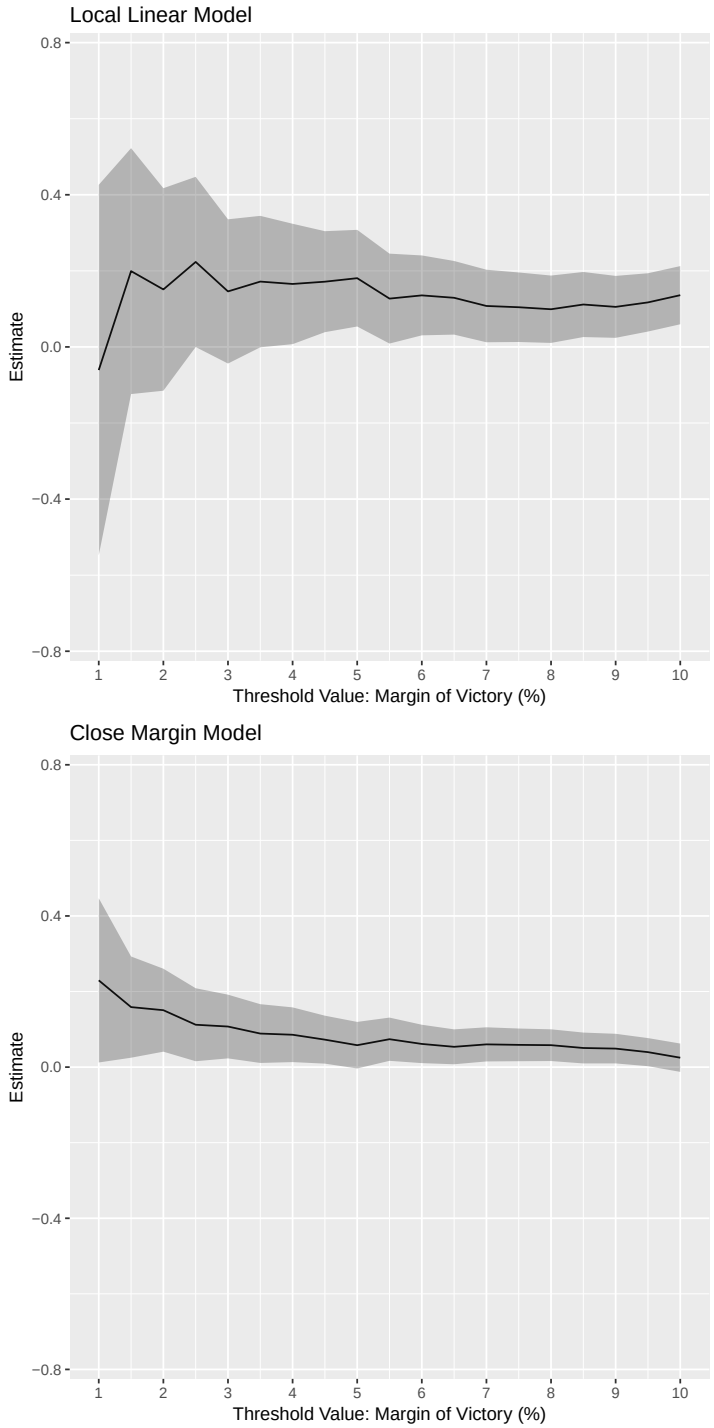


FIGURE A3: MULTIPLE THRESHOLDS - PROFIT MARGIN



C Extensions

A3.1 Coarsened Exact Matching

- I use the Coarsened Exact Matching (CEM) technique developed in Iacus, King, and Porro (2011) to better understand the mechanism behind firm performance gain with directors winning office. I identify similar companies without political ambitions and test how they fared while a potential competitor gained direct access to the regional legislature. One challenge is that firms whose directors run for office are significantly different from those that do not. Analyses of the firm-level determinants of corporate political analysis worldwide have shown that attributes such as size, recent performance, dependence on government, and ownership structure are related to the choice to seek political influence (Hillman, Keim, and Schuler, 2004; Damania, 2002; Grier, Munger, and Roberts, 1994).

- My choice of CEM to achieve balance between treatment and control (matched) groups stems from the need to exactly pair firms that operated in the same region and during the same time period as those who put a director up as a candidate for legislative office. The dataset used for the common support includes all registered firms in the SPARK database in operation from 2004-2012. I run six matching procedures, first based on two treatment categories: 1) firms with directors that contested and *won* regional legislative elections and 2) firms with directors that contested and *lost* regional legislative elections. Within each treatment category, three bandwidths are used to subset firms: 10%, 20%, and 100% (margin of victory/loss). I use a simple OLS model with CEM sample weights to return the estimated SATT, presenting results using the three bandwidths, as well as models with and without the covariates used to match the observations (the presence of state ownership, open joint-stock company status, closed joint-stock company status, and the availability of balance sheets in years corresponding to the first and last year a treated firm would have had political representation in a regional legislature).

- CEM assigns continuous values to a small number of categories for each variable, thereby creating bins on which to match upon. Observations are then matched exactly according to their value within each bin, and weights are assigned to the control group observations to allow for the estimation of average treatment effects. This allows for a balancing of the treatment and control groups as completely as possible, since treatment group cases that have no corresponding control-group member in their bins are eliminated. The choice of smaller bin sizes leads to improved balance but at the cost of a decrease in the number of observations available to match. Notwithstanding this trade-off, CEM matches observations based on all properties of their covariate distributions, not just differences in means, and reduces bias, inefficiency and causal estimation error.

- I first restricted the sample to include only firms that were located in the regions where director candidates ran for office and that reported financial data in the years that these candidates

ran for and left office (as above for losing firms, this would be the final year of the legislature convocation for which their director ran). This limitation enforces that the directors of matched firms would have also had the opportunity to run for office, but chose not to.

- I coarsened the variable measuring logged total assets into 75 bins. This coarsening takes advantage of breadth of the firms available in full control dataset and allows for very precise matching on firm size.[1] Firms were also matched on five other binary indicators: the presence of state ownership, open joint-stock company status, closed joint-stock company status, and the availability of balance sheets in years corresponding to the first and last year a treated firm would have had political representation in a regional parliament. The original sample contained roughly 400,000 untreated and between 200 and 1400 treated observations (depending on the bandwidth cutoff used). Before matching, significant differences existed between the unmatched sample of firms from SPARK and each of the two treatment groups. Firms that contested elections, regardless if they won or lost, had greater total assets, were more likely to have state-ownership, and more likely to be an open join-stock company rather than a closed joint-stock company. After conducting the CEM procedures, I was able to construct a matched sample that was considerably more balanced on each of these covariates. The average overall $\mathcal{L}$ imbalance score between the six unmatched and treated samples was 1. After matching we retained roughly 80% of the treated units in each sample, a return an average overall $\mathcal{L}$ imbalance score of 0.39, or an large average imbalance reduction of 61%.

- Tables A21-A26 present the full balance tables for the CEM matching procedures. Each table is divided into two panels. The left panel presents differences-in-means and p-value from a two-sided t-test between the unmatched and treated units, that is, the pre-matched sample. The right panel also presents the differences in means, but after the CEM procedure has matched and weighted the samples. The $\mathcal{L}$ imbalance statistics are given for both the unmatched and matched samples as an overall metric of the improvements the CEM procedure offers. Tables A21-A23 show imbalance for the treatment of a firm winning office, with the treated sample being limited by bandwidths of 10%, 20% and 100% respectively (how much firm directors won elections by). Tables A24-A26 are identical, except that the treatments there are whether a firm contested but lost an election, with each table presenting samples limited by 10%, 20% and 100% vote margin in defeat.

- The results on revenue and profit from the specifications using the winning firms are presented in Tables A17 and A18. All models employ year, region, and sector fixed effects. When compared to a matched sample of similar firms that did not have a director run for political office, those firms that did win representation see much higher revenue and profits over their term in office. The results from Table A17 indicate that firms with directors winning elections can grow by 20%-30% compared with those who didn't. Similarly, profit margins are higher

[1] Results are robust to both smaller and larger bin sizes for total assets

for winning firms, in the range of 7%-16%.[2] On the other hand, firms with directors who lost election to regional legislatures appear to enjoy slightly larger revenue and profit margins than firms with directors that did not opt to run. In Tables A19 and A20, I present the results from specifications that use as the treatment whether a firm contested and lost an election. Such losing firms on the whole do better than their unconnected counterparts; these point estimates are only statistically significant in several of the models.

[2]The estimates from the matching regressions are slightly smaller than those from the RDD design. There are many large, profitable firms that never contest office at the regional level, instead relying on national-level lobbying. These firms have subsidiaries across regions, reducing the importance of focusing on one or another regional legislature. Since national-level representation is unobserved, I cannot control for these firms in the matched sample. The estimates from the RDD and matching designs that include all covariates and fixed effects are much more comparable.

TABLE A17: MATCHING: WINNING FIRMS AND TOTAL REVENUE

Bandwidth Cutoff:	0.1	0.1	0.2	0.2	1	1
	(1)	(2)	(3)	(4)	(5)	(6)
Firm Won Election	0.28**	0.30**	0.29***	0.32***	0.29***	0.31***
	(0.10)	(0.10)	(0.07)	(0.07)	(0.04)	(0.04)
Matching Covariates:	No	Yes	No	Yes	No	Yes
Region, Sector FE:	Yes	Yes	Yes	Yes	Yes	Yes
Treated Observations	208	208	435	435	1323	1323
$\mathcal{L}1$	0.39	0.39	0.35	0.35	0.3	0.3
Observations	15,300	15,300	36,757	36,757	92,933	92,933
R^2	0.64	0.59	0.64	0.59	0.66	0.63

*** p<0.01, ** p<0.05, * p<0.1 Results from dataset matched using Coarsened Exact Matching (CEM). Variables used to match include total assets (logged), state ownership, and legal status. Total assets is measured in the year prior to that when director of the treated firm ran for office. Revenue is measured in the final year that the director of the treated firm would have left office. Region fixed effects capture the region where the election was held, and sector fixed effects capture a firm's two-digit OKVED economic category. Columns 1-2 match only on firms that won by less than 10% margin; Columns 3-4 match only on firms that won by less than 20% margin; Columns 5-6 match on all firms that won.

TABLE A18: MATCHING: WINNING FIRMS AND PROFITABILITY

Bandwidth Cutoff:	0.1	0.1	0.2	0.2	1	1
	(1)	(2)	(3)	(4)	(5)	(6)
Firm Won Election	0.15**	0.15**	0.14***	0.15***	0.11***	0.09***
	(0.05)	(0.05)	(0.04)	(0.04)	(0.03)	(0.03)
Matching Covariates:	No	Yes	No	Yes	No	Yes
Region, Sector FE:	Yes	Yes	Yes	Yes	Yes	Yes
Treated Observations	208	208	435	435	1323	1323
$\mathcal{L}1$	0.39	0.39	0.35	0.35	0.3	0.3
Observations	15,300	15,300	36,757	36,757	92,933	92,933
R^2	0.08	0.08	0.07	0.06	0.06	0.05

*** p<0.01, ** p<0.05, * p<0.1 Results from dataset matched using Coarsened Exact Matching (CEM). Variables used to match include total assets (logged), state ownership, and legal status. Total assets is measured in the year prior to that when director of the treated firm ran for office. Profitability is measured in the final year that the director of the treated firm would have left office. Region fixed effects capture the region where the election was held, and sector fixed effects capture a firm's two-digit OKVED economic category. Columns 1-2 match only on firms that won by less than 10% margin; Columns 3-4 match only on firms that won by less than 20% margin; Columns 5-6 match on all firms that won.

TABLE A19: MATCHING: LOSING FIRMS AND TOTAL REVENUE

Bandwidth Cutoff:	0.1	0.1	0.2	0.2	1	1
	(1)	(2)	(3)	(4)	(5)	(6)
Firm Lost Election	0.09	0.11	0.12	0.14*	0.02	0.04
	(0.09)	(0.09)	(0.06)	(0.07)	(0.04)	(0.04)
Matching Covariates:	No	Yes	No	Yes	No	Yes
Region, Sector FE:	Yes	Yes	Yes	Yes	Yes	Yes
Treated Observations	196	196	448	448	1058	1058
$\mathcal{L}1$	0.4	0.4	0.38	0.38	0.32	0.32
Observations	16,532	16,532	37,158	37,158	89,918	89,918
R^2	0.68	0.66	0.64	0.62	0.63	0.62

*** p<0.01, ** p<0.05, * p<0.1 Results from dataset matched using Coarsened Exact Matching (CEM). Variables used to match include total assets (logged), state ownership, and legal status. Total assets is measured in the year prior to that when director of the treated firm ran for office. Revenue is measured in the final year that the director of the treated firm would have left office. Region fixed effects capture the region where the election was held, and sector fixed effects capture a firm's two-digit OKVED economic category. Columns 1-2 match only on firms that won by less than 10% margin; Columns 3-4 match only on firms that won by less than 20% margin; Columns 5-6 match on all firms that won.

TABLE A20: MATCHING: LOSING FIRMS AND PROFITABILITY

Bandwidth Cutoff:	0.1	0.1	0.2	0.2	1	1
	(1)	(2)	(3)	(4)	(5)	(6)
Firm Lost Election	0.11	0.12	0.12**	0.12**	0.07**	0.07**
	(0.07)	(0.07)	(0.04)	(0.04)	(0.03)	(0.03)
Matching Covariates:	No	Yes	No	Yes	No	Yes
Region, Sector FE:	Yes	Yes	Yes	Yes	Yes	Yes
Treated Observations	196	196	448	448	1058	1058
$\mathcal{L}1$	0.4	0.4	0.38	0.38	0.32	0.32
Observations	16,532	16,532	37,158	37,158	89,918	89,918
R^2	0.08	0.07	0.06	0.05	0.05	0.05

*** p<0.01, ** p<0.05, * p<0.1 Results from dataset matched using Coarsened Exact Matching (CEM). Variables used to match include total assets (logged), state ownership, and legal status. Total assets is measured in the year prior to that when director of the treated firm ran for office. Profitability is measured in the final year that the director of the treated firm would have left office. Region fixed effects capture the region where the election was held, and sector fixed effects capture a firm's two-digit OKVED economic category. Columns 1-2 match only on firms that won by less than 10% margin; Columns 3-4 match only on firms that won by less than 20% margin; Columns 5-6 match on all firms that won.

TABLE A21: COVARIATE BALANCE IN FULL AND MATCHED SAMPLES, WINNING FIRMS - BANDWIDTH = 0.1

		Panel A				Panel B			
	Sample:	Full Sample				Matched Sample			
	Weights:	No Weights				Weighted			
	Variable	Unmatched	Treated	Diff.	p	Matched	Treated	Diff.	p
1	Total Assets (logged)	8.45	11.33	-2.88	0.00	11.12	11.21	-0.09	0.51
2	State-Owned	0.03	0.08	-0.05	0.01	0.05	0.05	0.00	1.00
3	Open Joint-Stock	0.05	0.37	-0.32	0.00	0.38	0.38	0.00	1.00
4	Closed Joint-Stock	0.85	0.55	0.30	0.00	0.56	0.56	0.00	1.00
5	Start Year Matched				No				Yes
6	End Year Matched				No				Yes
7	Observations	401166	222			15092	208		
8	L1 Statistic				1				0.39

TABLE A22: COVARIATE BALANCE IN FULL AND MATCHED SAMPLES, WINNING FIRMS - BANDWIDTH = 0.2

		Panel A				Panel B			
	Sample:	Full Sample				Matched Sample			
	Weights:	No Weights				Weighted			
	Variable	Unmatched	Treated	Diff.	p	Matched	Treated	Diff.	p
1	Total Assets (logged)	8.45	11.38	-2.93	0.00	11.16	11.34	-0.17	0.09
2	State-Owned	0.03	0.05	-0.02	0.02	0.04	0.04	0.00	1.00
3	Open Joint-Stock	0.05	0.39	-0.33	0.00	0.38	0.38	0.00	1.00
4	Closed Joint-Stock	0.85	0.56	0.29	0.00	0.57	0.57	0.00	1.00
5	Start Year Matched				No				Yes
6	End Year Matched				No				Yes
7	Observations	401166	455			36322	435		
8	L1 Statistic				1				0.35

TABLE A23: COVARIATE BALANCE IN FULL AND MATCHED SAMPLES, WINNING FIRMS - BANDWIDTH = 1.0

		Panel A				Panel B			
	Sample:	Full Sample				Matched Sample			
	Weights:	No Weights				Weighted			
	Variable	Unmatched	Treated	Diff.	p	Matched	Treated	Diff.	p
1	Total Assets (logged)	8.45	11.90	-3.46	0.00	11.65	11.85	-0.19	0.00
2	State-Owned	0.03	0.04	-0.02	0.00	0.04	0.04	0.00	1.00
3	Open Joint-Stock	0.05	0.40	-0.35	0.00	0.4	0.4	0.0	1.0
4	Closed Joint-Stock	0.85	0.55	0.29	0.00	0.56	0.56	0.00	1.00
5	Start Year Matched				No				Yes
6	End Year Matched				No				Yes
7	Observations	401166	1376			91610	1323		
8	L1 Statistic				1				0.3

TABLE A24: COVARIATE BALANCE IN FULL AND MATCHED SAMPLES, LOSING FIRMS - BANDWIDTH = 0.1

		Panel A				Panel B			
	Sample:	Full Sample				Matched Sample			
	Weights:	No Weights				Weighted			
	Variable	Unmatched	Treated	Diff.	p	Matched	Treated	Diff.	p
1	Total Assets (logged)	8.45	10.68	-2.24	0.00	10.61	10.64	-0.03	0.83
2	State-Owned	0.03	0.08	-0.05	0.01	0.08	0.08	0.00	1.00
3	Open Joint-Stock	0.05	0.38	-0.32	0.00	0.36	0.36	0.00	1.00
4	Closed Joint-Stock	0.85	0.53	0.31	0.00	0.56	0.56	0.00	1.00
5	Start Year Matched				No				Yes
6	End Year Matched				No				Yes
7	Observations	401166	208			16336	196		
8	L1 Statistic				1				0.4

TABLE A25: COVARIATE BALANCE IN FULL AND MATCHED SAMPLES, LOSING FIRMS - BANDWIDTH = 0.2

		Panel A				Panel B			
	Sample:	Full Sample				Matched Sample			
	Weights:	No Weights				Weighted			
	Variable	Unmatched	Treated	Diff.	p	Matched	Treated	Diff.	p
1	Total Assets (logged)	8.45	10.51	-2.06	0.00	10.34	10.46	-0.13	0.23
2	State-Owned	0.03	0.09	-0.06	0.00	0.07	0.07	0.00	1.00
3	Open Joint-Stock	0.05	0.36	-0.31	0.00	0.35	0.35	0.00	1.00
4	Closed Joint-Stock	0.85	0.54	0.31	0.00	0.57	0.57	0.00	1.00
5	Start Year Matched				No				Yes
6	End Year Matched				No				Yes
7	Observations	401166	470			36710	448		
8	L1 Statistic				1				0.38

TABLE A26: COVARIATE BALANCE IN FULL AND MATCHED SAMPLES, LOSING FIRMS - BANDWIDTH = 1.0

		Panel A				Panel B			
	Sample:	Full Sample				Matched Sample			
	Weights:	No Weights				Weighted			
	Variable	Unmatched	Treated	Diff.	p	Matched	Treated	Diff.	p
1	Total Assets (logged)	8.45	10.15	-1.70	0.00	10.06	10.13	-0.07	0.29
2	State-Owned	0.03	0.09	-0.06	0.00	0.08	0.08	0.00	1.00
3	Open Joint-Stock	0.05	0.31	-0.26	0.00	0.31	0.31	0.00	1.00
4	Closed Joint-Stock	0.85	0.60	0.25	0.00	0.61	0.61	0.00	1.00
5	Start Year Matched				No				Yes
6	End Year Matched				No				Yes
7	Observations	401166	1084			88860	1058		
8	L1 Statistic				1				0.32

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