Web Appendix
Beyond Local Protectionism:
China's State-Business Relations in Last Two Decades

This Version: June 30, 2015

1. Likelihood of Being Indicted for Corruption

Table A1 Likelihood of Being Indicted for Corruption for Central and Local Officials (1988-1998)

Year	# of Central Officials	# of Central Officials Indicted for Corruption	Probability of Central Officials Indicted (%)	# of Local Officials	# of Local Officials Indicted for Corruption	Probability of Local Officials Indicted (%)
1988	19,770,000	-	-	80,230,000	190	0.00033
1989	19,470,000	1	0.0000070	80,530,000	741	0.00124
1990	19,640,000	-	-	80,350,000	-	-
1991	19,690,000	1	0.0000071	80,310,000	923	0.00156
1992	20,030,000	-	-	79,970,000	-	-
1993	19,870,000	1	0.0000073	80,130,000	1036	0.00179
1994	20,750,000	-	-	79,250,000	1768	0.00306
1995	20,920,000	2	0.0000158	79,080,000	2283	0.00398
1996	20,690,000	5	0.0000408	79,320,000	2456	0.00431
1997	20,190,000	-	-	79,800,000	-	-
1998	19,850,000	3	0.0000256	80,150,000	1671	0.00296

2. Coding Political Connection

Table A2 Examples of Board Members' Bios

Name	Liuping Xu	**Gender**	Male	**Education**	PhD
Position	Chairman of the board	**Starting date**	2009-01-06	**Salary**	
Total shares held					
Bio	Liuping Xu, Han nationality, born in October 1964 in Jiangsu and graduated from Beijing Institute of Technology with his PhD degree. He was awarded as Chinese Annual Economic Figure in 2009. He joined China North Industries Group Corporation (CNGC) in 1988 and served as the director of general office in the Commission for Science, Technology and Industry for National Defense (COSTIND). In 2000, he joined China South Industries Group Corporation (CSGC) and served as the director of plannning and development department, director of automobile department, and general manager asistance. He has been a Party member and vice genral manager in CSGC. He served as CSGC executive director and senior vice president from 2005 to 2009. He started to serve as the chairman of the board and Party secretary in Chongqing Changan Automobile Company in December, 2008. In 2009, he served as the director, president and Party secretary in China Chang'an Automobil (Group) Co., Ltd. (CCAG). In July 2010, he started to serve as the deputy chairman, president and Party secretary in CCAG. Mr. Xu is now the deputy secretary of the Party and vice genral manager of CSGC, the chairman and Party secretary in CCAG, as well as the chairman of Chongqing Chang'an Automobil Co., Ltd. Beginning in November, 2002, he has served as the chairman of Jiangling Motors Co., Ltd.				

Name	Baolin Zhang	**Gender**	Male	**Education**	M.S.
Position	Director, President	**Starting date**	2001-05-16	**Salary**	
Total shares held					

Bio	Mr. Baolin Zhang, M.S., Senior Economist, Senior Political Engineer, was born in 1962. Mr. Zhang is now the general manager asistance in China South Industries Group Corporation (CSGC) and the director of China Chang'an Automobil (Group) Co., Ltd. (CCAG). He used to serve as the deputy secretary and secretary of the Youth League Committee in Southwest Ordance Bureau of China North Industries Group Corporation (CNGC). Mr. Zhang also served as the Party secretary of Chongqing Changfeng Machinery Co., Ltd, the sanding vice manager and general manager of Chengdu Wanyou Co., the director and vice president of Chang'an Automobil (Group) Co., Ltd., the standing vice manager of Chongqing Chang'an Automobil Co., Ltd, the deputy secretary of the Party of CCAG, and the director and president of Chongqing Changfeng Machinery Co., Ltd.

Code Book for Government Connections

National Government Organizations

Please regard the following organizations/positions as national government organizations/positions. Any organizations/positions outside the list should be coded after consulting with the principal investigator.

General Office of the Communist Party of China (CPC), Organization Department of the CPC Central Committee, Publicity Department of the CPC Central Committee, United Front Work Department of the CPC Central Committee, International Department of the CPC Central Committee, Committee of Political and Legal Affairs of the CPC Central Committee (Central Committee for Compre- hensive Social Management), Central Policy Research Office of the CPC Central Committee, Taiwan Work Office of the CPC Central Committee (Taiwan Affairs Office of the State Council), International Communication Office of the CPC Central Committee (State Council Information Office), Central Security Bureau, Party School of the CPC Central Committee.

State Council, Supreme People's Court of the People's Republic of China, Supreme People's Procuratorate, Vice-Chairman of the National People's Congress or of the Chinese Peoples Political Consultative Conference, Ministry of National Defense, Commission of Science, Technology, and Industry for National Defense, Ministry of Foreign Affairs, Ministry of Public Security, Ministry of State Security, Ministry of Justice, Ministry of Supervision, State Planning Commission, State Economic Commission, State Construction Commission, National Development and Reform Commission, Ministry of Finance, Ministry of Housing and Urban-Rural Development, Ministry of Geology and Mining, Ministry of Water Resources, Ministry of Agriculture, Ministry of Light Industry, State Economic and Trade Commission, Ministry of Internal Trade, Ministry of Foreign Trade and Economic Co-operation, State Commission for Eco- nomic Restructuring, Peoples Bank of China, National Audit Office, Ministry of Power Industry, Ministry of Coal Industry, Ministry of Metallurgical Industry, Ministry of Machine Industry, Ministry of Electronics Industry, Ministry of Chemical Industry, Ministry of Forestry/State Forestry Administration, Ministry of Transport, Ministry of Railways, Ministry of Posts and Telecommunications, State Education Commission, State Science and Technology Commission, Ministry of Culture, Ministry of Radio, Film and Television, State Physical Culture and Sports Commission, Ministry of Health, State Ethnic Affairs Commission, National Population and Family Planning Commission, Ministry of Labor, Ministry of Personnel, Ministry of Civil Affairs, State Administration of State-owned Assets.

Local Government Organizations

Please regard the following organizations/positions as local government organizations/positions. Any organizations/positions outside the list should be coded after consulting with the principal investigator.

Party committee at all levels from province to township (excluding village), general office of Party committee, local organization department of the (CPC), local publicity department of the CPC, local united front work department of the CPC, local international department of the CPC, local committee of political and legal affairs of the CPC.

Vice-chairman of local peoples congress or local Chinese peoples political consultative conference, general office of government at all levels, high/intermediate/basic peoples courts, high/intermediate/basic peoples procuratorates, public security bureau/department, state security bureau, bureau of justice, bureau of supervision, planning commission, economic commission, construction commission, development of reform commission, bureau of finance, bureau of housing and urban-rural development, bureau of geology and mining, bureau of water resources, bureau of agriculture, economic and trade commission, bureau of light industry, bureau of internal trade, bureau of foreign trade and economic co-operation, commission for economic restructuring, Peoples Bank of China branches, audit office, bureau of power industry, bureau of coal industry, bureau of metallurgical industry, bureau of machine industry, bureau of electronics industry, bureau of chemical industry, bureau of forestry/ forestry administration, bureau of transport, bureau of railways, bureau of posts and telecommunications, education commission, science and technology commission, bureau of culture, bureau of radio, film and television, physical culture and sports commission, bureau of health, ethnic affairs commission, national population and family planning commission, bureau of labor, bureau of personnel, bureau of civil affairs, local administration of state-owned assets.

3. Trends

Table A3 % of Connected Firms, Panel Data (1993, 2002, and 2012)

Connectedness	1993	2002	2012
National Government	15.09	24.53	29.25
Local Government (excluding outside)	45.28	65.09	62.26
Local Government (including outside)	55.66	78.30	78.30
National Parliament	9.43	7.55	3.77
Local Parliament (excluding outside)	24.53	22.64	27.36
Local Parliament (including outside)	24.53	27.36	33.96
National Party Congress	1.89	0.00	0.00
Local Party Congress (excluding outside)	2.83	0.94	0.94
Local Party Congress (including outside)	2.83	1.89	0.94
PLA	23.58	33.02	26.42
CCP member	83.96	97.17	98.11
N	106	106	106

Table A4 % of Connected Firms, Cross Section Data (1993, 2002, and 2012)

Connectedness	1993	2002	2012
National Government	15.09	23.46	28.17
Local Government (excluding outside)	45.28	63.67	56.53
Local Government (including outside)	55.66	74.84	69.85
National Parliament	9.43	14.72	12.26
Local Parliament (excluding outside)	24.53	31.15	41.48
Local Parliament (including outside)	24.53	34.95	45.21
National Party Congress	1.89	1.86	1.66
Local Party Congress (excluding outside)	2.83	3.48	4.55
Local Party Congress (including outside)	2.83	3.88	4.83
PLA	23.58	26.54	19.44
CCP	83.96	96.20	84.94
N	106	1236	2463

4 Characteristics of Connected Firms

Table A5 Connections and Firm Assets

DV=ASSETS (LOG)	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE
CONNECTED	0.050 0.068												
GOVERNMENT		0.023 0.047											
NATIONAL GOVERNMENT			0.179 0.047										
LOCAL GOVERNMENT				-0.002 0.049									
BOTH NATIONAL AND LOCAL GOVERNMENT					0.155 0.049								
PARLIAMENT						-0.023 0.029							
NATIONAL PARLIAMENT							0.179 0.048						
LOCAL PARLIAMENT								-0.041 0.028					
BOTH GOVERNMENT AND PARLIAMENT									-0.039 0.031				
NATIONAL CCP CONGRESS										0.107 0.096			
LOCAL CCP CONGRESS											0.016 0.077		
PLA												-0.033 0.046	
CCP MEMBERSHIP													0.192 0.053
AGE	0.016 0.004	0.015 0.004	0.015 0.004	0.016 0.004	0.015 0.004	0.015 0.004	0.015 0.004	0.015 0.004	0.016 0.004	0.016 0.004	0.016 0.004	0.016 0.004	0.013 0.004
PROFIT (LOG)	0.629 0.030	0.629 0.030	0.622 0.031	0.629 0.030	0.623 0.031	0.631 0.030	0.620 0.030	0.632 0.030	0.631 0.030	0.628 0.030	0.629 0.030	0.629 0.031	0.626 0.030
LEVERAGE	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.030 0.004	0.029 0.004
TAX	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000	0.001 0.000
ROA	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009	-0.027 0.009

SOE	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
DISTANCE (LOG)	-0.066	-0.066	-0.055	-0.067	-0.067	-0.066	-0.063	-0.066	-0.066	-0.066	-0.067	-0.067	-0.065
	0.015	0.015	0.018	0.015	0.016	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.013
INDUSTRY F.E.	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
INTERCEPT	11.421	11.438	11.425	11.454	11.501	11.444	11.572	11.429	11.441	11.461	11.454	11.473	11.380
	0.581	0.583	0.606	0.572	0.598	0.574	0.568	0.573	0.574	0.570	0.572	0.582	0.565
N	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410
R2	0.729	0.729	0.733	0.729	0.731	0.729	0.731	0.729	0.729	0.729	0.729	0.729	0.731

Table A6 Connections and Firm Profit

DV=PROFIT (LOG)	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE
CONNECTED	0.088 0.075												
GOVERNMENT		0.044 0.044											
NATIONAL GOVERNMENT			-0.008 0.052										
LOCAL GOVERNMENT				0.062 0.060									
BOTH NATIONAL AND LOCAL GOVERNMENT					0.098 0.050								
PARLIAMENT						0.164 0.045							
NATIONAL PARLIAMENT							0.174 0.079						
LOCAL PARLIAMENT								0.201 0.054					
BOTH GOVERNMENT AND PARLIAMENT									0.162 0.046				
NATIONAL CCP CONGRESS										0.232 0.141			
LOCAL CCP CONGRESS											0.133 0.088		
PLA												-0.036 0.049	
CCP MEMBERSHIP													-0.073 0.063
AGE	-0.014 0.003	-0.014 0.003	-0.014 0.003	-0.014 0.003	-0.014 0.003	-0.013 0.003	-0.014 0.003	-0.012 0.003	-0.013 0.003	-0.014 0.003	-0.014 0.003	-0.014 0.003	-0.013 0.004
ASSETS (LOG)	0.997 0.019	0.998 0.019	1.000 0.019	0.998 0.019	0.994 0.020	0.992 0.020	0.987 0.022	0.990 0.021	0.994 0.020	0.996 0.020	0.997 0.019	0.998 0.019	1.001 0.019
LEVERAGE	-0.020 0.004	-0.020 0.004	-0.020 0.004	-0.020 0.004	-0.020 0.004	-0.019 0.004	-0.020 0.004	-0.019 0.003	-0.020 0.004	-0.020 0.004	-0.020 0.004	-0.020 0.004	-0.019 0.004
TAX	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001
ROA	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014	0.034 0.014
SOE	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001	0.001 0.001
DISTANCE (LOG)	-0.002	-0.002	-0.003	-0.007	-0.003	-0.005	0.000	-0.005	-0.004	-0.002	-0.003	-0.003	-0.003

	0.019	0.019	0.021	0.021	0.018	0.020	0.019	0.020	0.020	0.019	0.019	0.019	0.019
INDUSTRY F.E.	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
INTERCEPT	-3.627	-3.607	-3.589	-3.578	-3.504	-3.508	-3.366	-3.464	-3.536	-3.549	-3.573	-3.557	-3.589
	0.578	0.577	0.563	0.569	0.574	0.597	0.634	0.606	0.594	0.571	0.569	0.571	0.571
N	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410
R2	0.691	0.691	0.691	0.691	0.691	0.694	0.692	0.695	0.694	0.691	0.691	0.691	0.691

Table A7 Connections and Return on Assets

DV=ROA	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE
CONNECTED	0.306 0.531												
GOVERNMENT		-0.055 0.671											
NATIONAL GOVERNMENT			0.279 0.530										
LOCAL GOVERNMENT				0.207 0.484									
BOTH NATIONAL AND LOCAL GOVERNMENT					0.669 0.653								
PARLIAMENT						-0.176 0.506							
NATIONAL PARLIAMENT							1.207 0.752						
LOCAL PARLIAMENT								-0.151 0.551					
BOTH GOVERNMENT AND PARLIAMENT									-0.502 0.539				
NATIONAL CCP CONGRESS										0.354 0.798			
LOCAL CCP CONGRESS											-0.281 0.424		
PLA												1.168 1.152	
CCP MEMBERSHIP													0.182 0.948
AGE	0.189 0.102	0.189 0.101	0.188 0.101	0.187 0.102	0.186 0.101	0.188 0.100	0.186 0.101	0.187 0.099	0.188 0.101	0.189 0.102	0.188 0.102	0.190 0.103	0.187 0.097
ASSETS (LOG)	-6.833 2.375	-6.830 2.373	-6.849 2.400	-6.829 2.371	-6.853 2.381	-6.832 2.375	-6.873 2.378	-6.833 2.380	-6.837 2.378	-6.832 2.373	-6.829 2.372	-6.805 2.343	-6.838 2.393
PROFIT (LOG)	5.340 1.330	5.345 1.334	5.344 1.335	5.340 1.333	5.331 1.332	5.353 1.351	5.305 1.324	5.354 1.358	5.368 1.356	5.342 1.334	5.347 1.335	5.343 1.330	5.346 1.339
LEVERAGE	0.143 0.140	0.144 0.141	0.144 0.142	0.142 0.141	0.143 0.141	0.143 0.140	0.142 0.141	0.143 0.140	0.144 0.141	0.143 0.141	0.143 0.141	0.141 0.138	0.143 0.140
TAX	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003	0.006 0.003
SOE	0.008 0.009	0.008 0.008	0.008 0.008	0.008 0.009	0.008 0.008	0.008 0.008	0.010 0.009	0.008 0.008	0.008 0.008	0.008 0.009	0.008 0.009	0.006 0.007	0.008 0.008
DISTANCE (LOG)	-0.282	-0.285	-0.267	-0.296	-0.287	-0.282	-0.265	-0.282	-0.282	-0.283	-0.284	-0.273	-0.283

	0.227	0.228	0.218	0.233	0.232	0.225	0.226	0.225	0.227	0.229	0.229	0.220	0.226
INDUSTRY F.E.	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
INTERCEPT	56.748	56.948	57.096	56.915	57.398	56.866	58.232	56.859	56.836	56.960	56.903	55.987	56.935
	29.306	29.444	29.781	29.486	29.692	29.389	29.682	29.344	29.398	29.506	29.501	28.570	29.541
N	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410
R2	0.218	0.218	0.218	0.218	0.218	0.218	0.219	0.218	0.218	0.218	0.218	0.219	0.218

Table A8 Connection and Tax

DV=TAX	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE
CONNECTED	4.550 7.719												
GOVERNMENT		6.653 4.918											
NATIONAL GOVERNMENT			-3.042 4.405										
LOCAL GOVERNMENT				5.795 5.646									
BOTH NATIONAL AND LOCAL GOVERNMENT					-3.653 3.524								
PARLIAMENT						12.363 14.642							
NATIONAL PARLIAMENT							1.811 3.993						
LOCAL PARLIAMENT								14.522 15.962					
BOTH GOVERNMENT AND PARLIAMENT									13.258 15.243				
NATIONAL CCP CONGRESS										10.284 10.734			
LOCAL CCP CONGRESS											4.207 4.834		
PLA												-8.731 6.586	
CCP MEMBERSHIP													0.242 3.034
AGE	0.845 0.556	0.806 0.533	0.851 0.563	0.795 0.516	0.863 0.562	0.931 0.667	0.844 0.552	0.968 0.703	0.872 0.599	0.851 0.562	0.858 0.567	0.834 0.548	0.844 0.539
ASSETS (LOG)	48.844 24.112	48.828 24.127	49.111 24.459	48.886 24.147	49.036 24.273	48.965 24.221	48.817 24.114	49.093 24.300	49.069 24.317	48.841 24.183	48.886 24.204	48.777 24.093	48.885 24.135
PROFIT (LOG)	-49.083 26.860	-49.082 26.808	-49.037 26.805	-49.129 26.834	-48.974 26.789	-49.624 27.412	-49.082 26.862	-49.879 27.582	-49.643 27.405	-49.098 26.837	-49.074 26.829	-49.074 26.806	-49.032 26.785
LEVERAGE	-0.756 0.344	-0.770 0.349	-0.754 0.340	-0.776 0.359	-0.750 0.334	-0.730 0.320	-0.750 0.336	-0.725 0.315	-0.755 0.347	-0.755 0.337	-0.749 0.335	-0.729 0.320	-0.750 0.338
ROA	1.219 0.872	1.220 0.875	1.222 0.874	1.218 0.871	1.223 0.876	1.223 0.869	1.218 0.872	1.222 0.866	1.232 0.879	1.220 0.873	1.221 0.874	1.233 0.879	1.220 0.874
SOE	-0.035 0.093	-0.044 0.095	-0.028 0.086	-0.042 0.096	-0.030 0.089	-0.011 0.074	-0.030 0.090	-0.011 0.075	-0.026 0.086	-0.033 0.091	-0.032 0.091	-0.017 0.086	-0.033 0.092
DISTANCE (LOG)	-0.316	-0.240	-0.531	-0.693	-0.332	-0.521	-0.319	-0.535	-0.407	-0.325	-0.344	-0.426	-0.347

	0.860	0.874	0.934	0.889	0.860	0.864	0.845	0.871	0.858	0.836	0.847	0.806	0.849
INDUSTRY F.E.	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
		-	-	-	-	-	-	-	-	-			
INTERCEPT	-181.767	183.110	181.368	179.197	182.108	175.762	177.254	173.677	177.656	178.036	-179.174	-173.076	-179.325
	75.491	74.919	74.688	73.096	74.630	70.422	72.726	69.358	71.363	73.545	73.511	71.349	73.362
N	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410
R2	0.099	0.099	0.099	0.099	0.099	0.100	0.099	0.101	0.101	0.099	0.099	0.099	0.099

Table A9 Connection and Leverage

DV=LEVERAGE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE	COEFF SE
CONNECTED	0.831 0.447												
GOVERNMENT		1.133 0.428											
NATIONAL GOVERNMENT			-0.485 0.341										
LOCAL GOVERNMENT				1.135 0.377									
BOTH NATIONAL AND LOCAL GOVERNMENT					-0.085 0.424								
PARLIAMENT						-0.327 0.437							
NATIONAL PARLIAMENT							0.342 0.636						
LOCAL PARLIAMENT								-0.364 0.427					
BOTH GOVERNMENT AND PARLIAMENT									0.134 0.466				
NATIONAL CCP CONGRESS										1.468 1.059			
LOCAL CCP CONGRESS											0.073 0.846		
PLA												0.839 0.489	
CCP MEMBERSHIP													0.802 0.301
AGE	0.150 0.036	0.143 0.036	0.151 0.036	0.140 0.036	0.151 0.036	0.149 0.036	0.150 0.036	0.148 0.036	0.151 0.036	0.151 0.036	0.151 0.035	0.152 0.036	0.142 0.035
ASSETS (LOG)	3.596 0.301	3.587 0.299	3.642 0.297	3.592 0.302	3.613 0.295	3.604 0.301	3.594 0.299	3.600 0.302	3.612 0.301	3.599 0.300	3.609 0.300	3.612 0.303	3.571 0.300
PROFIT (LOG)	-1.494 0.211	-1.491 0.210	-1.486 0.208	-1.500 0.212	-1.485 0.208	-1.468 0.205	-1.495 0.207	-1.461 0.204	-1.493 0.209	-1.494 0.205	-1.487 0.207	-1.477 0.207	-1.476 0.204
TAX	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001	-0.002 0.001
ROA	0.069 0.017	0.069 0.016	0.070 0.017	0.069 0.017	0.069 0.017	0.069 0.017	0.069 0.017	0.069 0.016	0.070 0.017	0.069 0.017	0.069 0.017	0.068 0.017	0.069 0.016
SOE	0.012 0.012	0.010 0.012	0.013 0.012	0.010 0.012	0.012 0.012	0.011 0.012	0.012 0.012	0.012 0.012	0.012 0.012	0.012 0.012	0.012 0.012	0.011 0.013	0.010 0.012
DISTANCE (LOG)	0.495	0.506	0.460	0.419	0.490	0.494	0.495	0.494	0.489	0.492	0.489	0.496	0.492

	0.178	0.176	0.184	0.177	0.179	0.176	0.180	0.176	0.178	0.177	0.179	0.180	0.184
INDUSTRY F.E.	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
INTERCEPT	-63.593	-63.645	-63.499	-62.876	-63.288	-63.282	-62.815	-63.321	-63.206	-62.988	-63.221	-63.698	-63.062
	5.057	5.060	4.937	4.986	4.927	5.008	4.885	5.003	4.992	5.009	4.997	4.994	5.021
N	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410
R2	0.278	0.280	0.278	0.281	0.277	0.277	0.277	0.278	0.277	0.278	0.277	0.279	0.278

Table A10 Connection and State-Owned Share

DV=SOE	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF	COEFF
	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE	SE
CONNECTED	1.697												
	1.286												
GOVERNMENT		3.112											
		0.874											
NATIONAL GOVERNMENT			2.101										
			1.060										
LOCAL GOVERNMENT				2.102									
				0.733									
BOTH NATIONAL AND LOCAL GOVERNMENT					1.644								
					0.965								
PARLIAMENT						-2.031							
						0.969							
NATIONAL PARLIAMENT							-3.085						
							1.596						
LOCAL PARLIAMENT								-1.756					
								0.932					
BOTH GOVERNMENT AND PARLIAMENT									-0.603				
									0.816				
NATIONAL CCP CONGRESS										0.692			
										3.759			
LOCAL CCP CONGRESS											-0.185		
											2.504		
PLA												3.260	
												1.158	
CCP MEMBERSHIP													5.271

													0.958
AGE	-0.108 0.113	-0.127 0.110	-0.110 0.113	-0.126 0.115	-0.115 0.114	-0.122 0.117	-0.102 0.113	-0.123 0.118	-0.109 0.115	-0.108 0.114	-0.108 0.115	-0.103 0.113	-0.167 0.117
ASSETS (LOG)	2.459 0.707	2.441 0.701	2.321 0.701	2.473 0.699	2.412 0.707	2.446 0.684	2.603 0.710	2.436 0.682	2.466 0.688	2.476 0.701	2.479 0.699	2.500 0.697	2.227 0.658
PROFIT (LOG)	0.231 0.435	0.220 0.442	0.254 0.440	0.210 0.442	0.225 0.443	0.360 0.415	0.331 0.418	0.365 0.417	0.282 0.422	0.246 0.440	0.252 0.438	0.273 0.443	0.302 0.413
TAX	0.000 0.001	-0.001 0.001	0.000 0.001	-0.001 0.001	0.000 0.001	0.000 0.001	0.000 0.001	0.000 0.001	0.000 0.001	0.000 0.001	0.000 0.001	0.000 0.001	0.000 0.001
LEVERAGE	0.059 0.060	0.051 0.060	0.065 0.060	0.052 0.060	0.062 0.061	0.058 0.059	0.063 0.060	0.059 0.060	0.062 0.060	0.061 0.060	0.061 0.060	0.054 0.063	0.053 0.059
ROA	0.020 0.021	0.020 0.020	0.019 0.020	0.019 0.020	0.019 0.020	0.020 0.021	0.024 0.022	0.020 0.021	0.020 0.020	0.020 0.020	0.020 0.020	0.015 0.019	0.019 0.020
DISTANCE (LOG)	-0.606 0.154	-0.565 0.157	-0.490 0.194	-0.742 0.155	-0.625 0.154	-0.588 0.159	-0.665 0.153	-0.594 0.157	-0.615 0.154	-0.617 0.152	-0.619 0.152	-0.585 0.153	-0.592 0.159
INDUSTRY F.E.	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
INTERCEPT	-32.129 11.050	-32.868 11.002	-29.760 11.861	-31.109 10.941	-29.971 11.473	-31.683 11.449	-34.703 11.440	-31.808 11.520	-31.304 11.366	-31.164 11.320	-31.259 11.286	-33.383 11.023	-30.359 10.747
N	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410
R2	0.107	0.111	0.109	0.109	0.107	0.109	0.110	0.109	0.107	0.106	0.106	0.111	0.115

5 Event Study Results

Table A11 Mean Cumulative Abnormal Return Across Different Categories of Firms

	Mean	Std.
UNCONNECTED	-0.811	0.635
LOCAL ONLY	-2.339	0.713
BOTH NATIONAL & LOCAL	-2.125	1.167
NATIONAL ONLY	1.979	1.215

Table A12 Event Study Regression (DV=Cumulative Abnormal Return)

	COEFF.	ROBUST S.E.	
UNCONNECTED	1.899	0.986	*
BOTH NATIONAL & LOCAL	0.213	1.783	
NATIONAL GOVERNMENT ONLY	4.571	1.450	***
AGE	0.288	0.129	**
ASSETS (LOG)	0.360	0.344	
SOE	1.258	0.996	
INDUSTRY F.E.	YES		
INTERCEPT	-16.063	10.105	
N	121		
R2	0.163		

6 Robustness Checks

Table A13 Degree of Connections Over Time

	# of national government connections	# of local government connections	# of naional governmentt connections/firm	# of local government connections/firm	# of firms
1993	17	139	0.160	1.311	106
2002	440	2471	0.356	1.999	1236
2012	1123	4340	0.456	1.762	2463

Table A14 Determinants of Political Connections (Ordered Probit Estimates)

DV=CONNECTION	Coef.	Robust Std. Err.	z	P>z
AGE	0.014	0.005	3.070	0.002
ASSETS	0.155	0.041	3.810	0.000
PROFIT	0.016	0.030	0.520	0.600
LEVERAGE	0.003	0.003	0.970	0.332
TAX	0.000	0.000	0.530	0.594
ROA	0.001	0.002	0.680	0.499
SOE	0.005	0.001	3.750	0.000
DISTANCE TO BEIJING	-0.060	0.021	-2.840	0.005
INDUSTRY F.E.	YES			
N	1410			
R2	0.043			