

It's All Relative: What Political Connections Through Relatives of Politicians Can Tell Us about the Effects of Political Connections on Firms

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Abstract

I evaluate the difference between firms that appoint the relatives of active US politicians to their boards of directors, and firms that have a board member whose relative is elected/appointed to Congress or the Cabinet. I find that firms that choose to become politically connected benefit more from their political connection than firms that become politically connected by chance. This suggests that there is a potential selection issue in the literature about political connections: firms that benefit more from political connections will be more likely to become politically connected. This selection issue could lead to an overestimation of the average value of political connections.

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Since the turn of the millennium, there has been considerable interest in the value of political connections to corporations. Political connections have been widely documented to be valuable to corporations both in the United States and internationally. The benefits of political connections are seemingly so large that they famously caused Gordon Tullock (1972) to ask, “Why is there so little money in U.S. politics?” Ansolabehere, de Figueiredo, and Snyder (2003) report that the question still persists.

In this paper, I evaluate a new type of political connection. I create a database of firms which have close relatives (defined as spouse, child, sibling, or parent) of sitting United States Senators, Representatives, or members of the Cabinet on their board of directors. These political connections to firms were not all created for purpose of creating a link to a politician; some of these board members were undoubtedly chosen for their own skills. In an attempt to differentiate between these, I separate the politically connected sample into two groups. The first group is firms that appointed the relative of a sitting politician to their board.¹ The second group is firms that have a sitting board member whose relative gets elected to office. Both groups have the same access to powerful politicians. If, *ceteris paribus*, all firms benefit equally from political connections, then both groups have the same potential benefit over nonconnected firms. However, the first group is more likely to be composed of firms *choosing* to be politically connected than the second group.

First, I evaluate the politically connected board members themselves on the date they were appointed to the board. I find that the politically connected board member in the first group (firms that choose to become connected, hereafter called *Choice Firms*) is younger and has more board memberships than other board members in *Choice Firms*. The politically connected board member in the second group (firms that become connected by chance, hereafter called *Chance Firms*) are not significantly different in age or other board memberships from other board members in *Chance Firms*. In addition, the

¹ if the politician has been elected but has not yet taken office, the firm is included in the first group.

difference in other board memberships between *Choice Directors* and *Chance Directors* is statistically significant. While not conclusive, this indicates that *Choice Firms* are probably more likely than *Chance Firms* to be appointing their politically connected directors for different reasons than they would appoint a normal director.

Second, I evaluate the outcomes of the political connections. I find that *Choice Firms* have the same outcomes that other authors find in publicly disclosed types of political connections: for example, these firms have easier access to debt (Faccio 2010), higher stock returns (Jayachandran, 2006; Goldman, Rochell, and So, 2009; Cooper, Gulen, and Ovtchinnikov, 2010; Claessens, Feijen, and Laeven, 2012), and poorer accounting performance (Faccio 2010). *Chance Firms*, on the other hand, do not have easier access to debt than non-connected firms. There is also less evidence of lower accounting performance and higher stock returns among *Chance Firms* than among *Choice Firms*. The difference between *Choice Firms* and *Chance Firms* is often statistically significant.

Finally, I evaluate an exogenous shock to political connections. On May 24th, 2001, Senator Jim Jeffords of Vermont announced that he was leaving the Republican party to be an Independent and would caucus with the Democrats. This shifted the balance of power in the Senate, and resulted in a near-immediate change in the leadership of every committee. Jeffords' decision was made privately over the course of a week. Jayachandran (2006) provides convincing evidence that this was a plausibly exogenous shock to political influence. In May 2001, *Choice Firms* connected to Democrats performed 11.2% better than *Choice Firms* connected to Republicans. In May 2001, *Chance Firms* connected to Democrats performed 8.9% better than *Chance Firms* connected to Republicans. The difference-in-differences estimator is 2.29%, which is not statistically significant. The lack of statistical significance suggests that both groups benefit from their political connections.

Overall, the results are consistent with the idea that some firms benefit more from political connections than others, and that those firms will make more effort to become politically connected. This suggests that selection is an issue that must be considered when researching political connections. Thus, the answer to Gordon Tullock's (1972) question of, "Why is there so little money in U.S. politics?" is not that firms are blind to the benefits of political connections. Rather, the answer is that firms will be more likely to become politically connected if there is a substantial benefit to doing so. Thus, the average benefits of a political connection across all firms are likely to be lower than we find when evaluating only those firms that are politically connected.

In addition to this contribution, my findings reinforce earlier findings about the benefits of political connections to firms that are politically connected. This new database of political connections through relatives of politicians is unique in that it does not have to be publicly reported. Yet despite not having to be reported, the findings suggest that there are substantial benefits to being politically connected.

Section 2 – Background

The prevailing opinion in the popular press is that politically connected firms have an unfair advantage over unconnected firms. As a result, it has become an unwritten rule that cabinet members will resign from any corporate boards while in office, and many Congress members also follow suit. Some politicians (such as Bill Frist and Mitt Romney) even choose to place their personal assets in a blind trust in order to avoid any appearance of impropriety. However, rather than outlawing political connections, the United States has generally chosen to require them to be reported. The Federal Election Campaign Act of 1971 and its amendments (the most recent being the 2002 McCain-Feingold Act) require politicians running for federal office to submit personal financial statements listing their major assets. They must report all campaign contributions over \$200, including the name and address of the donor as

well as the location where the donation was made. The goal of this disclosure is that the news media and prosecutors can track, publicize, shame, and prosecute any firms or individuals that take advantage of their reported political connections. However, disclosure only works as a deterrent for political connections that are publicly disclosed.

Many theoretical papers take the perspective that politicians utilize their political power to provide favors for those who give them money (Grossman and Helpman, 1994, 1996; Kroszner and Stratmann, 1998; Bonardi, Hillman, and Keim, 2005). Several empirical papers support these theories. Lobbying (Langbein and Lotwis, 1990; Durben, Shogren, and Silberman, 1991) and campaign contributions (Stratmann, 1991, 1995, 1998) have been found to influence congressional votes. There is even evidence that lobbying can make it less likely for firms to get caught (Yu and Yu, 2012) and punished (Correia, 2014) for committing fraud.

Further, establishing a connection to a politician can directly benefit a firm. Firms that are connected to powerful politicians have been found to have higher future stock returns (Jayachandran, 2006; Goldman, Rochell, and So, 2009; Cooper, Gulen, and Ovtchinnikov, 2010; Claessens, Feijen, and Laeven, 2012), have easier access to debt (Faccio 2010), pay lower taxes (Faccio 2010; Richter, Samphantharak, and Timmons, 2009), have more market power (Faccio 2010), and are more likely to be bailed out by the government (Faccio, Masulis, and McConnell, 2006; Duchin and Sosyura, 2012). There is also evidence that lobbying can make it less likely for firms to get caught (Yu and Yu, 2012) and punished (Correia, 2014) for committing fraud.

However, there are also downsides to political connections. Faccio (2010) finds that politically connected firms have worse measures of accounting performance than non-politically connected firms. Cohen and Malloy (2016) find that firms with the government as a major customer (which can be

interpreted as a form of political connection) invest less in physical and intellectual capital, and have lower future sales growth.

These empirical papers define a “political connection” in different ways. Most of them use lobbying expenditures or campaign contributions to proxy for political connections. Others use current or former politicians who are one of the firm’s executive officers, directors, or blockholders (i.e. own 10% of the firm’s stock). However, laws and traditions in the USA largely prevent active politicians from working for a firm while in office, and relatively few firms bother to lobby or make campaign contributions. This has caused some researchers to wonder why so few firms seem to invest resources in becoming politically connected (Tullock, 1972; Ansolabehere, de Figueiredo, and Snyder, 2003).

This paper is unique in that I am able to create a proxy for firms that choose to become politically connected versus firms that became politically connected by chance.

Section 3 – Sample

My goal is to find firms which have a member of their board of directors who is a spouse, sibling, parent, or child of a sitting member of the United States Senate, Cabinet, or House of Representatives from 1980-2016. First, I use internet searches to create a database of 5,714 names of relatives of Congressional and Cabinet members who held office from 1980-2016. I use a matching algorithm to match this database to a list of names of board members of publicly traded firms from Boardex. I check each of the 2,200 matches manually to see if it is the same person. Some of the matches were confirmed by reading biographies, some were confirmed by pictures found online, and others were confirmed by matching birthdates. If it is the same person, I record the dates that the politician is elected/appointed to office and resigns/loses their office. I merge this data back with Boardex and keep firms if the dates of the directorship overlap with the politician’s time in office. The result is 134 firms

that are politically connected (note to reader – I am finalizing this search so this number may grow in future drafts).

After I merge this with Compustat, this results in 1,060 firm-years in the *Choice Firm* sample and 268 firm-years in the *Chance Firm* sample. After I merge this with CRSP, this results in 11,416 firm-months in the *Choice Firm* sample and 2,716 firm-months in the *Chance Firm* sample.

This database is an incomplete list of firms that have the relative of a politician on their board of directors. Not only was I missing many relatives of politicians (there are 1,877 political officeholders from 1980-2016 and I was only able to find 5,714 names of relatives), but I was also very strict in making sure that the director is the same person as the politician's relative. However, there is no reason to believe that this list is biased in a way that would affect the results.

Section 4 – Results

4.1 Board Member Characteristics

Table 1 looks at the characteristics of the board members when they are added to the board of directors. Panel A looks at all directors. *Choice Directors* (i.e., directors that firms added after the firm knew they were the relative of a sitting politician) are on average 1.8 years younger (t -stat = 1.66) and hold 3.2 more seats (t -stat = 10.02) on boards of directors than other directors. *Chance Directors* (i.e. directors that became politically connected after they were added to the board of directors) are statistically the same age with the same number of board memberships as non-connected directors. Choice Directors are statistically the same age as *Chance Directors*, but hold on average 3.3 more board memberships (t -stat = 2.41) as *Chance Directors*.

It is possible that this difference could be caused by the difference between *Chance Firms* and *Choice Firms*. So in Panels B and C, I compare the politically connected director to other directors appointed by the same firm. Within *Choice Firms*, the politically connected director averages 1.9 years younger (t -stat = 1.75) and 2.3 more previous board memberships (t -stat = 6.54) than unconnected directors. Within *Chance Firms*, the politically connected director is statistically the same age and has the same number of other board memberships than unconnected directors.

While it is difficult to discern intent from these tests, the results suggest that when *Choice Firms* choose to appoint a politically connected director, they may be appointing the director for different reasons than they would appoint other directors. But *Chance Firms*, who are appointing a director that is not politically connected at the time, may be appointing their (future) politically connected director for the same types of reasons that they would normally appoint an unconnected director.

4.2 Accounting Results

As mentioned in Section 2, previous researchers have found that politically connected firms have higher leverage and lower operating performance than non-politically connected firms. Table 2 mirrors Faccio (2010) by investigating accounting book values of debt ratios and accounting performance.

Regressions 1-4 evaluate debt ratios. Panel A shows that *Choice Firms* have significantly more debt than nonconnected firms. Panel B shows that *Chance Firms* generally do not have significantly higher debt than nonconnected firms, with the exception of the Cash Ratio. Panel C shows that with the exception of Cash Ratio, *Choice Firms* have significantly more debt than *Chance Firms*. The values are economically significant as well: for example, *Choice Firms* have a 5.4% higher debt ratio than *Chance Firms* after controlling for size and Fama-French 49 industry (the mean for the whole sample is 28.7%).

Regressions 5 and 6 evaluate accounting performance. Panel A shows that *Choice Firms* have a lower ROA and longer time for inventory to turn over than nonconnected firms, although inventory turnover is

not statistically significant. Panel B shows that *Chance Firms* actually take less time for inventory to turn over than nonconnected firms. ROA is significantly lower in *Chance Firms* than in nonconnected firms. Panel C shows that *Choice Firms* have a lower ROA and longer time for inventory to turn over than *Chance Firms*, although ROA is not statistically significant.

4.3 Stock Returns

Table 3 evaluates monthly stock returns, adjusted for return to the S&P 500 index. Regressions 1 and 2 are simple OLS regressions. They show that both *Choice Firms* and *Chance Firms* have significantly higher stock returns than firms that are not politically connected. The results are also economically significant (4.5% per month for *Choice Firms* and 4.3% per month for *Chance Firms*).

However, there are many possible alternative explanations for this: for example, politically connected firms may be more exposed to risk factors than nonpolitically exposed firms. In an attempt to control for this, I control for firm fixed effects in Regressions 3 and 4. The coefficients on *Choice Firms* and *Chance Firms* in Regressions 3 and 4 indicate the difference in a firm's own returns in months when it is politically connected versus months when it is not connected. The result shows that *Choice Firms* have 0.6% higher returns compared to the S&P 500 in months that they are politically connected than in months when they are not politically connected. This result is statistically significant at the 10% level. *Chance Firms* do not have significantly higher returns in months that they are connected.

In another attempt to control for risk, I compare the stock returns of connected firms to matched firms in the same industry that are unconnected. I find matches within Fama-French 49 industries in the same month, and do a propensity score match on $\ln(\text{market value})$ and Market-to-Book ratio. Panels A and B of Table 4 show the results. *Choice Firms* outperform matched unconnected firms by 0.3% per month ($t\text{-stat} = 2.15$). *Chance Firms* do not significantly outperform matched unconnected firms.

Panels C and D of Table 4 evaluate the first month that a political connection is established. Connected firms are matched to unconnected firms that also added a new director in the same month. The matched firm is the unconnected firm that has the closest size of market value to the connected firm. Panel C shows that *Choice Firms* do not significantly outperform matched unconnected firms. Surprisingly, Panel D shows that *Chance Firms* underperform matched unconnected firms by 6.4% in the month that they add a new director ($t\text{-stat}=1.80$).

4.4 Effects of an Exogenous Shock to Political Connections

In 2000, the US Senate had 50 Republicans and 50 Democrats. According to the US Constitution, a tied vote in the senate results in a tiebreaking vote being cast by the *president pro tempore* of the United States Senate, who is usually known by his other title (Vice President of the United States). The Vice President (Dick Cheney) was a Republican, so Republicans controlled the Senate. Control of the Senate means control of the Senate's agenda (i.e. which bills could be brought to a vote) and control of the powerful Committee chairs (most of the real work of both the Senate and the House is done in Committees).

May 24th, 2001, Senator Jim Jeffords of Vermont announced that he was leaving the Republican party to be an Independent and would caucus (i.e. meet with privately and generally support the agenda) with the Democrats. This shifted the balance of power in the Senate. The leadership of the Senate and the chair of every Senate Committee changed from a Republican to a Democrat. Jeffords' decision had been made privately over the course of the previous week. The impact was shocking to many observers (one Vermont Republican lamented that his "concern for Jeffords is that his legacy will be as one of Benedict Arnold"). It is the only time in US history that one person changed control of the Senate overnight by switching parties. Jayachandran (2006) provides convincing evidence that this was a plausibly exogenous shock to political influence.

Table 5 shows stock returns in May 2001. Both *Choice Firms* and *Chance Firms* that were connected to Democrats significantly outperformed the market that month. Surprisingly, firms connected to Republicans did not perform statistically significantly different from the market. *Choice Firms* connected to Democrats performed 11.2% better than *Choice Firms* connected to Republicans. In May 2001, *Chance Firms* connected to Democrats performed 8.9% better than *Chance Firms* connected to Republicans. The difference-in-differences estimator is 2.29%, which is not statistically significant (not shown in table). The results suggest that the market anticipated that both *Choice Firms* and *Chance Firms* connected to Democrats would benefit from their political connections.

Section 5 – Conclusion

Political connections have been documented to have substantial benefits for firms. This paper utilizes a new database of political connections and differentiates between political connections that were acquired by chance (i.e., an existing board member's relative was elected/appointed to political office) and political connections that were acquired by choice (i.e., the firm appointed the relative of a sitting politician to their board).

If political connections provide similar levels of benefits for most firms, then the two groups should derive similar benefits from their political connections. However, I find that firms which choose to become politically connected (*Choice Firms*) derive higher benefits from the connection than firms that become politically connected by chance (*Chance Firms*). *Choice Firms* are able to gain higher leverage and have higher stock returns from being connected. *Choice Firms* also display some of the downsides that politically connected firms have, such as having lower accounting performance. Compared to *Choice Firms*, there is much less evidence that *Chance Firms* behave like politically connected firms.

This suggests that there may be a selection problem when measuring the benefits or costs of political connections. Firms that choose to become politically connected may derive substantially more benefits from their political connection than the average firm. This measurement problem may be particularly acute when measuring the relative benefits of political connections across countries, where different legal and regulatory systems may provide differing levels of benefits for being politically connected.

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Table 1: Difference Between Means of Board Member Characteristics

This tests the age and the number of other boards previously appointed to, as of the date that they are added to the board of directors. The difference between the means of each group are tested for statistical significance. *, **, and *** indicate 10%, 5%, and 1% significance, respectively. Panel A uses the entire Boardex Sample, while Panels B and C restrict the sample to only board members added to politically connected firms. The variable *Politically Connected Board Members: Choice Directors* is directors who were added to a board when their relative was an active member of the US Congress or Cabinet. The variable *Politically Connected Board Members: Chance Directors* is directors who were added to a board before their relative became a member of the US Congress or Cabinet. The sample in Panel B is board members of firms that choose to appoint the relative of a sitting US politician to their board of directors. The sample in Panel C is board members of firms that have a board member whose relative got elected/appointed to a political office after they became a board member of that firm.

Variable Being Tested:	Age	Number of Boards Previously Appointed to	Number of Observations
Panel A: Entire Boardex Sample			
Politically Connected Board Members: Choice Directors	51.71	5.58	82
Politically Connected Board Members: Chance Directors	52.80	2.28	25
All Directors in Boardex	53.50	2.40	142,975
Choice Minus Chance: Difference	-1.09	3.31***	
Choice Minus Chance: t-stat	(0.42)	(2.91)	
Choice Minus All: Difference	-1.79*	3.18***	
Choice Minus All: t-stat	(1.66)	(10.02)	
Chance Minus All: Difference	-0.70	-0.12	
Chance Minus All: t-stat	(0.36)	(0.22)	
Panel B: Only Choice Firms			
Politically Connected Board Members	51.71	5.58	82
Other Board Members Added by Same Firms	53.65	3.24	1,889
Difference	-1.94*	2.34***	
t-stat	(1.75)	(6.54)	
Panel C: Only Chance Firms			
Politically Connected Board Member	52.80	2.28	25
Other Board Members Added by Same Firms	54.33	2.53	503
Difference	-1.53	-0.25	
t-stat	(0.82)	(0.66)	

Table 2: Accounting Regressions

These are OLS regressions. The Dependent Variable is listed on the top row. *Board Connection: Choice* indicates that the firm has a board member with a relative in a federal political office that year, and that the director was added to the board when their relative was already a member of the Cabinet or Congress. *Board Connection: Chance* indicates that the firm has a board member with a relative in a federal political office that year, and that the director was added to the board before their relative was elected/appointed to office. The variable *Choice Minus Chance* is equal to *Board Connection: Choice* minus *Board Connection: Chance*. Standard errors are listed in parentheses. *, **, and *** indicate 10%, 5%, and 1% significance, respectively.

Panel A	Current Ratio	Cash Ratio	Debt Ratio	LT Debt Ratio	Inventory Turnover	ROA
Variables	(1)	(2)	(3)	(4)	(5)	(6)
Board Connection: Choice	-1.264*** (-2.989)	-0.903** (-2.017)	0.082*** (3.800)	0.066*** (3.209)	0.182 (1.598)	-1.107** (-2.035)
Ln (Market Value)	-0.154*** (-4.990)	-0.150*** (-5.110)	-0.004** (-2.242)	0.012** (2.119)	0.050*** (17.793)	0.927*** (5.139)
_constant	9.767*** (5.560)	8.470*** (4.947)	0.261*** (14.354)	0.150*** (7.057)	1.909*** (31.191)	-12.595** (-2.566)
FF 49 Industry Dummies?	Yes	Yes	Yes	Yes	Yes	Yes
N	216,825	217,915	204,448	204,657	166,528	221,032
Adjusted R^2	0.004	0.004	0.002	0.000	0.317	0.000

Panel B	Current Ratio	Cash Ratio	Debt Ratio	LT Debt Ratio	Inventory Turnover	ROA
Variables	(1)	(2)	(3)	(4)	(5)	(6)
Board Connection: Chance	-0.323 (-1.401)	-0.569** (-2.358)	0.040 (0.921)	0.061 (1.305)	-0.125 (-1.040)	-1.116* (-1.870)
Ln (Market Value)	-0.156*** (-5.040)	-0.151*** (-5.141)	-0.004** (-2.194)	0.012** (2.139)	0.050*** (17.931)	0.925*** (5.141)
_constant	9.771*** (5.562)	8.473*** (4.948)	0.261*** (14.345)	0.150*** (7.064)	1.908*** (31.163)	-12.593** (-2.565)
FF 49 Industry Dummies?	Yes	Yes	Yes	Yes	Yes	Yes
N	216,825	217,915	204,448	204,657	166,528	221,032
Adjusted R^2	0.004	0.004	0.002	0.000	0.317	0.000

Table 2: Accounting Regressions (continued)

Panel C	Current Ratio	Cash Ratio	Debt Ratio	LT Debt Ratio	Inventory Turnover	ROA
Variables	(1)	(2)	(3)	(4)	(5)	(6)
Choice - Chance	-0.933** (-2.576)	-0.581 (-1.523)	0.054** (2.566)	0.036* (1.651)	0.180* (1.836)	-0.608 (-1.461)
Ln (Market Value)	-0.155*** (-5.021)	-0.151*** (-5.137)	-0.004** (-2.211)	0.012** (2.131)	0.050*** (17.849)	0.926*** (5.142)
_constant	9.769*** (5.561)	8.472*** (4.948)	0.261*** (14.347)	0.150*** (7.051)	1.909*** (31.186)	-12.593** (-2.565)
FF 49 Industry Dummies?	Yes	Yes	Yes	Yes	Yes	Yes
N	216,825	217,915	204,448	204,657	166,528	221,032
Adjusted R^2	0.004	0.004	0.002	0.000	0.317	0.000

Table 3: Monthly Stock Returns for Politically Connected Firms

Standard errors are listed in parentheses. *, **, and *** indicate 10%, 5%, and 1% significance, respectively.

	Return Minus S&P 500 Index	Return Minus S&P 500 Index	Return Minus S&P 500 Index	Return Minus S&P 500 Index
Variables	(1)	(2)	(3)	(4)
Board Connection: Chance	0.0043*** (3.095)		0.001 (0.344)	
Board Connection: Choice		0.0045*** (4.127)		0.006* (1.701)
_constant	0.003*** (30.604)	0.003*** (30.393)	0.003*** (1,450)	0.003*** (227)
Firm Fixed Effects?	No	No	Yes	Yes
N	3,084,929	3,084,929	3,084,929	3,084,929

Table 4: Propensity Score Matching Tests on Firm Returns

The dependent variable is monthly stock return. The treated sample (i.e., the sample of politically connected firms indicated by the Panel Name) are matched to their nearest neighbor using propensity score matching on MTB and $\ln(\text{market value of equity})$. For Panels A and B, matches are forced to be in the same month and Fama-French 49 industry. For Panels C and D, matches are forced to be in the same month. *, **, and *** indicate 10%, 5%, and 1% significance, respectively.

Sample	Return of Treated Sample	Return of Matched Sample	Difference	Standard Error	t-stat
Panel A: Board Connection: Choice	0.01488	0.01179	0.00308**	0.00137	(2.25)
Panel B: Board Connection: Chance	0.01314	0.01268	0.00046	0.00271	(0.17)
Panel C: First Month that Director is Added for <i>Choice Firms</i>	0.04962	0.03834	0.01129	0.02557	(0.44)
Panel D: First Month that Director is Added for <i>Chance Firms</i>	-0.02327	0.04058	-0.06385*	0.03541	(1.80)

Table 5: Stock Returns in May 2001, when Senate Control Suddenly Passed to Democrats

The dependent variable is stock returns in the month of May, 2001. Standard errors are listed in parentheses. *, **, and *** indicate 10%, 5%, and 1% significance, respectively.

Panel B	Raw Return	Raw Return	Raw Return	Raw Return	Raw Return	Raw Return	Raw Return	Raw Return
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Connect to Dem: Choice	0.095*** (2.633)							
Connect to Rep: Choice	-0.018 (-0.770)							
Connect to Dem: Chance		0.082*** (2.810)						
Connect to Rep: Chance		-0.007 (-0.487)						
Democrat-Republican (Choice)			0.058** (2.149)	0.043* (1.787)	0.051** (2.177)			
Democrat-Republican (Chance)						0.057*** (3.130)	0.057*** (2.585)	0.059** (2.525)
_constant	0.062*** (7.365)	0.062*** (7.333)	0.062*** (7.358)	0.108*** (116.6)	0.086*** (6*10^12)	0.062*** (7.331)	0.109*** (2*10^12)	0.086*** (6*10^12)
Industry Dummies?	No	No	No	FF-49 Industry	2-digit SIC code	No	FF-49 Industry	2-digit SIC code
Standard Errors Clustered?	FF-49 Industry	FF-49 Industry	FF-49 Industry	FF-49 Industry	2-digit SIC code	FF-49 Industry	FF-49 Industry	2-digit SIC code
N	7,751	7,751	7,751	7,751	7,751	7,751	7,751	7,751
Adjusted R^2	0.000	0.000	0.000	0.027	0.026	0.000	0.027	0.026