# Internet Appendix for
# All the President's Friends: Political Access and Firm Value

(Not Intended for Publication)

**Table IA-1**
Characteristics of firms with access to the president or top aides

This table presents regression analysis of the characteristics of firms with access to the president or his top aides. Top aides are White House staffers that make the maximum salary of $172,200. The first two columns estimate OLS regressions with the logarithm of one plus the number of visits to the president or his top aides by corporate executives in the White House as the dependent variable, and the last two columns estimate probit regressions with an indicator for access to the president or his top aides as the dependent variable. All independent variables are defined in Table 2 of the paper. All regressions include year fixed effects and industry fixed effects. Numbers in parentheses are *t*-statistics based on standard errors clustered by firm. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

| Dependent variable = | OLS | | Probit | |
|---|---|---|---|---|
| | Log(1+# of visits to the president or top aides) | | Indicator for access to the president or top aides | |
| | (1) | (2) | (3) | (4) |
| Log (1 + Contributions to Obama) | 0.001 | 0.001 | 0.001 | 0.001 |
| | (1.73)* | (1.34) | (3.43)*** | (3.55)*** |
| Log (1 + Contributions to opponent) | –0.001 | –0.001 | –0.001 | –0.001 |
| | (1.83)* | (1.21) | (2.61)*** | (2.66)*** |
| Log (1 + PAC contributions to Dem) | 0.002 | 0.001 | –0.000 | –0.000 |
| | (1.01) | (0.71) | (0.78) | (0.85) |
| Log (1 + PAC contributions to GOP) | 0.000 | 0.001 | 0.000 | 0.001 |
| | (0.16) | (0.52) | (1.09) | (1.17) |
| Log (1 + Lobbying expenses) | 0.002 | 0.001 | 0.001 | 0.001 |
| | (2.85)*** | (2.41)** | (3.65)*** | (3.69)*** |
| Log (1 + Procurement contracts) | 0.012 | 0.010 | 0.000 | –0.000 |
| | (2.64)*** | (2.33)** | (0.33) | (0.11) |
| Sin stocks | 0.032 | 0.011 | 0.013 | 0.007 |
| | (1.87)* | (0.54) | (1.25) | (0.71) |
| Log (firm size) | 0.026 | 0.023 | 0.007 | 0.006 |
| | (7.36)*** | (4.57)*** | (7.28)*** | (4.54)*** |
| Market-to-book | 0.000 | 0.000 | –0.000 | –0.000 |
| | (0.15) | (0.17) | (1.00) | (1.09) |
| Prior stock return | | –0.006 | | –0.002 |
| | | (1.61) | | (1.50) |
| Tangible | | –0.006 | | –0.001 |
| | | (0.40) | | (0.11) |
| ROA | | –0.061 | | –0.010 |
| | | (3.66)*** | | (1.02) |
| Book leverage | | –0.028 | | –0.002 |
| | | (2.12)** | | (0.68) |
| # of employees | | –0.004 | | 0.001 |
| | | (1.04) | | (0.61) |
| Market share | | 1.259 | | 0.067 |
| | | (2.77)*** | | (1.37) |
| (Market share)$^2$ | | –1.937 | | –0.114 |
| | | (0.88) | | (0.73) |
| Herfindahl index | | 0.009 | | 0.000 |
| | | (0.10) | | (0.02) |
| Number of observations | 12,415 | 12,415 | 11,307 | 11,307 |
| Adj./Pseudo *R*-squared | 0.16 | 0.17 | 0.31 | 0.31 |

**Table IA-2**
Cumulative abnormal returns around cancelled visits

This table presents cumulative abnormal returns around corporate executives' cancelled visits to the White House. We consider three different windows surrounding the appointment date of the cancelled visit (day 0). Abnormal returns are calculated as the return in excess of CRSP value-weighted market returns. Numbers in parentheses are *t*-statistics based on standard errors clustered by firm. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

| | # of obs. | [–1, +5] | [–1, +10] | [–1, +15] |
|---|---|---|---|---|
| Cancelled visits | 23 | 0.434% | 0.380% | –0.030% |
| | | (0.82) | (0.57) | (0.04) |

**Table IA-3**
Cumulative abnormal returns around corporate executives' White House visits by identity of visitees

This table presents cumulative abnormal returns around corporate executives' visits to the White House partitioned by the identity of visitees. We consider three different windows surrounding the date of the visit (day 0), i.e., [–1, +5], [–1, +10], and [–1, +15]. Abnormal returns are calculated as the return in excess of CRSP value-weighted market returns. Top aides are White House staffers that make the maximum salary of $172,200. All other staffers are classified as other officials. We obtain the title and salary information of federal officials from the annual Report to Congress on White House Staff. Numbers in parentheses are *t*-statistics based on standard errors clustered by firm. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

| | # of obs. | [-1, +5] | [-1, +10] | [-1, +15] |
|---|---|---|---|---|
| Visits to the president or top aides | 653 | 0.406% | 0.749% | 0.800% |
| | | (2.58)** | (3.47)*** | (3.35)*** |
| Visits to other officials | 1,748 | 0.173% | 0.235% | 0.239% |
| | | (1.30) | (1.52) | (1.25) |

**Table IA-4**
White House visits and the sensitivity of corporate investment to political uncertainty

This table presents regression analysis of the influence of White House visits on the sensitivity of corporate investment to policy uncertainty. The dependent variable is quarterly capital expenditure (capital expenditure/lagged total assets) in quarter $t + 1$. Following Gulen and Ion (2016), we control for Tobin's *q*, operating cash flows, and sales growth. *Policy uncertainty* is the logarithm of the policy uncertainty index of Baker, Bloom, and Davis (2013). *Treatment* is an indicator that takes the value of one if the executives of the firm visit the White House and zero otherwise. *Post* is an indicator that takes the value of one if the fiscal quarter is within 12 months after the White House visit and zero otherwise. All regressions include firm fixed effects and time fixed effects. Numbers in parentheses are *t*-statistics based on standard errors clustered by firm. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

| Dependent variable = | Capital expenditure in $t + 1$ | | | |
|---|---|---|---|---|
| Policy uncertainty measure = | Overall policy uncertainty | | News-based uncertainty | |
| | (1) | (2) | (3) | (4) |
| Treatment*Post*Policy uncertainty | 0.008 | 0.007 | 0.006 | 0.005 |
| | (3.27)*** | (2.63)*** | (2.47)** | (1.88)* |
| Treatment*Policy uncertainty | –0.003 | –0.001 | –0.002 | –0.001 |
| | (1.38) | (0.59) | (1.49) | (0.69) |
| Post*Policy uncertainty | 0.000 | 0.001 | 0.000 | 0.001 |
| | (0.12) | (0.72) | (0.11) | (0.69) |
| Treatment*Post | –0.040 | –0.032 | –0.031 | –0.023 |
| | (3.29)*** | (2.61)*** | (2.51)** | (1.86)* |
| Treatment | 0.014 | 0.005 | 0.013 | 0.005 |
| | (1.43) | (0.48) | (1.54) | (0.55) |
| Post | –0.000 | –0.004 | 0.000 | –0.004 |
| | (0.01) | (0.63) | (0.01) | (0.60) |
| Treatment*Post*Cash flow | | 0.001 | | 0.003 |
| | | (0.06) | | (0.12) |
| Treatment*Cash flow | | 0.025 | | 0.025 |
| | | (1.09) | | (1.08) |
| Post*Cash flow | | 0.007 | | 0.008 |
| | | (0.42) | | (0.46) |
| Treatment*Post*Tobin's *q* | | 0.002 | | 0.002 |
| | | (0.87) | | (0.99) |
| Treatment* Tobin's *q* | | –0.000 | | –0.000 |
| | | (0.28) | | (0.26) |
| Post*Tobin's *q* | | –0.000 | | –0.000 |
| | | (0.11) | | (0.06) |
| Treatment*Post*Sales growth | | –0.000 | | –0.001 |
| | | (1.03) | | (1.28) |
| Treatment*Sales growth | | 0.001 | | 0.001 |
| | | (0.74) | | (0.79) |
| Post*Sales growth | | –0.000 | | –0.000 |
| | | (0.18) | | (0.22) |
| Cash flow | | 0.028 | | 0.028 |
| | | (1.37) | | (1.37) |
| Tobin's *q* | | 0.003 | | 0.003 |
| | | (3.51)*** | | (3.50)*** |
| Sales growth | | –0.002 | | –0.002 |
| | | (1.41) | | (1.43) |
| Firm fixed effects | Yes | Yes | Yes | Yes |
| Time fixed effects | Yes | Yes | Yes | Yes |
| Number of observations | 33,473 | 31,974 | 33,473 | 31,974 |
| Adj. *R*-squared | 0.78 | 0.78 | 0.78 | 0.78 |

**Table IA-5**
Propensity Score Matching Diagnostics

This table evaluates the quality of our propensity score matching procedure. Panel A presents pairwise comparisons of the variables on which the matching is performed (except for industry dummies and year dummies) for firms with access to the White House (treatment firms) and those without access (control firms) both before and after the matching. We report the mean of each variable and the differences in means between treatment and control firms. Panel B presents parameter estimates from the probit model used in estimating the propensity scores. The dependent variable equals one if the executives of the firm visit the White House at least once in a given year and zero otherwise. The Pre-Match column contains the parameter estimates of the probit estimated on the entire sample prior to matching. This model is used to generate the propensity scores for matching. The Post-Match column contains the parameter estimates of the probit estimated on the subsample of treatment and matched control firms after matching. The matching procedure is a one-to-one nearest-neighbor match of treatment and control firms falling in the common support of estimated propensity scores. All variables are defined in Table 2 of the paper. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

*Panel A: Pairwise comparisons*

| | Pre-match | | | Post-match | | |
|---|---|---|---|---|---|---|
| | Treated | Control | Difference | Treated | Control | Difference |
| Log (1 + Contributions to Obama) | 6.041 | 3.380 | 2.578<br>(11.58)*** | 6.638 | 6.789 | –0.150<br>(0.44) |
| Log (1 + Contributions to opponent) | 5.786 | 3.602 | 2.073<br>(9.53)*** | 6.457 | 6.434 | 0.023<br>(0.07) |
| Log (1 + PAC contributions to Dem) | 5.062 | 1.740 | 3.343<br>(12.39)*** | 5.694 | 6.065 | –0.371<br>(0.84) |
| Log (1 + PAC contributions to GOP) | 5.180 | 1.889 | 3.299<br>(12.03)*** | 5.842 | 6.208 | –0.365<br>(0.81) |
| Log (1 + Lobbying expenses) | 9.549 | 3.864 | 5.671<br>(20.41)*** | 10.522 | 10.499 | 0.023<br>(0.05) |
| Log (1 + Procurement contracts) | 1.685 | 0.642 | 1.08<br>(9.32)*** | 1.975 | 2.167 | –0.193<br>(0.88) |
| Sin stocks | 0.014 | 0.008 | 0.004<br>(1.01) | 0.012 | 0.018 | –0.006<br>(0.99) |
| Log (firm size) | 8.690 | 7.170 | 1.494<br>(18.28)*** | 8.979 | 8.908 | 0.071<br>(0.58) |
| Market-to-book | 2.891 | 2.793 | 0.049<br>(0.16) | 3.169 | 3.288 | –0.119<br>(0.21) |
| Prior stock return | 0.239 | 0.189 | 0.049<br>(4.48)*** | 0.242 | 0.237 | 0.006<br>(0.27) |
| Tangible | 0.268 | 0.230 | 0.036<br>(3.12)*** | 0.265 | 0.267 | –0.002<br>(0.10) |
| ROA | 0.046 | 0.031 | 0.014<br>(4.70)*** | 0.049 | 0.045 | 0.004<br>(1.03) |
| Book leverage | 0.600 | 0.549 | 0.062<br>(5.61)*** | 0.600 | 0.600 | 0.000<br>(0.03) |
| # of employees | 2.596 | 1.245 | 1.251<br>(15.56)*** | 2.873 | 2.726 | 0.146<br>(1.10) |
| Market share | 0.030 | 0.011 | 0.018<br>(7.23)*** | 0.037 | 0.041 | –0.003<br>(0.53) |
| $(\text{Market share})^2$ | 0.004 | 0.001 | 0.002<br>(3.70)*** | 0.005 | 0.006 | –0.001<br>(0.46) |
| Herfindahl index | 0.057 | 0.060 | –0.004<br>(1.35) | 0.058 | 0.060 | –0.002<br>(0.43) |

*Panel B: Probit regression results*

| | Pre-match | Post-match |
|---|---|---|
| Log (1 + Contributions to Obama) | 0.002 | –0.003 |
| | (3.11)*** | (0.55) |
| Log (1 + Contributions to opponent) | –0.001 | 0.006 |
| | (0.76) | (1.01) |
| Log (1 + PAC contributions to Dem) | 0.003 | –0.009 |
| | (1.59) | (0.82) |
| Log (1 + PAC contributions to GOP) | –0.002 | 0.001 |
| | (1.26) | (0.12) |
| Log (1 + Lobbying expenses) | 0.004 | –0.001 |
| | (6.36)*** | (0.18) |
| Log (1 + Procurement contracts) | 0.001 | –0.009 |
| | (0.77) | (1.03) |
| Sin stocks | 0.028 | –0.178 |
| | (0.66) | (1.25) |
| Log (firm size) | 0.029 | 0.017 |
| | (6.09)*** | (0.47) |
| Market-to-book | –0.000 | –0.001 |
| | (0.23) | (0.33) |
| Prior stock return | 0.019 | 0.017 |
| | (3.16)*** | (0.38) |
| Tangible | –0.013 | 0.182 |
| | (0.71) | (1.40) |
| ROA | –0.007 | 0.156 |
| | (0.24) | (0.76) |
| Book leverage | –0.002 | –0.013 |
| | (0.17) | (0.15) |
| # of employees | –0.005 | 0.041 |
| | (1.26) | (1.20) |
| Market share | 0.418 | –1.346 |
| | (1.92)* | (1.19) |
| (Market share)$^2$ | –1.076 | 2.563 |
| | (1.48) | (0.64) |
| Herfindahl index | 0.026 | 0.289 |
| | (0.48) | (0.98) |
| Number of observations | 12,170 | 4,320 |
| Pseudo *R*-squared | 0.22 | 0.03 |