

Execution Report

**Title: The ‘Bang for the Buck’ of Political Strategies:
Evidence from Profit Persistence**

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Full reference: Hawk, Ashton, Lahiri, Debtanu & Pacheco-de-Almeida, Gonalo "The ‘Bang for the Buck’ of Political Strategies: Evidence from Profit Persistence", Working paper, March 14, 2024.

The structure and contents of this execution report provided by **cascad** for the certification are similar to those recommended by the [AEA Data Editor](#).

1. DATA DESCRIPTION

This study uses on about 3,000 firms headquartered in the US to study the influence of different political strategies on firm-specific, time-varying profit persistence and volatility measure.

2. CODE DESCRIPTION

The verification materials contain the following Stata scripts and datasets:

Stata scripts:

Table 1.do

Table 2.do

Table 3.do

Table 4.do

Tables 5-7.do

Datasets:

final_for_analysis_4yr_cc.dta

final_for_analysis_4yr_lb.dta

FINAL_for_Analysis_4yr_TEA.dta

final_for_analysis_5yr_bpc_matched.dta

final_for_analysis_5yr_cc.dta

final_for_analysis_5yr_cc_matched.dta

final_for_analysis_5yr_lb.dta

final_for_analysis_5yr_lb_matched.dta

FINAL_for_Analysis_5yr_TEA.dta

final_for_analysis_6yr_cc.dta

final_for_analysis_6yr_lb.dta
FINAL_for_Analysis_6yr_TEA.dta
final_for_analysis_7yr_cc.dta
final_for_analysis_7yr_lb.dta
FINAL_for_Analysis_7yr_TEA.dta
final_for_analysis_8yr_cc.dta
final_for_analysis_8yr_lb.dta
FINAL_for_Analysis_8yr_TEA.dta
final_for_analysis_9yr_cc.dta
final_for_analysis_9yr_lb.dta
FINAL_for_Analysis_9yr_TEA.dta
US_totalpoliticalspending_all_persistence_binary_polcap4.dta
US_totalpoliticalspending_all_persistence_binary_polcap5.dta
US_totalpoliticalspending_all_persistence_binary_polcap6.dta
US_totalpoliticalspending_all_persistence_binary_polcap7.dta
US_totalpoliticalspending_all_persistence_binary_polcap8.dta
US_totalpoliticalspending_all_persistence_binary_polcap9.dta
US_totalpoliticalspending_persistence_binary_polcap4.dta
US_totalpoliticalspending_persistence_binary_polcap5.dta
US_totalpoliticalspending_persistence_binary_polcap6.dta
US_totalpoliticalspending_persistence_binary_polcap7.dta
US_totalpoliticalspending_persistence_binary_polcap8.dta
US_totalpoliticalspending_persistence_binary_polcap9.dta

Each script imports the datasets and generates the associated Tables(s).

3. VERIFICATION STEPS

The verification package was received as a zip file on March 21 and run as per readme, using Stata 18 on a computer with 64GB RAM, intel® Core™ i9-9900K CPU @3.60-5.00GHz, Nvidia Geforce RTX 2060, and Windows 10 OS. We encountered no issues during the verification.

4. FINDINGS

We reproduced all the tables (Tables 1-7) with perfect accuracy. We also verified and confirm that the Stata commands mentioned below each table are indeed used in the code to generate the results displayed in the table.

4.1 TABLE 1: STAGE 2 DOUBLY ROBUST ESTIMATION – BOARD POLITICAL CONNECTIONS

Persistence	Duration windows					
	4 years	5 years	6 years	7 years	8 years	9 years
Political connections	0.0139	0.0187	0.0180	0.0228	0.0188	0.0240
z	3.97	4.74	4.31	4.73	3.74	4.21
P> z	0	0	0	0	0	0
No. Obs. (raw)	22323	19285	16629	14141	11858	9720
No. Obs. (matched)	22323	19285	16629	14141	11858	9720
Treated	11140.5	9609.8	8278.2	7040.9	5907.3	4847.3
Control	11182.5	9675.2	8350.8	7100.1	5950.7	4872.7
Mean	0.672	0.666	0.666	0.669	0.671	0.675

4.2. TABLE 2: STAGE 2 DOUBLY ROBUST ESTIMATION – CAMPAIGN CONTRIBUTIONS

Persistence	Duration windows					
	4 years	5 years	6 years	7 years	8 years	9 years
Political connections	0.0213	0.0245	0.0281	0.0339	0.0367	0.0386
z	6.11	6.51	7.2	7.88	8.67	8.46
P> z	0	0	0	0	0	0
No. Obs. (raw)	35475	31099	27192	23456	20361	17334
No. Obs. (matched)	35475	31099	27192	23456	20361	17334
Treated	17602.9	15426.6	13500.9	11631	10111.5	8581.6
Control	17872.1	15672.4	13691.1	11825	10249.5	8752.4
Mean	0.669	0.666	0.665	0.669	0.670	0.671

4.3. TABLE 3: STAGE 2 DOUBLY ROBUST ESTIMATION – CORPORATE LOBBYING

Persistence	Duration windows					
	4 years	5 years	6 years	7 years	8 years	9 years
Political connections	0.0152	0.0188	0.0196	0.0229	0.0215	0.0211
z	7.1	8.1	8.09	8.17	7.63	6.73
P> z	0	0	0	0	0	0
No. Obs. (raw)	35475	31099	27192	23456	20361	17334
No. Obs. (matched)	35475	31099	27192	23456	20361	17334
Treated	17746.5	15540.6	13585.9	11710.3	10153.8	8638.3
Control	17728.5	15558.4	13606.1	11745.7	10207.2	8695.7
Mean	0.666	0.662	0.660	0.663	0.665	0.666

4.4. TABLE 4: STAGE 2 DOUBLY ROBUST ESTIMATION – TOTAL POLITICAL SPENDING

Persistence	Duration windows					
	4 years	5 years	6 years	7 years	8 years	9 years
Political connections	0.0098	0.0131	0.0132	0.0172	0.0139	0.0155
z	4.3	5.33	5.09	5.77	4.66	4.61
P> z	0	0	0	0	0	0
No. Obs. (raw)	23403	20163	17312	14735	12514	10444
No. Obs. (matched)	23403	20163	17312	14735	12514	10444
Treated	11722	10086.7	8648.5	7359.4	6245.8	5213.8
Control	11681	10076.3	8663.5	7375.6	6268.2	5230.2
Mean	0.677	0.674	0.673	0.678	0.682	0.683

4.5. TABLE 5: HAUSMAN TEST – BOARD POLITICAL CONNECTIONS VERSUS CAMPAIGN CONTRIBUTIONS

DV	Political Connections	Campaign Contributions	Difference	χ^2	P> χ^2
Persistence	0.0098	0.0174	-0.0075	36.43	0.000
z	1.86	3.38			
P> z	0.063	0.001			

4.6. TABLE 6: HAUSMAN TEST – CAMPAIGN CONTRIBUTIONS VERSUS CORPORATE LOBBYING

DV	Campaign Contributions	Corporate Lobbying	Difference	χ^2	P> χ^2
Persistence	0.0174	0.0150	0.0024	0.31	0.581
z	3.38	5.57			
P> z	0.001	0			

4.7. TABLE 7: HAUSMAN TEST – BOARD POLITICAL CONNECTIONS VERSUS CORPORATE LOBBYING

DV	Political Connections	Corporate Lobbying	Difference	χ^2	P> χ^2
Persistence	0.0098	0.0150	-0.0051	1.27	0.260
z	1.86	5.57			
P> z	0.063	0			