

Online appendix

Political Donations and the Allocation of Public Procurement Contracts

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Validity checks and robustness analysis

This online appendix summarizes the results of several validity checks regarding assumptions underlying our analysis as well as a number of robustness tests and extensions. Starting with the former in Appendix A, the interpretation of our main results requires that firms do not have a predisposition to channel donations towards ideologically congruent parties representing their industry’s interests. Implementation of this party’s major spending priorities after an electoral victory would then be beneficial to the donating firm without reflecting any form of preferential treatment. In order to exclude this concern, we evaluated the year-by-year distribution of procurement allocations across five main policy sectors over the period 2007-2014. Ideally, these should show no clear shifts following the 2008 and 2012 regional elections mirroring the rise and fall of CSSD’s power at the regional level. Figure A.1 indicates that this is the case. There is no evidence of clear positive shifts in procurement allocations shares for certain policy areas following the 2008 regional elections combined with substantial reversals following the 2012 regional elections.

Another key assumption underlying our identification strategy (particularly in Tables 5 and 7 in the main text) is that firms do not adjust their donations towards the (expected) future winner of the regional elections. This would violate the random assignment of firms to the treatment (i.e. gain/loss of power for the party receiving its donations) and lead to biased inferences. Figure A.2 provides evidence that such winner-targeting strategy appears absent from firm donations – i.e. firms do not massively donate to the future winner of the regional elections. The level of donations peaks during national election years (i.e. 2006 and 2010), but the two main parties attract roughly equal levels of donations during the two main regional election years under analysis (i.e. 2008 and 2012).

In the theoretical derivation of the baseline specification as well as throughout our empirical analysis, we use log-transformed values of public procurement contract values and donations to the party in power. Figures A.3 and A.4 show histograms of these variables in non-transformed and log-transformed versions. Both histograms clearly justify the usage of the log-transformed values as the distributions of the transformed values are much less skewed (and resemble normal distributions).

In Appendix B, we turn to a first set of robustness checks and extensions. Table B.1 implements a placebo check for a year where no elections nor a change in power occurs at any level of government (i.e. 2011). This shows that the coefficient on our central interaction terms remain statistically insignificant. The effects observed in the main text thus appear driven by the shifts in political power in 2008 and 2012, rather than some recurrent effects arising in every year. Then, Table B.2 shows that our results on the heterogeneous effects of corporate donations are robust to using difference-in-differences estimations. The table shows that the effect from shifts in political power on the procurement-donation relation is entirely concentrated among allocation procedures with larger political discretion. Finally, tables B.3 to B.6, we replicate Tables 4, 5, 7 and 8 with the additional

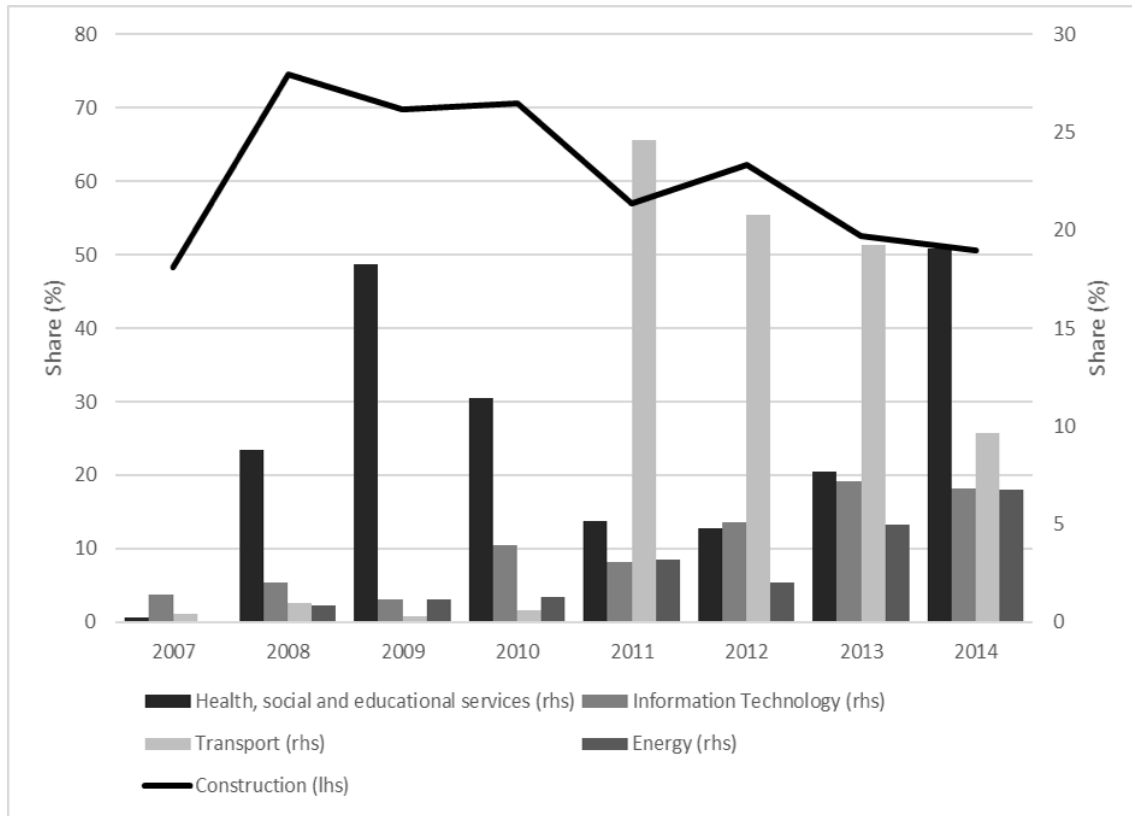
inclusion of industry-specific time trends (using the NACE classification of economic activities in the European Union). In all cases, it is clear that including such time-trends does not change our main findings. In fact, the donation-procurement relation appears to become more pronounced in terms of both statistical significance and substantive magnitude.

Appendix C moves the level of observation from the firm-year level (employed in the main text) to the firm-region-year level. Although ODS or CSSD always deliver the vast majority of *Hejtman*, five different parties hold *Hejtman* positions in our observation period (see Table 1 in the main text). Hence, moving to the firm-region-year level allows exploiting additional variation concerning the party in power across regions by further specifying donations to the party in power *in a given region*. Table C.7 replicates the results from our baseline specification (Table 4) at this level of observation, and confirms the results presented in the main text. More importantly, Table C.8 implements a difference-in-difference-in-difference model comparing the effect of donations before/after a regional shift in power depending on whether or not a specific region witnesses a shift in power.¹ The two-way interaction *Lagged Donations CSSD * After Shift In Power* as well as the three-way interaction *Lagged Donations CSSD * After Shift In Power * Shift in Power* are the key variables of interest. Both coefficient estimates are negative and statistically significant at conventional levels when clustering standard errors at the firm level. This implies that although there is a general mitigation in the effect of donations to CSSD on the value of firms' procurement contracts after 2012, this mitigation is stronger in the regions where there is an actual shift in power. Wald tests further illustrate that the sum of all three donations variables' coefficients ($0.0041 - 0.0089 - 0.0136 = -0.0184$) is statistically significantly different from zero at 90% confidence or better in all specifications. The effect of donations to CSSD on procurement contracts in regions where this party loses power after 2012 thus is significantly negative – in line with our theoretical expectations. In contrast, the effect of donations to CSSD on procurement contracts after 2012 in regions without a change in power ($0.0041 - 0.0089 = -0.0048$) is never significantly different from zero. Hence, the observed changes in donations' effects around the 2012 elections are fully concentrated in the regions with a shift in power.

¹Note that we can only implement this for the 2012 elections, since there was only one region without a change in power in 2008 (which makes it impossible to differentiate the power-shift effect in this region from a simple regional effect). This limited number of regions without shifts in power in 2008 is also the reason why we employ firm-year observations in the main text.

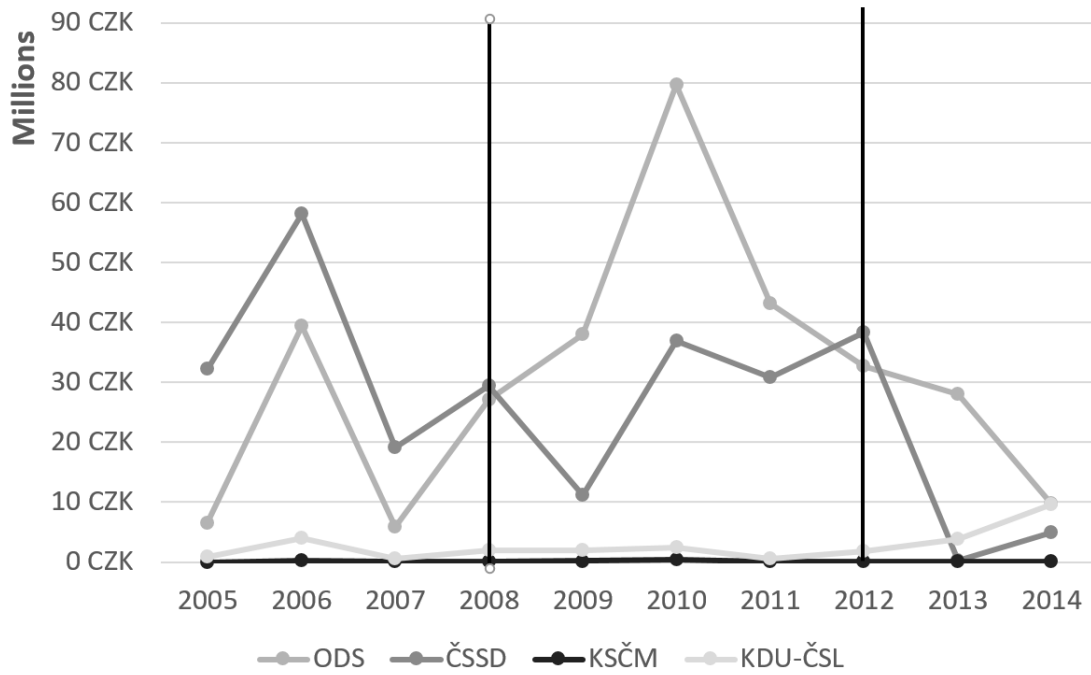
Appendix A. Validity checks

Figure A.1: Development of procurement allocation shares for five main procurement areas, 2007–2014



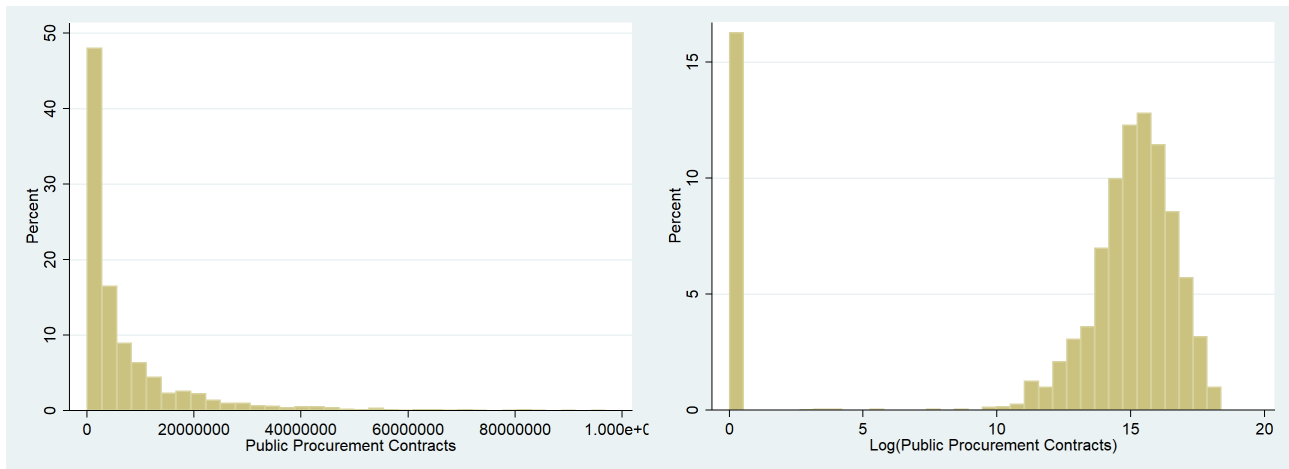
Notes: The figure depicts the share of procurement allocation expenditures for five main policy areas over the period 2007-2014. The sharp increase in transport spending starting in 2011 is linked to the implementation in 2009 of a new European regulation on public passenger transport services (EC Regulation 1370/2007). Source: Own calculations.

Figure A.2: Development of donations to major political parties, 2005–2014



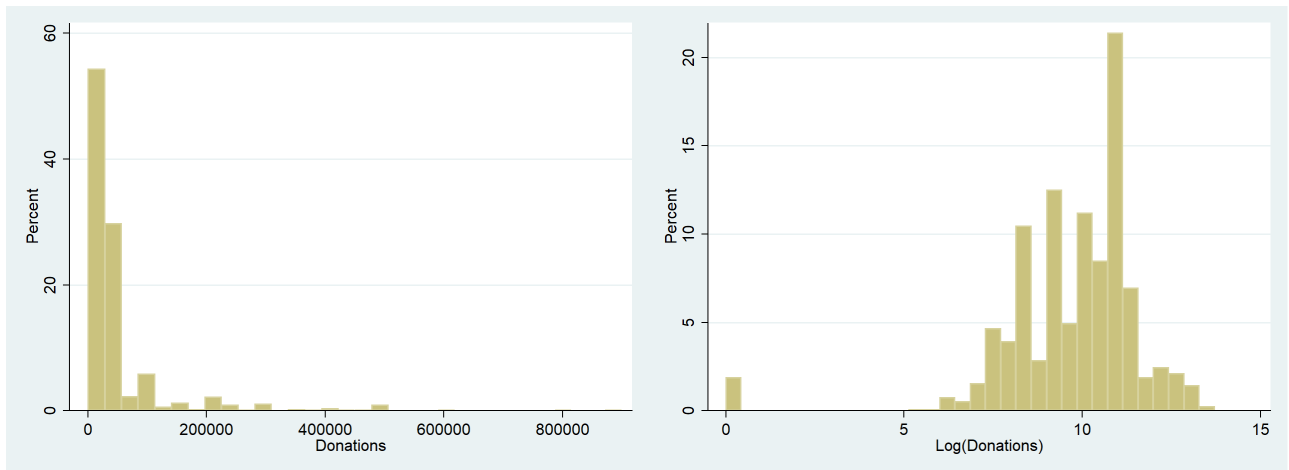
Notes: The figure shows how the values of donations to major political parties evolved in the period from 2005 to 2014. Two black vertical lines mark the regional elections years 2008 and 2012. The figure shows that firms did not give more donations to the future winner just before the regional elections. This is important since it means that selection to treatment is random. Note that the visible spikes in years 2006 and 2010 are the Czech parliamentary elections. Source: Own calculations.

Figure A.3: Histograms of the values of public procurement contracts – non-transformed vs. log-transformed



Notes: The histograms show the percentage frequency of public procurement contract values in the full sample 2007-2014 (the level of observation is a firm-year). Non-transformed data are in the left-hand panel and log-transformed data are in the right-hand panel. Observations with procurements values equal to 0 or above 1 billion CZK (\$50 million) are not shown for the sake of clarity. The share of firms with no procurements contracts equals 88.31%. Source: Own calculations.

Figure A.4: Histograms of the values of donations to the party in power – non-transformed vs. log-transformed



Notes: The histograms show the percentage frequency of donation values in the full sample 2007-2014 (the level of observation is a firm-year). Non-transformed data are in the left-hand panel and log-transformed data are in the right-hand panel. Observations with donation values equal to 0 or above 1 million CZK (\$50,000) are not shown for the sake of clarity. The share of firms with no donations equals 91.73%. Source: Own calculations.

Appendix B. Robustness checks and extensions

Table B.1: Difference-in-differences results where *After Shift In Power* is set to 2011 instead of 2008

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
	FE	FE	FE	FE	FE	FE
	Contracts to Regions			Contracts to Regions and Subsidiaries		
Lagged Donations ODS	0.00731 (0.00522)	0.0161* (0.00905)	0.0158* (0.00905)	0.00920* (0.00553)	0.0158* (0.00944)	0.0157* (0.00944)
Lagged Donations CSSD	0.0382** (0.0160)	0.0425 (0.0298)	0.0425 (0.0298)	0.0329** (0.0167)	0.0375 (0.0306)	0.0375 (0.0306)
After Shift In Power	0.170*** (0.0216)	0.170*** (0.0657)	0.166** (0.0656)	0.222*** (0.0240)	0.209*** (0.0732)	0.207*** (0.0731)
Lagged Donations ODS * After Shift In Power	-0.00544 (0.0129)	-0.0118 (0.0205)	-0.0121 (0.0205)	-0.0117 (0.0126)	-0.0178 (0.0193)	-0.0181 (0.0193)
Lagged Donations CSSD * After Shift In Power	0.152 (0.121)	0.0439 (0.116)	0.0445 (0.116)	0.130 (0.126)	0.00194 (0.132)	0.00236 (0.132)
Lagged Revenue			0.0530*** (0.0191)			0.0366 (0.0241)
Observations	103,110	36,993	36,993	103,110	36,993	36,993
R-squared	0.002	0.001	0.001	0.002	0.001	0.001
Number of firms	17,185	10,230	10,230	17,185	10,230	10,230
Firm FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t . Columns (1) to (3) analyze all contracts awarded by the 13 Czech regions, while columns (4) to (6) also include contracts awarded via any companies owned by the Czech regions. *DonationsCSSD* and *DonationsODS* reflect the (log) sum of all contributions in year t to those parties, while *After Shift In Power* is an indicator variable equal to 0 in the period prior to the 2011 (1 in the period after 2011). *Lagged Revenue* is the one-year lag of the (log) total amount of revenues of firm i in year t . Columns (2) and (5) replicate the results from Columns (1) and (4) on the sample for which lagged revenue data are available, which is the same sample as employed in columns (3) and (6). Year and firm fixed effects and a control variable for GDP are included throughout. Standard errors clustered at the firm level are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table B.2: Difference-in-differences estimation on sub-samples with different procurement allocation processes (cf. Table 8).

VARIABLES	(1) Contracts to Regions	(2) Contracts to Regions and Subsidiaries	(3) Contracts to Regions	(4) Contracts to Regions and Subsidiaries
Panel I				
	ECONOMICALLY ADVANTAGEOUS		LOWEST PRICE	
Lagged Donations ODS	-0.000679 (0.0316)	0.0120 (0.0337)	0.0231 (0.0287)	0.0143 (0.0301)
Lagged Donations CSSD	-0.0135 (0.0301)	-0.0184 (0.0310)	0.0102 (0.0136)	-0.0149 (0.0312)
After Shift In Power	0.0589 (0.0599)	0.113* (0.0667)	-0.0124 (0.0547)	-0.0233 (0.0578)
Lagged Donations ODS * After Shift In Power	0.00970 (0.0321)	-0.00544 (0.0344)	-0.0174 (0.0286)	-0.00597 (0.0300)
Lagged Donations CSSD * After Shift In Power	0.0601* (0.0350)	0.0594* (0.0356)	0.0287 (0.0269)	0.0466 (0.0393)
Lagged Revenue	0.0160 (0.0158)	0.00272 (0.0181)	0.0409*** (0.0143)	0.0478** (0.0191)
Observations	36,993	36,993	36,993	36,993
R-squared	0.001	0.001	0.002	0.003
Number of firms	10,230	10,230	10,230	10,230
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Panel II				
	BELOW THRESHOLD		ABOVE THRESHOLD	
Lagged Donations ODS	0.0325 (0.0349)	0.0317 (0.0349)	-0.00785 (0.0134)	-0.000187 (0.0181)
Lagged Donations CSSD	-0.0231 (0.0315)	-0.0248 (0.0314)	0.0121 (0.00853)	-0.0200 (0.0291)
After Shift In Power	0.0515 (0.0673)	0.0413 (0.0676)	0.0781*** (0.0265)	0.0684* (0.0372)
Lagged Donations ODS * After Shift In Power	-0.0237 (0.0349)	-0.0243 (0.0350)	0.0107 (0.0123)	0.00261 (0.0176)
Lagged Donations CSSD * After Shift In Power	0.0588 (0.0380)	0.0539 (0.0386)	-0.0110 (0.0211)	0.0208 (0.0345)
Lagged Revenue	0.0504*** (0.0172)	0.0480*** (0.0175)	0.00284 (0.0108)	-0.00958 (0.0136)
Observations	36,993	36,993	36,993	36,993
R-squared	0.001	0.001	0.001	0.001
Number of firms	10,230	10,230	10,230	10,230
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t . Columns (1) and (3) analyze all contracts awarded by the 13 Czech regions, while columns (2) and (4) also include contracts awarded via any companies owned by the Czech regions. In Panel I, we separate between procurement contracts awarded based on the criterion of ‘economically advantageous’ (columns (1) and (2)), or ‘lowest price’ (columns (3) and (4)). In Panel II, we distinguish between procurement contracts whose value remains underneath the threshold value inducing tighter regulation of the allocation process (columns (1) and (2)) and contracts whose value exceeds this limit (columns (3) and (4)). *DonationsCSSD* and *DonationsODS* reflect the (log) sum of all contributions in year t to those parties, while *After Shift In Power* is an indicator variable equal to 0 in the period prior to the 2008 (1 in the period after 2008). *Lagged Revenue* is the one-year lag of the (log) total amount of revenues of firm i in year t . Year and firm fixed effects and a control variable for GDP are included throughout. Standard errors clustered at the firm level are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table B.3: Baseline results using panel fixed effects estimation on full sample including industry-specific time trends.

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
	Contracts to Regions			Contracts to Regions and Subsidiaries		
Donations	0.0186 (0.0172)			0.0129 (0.0176)		
Lagged Donations		0.0641** (0.0263)	0.0660*** (0.0236)		0.0552** (0.0264)	0.0561** (0.0237)
Revenue		0.183*** (0.0339)			0.229*** (0.0430)	
Lagged Revenue			0.0681** (0.0298)			0.0641** (0.0299)
Observations	38,696	18,243	18,057	38,696	18,243	18,057
R-squared	0.003	0.006	0.005	0.004	0.008	0.005
Number of firms	4,837	3,973	3,968	4,837	3,973	3,968
Firm FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Industry-specific time trends	YES	YES	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t . Columns (1) to (3) analyze all contracts awarded by the 13 Czech regions, while columns (4) to (6) also include contracts awarded via any companies owned by the Czech regions. The main explanatory variable *Donations* is the (log) sum of all contributions in year t to the party in power in the regional governments (i.e. ODS up to 2008 and CSSD afterwards). *Revenue* is the (log) total amount of revenues of firm i in year t . Year, firm fixed effects and industry-specific time-trends are included throughout. Standard errors clustered at the firm level are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table B.4: Difference-in-differences results exploiting the 2008 shift in regional power including industry-specific time trends.

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
	FE	FE	FE	FE	FE	FE
	Contracts to Regions			Contracts to Regions and Subsidiaries		
Lagged Donations ODS	0.00497 (0.0125)	0.0598 (0.0416)	0.0592 (0.0416)	0.00120 (0.0131)	0.0592 (0.0419)	0.0588 (0.0419)
Lagged Donations CSSD	0.0203 (0.0326)	-0.0129 (0.0223)	-0.0126 (0.0223)	0.0224 (0.0319)	-0.0110 (0.0219)	-0.0108 (0.0219)
Lagged Donations ODS * After Shift in Power	-0.00272 (0.0164)	-0.0354 (0.0418)	-0.0350 (0.0418)	0.000563 (0.0175)	-0.0350 (0.0422)	-0.0347 (0.0422)
Lagged Donations CSSD * After Shift in Power	0.153** (0.0730)	0.180** (0.0896)	0.180** (0.0897)	0.142** (0.0725)	0.182** (0.0894)	0.182** (0.0895)
Lagged Revenue			0.0351 (0.0371)			0.0270 (0.0354)
Observations	29,022	14,063	14,063	29,022	14,063	14,063
R-squared	0.004	0.005	0.005	0.004	0.005	0.005
Number of firms	4,837	3,882	3,882	4,837	3,882	3,882
Firm FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Industry-specific time trends	YES	YES	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t . Columns (1) to (3) analyze all contracts awarded by the 13 Czech regions, while columns (4) to (6) also include contracts awarded via any companies owned by the Czech regions. *DonationsCSSD* and *DonationsODS* reflect the (log) sum of all contributions in year t to those parties, while *After Shift In Power* is an indicator variable equal to 0 in the period prior to the 2008 regional elections (1 in the period after the elections). *Lagged Revenue* is the one-year lag of the (log) total amount of revenues of firm i in year t . Columns (2) and (5) replicate the results from Columns (1) and (4) on the sample for which lagged revenue data are available, which is the same sample as employed in columns (3) and (6). Year, firm fixed effects and industry-specific time-trends are included throughout. Standard errors clustered at the firm level are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table B.5: Difference-in-differences results exploiting the 2012 shift in regional power including industry-specific time trends.

VARIABLES	(1)	(2)	(3)	(4)
	Contracts Supplied to Regions	Contracts Supplied to Regions	Contracts Supplied to Regions	ans Subsidiaries
Lagged Donations CSSD	0.147** (0.0699)	0.130* (0.0730)	0.149** (0.0698)	0.133* (0.0729)
Lagged Donations CSSD * After Shift in Power	-0.138** (0.0642)	-0.117* (0.0640)	-0.141** (0.0643)	-0.119* (0.0641)
Lagged Revenue		0.0596* (0.0330)		0.0534 (0.0329)
Observations	29,022	17,112	29,022	17,112
R-squared	0.003	0.004	0.003	0.005
Number of firms	4,837	3,967	4,837	3,967
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Industry-specific time trends	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t . Columns (1) and (2) analyze all contracts awarded by the 13 Czech regions, while columns (3) to (4) also include contracts awarded via any companies owned by the Czech regions. *DonationsODS* reflects the (log) sum of all contributions in year t to this party, while *After Shift In Power* is an indicator variable equal to 0 in the period prior to the 2012 regional elections (1 in the period after the elections). *Lagged Revenue* is the one-year lag of the (log) total amount of revenues of firm i in year t . Year and firm fixed effects are included throughout. Standard errors clustered at the firm level are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table B.6: Results using panel fixed effects estimation on sub-samples with different procurement allocation processes including industry-specific time trends.

VARIABLES	(1) Contracts to Regions	(2) Contracts to Regions and Subsidiaries	(3) Contracts to Regions	(4) Contracts to Regions and Subsidiaries
Panel I				
	ECONOMICALLY ADVANTAGEOUS		LOWEST PRICE	
Lagged Donations	0.0392** (0.0179)	0.0403** (0.0178)	0.0272 (0.0245)	0.0163 (0.0239)
Lagged Revenue	0.0535** (0.0237)	0.0630*** (0.0214)	0.0165 (0.0209)	0.000780 (0.0231)
Observations	18,057	18,057	18,057	18,057
R-squared	0.008	0.009	0.007	0.007
Number of firms	3,968	3,968	3,968	3,968
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Industry-specific time trends	YES	YES	YES	YES
Panel II				
	BELOW THRESHOLD		ABOVE THRESHOLD	
Lagged Donations	0.0517** (0.0232)	0.0506** (0.0233)	0.0171 (0.0151)	0.0100 (0.0147)
Lagged Revenue	0.0707*** (0.0265)	0.0718*** (0.0267)	-0.00137 (0.0165)	-0.00659 (0.0185)
Observations	18,057	18,057	18,057	18,057
R-squared	0.004	0.004	0.003	0.002
Number of firms	3,968	3,968	3,968	3,968
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Industry-specific time trends	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t . Columns (1) and (3) analyze all contracts awarded by the 13 Czech regions, while columns (2) and (4) also include contracts awarded via any companies owned by the Czech regions. In Panel I, we separate between procurement contracts awarded based on the criterion of ‘economically advantageous’ (columns (1) and (2)), or ‘lowest price’ (columns (3) and (4)). In Panel II, we distinguish between procurement contracts whose value remains underneath the threshold value inducing tighter regulation of the allocation process (columns (1) and (2)) and contracts whose value exceeds this limit (columns (3) and (4)). The main explanatory variable *Donations* is the (log) sum of all contributions in year t to the party in power in the regional governments (i.e. ODS up to 2008 and CSSD afterwards). *Lagged Revenue* is the one-year lag of the (log) total amount of revenues of firm i in year t . Year and firm fixed effects are included throughout. Standard errors clustered at the firm level are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Appendix C. Extensions using observations at firm-region-year level

Table C.7: Baseline specification with the level of observation firm-region-year using panel fixed effects estimation on full sample. (cf. Table 4).

VARIABLES	(1) FE Contracts to Regions and Subsidiaries	(2) FE Contracts to Regions and Subsidiaries	(3) FE Contracts to Regions	(4) FE Contracts to Regions and Subsidiaries	(5) FE	(6) FE
Lagged Donations	0.00186* (0.000965)	0.00442*** (0.00139)	0.00653*** (0.00183)	0.00212* (0.00109)	0.00461** (0.00162)	0.00653*** (0.00205)
Revenue		0.0117*** (0.00212)			0.0157*** (0.00318)	
Lagged Revenue			0.00866*** (0.00203)			0.00711** (0.00292)
Observations	406,671	127,891	127,891	406,671	127,891	127,891
R-squared	0.001	0.001	0.001	0.001	0.001	0.001
Number of firm-regions	50,834	30,199	30,199	50,834	30,199	30,199
Firm-region FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t from region r . Columns (1) to (3) analyze all contracts awarded by the 13 Czech regions, while columns (4) to (6) also include contracts awarded via any companies owned by the Czech regions. The main explanatory variable *Lagged Donations* is the (log) sum of all contributions to the party in power in the given regional government in the given year. *Revenue* is the (log) total amount of revenues of firm i in year t . Year and firm-region fixed effects are included throughout. Standard errors clustered at the region level are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table C.8: Difference-in-differences-in-differences results exploiting the 2012 shift in regional power (cf. Table 7).

VARIABLES	(1)	(2)	(3)	(4)
	FE	FE	FE	FE
	Contracts to Regions		Contracts to Regions and Subsidiaries	
Lagged Donations CSSD	0.00405 (0.00323)	0.00405 (0.00387)	0.00427 (0.00393)	0.00427 (0.00392)
After Shift In Power	0.237** (0.0921)	0.237*** (0.0659)	0.318** (0.105)	0.318*** (0.0808)
Shift in Power	0.0503 (0.0779)	0.0503 (0.0408)	0.120 (0.0976)	0.120** (0.0476)
Lagged Donations CSSD *	-0.00888* (0.00409)	-0.00888** (0.00406)	-0.0106* (0.00575)	-0.0106** (0.00459)
After Shift In Power	-0.0136 (0.0112)	-0.0136* (0.00755)	-0.0184 (0.0132)	-0.0184** (0.00818)
Lagged Donations CSSD				
* After Shift In Power * Shift in Power	0.00902*** (0.00203)	0.00902*** (0.00274)	0.00751** (0.00291)	0.00751** (0.00336)
Lagged Revenues				
Observations	127,891	127,891	127,891	127,891
R-squared	0.001	0.001	0.001	0.001
Number of firm-regions	30,199	30,199	30,199	30,199
Firm-region FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Notes: The dependent variable is the (log) total value of public procurement contracts of firm i in year t to the region r . Columns (1) and (2) analyze all contracts awarded by the 13 Czech regions, while columns (3) to (4) also include contracts awarded via any companies owned by the Czech regions. *DonationsCSSD* reflects the (log) sum of all contributions in year t to this party, while *After Shift In Power* is an indicator variable equal to 0 in the period prior to the 2012 regional elections (1 in the period after the elections). *Shift in Power* is a dummy variable equal to 1 for those regions where the party in power change in 2012 elections and 0 otherwise. *Lagged Revenue* is the one-year lag of the (log) total amount of revenues of firm i in year t . The interactions *Lagged Donations CSSD*Shift in Power* and *After Shift In Power*Shift in Power* were omitted because of collinearity. Year and firm-region fixed effects are included throughout. Standard errors clustered at the region level (Column (1) and (3)) or at the firm level (Column (2) and (4)) are in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$