

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

by Jeffrey Brown and Jiekun Huang

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Discussion by Todd Mitton, Brigham Young University

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## Different methods of defining political connections

<b>Executives are politicians</b>
Faccio and Zingales (2017)
González, Prem, and Urzúa (2017)
Mehta, Srinivasan, and Zhao (2017)
Acemoglu, Hassan, and Tahoun (2016)
Fisman and Wang (2015)
Behn et al (2014)
Cingano and Pinotti (2013)
Goldman, Rocholl, and So (2013)
Bunkanawanicha and Wiwattanakantang (2009)
Goldman, Rocholl, and So (2009)
Ferguson and Voth (2008)
Faccio (2006)
Faccio, Masulis, and McConnell (2006)
Khwaja and Mian (2005)

<b>Campaign Contributions</b>
González, Prem, and Urzúa (2017)
Mehta, Srinivasan, and Zhao (2017)
Akey and Lewellen (2016)
Brogaard, Denes, and Duchin (2016)
Akey (2015)
Tahoun (2014)
Duchin and Sosyura (2012)
Cooper, Gulen and Ovtchinnikov (2010)
Claessens, Feijen, and Laeven (2008)
Ferguson and Voth (2008)
Jayachandran (2006)
Roberts (1990)

<b>Personal Relationships</b>
<b>Brown and Huang (2017)</b>
Schoenherr (2017)
Acemoglu et al (2016)
Amore and Bennedsen (2013)
Duchin and Sosyura (2012)
Leuz and Oberholzer-Gee (2006)
Johnson and Mitton (2003)
Fisman (2001)

<b>Firm resides in politician's district</b>
Mehta, Srinivasan, and Zhao (2017)
Chavaz and Rose (2016)
Duchin and Sosyura (2012)
Faccio and Parsley (2009)
Roberts (1990)

<b>Lobbying</b>
Lambert (2017)
Mehta, Srinivasan, and Zhao (2017)
Borisov, Goldman, and Gupta (2016)
Adelino and Dinc (2014)
Igan, Mishra, and Tressel (2012)
Yu and Yu (2011)

# Main Contributions

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Evidence of value of connections to executive branch

Evidence of specific benefits of connections (contracts, regulatory relief)

Identification of exact timing of formation/strengthening of connections

Compilation of White House visitor log data—direct evidence of political access

# Luigi G. Zingales

White House Visitor

Luigi G. Zingales's visit occurred on **Wednesday, July 2, 2014**. Zingales made appointment number U95045 at 12:00 pm on July 1, 2014 through caller Andrea Taverna. The appointment was scheduled to begin at 11:30 am with **President Barack Obama/Jason Furman** in the White House West Wing and included a group of seven people.

Originally scheduled to end at 11:59 pm, this visit should have lasted approximately 13 hours and was one of Zingales's **two total visits** since 2009.

*Note: End times recorded as "11:59 pm" are likely default end times and consequently may produce exceptionally long estimated visit durations.*

## Details of Visit

### Meeting Details

<b>Appointment Number</b>	U95045
<b>Caller</b>	Andrea Taverna
<b>Host</b>	President Barack Obama/Jason Furman
<b>Group Size</b>	7

### Location

<b>Meeting Location</b>	White House
<b>Meeting Room</b>	West Wing
<b>Access Type</b>	Visitor Access
<b>Computer Used</b>	Windows

### Scheduled Appointment Dates

<b>Start Date</b> ⓘ	July 2, 2014 11:30am
<b>End Date</b> ⓘ	July 2, 2014 11:59pm

### Other Dates

<b>Appointment Made</b>	July 1, 2014 12:00pm
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# Two event studies

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## Positive abnormal returns surrounding executive visits to White House

	# of obs.	[-10, +10]	[-10, +20]	[-10, +40]	[-10, +60]
All visits	2,286	0.421% (2.54)**	0.568% (2.77)***	0.865% (3.34)***	1.185% (4.03)***

## Negative abnormal returns for connected firms after Trump election victory

Dependent variable =	Three-day CAR			
	(1)	(2)	(3)	(4)
Political access	-0.013 (2.72)***	-0.008 (2.11)**		
Log number of visits			-0.011 (3.62)***	-0.009 (3.32)***

# Suggestions for event studies

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Consider a market model for abnormal returns

Correct standard errors to account for cross-firm correlation of residual returns

# Suggestion for data use

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March 19, 2015: Eric Schmidt meets with President Obama in the Oval Office, Group of 2

June 8, 2015: Eric Schmidt meets with Christi Casiano in the Eisenhower Office Building, Group of 32

Paper shows stronger effects for Obama (2.5%) vs. other officials (0.6%)

Size of group should be at least as important

Purpose of meeting? Location?

