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ALL THE PRESIDENT'S FRIENDS: POLITICAL ACCESS AND FIRM VALUE

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ABSTRACT

Using novel data on White House visitors from 2009 through 2015, we find that corporate executives' meetings with key policymakers are associated with positive abnormal stock returns. We also find evidence suggesting that following meetings with federal government officials, firms receive more government contracts and are more likely to receive regulatory relief (as measured by the tone of regulatory news). The investment of these firms also becomes less affected by political uncertainty after the meetings. Using the 2016 presidential election as a shock to political access, we find that firms with access to the Obama administration experience significantly lower stock returns following the release of the election result than otherwise similar firms. Overall, our results provide evidence suggesting that political access is of significant value to corporations.

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1. Introduction

Access to political decision-makers is a scarce resource because politicians have limited time and can only interact with a limited set of people. Gaining political access can be of significant value for corporations, particularly since governments play an increasingly prominent role in influencing firms. Governments affect economic activities not only through regulations, but also by playing the role of customers, financiers, and partners of firms in the private sector. There is ample anecdotal evidence suggesting that firms benefit from gaining access to powerful politicians.[1] Therefore, gaining and maintaining access to influential policymakers can be an important source of competitive advantage for companies. Yet despite the importance of political access for firms, the allocation of political access across firms and its effects on firm value remains underexplored.

In this paper, we investigate the characteristics of firms with political access as well as the valuation effects of political access for corporations. Using a novel dataset of White House visitor logs, we identify top corporate executives of S&P 1500 firms that have face-to-face meetings with high-level federal government officials. We examine two fundamental questions associated with political access. First, how prevalent is political access–in the literal form of meetings with influential policymakers–and what are the characteristics of firms with

[1] For example, a *Wall Street Journal* (2015) article claims that Google executives' frequent visits to the White House were instrumental in Federal Trade Commission's decision to drop its antitrust investigation of the company. As another example, commenting on the close ties between General Electric and the federal government, a *Washington Examiner* (2010) article notes that "Obama wants cap-and-trade, GE wants cap-and-trade. Obama subsidizes embryonic stem-cell research, GE launches an embryonic stem-cell business. Obama calls for rail subsidies, GE hires Linda Daschle as a rail lobbyist."

access to politicians? Second, does political access increase firm value, and if so, through what channels?

Given the influences of governments on firms and the scarce nature of political access, understanding the allocation of political access across firms has been a central question in political economy. In order to make a case to a policymaker, one needs to secure the politician's attention and convey the messages through direct or indirect communication (Hall and Wayman 1990; Hasen 2012; Lewis et al. 1998; Wright 1990). The existing political economy literature contends that politicians grant more access to interest groups that made more contributions to the officials' election campaigns (e.g., Herndon, 1982; Gopoian, 1984; Kalla and Broockman, 2016). From a demand perspective, firms with more exposure to government policies should be more likely to seek political access. Yet, due to a lack of data on firms' access to politicians, it remains largely unclear how political access is allocated across firms.

Corporations can benefit from direct interactions with elected officials in at least three ways. First, political access may enable firms to secure contracts to provide goods or services to government. Government procurement of goods and services accounts for over 10% of the GDP in the U.S. Government officials may influence the allocation of lucrative government contracts towards firms whose executives have interacted with them. Second, companies with direct access to politicians can seek regulatory relief and influence political decision-making. Companies in the U.S. are subject to oversight from various regulatory agencies, e.g., the Securities and

Exchange Commission, the Federal Trade Commission, the Consumer Product Safety Commission, Food and Drug Administration, Environmental Protection Agency, Occupational Safety and Health Administration, and so on. Since politicians have discretion in granting regulatory relief, they may provide more regulatory relief to companies that have access to the politicians. Third, access to politicians may enable companies to gain an informational advantage about government policies and actions and help resolve political uncertainty. A growing literature shows that political uncertainty negatively impacts corporate investment (e.g., Julio and Yook, 2012; Kelly, Pastor, and Veronesi, 2015; Gulen and Ion, 2016). Gaining direct access to influential policymakers can help companies become better informed about the inner workings of the government and the policy-making process, which can help mitigate political uncertainties and improve corporate decision-making. These considerations suggest that access to politicians should be associated with increased firm value.

We match the names of visitors in the White House visitor logs to the names of corporate executives of S&P1500 firms during the period from January 2009 through December 2015. We are able to identify 2,286 meetings between corporate executives and federal government officials at the White House. Our findings can be summarized as follows. First, in terms of the prevalence and characteristics of firms with political access, we find that about 11.4% of the firm-years have executives that visit the White House. Since firms with political access are typically large firms, they account for 40% of the total market capitalization of firms in the sample. Consistent with the notion that campaign contributions "buy" access, we find that firms that contributed more to Obama's presidential election campaigns are more likely to have access

to the White House. We also find that firms that spend more on lobbying, firms that receive more government contracts, larger firms, and firms with a greater market share are more likely to have access to influential federal officials.

Second, we find that corporate executives' meetings with White House officials are followed by significant positive cumulative abnormal returns (CARs). For example, the CAR is about 0.865% during a 51-day window surrounding the meetings (i.e., 10 days before to 40 days after the meetings). We also find that the result is driven mainly by meetings with the President and his top aides. We find insignificant CARs for cancelled visits, suggesting that the actual incidence of the meetings matters for firm value.

Third, to alleviate concerns that omitted variables drive both the timing of corporate executives' meetings with federal officials and stock returns, we exploit the election of Donald J. Trump as the 45th President of the U.S. as a shock to political access. We find that firms with access to the Obama administration experience significantly lower stock returns following the release of the election result than otherwise similar firms. The economic magnitude is nontrivial as well: after controlling for various factors that are likely correlated with firms' political activities, such as campaign contributions, lobbying expenses, and government contracts, the stocks of firms with access to the Obama administration underperform the stocks of otherwise similar firms by about 80 basis points in the three days immediately following the election. This result helps alleviate

the concern that the observed valuation effects associated with political access are driven by confounding factors that are correlated with both the timing of the meetings and stock returns.

Last, we identify several channels through which political access enhances firm value. Using a propensity-score matched sample of firms with political access (treatment firms) and those without (control firms) and a difference-in-differences approach, we find that treatment firms, relative to control firms, receive more government contracts following the meetings than before the meetings. The economic magnitude of this effect is non-trivial. For example, assuming a profit margin of 12.0% for winning bids in procurement contracts (Bajari, Houghton, and Tadelis, 2014), the profits generated from incremental contract volume due to political access represent a gain of about 0.09% for the average firm's stock, which is about 11% of the average 51-day CAR around White House visits. We also find evidence suggesting that treatment firms, relative to control firms, secure more regulatory relief following the meetings than before the meetings. Furthermore, there is evidence suggesting that the investment of treatment firms becomes less negatively affected by political uncertainty after the meetings.

Our paper is related to the literature on the value of political connections. A number of studies examine the influences of firms' political activities and connections, such as campaign contributions, lobbying, and politically connected corporate executives and board members, on firm outcomes. For evidence in the U.S. context, see, e.g., Ansolabehere et al. (2004), Jayachandran (2006), Fisman et al. (2012), Duchin and Sosyura (2012), Blanes i Vidal et al.

(2012), Goldman, Rocholl, and So (2013), Akey (2015), and Acemoglu et al. (2016); for evidence in the non-U.S. or international contexts, see, e.g., Fisman (2001), Khwaja and Mian (2005), Faccio (2006), Faccio, Masulis, and McConnell (2006), Claessens, Feijen, and Laeven (2008), and Faccio and Parsley (2009). Most of the existing studies in the U.S. context focus on the legislative branch and find that, despite the strong legal system of the U.S., companies that are connected to politicians in the legislative branch, typically inferred from campaign contributions, are associated more favorable outcomes. The value of political connections to the executive branch in the U.S., however, is underexplored. Two important exceptions examining the value of connections with federal officials in the executive branch are Fisman et al. (2012) and Acemoglu et al. (2016), but they find mixed results.[2]

The main contribution of our paper to the literature is two-fold. First, we are the first to use the data on White House visitors to identify physical interactions between corporate executives and influential politicians. The detailed information in the visitor log data enables us to provide a *direct* measure of political access and provide evidence on the allocation and valuation effects of political access. Second, our study adds to the understanding of the value of political connections to executive branch officials in the U.S. Since corporations are often directly affected by decisions made by executive branch agencies (e.g., the allocation of government procurement contracts and regulatory enforcement decisions), it is important to estimate the value of ties to politicians in the executive branch and the channels through which such a valuation effect occurs.

[2] In particular, Fisman et al. (2012) find that the value of personal ties to Vice President Richard Cheney is insignificantly different from zero, suggesting that U.S. institutions are effective in curbing rent-seeking by politicians and corporations. Acemoglu et al. (2016), on the other hand, show that political connections are associated with large increases in stock valuation during the financial crisis.

The evidence in our paper suggests that access to high-level officials in the executive branch can be an important source of competitive advantage for firms. Our results also illuminate several channels, including government procurement contracts and regulatory relief, through which political access affects firm value.

The rest of the paper is organized as follows. Section 2 describes the data and summary statistics. Section 3 presents the empirical results, and Section 4 concludes.

2. Data and Summary Statistics

As part of its stated commitment to government transparency, the Obama Administration voluntarily releases records of White House visitors to the public online. According to the White House, aside from a small group of particularly sensitive meetings (such as visits by potential Supreme Court nominees) and purely personal guests of the first and second families (i.e., visits that do not involve any official or political business), the record of every visitor who comes to the White House for an appointment or to conduct business is released. We obtain the visitor logs data from the White House website. Each visitor record includes the first name, last name, and middle initial of the visitor, the date and time of the appointment, the name of the official being visited (i.e., the visitee), the number of visitors and the location of the meeting. The information in the visitor records that implicates personal privacy or law enforcement concerns, including dates of birth, social security numbers, and contact phone numbers, are not released. Appendix A provides a sample White House visitor record released to the public.

To identify corporate executives that visit the White House, we match the names of visitors in the White House visitor logs to the names of corporate executives in the ExecuComp database during the period from January 2009 through December 2015. To focus on meetings that offer more opportunities for private interactions between politicians and corporate executives, we require that the number of participants at the meeting do not exceed 50. We first identify a list of White House visitors whose first name, last name, and middle initial match exactly those of corporate executives in ExecuComp. To ensure that a White House visitor is indeed the corporate executive identified rather than someone else with the same full name, we use web searches to check whether the full name is associated with multiple people that are potential visitors to the White House. For cases in which the full name is associated with multiple potential visitors, we rely on two additional pieces of information. First, since visitors in the same White House meeting are likely to have similar backgrounds, we use information of the other visitors in the same meeting to verify whether a visitor is indeed the corporate executive identified. We obtain information on other visitors, especially those whose names are more unique, through web searches. If the other visitors are also corporate executives or in the same industry or sector, then the visitor in question is likely to be the corporate executive identified. Second, since federal government officials (i.e., the visitees) typically have a specified area of responsibility and are likely to meet only with people in that area, we use information on the visitee's area of responsibility as an additional check on the reliability of the matching. For instance, a White House staffer that advises the President on economic policies is more likely to meet with a corporate executive than with a pastor with the same name.

We are able to identify 2,286 meetings between corporate executives and federal government officials at the White House during the period from January 2009 through December 2015. Panel A of Table 1 lists the names of corporate executives that have more than 10 visits to the White House. The top three most frequent visitors are David M. Cote (Chairman and CEO of Honeywell International, 30 visits), Jeffrey R. Immelt (Executive Chairman and CEO of General Electric, 22 visits), Roger C. Altman (Executive Chairman of EverCore Partners, 21 visits). The frequent visitors are from a diverse set of industries including banking, healthcare, oil, utilities, communications, consumer goods, and etc. Panel B of Table 1 lists the names of the federal official that are most frequently visited by corporate executives. The top three most frequent visitees by corporate executives are Valerie Jarrett (Senior Advisor to the President, 107 visits), Jeff Zients (Assistant to the President for Economic Policy and Director of the National Economic Council, 103 visits), and the President (100 visits).

[Insert Table 1 about here]

Table 2 reports the summary statistics for the sample of firms covered by S&P's ExecuComp database from 2009 through 2015. The sample includes 11,846 firm-year observations. Firm-years in which the executives visit the White House account for around 11.4% of the sample, suggesting that a non-trivial fraction of the firms have political access. Importantly, since firms with political access are typically larger firms, they account for about 40% of the total market

capitalization of firms in the sample. The number of visits by a firm-year has a mean of 0.318 and a standard deviation of 1.793.

We obtain data on political campaign contributions and lobbying from the Center for Responsive Politics and merge the CRP data with our firm-year sample by company name. We focus on political contributions to Barack Obama's election campaigns (i.e., the recipient is either Barack Obama or Obama Victory Fund). For firm-years between 2009 and 2012, we use the campaign contributions in the 2007-2008 election cycle. For firm-years between 2013 and 2015, we use the campaign contributions in the 2011-2012 election cycle. The average annual political contributions and lobbying expenses by our sample firms are around $12,000 and $529,000, respectively. We obtain data on procurement contracts of the federal government of the United States from the USAspending.gov website, which provides data from the Federal Procurement Data System (FPDS). The system provides detailed information on any federal contract with a transaction value of at least $2,500 ($25,000 prior to 2004). The average firm receives $132.9 million worth of procurement contracts from the federal government annually.

Table 2 also shows summary statistics on other firm characteristics. For example, about 1% of the firm-years are "sin" stocks, namely alcohol, tobacco, and gaming stocks, as defined in Hong and Kacperczyk (2009). The average firm-year has an asset size of $19.519 billion, a book-to-market ratio of 0.256, an ROA of 3.4%, and 18.978 thousand employees.

[Insert Table 2 about here]

3. Empirical Results

3.1. Characteristics of firms with political access

Government officials have limited time and attention and can only interact with a limited set of corporate executives. Political scientists contend that elected officials grant more access to interest groups that made more contributions to the officials' election campaigns (e.g., Herndon, 1982; Gopoian, 1984; Kalla and Broockman, 2016). We thus expect the likelihood of political access increases with campaign contributions. From a demand perspective, firms with more exposure to government policies should be more likely to seek political access. For example, firms that receive more government contracts, firms that spend more heavily on lobbying, and firms that have a larger market share are likely to be more exposed to government policies and may seek more political access.

We run multivariate regressions to examine which firm characteristics are associated with political access. We consider the following explanatory variables: campaign contributions to President Obama's election campaigns, lobbying expenses, government procurement contracts, firm size, market share, and other firm and industry characteristics as well as industry fixed effects and year fixed effects.

Table 3 presents the regression results. The first two columns are OLS regressions with the logarithm of one plus the number of White House visits as the dependent variable, and the last

two columns are probit regressions with an indicator variable for whether the firm's executives visit the White House as the dependent variable. We lag the independent variables by one year. It should be noted that the results are not intended to imply causation, i.e., that some firm characteristics cause the firm to have political access, but instead they indicate correlation between firm characteristics and political access. Consistent with the notion that campaign contributions "buy" political access, the coefficients on the logarithm of one plus campaign contributions to the President's election campaigns are positive and highly significant. In terms of economic magnitude: Model 4 suggests that an interquartile range increase in the log of one plus the campaign contributions (about 8.01) increases the probability of gaining access to the White House by 2.40 percentage points, which is economically large compared to an unconditional probability of 11.4% (as Table 1 shows).

Table 3 also shows that firms that spend more on lobbying, firms that receive more government contracts, and firms that have a large market share are associated with an increased probability of gaining access to the White House. These results are consistent with these firm characteristics being associated with greater exposure to government policies and hence a greater demand for political access. We also find that larger firms are associated with increased political access, which may be because of high fixed costs of gaining access to politicians.

[Insert Table 3 about here]

3.2. Cumulative abnormal returns around White House visits

We calculate cumulative abnormal stock returns around corporate executives' visits to the White House to evaluate the stock return effects. It should be noted that although the release of the visitor logs by the White House has a three-month lag, many visits, especially those involving meetings with the President and his top aides, receive media coverage right around the time of the visits. Therefore, the stock price reaction may occur relatively quickly. Figure 1 plots the cumulative abnormal returns from 10 trading days before corporate executives' White House visits to 120 trading days after. We calculate abnormal returns as the return in excess of CRSP value-weighted market returns. On average, the CAR during the 131-day window is around 0.98%.

[Insert Figure 1 about here]

Table 4 reports the cumulative abnormal returns over four different windows surrounding the date of the visit, 21 (-10 to +10), 41 (-10 to +30), 51 (-10 to +40), and 71 (-10 to +60) days, with day 0 being the day of the meeting. For example, the average 21- and 71-day CARs are 0.421% and 1.185%, respectively.

We partition the sample in two ways to examine cross-sectional as well as time-series variation in the CARs. We first partition the sample by the identity of visitees. We consider three groups of visitees, the President, the President's top aids, and other officials. Top aides are White House staffers that make the maximum annual 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. The abnormal returns are driven mainly by meetings with the President and the President's top aides. For example, the average 71-day CARs for meetings with the President and the top aides are 2.482% and 2.749%, respectively.

[Insert Table 4 about here]

We then partition the sample by year. Figure 2 plots the CARs and the 95% confidence intervals around the visits for each year from 2009 through 2015. The CARs are significantly positive during the election year (2012), the first years post-election (2009 and 2013) as well as 2014, suggesting that access to influential government officials is particularly beneficial during those years.

[Insert Figure 2 about here]

We also examine the CARs around cancelled visits. Table 5 shows that the CARs around cancelled visits are insignificant and close to zero. This result suggests that the actual incidence of the meetings matters for firm value. One caveat is that the sample for cancelled meetings is relatively small (24 observations), so the result could be due to a lack of statistical power.

[Insert Table 5 about here]

We conduct various robustness tests of the results on the CAR around corporate executives' visits to the White House. First, we exclude White House visits that are associated with the President's advisory board meetings. There is substantial vetting that goes on as part of advisory board selection, and the White House may know more about people sitting on the advisory boards and their companies than the markets may know – thus it is possible that people chosen for advisory boards may be selected from firms that are likely to have above average outcomes. We identify corporate executives that are members of the President's advisory boards, including the President's Management Advisory Board, the President's Council on Jobs and Competitiveness, the President's Global Development Council, and the President's Export Council. We retrieve the dates and locations of advisory board meetings from the White House website. We are able to identify 91 visits by corporate executives in our sample that are part of the President's advisory board meetings. It is useful to note that some of the board meetings have more than 50 attendees and thus have been filtered out because we require that the number of participants at the meeting do not exceed 50. The results, reported in Table 6, show that our results continue to hold after excluding visits that are part of advisory board meetings, suggesting that the observed positive CARs associated with White House visits are not driven by the selection process for advisory boards.

Second, we exclude follow-up visits (defined as visits that are within 12 months of the previous visits). Third, to address the concern that the results may be driven by industry effects, we compute industry-adjusted stock returns by subtracting from the daily return of each stock the daily return of the corresponding industry (following Moskowitz and Grinblatt 1999) and repeat

the test using the industry-adjusted returns. Last, we repeat the tests using the Fama-French-Carhart four-factor model to adjust returns. Table 6 shows that the results are robust to these changes in the sample and alternative specifications.

[Insert Table 6 about here]

3.3. Stock returns following the 2016 presidential election

The observed valuation effect associated with corporate executives' visits to the White House may be driven by confounding factors that are correlated with both the timing of the meetings and stock returns. For example, corporate executives may choose to visit federal officials when they possess favorable information about their own firms. In this case, the omitted variable is the private information of managers, which may bias the observed results.

To alleviate concerns about omitted variables that drive both the timing of corporate executives' meetings with federal officials and stock returns, we exploit the election of Donald J. Trump as the 45th President of the U.S. as a shock to political access. Prior to the election, it was widely held that Hillary Clinton would win the election. For example, the market price in prediction markets such as the Iowa Electronic Market on the day before the election implies that the probability of a Clinton presidency was about 80%. Thus, the election of Donald J. Trump as the President represents a negative shock to firms that had access to the White House during the Obama Administration. Importantly, the timing of the election is pre-determined, mitigating the concerns about endogenous timing of political access. If political access is of significant value to

firms, firms with greater access to the Obama administration and hence a continuing Democratic administration should experience lower stock returns when the election result became known. To test this, we run the following regression:

$$CAR_i = \alpha + \gamma \times PoliticalAccess_i + \sum \gamma_j X_{i,j} + Industry_i + \varepsilon_i, \quad (1)$$

where CAR_i is the cumulative market-adjusted abnormal returns of stock i during a three-day window immediately following the release of the election result, i.e., from November 9 to 11, 2017; $PoliticalAccess_i$ is either an indicator an indicator that takes the value of one if the executives of the firm visit the White House at least once during the Obama administration and zero otherwise or the log of one plus the number of visits to the White House by the firm's executives during our sample period; X is a vector containing a similar set of firm-level control variables including campaign contributions, lobbying expenses, government procurement contracts, firm size, book-to-market, leverage, sales growth, and stock price run-up before the election; and $Industry_i$ is industry fixed-effects. We aggregate the dollar value of campaign contributions, lobbying expenses, and procurement contracts during the sample year from 2009 through 2015. We use stock price run-up, measured using the cumulative market-adjusted stock return during the 40-day window immediately before the election, to control for an anticipation effect. We cluster standard errors by industry. If the election of Trump constitutes a negative shock to firms with access to the Obama administration, we expect the coefficient on the political access variable to be negative and significant.

Table 7 presents the results estimating Eq. (1). Models 1 and 3 only include the political access variables and industry fixed effects as the explanatory variables. The coefficients on both political access variables are negative and significant. The economic magnitude is large: for example, model 1 suggests that the stocks of firms with access to the Obama administration underperform those of same-industry firms without access by 1.3 percentage points in three-day CARs. In models 2 and 4 we include firm-level controls as additional regressors. The magnitude of the coefficients on the political access variables becomes slightly smaller, but remains statistically and economically significant. For example, model 2 suggests that after controlling for various factors that are likely correlated with firms' political activities, such as campaign contributions, lobbying expenses, and government contracts, the stocks of firms with access to the Obama administration underperform the stocks of otherwise similar firms by about 80 basis points in the three days immediately following the election. This result helps alleviate the concern that the valuation effects associated with corporate executives' meetings with federal officials are driven by confounding factors that are correlated with both the timing of the meetings and stock returns.

Table 7 also reveals a number of interesting patterns. Firms with high stock price run-ups before the election are associated with lower stock returns after the release of the election result, suggesting that the market was surprised by the election result. In other words, as the market increased its belief in a Clinton presidency before the election, stocks that would benefit from a Clinton administration experienced a positive run-up. The outcome of the election showed that this belief was wrong, thus resulting in lower returns for those stocks. Moreover, firms that

contributed more to Obama's presidential campaigns and firms that lobbied more during the Obama administration are associated with lower stock returns, which may be because the market places a lower value on the benefits of strong connections with Democrats now that the Republicans are in control. It is worth noting that the negative relation between the CARs and the political access variables continue to hold after controlling for these variables, suggesting that the political access events we identify have independent effects on stock valuation.

[Insert Table 7 about here]

3.4. White House visits and real outcomes

Access to powerful politicians may enable firms to secure contracts to provide goods or services to government, seek regulatory relief, and resolve policy uncertainty. We use a difference-in-differences approach to examine whether political access influences real outcomes of corporations. We first use a propensity-score matching procedure to construct a sample of control firms that are statistically identical in all observable dimensions except that their executives do not visit the White House. We compute the propensity scores using the probit model of Model 4 in Table 3. We use a one-to-one nearest neighbor matching with replacement (Heckman, Ichimura, and Todd, 1997). For each firm whose executives visit the White House (treatment firm), we identify a control firm with the closest propensity score. This procedure ensures that a treatment firm is paired with a control firm with statistically the same prior campaign contributions, lobbying expenses, government contracts, size, market-to-book, year, industry membership, and etc. We then compare the change in real outcomes around the White House visits for treatment firms with that for control firms.

A. Government procurement contracts

To examine the influence of political access on the allocation of government procurement contracts, we compare the change in government procurement contracts around the White House visits for treatment firms with that for control firms. We calculate the change in government procurement contracts as the total dollar value of procurement contracts awarded during the 12 months immediately following a White House visit scaled by sales minus that during the 12 months immediately before the visit scaled by sales. We cluster standard errors by firm.

Table 8 reports the results. Treatment firms, relative to control firms, receive more government contracts following the meetings than before the meetings. The economic magnitude of this effect is non-trivial. For example, the DiD estimate shows that the change in procurement contract volume as a fraction of sales around the White House visits is 0.746 percentage points higher for treatment firms than for control firms. To gauge the effect of the increase of government contracts on the CAR of treatment firms, we perform a back-of-the-envelope calculation. We first multiply the DiD estimate for the dollar value of procurement contracts over sales by the average sales of the firms, which provides an estimate of the incremental contract volume due to political access. To gauge the pecuniary gains from winning these contracts, we need to multiply the incremental contract volume by the profit margin on government procurement contracts. We use the median profit margin of 12.0% for winning bids in procurement contracts in the U.S. estimated by Bajari, Houghton, and Tadelis (2014). Thus, the average firm generates $33.90 (=0.00746*$37,870*12.0%) million in profits from incremental

contract volume due to political access. Since the average firm has a market capitalization of $35,879 million, this represents a gain of about 9.45 basis points for the firm's stock, which is about 11% of the average 50-day CAR around White House visits.

We then partition government contracts in two ways. First, we group contracts into performance-based and non-performance-based contracts. Table 8 shows that about two-thirds of the increase in procurement contracts is due to non-performance-based contracts. Second, we group contracts into those that are awarded under full and open competition and those that are not awarded under full and open competition. Again, about two-thirds of the increase in procurement contracts is due to contracts that are awarded on a non-competitive basis. These results suggest that government contracts, especially those with higher rents, are a channel through which political access enhances firm value.

[Insert Table 8 about here]

B. Regulatory relief

Political access may enable firms to obtain special treatment by regulatory agencies. We identify regulatory relief using a novel approach. We obtain regulatory news from CapitalIQ Key Developments dataset. We first categorize regulatory news articles as positive or negative based on the relative fraction of positive and negative words in the articles. We then count the number of positive and negative regulatory news before and after the White House visits for both treatment firms and control firms. Specifically, we use the word classification in the General

Inquirer's Harvard Psychosocial Dictionary to categorize words as either positive or negative. We classify a regulatory news article as positive (negative) if the difference between the proportion of positive words in the news and that of negative words is in the top (bottom) tercile. We then compare the change in the number of positive or negative regulatory news for firms whose executives visit the White House (treatment firms) with that for control firms.

The following is an example of regulatory news concerning our sample firms that is categorized as positive by our procedure:

> Regions Financial Corp. resolved an inquiry by the Securities and Exchange Commission regarding a previous arrangement between AmSouth Bank, AmSouth Asset Management and BISYS Fund Services Inc., an outside company which provided fund administration and other services to the former AmSouth Funds and many other mutual fund families. Regions cooperated fully and extensively with the SEC in this investigation and is pleased to resolve the matter. The arrangements in question date back to 1999 and involved a portion of the administration fee paid by the funds to BISYS being rebated to AmSouth to pay for marketing and other expenses related to the AmSouth Funds. The arrangements ended in 2004 and AmSouth disclosed the SEC inquiry in 2005.

An example of negative regulatory news:

> The Consumer Financial Protection Bureau took action against EZCORP, Inc. for illegal debt collection practices. These tactics included illegal visits to consumers at their homes and workplaces, empty threats of legal action, lying about consumers' rights, and exposing consumers to bank fees through unlawful electronic withdrawals. The Bureau ordered EZCORP to refund $7.5 million to 93,000 consumers, pay $3 million in penalties, and stop collection of remaining payday and installment loan debts owed by roughly 130,000 consumers. It also bars EZCORP from future in-person debt collection. In addition, the Bureau issued an industry-wide warning about collecting debt at homes or workplaces. The CFPB found that EZCORP collected debts from consumers through unlawful in-person collection visits at their homes or workplaces, risked exposing consumers' debts to third parties, falsely threatened consumers with litigation for non-payment of debts, and unfairly made multiple electronic withdrawal attempts from consumer accounts, causing mounting bank fees. The CFPB alleges that EZCORP violated the Electronic Fund Transfer Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act's prohibition against unfair and deceptive acts or practices.

Table 9 reports the results on the change in the number of positive and negative news articles around White House visits. The results show that treatment firms, relative to control firms, experience an increase of 0.036 in the number of positive regulatory news articles during the 12 months immediately following a White House visit relative to that during the 12 months

immediately before the visit. Treatment and control firms, however, do not differ significantly in the change in the number of negative regulatory news. Therefore, the difference-in-differences estimate in the last row suggests that, compared to control firms, treatment firms experience an increase of 0.041 in the difference between the number of positive regulatory news and that of negative regulatory news after the visits than before the visits. These results are consistent with the hypothesis that political access enables firms to obtain regulatory relief. The economic magnitude is nontrivial considering that the difference between the number of positive regulatory news and that of negative regulatory news has a mean of -0.006 and a standard deviation of 0.446.

[Insert Table 9 about here]

C. Sensitivity of corporate investment to political uncertainty

Political access may enable companies to better understand the policy deliberation process of government officials and help firms resolve policy uncertainty. A growing literature shows that political uncertainty negatively impacts corporate investment (e.g., Julio and Yook, 2012; Kelly, Pastor, and Veronesi, 2015; Gulen and Ion, 2016). If political access helps firms reduce policy uncertainty, investment by firms with political access should be less negatively affected by policy uncertainty after the White House visits. To test this, we run the following regression:

$$CapEx_{i,t+1} = \alpha_i + \alpha_t + \beta_1 \times Treat_{i,t} \times Post_t \times PU_t + \beta_2 \times Treat_{i,t} \times PU_t + \beta_3 \times Post_t \times PU_t + \beta_4 \times Treat_{i,t} \times Post_t + \beta_5 \times Treat_{i,t} + \beta_6 \times Post_t + \sum \gamma_j X_j + \varepsilon_{i,t}, \quad (2)$$

where $CapEx_{i,t+1}$ is quarterly capital expenditure (capital expenditure/lagged total assets) in quarter $t + 1$, α_i is firm fixed-effects, α_t is time fixed-effects, Treat is an indicator that equals one for firms with political access and zero for control firms, Post is an indicator that equals one if the fiscal quarter is within 12 months after the White House visit and zero otherwise, PU is the logarithm of the policy uncertainty index of Baker, Bloom, and Davis (2013), and X_j is a vector containing firm-level characteristics including Tobin's *q*, operating cash flows, and sales growth (following Gulen and Ion, 2016) and their interactions with the treatment and post dummies. It should be noted that since we include time fixed-effects (i.e., one dummy for each fiscal quarter-end), it is unnecessary to include the policy uncertainty index by itself in the regression. We use the overall policy uncertainty index as well as the news-based policy uncertainty index of Baker, Bloom, and Davis (2013). We cluster standard errors by firm and by time. The variable of interest is the triple interaction term Treat*Post*PU. If political access enables firms to reduce underinvestment due to policy uncertainty, we expect the coefficient on the triple interaction term to be positive and significant.

Table 10 presents the regression results. The coefficient on the triple interaction term is positive and highly significant, suggesting that capital investment by firms with political access becomes less negatively affected by political uncertainty after White House visits. In terms of the economic magnitude: since the log of the overall policy uncertainty index in our sample has a standard deviation of 0.259, Model 2 suggests that treatment firms, relative to control firms, reduce capital investment significantly less (by 0.13 percentage points) after the visits than before the visits in response to a one-standard-deviation increase in the index. Considering that

quarterly capital expenditure has a mean of 1.5 percentage points and a standard deviation of 3.4 percentage points, the magnitude is economically nontrivial. These results are consistent with corporate managers receiving valuable information about political decisions at these meetings, which helps mitigate the negative impact of political uncertainty on corporate investment.

[Insert Table 10 about here]

4. Conclusion

In this paper, we use a novel dataset on White House visitors to identify corporate executives' access to influential government officials. We find that about 11.4% of the firm-years have executives that visit the White House, accounting for about 40% of the total market capitalization of firm-years in the sample. Consistent with money buying access, we find that political access is positively correlated with firms' contributions to politicians' election campaigns. We also find that corporate executives' meetings with key policymakers are associated with positive abnormal stock returns. We further find evidence suggesting that following meetings with federal government officials, firms receive more government contracts and are more likely to receive regulatory relief (as measured by the tone of regulatory news). The investment of these firms also becomes less affected by political uncertainty after the meetings. Using the 2016 presidential election as a shock to firms' political access, we find that firms with access to the Obama administration deliver significantly lower stock returns following the release of the election result than otherwise similar firms that do not have access. Overall, our results provide evidence suggesting that political access is of significant value to corporations.

Political economists provide contrasting views about the value firms derive from political access. At one end of the spectrum, gaining access to politicians may enable firms to gain undue influence over elected officials and extract political favors (see, e.g., Baye, Kovenock, and de Vries, 1993; Grossman and Helpman, 1994). Under such a view, political access facilitates quid-pro-quo exchanges between firms and elected officials in which policy favors are exchanged for private gains to the politicians. At the other end of the spectrum, however, political access may enable firms to provide policy-relevant information, which in turn helps elected officials to make more informed decisions on policies that affect the firms (see, e.g., Austen-Smith, 1995, 1998; Cotton, 2009). Unfortunately, our data do not allow us to distinguish between these two views. Future research could disentangle these potential explanations.

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Appendix: Sample Redacted White House Visitor Record

ERA Sensitive

Worker and Visitor Entry System

visitor:	
Last Name:	PAYNE
First Name:	STEPHEN
Middle Initial:	
Date of Birth:	[redacted]
SSN:	[redacted]
Event Number:	U81023
Badge Number:	45879
Access Type:	VA
Date of Arrival:	12/18/2003 2:10:04 PM
Date of Arrival Formatted:	2003-12-18T14:10:04
Point of Arrival:	A0401
Date of Departure:	12/18/2003 3:41:00 PM
Date of Departure Formatted:	2003-12-18T15:41:00
Point of Departure:	A4
Date Appointment Made:	12/18/2003 12:56:05 PM
Date Appointment Made Formatted:	2003-12-18T12:56:05
Appointment Start Date:	12/18/2003 2:30:00 PM
Appointment Start Date Formatted:	2003-12-18T14:30:00
Appointment End Date:	12/18/2003 11:59:00 PM
Date Appointment Canceled:	
Number of People:	1
Escort Type:	
Escort Last Name:	
Escort First Initial:	
lastUpdatedBy:	SH
post:	WIN
lastEntryDate:	12/18/2003 12:50:26 PM
terminalSuffix:	SH
Visitee Last Name:	ROVE
Visitee First Name:	KARL
Visitee Phone:	[redacted]
Meeting Location:	WH
Meeting Room:	WW
Caller Last Name:	GOERGEN
Caller First Name:	BARBARA
callerPhone:	[redacted]
callerRoom:	
dbeRowId:	1093285
waLastTerminal:	
waLastUpdated:	
wxxLastTerminal:	
wxxLastUpdated:	
note:	[redacted]
description:	
batchId:	2
source:	DECEMBER_2003.mdb:DECEMBER_2003_ALL

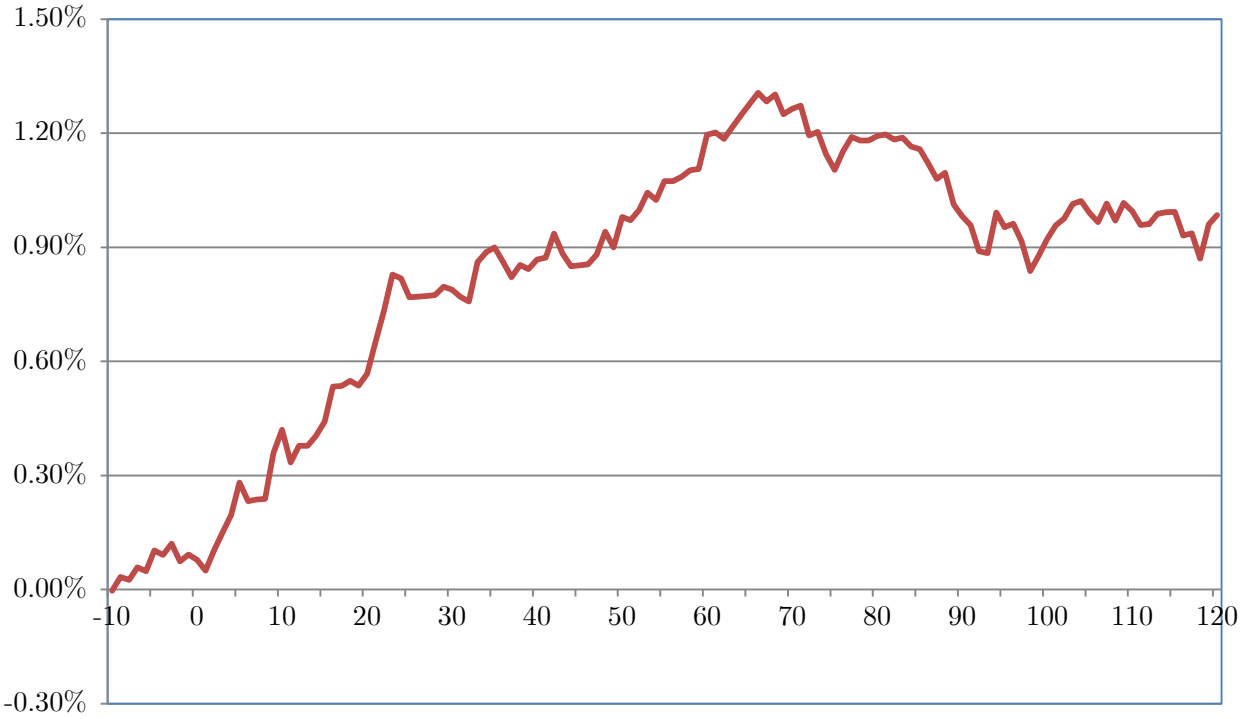

Figure 1: Cumulative abnormal returns around corporate executives' White House visits

This figure plots the cumulative abnormal returns around corporate executives' visits to the White House. We consider a window from 10 days before to 120 days after the date of the visit (Day 0). Abnormal returns are calculate as the return in excess of CRSP value-weighted market returns.

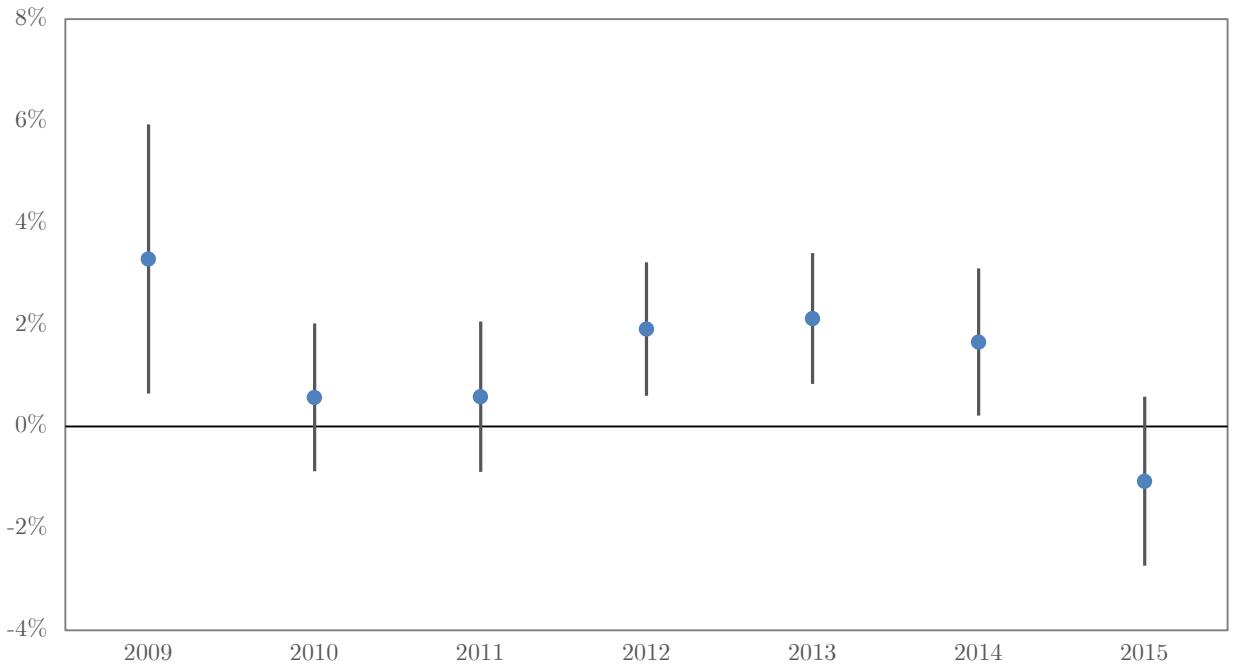

Figure 2: Cumulative abnormal returns around corporate executives' White House visits by year from 2009 through 2015

This figure plots the cumulative abnormal returns (and the 95% confidence intervals) around corporate executives' visits to the White House for each year from 2009 to 2015. Cumulative abnormal returns are calculate as the sum of the return in excess of CRSP value-weighted market returns over the window [-10, +60] with the date of the visit being Day 0.

Table 1: Frequent visitors and visitees of the White House

This table lists the names of corporate executives that are frequent White House visitors as well as the names of White House officials that are most frequently visited by corporate executives during the period from January 2009 through December 2015.

Panel A: Corporate executives with more than 10 visits to the White House

Company Name	FF48 Industry	Executive Name	Title	# of visits
Honeywell International Inc.	Auto & Trucks	David M. Cote	Chairman and CEO	30
General Electric Co	Consumer Goods	Jeffrey R. Immelt	Executive Chairman and CEO	22
EverCore Partners Inc.	Banking	Roger C. Altman	Founder and Executive Chairman	21
Xerox Corp	Consumer Goods	Ursula M. Burns	Chairman and CEO	21
JPMorgan Chase & Co	Banking	James Dimon	Chairman and CEO	18
HCA Holdings Inc.	Healthcare	Charles J. Hall	President of National Group	18
AT&T Inc.	Communication	Randall L. Stephenson	Chairman and CEO	18
BlackRock Inc.	Trading	Laurence D. Fink	Co-Founder, Chairman, and CEO	16
Chevron Corp	Oil	John S. Watson	Chairman and CEO	15
Dow Chemical	Chemicals	Andrew N. Liveris	Executive Chairman and CEO	15
Motorola Solutions Inc.	Electronics	Gregory Q. Brown	Chairman and CEO	15
Duke Energy Corp	Utilities	James E. Rogers, Jr.	Executive Chairman and CEO	15
Southwestern Energy Co	Oil	Mark K. Boling	Executive VP	15
Exxon Mobil Corp	Oil	Rex W. Tillerson	Chairman and CEO	14
Graham Holdings Co	Publishing	Donald E. Graham	Chairman and CEO	14
Goldman Sachs Group Inc.	Trading	Lloyd C. Blankfein	Chairman and CEO	14
Dominion Resources Inc.	Utilities	Thomas F. Farrell, II	Executive Chairman and CEO	13
Knight Transportation Inc.	Transportation	Kevin P. Knight	Chairman and CEO	12
Aetna Inc.	Insurance	Mark T. Bertolini	Chairman and CEO	12
Unisys Corp	Computers	Edward C. Davies	President of Federal Systems Business	11
Exelon Corp	Utilities	Christopher M. Crane	President and CEO	11
Nextera Energy Inc.	Utilities	Lewis Hay, III	Executive Chairman	11
American Express Co	Banking	Kenneth I. Chenault	Chairman and CEO	11
Cisco Systems Inc.	Computers	John T. Chambers	Executive Chairman	11
Comcast Corp	Communication	David L. Cohen	Executive VP	11

Alphabet Inc.	Business Services	Eric E. Schmidt	Executive Chairman	11

Panel B: White House officials most frequently visited by corporate executives

Visitee name	Position Title	# of visits
Valerie Jarrett	Senior Advisor and Assistant to the President for Intergovernmental Affairs and Public Engagement	107
Jeff Zients	Assistant to the President for Economic Policy and Director of The National Economic Council	103
Barack Obama	President of the United States	100
Heather Zichal	Deputy Assistant to the President for Energy and Climate Change	64
Greg Nelson	Special Assistant to the President and Senior Advisor for The National Economic Council	62
Gene Sperling	Assistant to the President for Economic Policy and Director of The National Economic Council	54
William Daley	Assistant to the President and Chief of Staff	44
Austan Goolsbee	Chief Economist and Chairman of The Council of Economic Advisers	40
Ari Matusiak	Special Assistant to the President and Director of Private Sector Engagement	33
Dan Utech	Deputy Assistant to the President for Energy and Climate Change	32
Jason Furman	Assistant to the President and Principal Deputy Director of The National Economic Council	32
Adam Hitchcock	Special Assistant	29
Vivek Kundra	Chief Information Officer of the United States	27
Nancy-Ann Deparle	Assistant to the President and Deputy Chief of Staff for Policy	26
Stephen Moilanen	Staff Assistant	26
Lawrence Summers	Assistant to the President for Economic Policy and Director of The National Economic Council	25
John Podesta	Counselor to the President	23
Rahm Emanuel	Assistant to the President and Chief of Staff	23
Jack Lew	Assistant to the President and Chief of Staff	21

Table 2: Summary statistics

This table reports the summary statistics for the sample of firms covered by Standard & Poor's ExecuComp database from 2009 through 2015. The sample includes 11,846 firm-year observations. *# of White House visits* is the number of White House visits by corporate executives in a year. *Political access* is an indicator that takes the value of one if the executives of the firm visit the White House at least once in a given year and zero otherwise. *Campaign contributions* is the firm's total dollar amount of political contributions to Barack Obama's election campaigns (i.e., the recipient is either Barack Obama or Obama Victory Fund). For firm-years between 2009 and 2012, we use the campaign contributions in the 2007-2008 election cycle. For firm-years between 2013 and 2015, we use the campaign contributions in the 2011-2012 election cycle. *Lobbying expenses* is the total dollar amount of lobbying expenses in a year. *Procurement contracts* is the total dollar value of government procurement contracts awarded in a year. *Sin stocks* is the union of the Fama and French (1997) industry groups 4 (alcohol) and 5 (tobacco) along with the North American Industry Classification System (NAICS) group for gaming (following Hong and Kacperczyk, 2009). *Total assets* is the book value of total assets. *Book-to-market* is the book value of common equity divided by the market value of common equity. *Tangible* is the ratio of property, plant and equipment to total assets. *ROA* is income before extraordinary items (Compustat item IB) divided by total assets. *Book leverage* is the ratio of total debt to the book value of total assets. *# of employees* is the number of employees (in thousands). *Market share* is the firm's share in the total sales of its industry. *Herfindahl index* is the sum of the squares of the percentages of a firm's sales in its industry.

	Mean	Median	Std. Dev	P25	P75
Political access	0.114	0.000	0.318	0.000	0.000
# of White House visits	0.318	0.000	1.793	0.000	0.000
Campaign contributions ($ mil)	0.012	0.000	0.069	0.000	0.003
Lobbying expenses ($ mil)	0.529	0.000	1.940	0.000	0.160
Procurement contracts ($ mil)	132.900	0.000	1,434.920	0.000	1.396
Sin stocks	0.009	0.000	0.093	0.000	0.000
Total assets ($ mil)	19,519.220	2,388.910	128,845.050	734.166	8,036.500
Book-to-market	0.256	0.481	6.050	0.285	0.754
Tangible	0.234	0.150	0.234	0.053	0.346
ROA	0.034	0.039	0.123	0.009	0.078
Book leverage	0.548	0.525	0.291	0.360	0.696
# of employees	18.978	4.383	68.137	1.283	13.900
Market share	0.016	0.003	0.052	0.001	0.009
(Market share)^2	0.003	0.000	0.032	0.000	0.000

Herfindahl index	0.064	0.051	0.069	0.031	0.069

Table 3: Characteristics of firms with political access

This table presents regression analysis of the characteristics of firms with political access. The first two columns estimate OLS regressions with the logarithm of one plus the number of White House visits by corporate executives as the dependent variable, and the last two columns estimate probit regressions with an indicator for political access as the dependent variable. The political access indicator takes the value of one if the executives of the firm visit the White House at least once in a given year and zero otherwise. All regressions include year fixed effects and industry fixed effects. We cluster standard errors by firm. Numbers in parentheses are *t*-statistics based on standard errors clustered by firm. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

	OLS		Probit	
Dependent variable =	Log(1+# of White House visits)		Political access indicator	
	(1)	(2)	(3)	(4)
Log campaign contributions	0.006	0.004	0.003	0.003
	(2.78)***	(2.20)**	(4.12)***	(3.68)***
Log lobbying expenses	0.006	0.005	0.004	0.004
	(5.48)***	(4.49)***	(6.78)***	(6.18)***
Log procurement contracts	0.019	0.015	0.003	0.002
	(3.09)***	(2.51)**	(1.82)*	(1.34)
Sin stocks	0.022	0.012	0.022	0.023
	(0.20)	(0.11)	(0.26)	(0.26)
Firm size	0.061	0.053	0.033	0.031
	(9.57)***	(6.74)***	(11.84)***	(7.73)***
Book-to-market	-0.015	-0.015	-0.010	-0.010
	(4.03)***	(4.21)***	(3.13)***	(2.89)***
Tangible		-0.051		-0.020
		(1.32)		(0.92)
ROA		-0.051		0.042
		(1.64)		(1.14)
Book leverage		-0.050		-0.004
		(1.83)*		(0.26)
# of employees		-0.001		0.000
		(0.18)		(0.00)
Market share		2.046		0.379
		(3.20)***		(2.08)**
(Market share)^2		-2.064		-0.415
		(2.16)**		(1.81)*
Herfindahl index		-0.023		0.360

		(0.09)		(1.28)
Number of observations	11,345	11,252	11,192	11,078
Adj./Pseudo *R*-squared	0.17	0.18	0.20	0.20

Table 4: Cumulative abnormal returns around corporate executives' White House visits

This table presents cumulative abnormal returns around corporate executives' visits to the White House. We consider four different windows surrounding the date of the visit (Day 0). 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. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

	# of obs.	[-10, +10]	[-10, +20]	[-10, +40]	[-10, +60]
All visits	2,286	0.421%	0.568%	0.865%	1.185%
		(2.54)**	(2.77)***	(3.34)***	(4.03)***
Grouping by identity of visitees					
Visits to the President	329	0.723%	1.088%	1.743%	2.482%
		(1.86)*	(2.38)**	(2.89)***	(3.89)***
Visits to top aides	342	0.621%	0.955%	1.875%	2.749%
		(1.52)	(1.93)*	(2.70)***	(3.31)***
Visits to other officials	1,615	0.317%	0.379%	0.472%	0.590%
		(1.56)	(1.50)	(1.51)	(1.67)*

Table 5: Cumulative abnormal returns around cancelled visits

This table presents cumulative abnormal returns around corporate executives' cancelled visits to the White House. We consider four 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. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

	# of obs.	[-10, +10]	[-10, +20]	[-10, +40]	[-10, +60]
Cancelled visits	24	-0.492%	-0.762%	0.464%	0.213%
		(0.43)	(0.60)	(0.33)	(0.12)

Table 6: Robustness checks

This table reports robustness checks of the cumulative abnormal returns around corporate executives' visits to the White House. Panel A excludes visits that are associated with advisory board meetings. Panel B excludes visits that are within 12 months of the previous visits. Panels C and D use alternative risk benchmarks to adjust returns, including industry-adjusted stock returns (following Moskowitz and Grinblatt, 1999) and the Fama-French-Carhart four-factor model. Numbers in parentheses are *t*-statistics. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

	# of obs.	[-10, +10]	[-10, +20]	[-10, +40]	[-10, +60]
Panel A: Excl. advisory board meetings	2,195	0.437%	0.602%	0.923%	1.230%
		(2.60)***	(2.87)***	(3.47)***	(4.07)***
Panel B: Excl. follow-up visits	1,005	0.692%	0.816%	1.058%	1.262%
		(2.60)***	(2.31)**	(2.42)**	(2.47)**
Panel C: Industry-adjusted returns	2,286	0.326%	0.398%	0.529%	0.784%
		(2.14)**	(2.09)**	(2.25)**	(2.90)***
Panel D: FFC-adjusted returns	2,286	0.231%	0.386%	0.767%	0.911%
		(1.36)	(1.85)*	(2.73)***	(2.85)***

Table 7: Stock market reactions to the 2016 presidential election

This table presents regression analysis of the stock market reaction to the election of Donald J. Trump as the President of the U.S. on November 8, 2016. The dependent variable the three-day cumulative abnormal return immediately following the release of the election result, i.e., from November 9 to November 11, 2016. Abnormal returns are calculated as the return in excess of CRSP value-weighted market returns. *Political access* is an indicator that takes the value of one if the executives of the firm visit the White House at least once during the Obama administration and zero otherwise. *Number of visits* is the number of visits to the White House by the firm's executives during our sample period. *Stock price run-up* is the cumulative abnormal return during the 40-day window immediately before the election. We aggregate the dollar value of campaign contributions, lobbying expenses, and procurement contracts during the sample year from 2009 through 2015. See Table 2 for the definition of other variables. All regressions include industry fixed effects. Numbers in parentheses are *t*-statistics based on standard errors clustered by industry. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

Dependent variable =	Three-day CAR			
	(1)	(2)	(3)	(4)
Political access	-0.013	-0.008		
	(2.72)***	(2.11)**		
Log number of visits			-0.011	-0.009
			(3.62)***	(3.32)***
Stock price run-up		-0.050		-0.050
		(4.40)***		(4.40)***
Log campaign contributions		-0.001		-0.001
		(2.03)**		(1.92)*
Log lobbying expenses		-0.001		-0.001
		(3.95)***		(3.73)***
Log procurement contracts		0.003		0.003
		(2.60)**		(2.76)***
Sin stocks		0.014		0.013
		(0.85)		(0.81)
Firm size		0.003		0.003
		(1.15)		(1.24)
Book-to-market		0.001		0.001
		(0.42)		(0.42)
Tangible		-0.022		-0.023
		(1.35)		(1.39)
ROA		-0.008		-0.009
		(0.95)		(1.01)
Book leverage		-0.002		-0.002
		(0.35)		(0.41)
# of employees		0.000		0.000
		(0.07)		(0.05)
Market share		-0.434		-0.412
		(4.12)***		(3.98)***
(Market share)^2		0.678		0.653
		(4.03)***		(3.93)***
Herfindahl index		0.007		0.006
		(0.24)		(0.19)
Number of observations	3,011	2,893	3,011	2,893
Adj. *R*-squared	0.12	0.15	0.13	0.15

Table 8: White House visits and the allocation of government procurement contracts

This table compares the change in government procurement contracts for firms whose executives visit the White House (treatment firms) with that for matched firms using a propensity score matching procedure (control firms). Δ(Procurement contracts/Sales) is the total dollar value of procurement contracts awarded during the 12 months immediately following a White House visit scaled by sales minus that during the 12 months immediately before the visit scaled by sales, in percentage points. We compute the measure separately for contracts that are performance-based and those that are non-performance-based as well as for contracts that are awarded under full and open competition and otherwise. Numbers in parentheses are *t*-statistics based on standard errors clustered by firm. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

	Treatment (1)	Control (2)	Difference (3)
Δ(Procurement contracts/Sales)	0.404 (1.51)	-0.342 (1.84)*	0.746 (2.37)**
Δ(Performance-based contracts/Sales)	0.196 (1.81)*	-0.043 (1.11)	0.239 (2.08)**
Δ(Non-performance-based contracts/Sales)	0.207 (0.98)	-0.299 (1.67)*	0.505 (1.91)*
Δ(Competitive contracts/Sales)	0.173 (1.50)	-0.078 (1.45)	0.251 (1.99)**
Δ(Non-competitive contracts/Sales)	0.231 (1.20)	-0.264 (1.76)*	0.495 (2.10)**

Table 9: White House visits and regulatory news

This table compares the change in the number of positive regulatory news for firms whose executives visit the White House (treatment firms) with that for matched firms using a propensity score matching procedure (control firms). We use the word classification in the General Inquirer's Harvard Psychosocial Dictionary to categorize words as either positive or negative. We classify a regulatory news article as positive (negative) if the difference between the proportion of positive words in the news and that of negative words is in the top (bottom) tercile. Δ(Positive News Counts) is the number of positive regulatory news articles during the 12 months immediately following a White House visit minus that during the 12 months immediately before the visit, in percentages. Δ(Negative News Counts) is the number of negative regulatory news articles during the 12 months immediately following a White House visit minus that during the 12 months immediately before the visit, in percentages. Numbers in parentheses are *t*-statistics based on standard errors clustered by firm. Significance at the 10% (*), 5% (**), or 1% level (***) is indicated.

	Treatment (1)	Control (2)	Difference (3)
Δ(Positive News Counts)	1.380 (1.86)*	-2.236 (1.44)	3.616 (2.06)**
Δ(Negative News Counts)	1.665 (1.51)	2.093 (2.19)**	-0.428 (0.32)
Δ(Positive News Counts) – Δ(Negative News Counts)	-0.285 (0.25)	-4.424 (2.56)**	4.140 (2.04)**

Table 10: 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. The policy uncertainty index from 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. We cluster standard errors by firm and by time. Numbers in parentheses are *t*-statistics. 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	0.003	0.005	0.003	0.007
	(4.04)***	(2.64)***	(3.51)***	(3.55)***
Treatment*Policy uncertainty	0.000	-0.003	0.000	-0.003
	(0.19)	(0.98)	(0.20)	(1.16)
Post*Policy uncertainty	0.000	-0.001	0.000	-0.003
	(0.43)	(0.29)	(0.37)	(1.52)
Treatment*Post	-0.015	-0.024	-0.016	-0.033
	(3.90)***	(2.35)**	(3.39)***	(3.30)***
Treatment*Post*Cash flow		-0.050		-0.052
		(1.85)*		(1.89)*
Treatment*Cash flow		0.012		0.011
		(0.35)		(0.34)
Post*Cash flow		0.041		0.044
		(1.36)		(1.46)
Treatment*Post*Tobin's *q*		-0.000		-0.000
		(0.23)		(0.17)
Treatment* Tobin's *q*		0.001		0.001
		(0.51)		(0.52)
Post*Tobin's *q*		-0.000		-0.000
		(0.33)		(0.46)
Treatment*Post*Sales growth		0.003		0.003
		(0.95)		(0.96)
Treatment*Sales growth		-0.005		-0.005
		(2.09)**		(2.08)**
Post*Sales growth		-0.003		-0.002
		(1.03)		(0.99)
Treatment		0.002		0.013
		(0.20)		(1.38)
Post		0.012		0.013
		(0.87)		(1.04)
Cash flow		0.074		0.073
		(2.21)**		(2.20)**
Tobin's *q*		0.004		0.005
		(2.45)**		(2.41)**
Sales growth		0.001		0.001
		(0.49)		(0.44)
Firm fixed effects	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes
Number of observations	30,010	28,534	30,010	28,534
Adj. *R*-squared	0.74	0.74	0.74	0.74