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October 2007

Online at http://mpra.ub.uni-muenchen.de/6042/
MPRA Paper No. 6042, posted 30. November 2007 / 17:24

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We thank the Financial Markets Research Center for financial support, Nick Bollen, Ettore Croci, Ray Fisman, Tim Loughran, Paul Malatesta, Maria Teresa Marchica, Tobias Moskowitz, Roberto Mura, Joe Peek, Raghu Rau, Jörg Rocholl, Antoinette Schoar, Paul Schultz, Jordan Siegel, Bernard Yeung, an anonymous referee, and seminar participants at City University (London), Erasmus University (Rotterdam), International Monetary Fund, London School of Economics, Purdue University, Southern Methodist University, Tilburg University, University of Amsterdam, University of Illinois at Urbana-Champaign, University of Minnesota, University of Oregon, Vanderbilt University, the Third Annual CRES/Washington University Conference on Corporate Finance, and at the 2005 HKUST Finance Symposium for insightful comments and suggestions. We thank Zhengfeng Guo for assistance in collecting data on the hometown of the successors of the deceased politicians. Mara Faccio also acknowledges financial support from the Hirtle Callaghan Research Scholar Award.

Sudden Deaths: Taking Stock of Geographic Ties

Abstract

Analysis of a world-wide sample of sudden deaths of politicians reveals a market adjusted 1.7% decline in the value of companies headquartered in the politician's home town. The decline in value is followed by a drop in the rate of growth in sales and access to credit. Our results are particularly pronounced for family firms, firms with high growth prospects, firms in industries over which the politician has jurisdiction, and firms headquartered in highly corrupt countries.

Sudden Deaths: Taking Stock of Geographic Ties

I. Introduction

Estimates of the monetary value of political connections are often revealed as part of a media exposé. A recent example from the United States is the estimated $178 million steered by West Virginia Congressman Alan Mollohan to nonprofit groups located in his district. Similarly, it was revealed in the media that the negotiations by former Commerce Secretary Ron Brown helped McDonnell Douglas Corporation sell 33 airliners worth an estimated $2 billion to the Saudi national airlines. In general, however, tracing the benefits to specific private sector firms requires much information that is, at best, only partially disclosed. For example, the ultimate beneficiaries of Mr. Mollohan's efforts gained only once the nonprofits spent the money.[1] However, in both of these examples, specific firms benefited directly as a result of the politician's efforts.

A growing literature documents a wide range of benefits provided by governments to favored firms.[2] Additional studies by Roberts (1990), Fisman (2001), and Faccio (2006), provide direct evidence that the benefits on average exceed the costs of establishing political connections to specific firms. These authors show that the value of companies close to politicians (because of campaign contributions or personal and family ties) is sensitive to events such as the establishment or termination of a connection. In particular, Roberts (1990) looks at stock returns at the announcement of the sudden death of Senator Henry Jackson, for firms that made contributions to his campaign. He finds that the death of Senator Jackson significantly (and negatively) affected the value of firms that

[1] As reported in the Wall Street Journal, April 7, 2006, and St. Louis Post-Dispatch, April 4, 1996. In Mr. Mollohan's case, the report also noted that many private sector firms that were hired by the nonprofits were also contributors to his re-election campaigns.

[2] These include Johnson and Mitton (2003), and Khwaja and Mian (2005) on preferential access to credit; Dinç (2005) on preferential treatment by government owned enterprises; Stigler (1971) and Kroszner and Stratmann (1998) on regulation; and Faccio, Masulis and McConnell (2006) on government bailouts.

contributed to his campaign, especially those from his constituency. At the same time, firms related to his successor experienced a significant positive abnormal return.

Fisman (2001) studies events surrounding rumors of Indonesian President Suharto's worsening health conditions during his final years in office, and compares returns across firms with differing degrees of political exposure. His study shows that, at the time of the dissemination of this bad news, stock prices of tightly connected firms dropped more than the prices of less connected firms. In a more recent event study using data from 35 countries, Faccio (2006) identifies cases where directors or large shareholders enter politics, or when politicians join corporate boards, and finds a significant increase in corporate value, but only when businesspeople enter politics. She also finds that the stock price impact of a new connection is larger whenever a businessperson is elected as Prime Minister, rather than as member of the Parliament, and when the new connection is a large shareholder (rather than a director) that enters politics.

These three papers provide independent evidence that political connections on average add value to corporations. However, given that these papers use small samples (e.g., one death, one country), their evidence might not generalize. Hence, in this study we propose a new approach to valuing political connections that broadens the number of potentially affected firms, both within- and across countries, and allows us to examine cross-sectional differences at the politician (e.g., years in politics, area of influence), country (e.g., level of corruption), and at the firm level (e.g., ownership structure, industry).

Statistically, the 'small sample' problem may result in biased estimates of value since event studies measuring the value of connections require both that the market not anticipate the event, and that there not be other events contaminating the event window. Faccio (2006), for example, studies events that were not completely unanticipated, and the death examined by Roberts coincided with a catastrophic crash of a Boeing commercial aircraft (though it was subsequently disclosed that the jet had been shot down by a Russian military jet). Similar valuation problems exist when using 'events'

that either differ in degree or did not ultimately materialize (as in Fisman's (2001) study of the deterioration of Suharto's health).

Given these critiques, we take an alternative approach to studying ties between firms and politicians. The premise is that politicians systematically favor 'local' enterprises, due to e.g., the politician's need for re-election, concerns for local jobs, links between friends, local firms, and family, and perhaps reinforced by portfolio home bias effects affecting the politician or his constituencies. Thus, location forms a powerful basis for political connections (see e.g., Roberts (1990), Bertrand, Kramarz, Schoar, and Thesmar (2004), or Siegel (2005)). Hence, in our analysis, we focus on all companies headquartered in the same town as the one in which the politician lived, or the town in which the politician was born.[3] Of course, this definition is too broad and not all such companies will be connected. For example, if the deceased politician's official area of influence or responsibility did not overlap with that of the firm's operations, there would be little to be gained from establishing and maintaining a connection. Similarly, this definition, though broader than that used in studies of specific connections, is still too narrow in that it misses connections not formed by our geographic definition. A key advantage of our approach is that it facilitates testing for influences on the value of political connections that are not specific to a particular country, politician, or firm. In the analysis, therefore, we include a number of attributes that are likely to proxy for different degrees of connectedness. This allows identifying, in the cross-section, the characteristics of firms, politicians, and countries, that result in a higher value of connections – a very important issue so far neglected in the literature.

A second distinguishing feature of our approach is that we study what are truly unanticipated events, namely, the sudden death of sitting politicians. We conduct several robustness exercises as

[3] We also considered the location of funerals or burials, but found that when available, the location generally coincided with the city where the politician lived.

precautions to mitigate the possibility that our events are not unexpected.[4] Examples of sudden deaths include vehicle accidents (surface and air), heart attacks, strokes, suicide, and assassinations; we explicitly exclude deaths from chronic illness, and accidents that did not result in death within 24 hours. As opposed to an announcement of a specific connection (e.g., appointing a company official to a government post), examining the unexpected termination of a political connection is cleaner, since there is little chance of pre-announcement news leakage, and assuming the market is aware of the benefits being provided, the value of the lost connection should be reflected in the firm's stock price.

Using our measure of geographic connections, we find that a tie to an influential politician is on average worth over 10% of firm value in Pakistan or Zimbabwe (countries with the largest average declines), while the value of geographic connections averages 4.19% of firm value among U.S. firms. Averaged across all firms and countries, the unexpected loss of a connection leads to a 1.7% decline in firm value. There is substantial cross-country variation in this average however. Indeed, we find the average value of geographic connections is negative in over one third of the 35 countries in our sample.

We document that the value of connections varies with firm, politician, and country attributes. In a multivariate setting we find that, after controlling for a number of factors, the value of connections is 65 to 109 basis points higher (depending on the specification) for family firms; and between 46 and 55 basis points higher for high market-to-book firms. The value of geographic ties is especially large when the area of responsibility of the politician overlaps with the main activity of the affected firms. In particular, the price drop we document at the termination of the connection is between 170 and 445 basis points higher when the politician's area of influence was somehow related to the business of the company. Consistent with previous studies, we also find some evidence that connections are particularly valuable in highly corrupt countries. Interestingly, we find that proxies for the power of the successor are generally statistically insignificant. This is the case, for example, for when the

[4] We also control for attributes of the successor that might capture instances in which a connection is not completely lost.

successor comes from the same city as the deceased politician, or when the successor assumes the same committee responsibilities. This evidence suggests that ties develop over time.

As additional corroboration, we also document two drivers of the value loss following the sudden death of a politician. In particular, connected firms show statistically significant declines in sales growth (5.58 percentage points), and leverage (0.73 percentage points). This loss is especially pronounced for family and high market-to book firms.

The rest of the paper is organized as follows. Section II discusses the data sources used to identify the sample of sudden deaths and connected firms. Section III presents the event study results, both for the whole sample, as well as for sub-samples of firms that previous research suggests are more likely to be connected. The section additionally discusses and presents regression results where we control for a number of potentially important influences. Section IV presents several sensitivity analyses, including an alternative definition of (personal and family) connections, and the exclusion of individual countries one at a time. Among other things, these exercises allow us to reject the possibility that the price drop we document is due to increased uncertainty. In Section V we discuss some of the possible sources of the price decline, and Section VI provides our conclusions.

II. Sudden Death of Politicians and Political Ties

A. Politicians Who Died Suddenly

We employ a number of data sources to identify politicians who died suddenly. First, we conducted keyword searches in *Factiva* using the terms "died" or "dies" or "dead" or "stroke" or "crash" or "heart attack" or "killed" or "shot" plus the terms "member of parliament" or "minister."[5] Occasionally, our search procedure retrieves cases of sudden death of local politicians, government

[5] *Factiva*®, is the business name of Dow Jones Reuters Business Interactive. The service provides electronic access to archives of more than 9000 news sources, including e.g., Dow Jones and Reuters newswires, the Associated Press, and the Financial Times. We performed our searches in English, French, Spanish, Portuguese, Italian, Japanese, and Russian.

advisors, and governors. We keep these cases in the analysis. The search is restricted to those deaths occurring prior to the end of July 2004. Results from these key word searches were combined with additional (and corroborating) information from several web sites, such as rulers.org, the Canadian Parliament, and the political graveyard.[6] We then verified that the politician was still in office at the time of the death and that the death was sudden (for example, we exclude all deaths due to cancer). For each recorded sudden death, we collected equity price data for every publicly traded firm available from *Datastream*, along with the location of each firm's headquarters (from *Worldscope*). These criteria resulted in an initial sample of 203 sudden deaths.

Thus, to qualify for inclusion in this study, the deceased politician must have (a) died suddenly, (b) come from a country with individual stock price data in *Datastream*, with (c) corporate location available in *Worldscope*. A few additional inclusion conditions are discussed in the next section.

B. Definition of Geographic Ties

The primary definition of political ties that we employ follows Roberts (1990), Bertrand, Kramarz, Schoar, and Thesmar (2004), and Siegel (2005), who argue that the basis of social and political networks is primarily based on geographic origin (and education). The evidence in Roberts (1990) strongly supports the view that the market anticipated a redistribution of federal government benefits at the unexpected death of Senator Jackson. The notion that location is important is echoed in the financial economics literature on local investment bias. It is well known that individual portfolio holdings display a strong bias towards overweighting firms based in the geographical location of the investor. Moreover, this home-bias has been demonstrated in both international, and domestic,

[6] The specific web sites were:
http://www.parl.gc.ca/information/about/people/key/ParlDeath.asp?lang=E&Hist=Y&param=S,
http://www.parl.gc.ca/information/about/people/key/ParlDeath.asp?lang=E&Hist=Y&param=H, and,
http://politicalgraveyard.com/offices/pdio.html.

portfolios (French and Poterba (1991)). Coval and Moskowitz (1999) and Huberman (2001) find that home bias is prevalent even within a country. Specifically, they find that U.S. investment managers exhibit a similar strong bias for locally (e.g., same city) headquartered firms, and that investors tend to hold stocks of firms that serve the area in which investors reside.[7] Additionally, Loughran and Schultz (2004) show that stock trading is localized in the city where the company is headquartered.

Some researchers (e.g., Roberts (1990), Kroszner and Stratmann (1998)) have attempted to identify ties by tracing political donations. However, public information on such donations is made available in only a few countries. Moreover, even in the U.S., many connections are missed due to reported efforts at disguising specific ties, e.g., by spreading them out over many contributors, or by diverting monies to political action committees, or via even perfectly legal means such as book sales or speaking fees. Still others infer ties via public information on politicians' (or their relatives) holdings of corporate stock and/or membership on corporate boards (Faccio, 2006), educational background (Bertrand et al., 2004), or rely on historical friendships (Fisman (2001), Johnson and Mitton (2003)).

In extreme cases, connections have been identified by the news media, or from public records – as in the case of the Philippines under Marcos.[8] Given that typically only the most egregious cases are investigated, studies focusing on these cases alone might overstate the value of political connections due to a sort of survivorship bias. Hence generalizing from such cases may lead to an exaggerated estimate of their value.

The politician's geographic ties are identified from *Factiva,* and the political graveyard web site. We were able to obtain this information for 192 politicians who died suddenly. In a number of cases we are unable to find any company headquartered in the same city as the politician, or stock prices are unavailable (this is often the case for earlier dates). On the other hand, this geographic approach clearly identifies too many firms as connected. In principle, this should bias our results

[7] Similar evidence is documented for Finland by Grinblatt and Keloharju (2001).

[8] See, e.g., the list produced by Asiaweek, at http://www.asiaweek.com/asiaweek/98/0731/nat_3.html.

toward not finding value, since unconnected firms should not systematically decline (or rise) in value post-event.[9]

[Table 1 goes about here]

In Table 1, *Panel A*, we describe how the various data limitations combine to determine our final sample of sudden deaths and firms. Using our geographic measure of political ties, we end up with a sample of 122 sudden deaths where we could identify the city of birth or city of residence, and 8,191 publicly traded companies based in those cities at the time of the death. For the remaining 70 deaths (=192-122), there are no publicly traded firms headquartered in the politician's home town. In *Panel B*, we present information on the geographic coverage of sudden deaths, the number of companies with city ties, and the mean and median changes in returns of these 8,191 companies, by country.

Three aspects of Table 1 deserve comment. First, since we focus on countries with available data in *Datastream* and *Worldscope*, we inevitably end up with relatively developed economies. This raises concerns that our average results may not generalize to many less developed economies such as, for example, Uganda.

Second, our procedure to identify "geographic" connections picks up a large number of companies when the deceased politician lived in a major city (e.g., Tokyo), and a disproportionate number of deaths are identified in United States, as well as a relatively large number of firms in Japan, the United Kingdom, and the United States.[10] From an asset allocation point of view, this is appropriate since these are the markets with the highest capitalization and trading volume. Nonetheless we take several precautions to insure our results are not dependent on this particular distribution of sudden deaths, including: adjusting the standard errors in our regression analysis to account for the

[9] Our procedure will also miss those ties unrelated to geography, and hence may underestimate their prevalence.

[10] Similarly, although our focus on the location of corporate headquarters is motivated by previous studies of investor bias, we recognize that it may not fully capture geographic connections. The location of the production plants, for example, may be very important as well. Unfortunately, the data does not allow controlling for that.

implied clustering of observations;[11] repeating our benchmark specifications sequentially eliminating one country at a time; explicitly introducing country level factors that may be relevant (e.g., number of firms); allowing each sudden death to have an independent fixed effect; as well as, allowing each country to have an independent fixed effect. This specification still permits us to focus on firm, politician, and some overall market characteristics, but does not allow us to examine any specific country level features (e.g., corruption) that may influence the value of ties. Politician fixed effects allow each sudden death to have an independent effect and hence remove the impact of having an unequal number of firms across sudden deaths. Of course, when politician fixed effects are included we cannot examine any other politician-, or country-specific characteristics.

Third, note that the average (or median) cumulative abnormal return (CAR) around the sudden death is negative for more than sixty percent of the countries in our sample and there is substantial variation across countries. This heterogeneity is suggestive that geographic ties and their effects vary in intensity and we make some attempts to identify country level factors responsible. However, to preview our results, we document several important politician-, and firm-specific characteristics that are systematically related to the value of political ties.

III. Event Study Results

A. Univariate Results

We follow standard event study methodology to calculate the market-adjusted cumulative abnormal returns (*CARs*). The results reported in the paper are based on the event windows (-1,+1), (-1,+5) and (-1,+10), where time 0 is the date of the sudden death. Since the deaths are sudden, we believe there is no reason or benefit to extending the event window further prior to the death (we

[11] In the presence of clustering, sample observations may not be independent, and traditional standard errors may be biased. Moulton (1990) demonstrates how clustering within a group biases estimated standard errors downward, hence to address this concern we correct standard errors using the procedure described in Wooldridge (2002, pp. 405-410).

subsequently check this). However, since many small stocks in our sample countries do not always trade, we extend the window a few days after the death in order to adjust for the non-trading problem. As a further precaution, only firms whose price changes at least once during the window starting 20 trading days prior to the death, and ending 10 trading days after are included (it is very unlikely that, if traded, the price never changes in the window considered, which corresponds to approximately 1.5 calendar months). Conceptually, it is important to have this restriction as, once a stock de-lists, *Datastream* continues reporting its last closing price. Including such stocks would artificially bias our estimated company returns to be negative.[12] An alternative would be to directly control for trading volumes; however, turnover information is often unavailable in *Datastream*, especially for small stocks, those in less developed markets, and for events further back in time.

Stock prices used to compute the *CARs* are taken from *Datastream*. We also use *Datastream* value-weighted aggregate local market indexes to compute market adjusted returns. When *Datastream* constructed local market indexes are not available, we employ the indexes reported by each country's local stock exchange, as available in *Datastream*.

[Table 2 goes about here]

Table 2, *Panel* A, shows that the sudden death of the politician results in a statistically and economically significant drop in the price of companies from the same city. The results are not driven by outliers, and are robust to cluster effects. The price drop is -0.60% in the (-1,+1) event window, and increases to a particularly meaningful -1.68% in the (-1,+10) window. Thus, markets seem to require time to reflect the full value of political ties. Part of this effect is due to lack of trading or thin trading in small/rural stocks (Loughran and Schultz (2005)). Notice that, absent other events, extending the event window should only add noise to our results.[13] Medians and sign tests confirm

[12] This precaution, i.e., dropping firms with no price changes, has little effect empirically, which suggests that de-listing is not an important phenomenon in our data.

[13] For example, a longer window would bias the results in our favor only if firms headquartered in the city of the dead politicians systematically made "negative" announcements in the days immediately after the sudden death.

large and negative drops. The median *CAR* in the (-1,+10) window is in fact a still large drop of -0.97%. Perhaps surprisingly, this price drop is roughly similar (in percentage terms) to that recorded by Roberts (1990) -1.33%, Fisman (2001) -0.59%, and Faccio (2006) -1.43% – especially given these studies examined *specific*, as opposed to geographic, connections.

Although, there are strong a priori reasons to believe geographic ties are important, we recognize that the unconditional effect we document may be due to some other reason, e.g., there may be politician, firm, and country specific factors affecting the strength of the ties, and hence the firm level response (i.e., its *CAR*) to the sudden death. Hence, we first need to show that the price drop is even larger for those companies that are more likely to develop ties, and to have *stronger* ties, and that the effect remains in a multivariate regression setting. Put another way, if the stock price reaction we document is not due to political ties, we should not observe larger stock price reactions for those companies more likely (i.e., expected) to have political ties. In particular, based on the evidence in prior research, we expect more closely held companies (i.e., family firms), those with high market-to-book, and those operating in highly corrupt countries to be able to extract larger benefits from their connections. Moreover, we expect connected firms in industries directly under the politician's influence to be more strongly affected by the sudden death. If our measure of geographic connections is indeed capturing political ties (rather than just a location effect) we should then observe larger stock price drops among companies with these characteristics.

It would also be necessary that these announcements be relatively common and have a large price impact (since we observe an additional average price drop of 1%). However, empirically the additional price drop in the longer window occurs mostly for small companies; companies that in general do not make frequent announcements. Thus, it seems unlikely that the results are generated by additional events.

B. Politician, Firm, and Country Specific Factors Affecting the Value of Firms

B.1. Politician-Specific Factors

First, one might expect the death of a politician to have a larger impact on companies operating in industries which the politician has direct "jurisdiction." According to this logic, the death of the Minister of Agriculture should mostly affect those companies from his hometown that operate in SIC codes 01XX ("Agricultural Production-Crops"), 02XX ("Agricultural Prod-Livestock & Animal Specialties"), and 07XX ("Agricultural Services"). We therefore conduct extensive searches on *Factiva,* the political graveyard web site, and sources listed in Appendix A, to identify the precise position held by each politician at the time of death. A list of our sample of sudden deaths, with the politician's name, country, date of death, home city, and position held is provided in Appendix B. We then matched all 4-digit SIC industries, with the position of the deceased politician.[14] Finally, we use *Worldscope* to identify the primary SIC code for each of the firms in our sample.

Based on this information, we built the dummy *Influence*, which takes the value 1 if the primary industry of the firm relates to the area of influence of the politician, and 0 otherwise. For some positions, we classify all industries as "under the influence" of the politician. This happens, in particular, when the deceased politician is the Prime Minister, the Minister (or Secretary) of "Commerce", "Trade", "Economics", or "Industry." Our choice is due to the presumably wide area of influence of the politician in question. In other cases, however, the politician held only an honorary position, or was only listed as a member of Parliament, or a King/Head of State without major powers (this is, for example, the case for the King of Norway). In these cases, we posit that no firm is under the direct area of influence of the politician in question.[15]

[14] For this purpose we use the following websites: http://www.sec.gov/info/edgar/siccodes.htm, http://www.osha.gov/pls/imis/sicsearch.html, and http://www.window.state.tx.us/ecodata/sic1987.html.

[15] Detailed information on the industries associated with each position is available from the authors upon request. Overall, we classify 24.4% of our sample firms as being from the industry under the direct influence of the deceased politician.

Second, one could argue that when the deceased politician and his successor are from the same city, then the death does not lead to the complete termination of the connection. In these cases, the successor may continue to provide benefits to the same set of firms – even though, maybe, initially at a lower intensity; hence, in these cases prices may drop less than when there is no local successor. To control for this effect, we build the indicator *Same city*, which takes the value 1 if the city in which the successor of the deceased politician lives (or was born) is the same as his predecessor, and 0 otherwise.

Another indicator of the successor's ability to continue providing benefits even subsequent to a sudden death is the successor's political position. For example, if a high ranking member of congress who holds leadership positions on important committees is replaced with someone without such leadership credentials, we would expect a larger price drop at the sudden death (assuming the market knew who was going to replace the deceased). Hence, we build the indicator *Same power*, which takes the value 1 if the successor covers the same position as the deceased politician, and 0 if the successor covers a less important position. Successors and their positions are identified from the sources in Appendix A, as well as from information provided by the various Parliaments, or in a few cases, from the successors themselves.[16]

Fourth, we construct a dummy (*Elected*) that takes the value 1 if the politician was elected and 0 otherwise. Elected politicians, especially if they plan to run for re-election, might feel a more direct need to provide benefits than a politician who holds a position by virtue of an appointment, or birthright.

Similarly, not all politicians are equally effective in generating benefits for their constituencies. Many important political positions within a government, for example, are allocated based on seniority, leading to a presumption that more senior politicians generate more benefits since they control more powerful political posts. On the other hand, higher political posts often involve

[16] In some unreported tests, we also interact the *Same city* and the *Same power* dummies, and add this additional dummy to our regressions in Table 3. The coefficient of this interactive dummy is never statistically significant.

more public scrutiny; hence such positions may yield fewer opportunities to directly benefit favored companies. To investigate the importance of seniority (Roberts (1990)), we construct an indicator for the *Years in Power* of the politician, which is the number of years the deceased has been in politics at the time of his or her sudden death.[17,18]

Univariate results in Table 2, *Panel* B, confirm large, statistically significant differences in *CARs* across sudden deaths based on politician-specific characteristics. These differences are particularly pronounced when we focus on median, as opposed to mean *CARs,* which suggests that outliers may be a problem. Hence in subsequent tables we check outliers, and report results excluding outliers (based on the top/bottom 1% of the dependent variable) for companies that made any announcements during the event window. The difference between mean and median results is reported for all politician, firm, and country characteristics that we examine in Table 2.

When the politician-firm relationship is more direct, i.e., when the politician sits on a committee or is in a ministry directly overlapping the firm's SIC classification, the drop in value at the sudden death is larger. In particular, the mean drop for the nearly 2,000 firms with SIC codes overlapping the politician's direct influence is -2.42% (p-value = 0.00) vs. a drop of -1.45% (p-value = 0.04) for the 6,195 remaining firms. The median drop for firms under the direct area of influence of the politician is -2.05% (p-value = 0.00) vs. a median drop of -0.61% (p-value = 0.00) for firms not under the politician's area of direct influence. The difference in the mean drops is not statistically

[17] Alternatively, we construct an indicator for the *Age* of the politician at the time of the sudden death. Results using these two variables (*Age* or *Years in Power*) are similar (the two variables are highly collinear) hence we report only those using *Years in Power.* The question we want to address by considering *Age* (or *Years in Power*) is whether senior connections are worth more than junior connections.

[18] In the context of national political leaders, Jones and Olken (2005, p. 853) nicely summarize arguments on both sides, i.e., that a politician's impact can either increase or decrease with age or tenure. Empirically, they find no effect of either age or tenure on economic growth subsequent to a leader's death.

significant at conventional levels (p-value = 0.23), while the difference (-1.44%) in the median drops is statistically significant with a p-value of 0.00.

Interestingly, if the hometown of the successor is the same as the deceased politician, the drop in connected company value is larger, which suggests that political benefits are lost at death regardless of the hometown of the successor. Another way to put this is that the political dynasty is politician, rather than city-specific. Focusing on the median results, we see that when the successor was from the same city the decline is -1.22%, versus -0.86% when the politicians are from different cities. The difference, -0.36, is statistically significant with a p-value of 0.02. Of course, other factors may be driving this unexpected result. We address this concern by explicitly controlling for a number of possible effects in the multivariate analysis presented in section III.C. When the successor holds the same position as the deceased, the drop is indeed smaller than when the successor covers a different (e.g., less influential) position; however, the difference is not statistically significant.

B.2. Firm-Specific Factors

Previous work has suggested that firms controlled by dominant business families are more likely to have political ties, or be more politically influential (Morck et al. (2000), Morck and Yeung (2004)). To capture the influence of dominant business families, and to check whether such firms suffer more at a sudden death, we include a *Family* indicator, which takes the value one if the company's largest ultimate shareholder (at the 20% level) is a family (including an individual), and zero otherwise. This is the same definition of family-control used in prior work such as La Porta et al. (1999), Claessens et al. (2000), and Faccio and Lang (2002). Several sources are used to identify family ownership including Claessens et al. (2000) for East Asian corporations, Faccio and Lang (2002) for Western European corporations. We newly collect data for Argentina, Australia, Brazil, Canada, and Poland from the sources listed in Appendix C. Since this data is for most countries measured as of 1996 or 1997, when we use these two variables we only include deaths occurring on or after January 1, 1996. Overall, 20.8% of our sample firms are family controlled. If family ties are important, the price

drop for family-controlled companies should be larger than that for companies not controlled by a dominant family.

Table 2, *Panel* B, documents that the price drop around the death of the politician is larger for family firms. The larger price drop for family firms indicates that these companies are able to extract larger benefits from connections, or are more likely to establish such relationships. In other words, political connections result in a more pronounced/frequent diversion of resources to the benefit of family firms. The mean drop for 524 family firms is -1.4% (p-value = 0.00) vs. a drop of -0.49% (p-value = 0.30) for 1,997 non family firms. The median drop for family firms is -1.56% (p-value = 0.00) vs. a drop of -0.46% (p-value = 0.00) for non family firms. Both, the difference in the mean drops, and the difference in the median drops, are statistically significant, with p-values of 0.05, and 0.02, respectively.

Thus, the univariate results in Table 2 provide some (qualified) support to the notion that family firms are more closely tied to politicians and suffer the most from the termination of the connection. Absent political ties, prior literature has shown that family firms have low performance (as measured by Tobin's Q) when compared to otherwise similar peers, especially when run by heirs of the founder (e.g., Claessens et al. (2002), Holderness and Sheehan (1988), Perez-Gonzalez (2006), Villalonga and Amit (2006)). Based on this research we can infer that political benefits provided to family firms are in fact not being provided to the most efficient companies in a country.

Several of the cited papers have documented various forms of patronage in favor of connected firms, including awarding direct contracts, granting licenses, inhibiting competitors, providing preferential access to credit, and bailouts, etc. Thus an additional test can be couched in terms of connected firms' market to book ratios. That is, if markets are aware of such benefits and discount them, we should observe that better connected firms trade at higher prices, e.g., have higher market-to-book, and therefore the price drop for these firms should be larger. Hence, we additionally control for the *M/B ratio*, defined as a market value of equity plus book value of debt over the sum of book value of equity plus book value of debt prior to the event.

The results in *Panel* B of Table 2 show that that the price decline is larger for firms with a higher market-to-book ratio. The mean drop for companies with an *M/B* above the median is -2.14% (with a p-value of 0.02), while the mean drop is -0.77% (with a p-value of 0.36) for companies with an *M/B* below the median. The median drops for these two samples are of -1.01% and -0.60% respectively (both significant at the 0.00 level). The difference in the median declines in prices statistically significant with a p-value of 0.04 (the p-value for the difference of means is 0.13).

B.3. Country Factors

Several previous papers have documented that specific connections are especially valuable in highly corrupt countries (e.g., Fisman (2001)). Of course, Roberts (1990) finds a substantial effect for U.S. Senator Jackson. We would like to check whether such effects vary systematically with a country's perceived level of corruption. Initially, we use the well known *Corruption* Perceptions Index, produced by Transparency International (TI). Since TI's index is well known, is available annually for a large number of countries since 1995 (as of 2004 there were 145), it is well suited for our purposes.[19] If a sudden death occurred in a country prior to that country being included in TI's index, we use the corruption value that first appears in the TI index (e.g., the 1995 value). Similarly, if a country does not appear in the index (in a given year) but had previously been included, we use the most recent index value for that country. Since corruption does not change rapidly this procedure should not be grossly inaccurate. However, as a check, we also restrict the sample to only post-1994 sudden deaths. For ease of interpretation, we reverse the scaling of TI's index such that higher levels of corruption take on higher values.

[19] Transparency International's corruption perceptions index has been used in recent studies, e.g., Alesina and Weder (2002), and Treisman (2000). As Alesina and Weder (2002) point out, alternative rankings compiled by different institutions using very different methodologies and sources are highly correlated. Current and past corruption rankings, as well as further information on their construction, is available at: http://www.icgg.org/

The results in Table 2 indicate that geographically connected firms in more corrupt countries experience a larger stock price decline around the death of the politician, though differences based on whether the country is above or below the median level of corruption are statistically insignificant. The median price change around the death of the politician is of -0.99% (p-value = 0.00) in countries with corruption above the median, and of -0.94% (p-value = 0.00) in countries with corruption below the median, and the difference between the two sets of countries is insignificant. Results using means tell the same story, although the average price drops are twice as large in less corrupt countries (suggesting the influence of outliers), but the difference is still statistically insignificant. Prices on average drop by -1.13% (p-value = 0.18) in countries with corruption above the median, and drop by -2.29% (p-value = 0.01) in countries below the median. Of course, this ambiguity may disappear in a multivariate setting, where we can explicitly control for other relevant country level characteristics.

We also build an indicator of city size. Companies located in bigger cities may have to compete harder to access to resources, resulting in lower net gains. Alternately, Murphy et al. (1991) argue that rent-seeking activities are subject to increasing returns, perhaps due to fixed costs, or to the self-generating 'arms-race' character of such activities. Given this technology, firms in 'large' cities suffer more because they possess more politician-specific capital. As a proxy for city size, we use the number of publicly traded companies headquartered in a given city (*#companies*).[20]

In addition to corruption and the city size, we consider two additional country-level variables. *Democratic* (in all years since 1950) is a dummy that equals 1 if (1) the executive is elected, (2) the legislature (at least its lower house) is elected, (3) more than one party contests elections, and (4) during the last three elections of the executive there has been at least one turnover of power between parties (Source: Treisman (2000)). There are reasons why the sign of the coefficient on this variable could be positive or negative. On the one hand, in non-democratic countries, benefits may go mostly

[20] As an alternative, we recomputed the statistics reported in Table 2, after excluding events occurring in cities with more than 1,000 companies. After that exclusion, we are left with a sample of 4,862 firms (and 119 deaths). For this reduced sample, the average CAR in the (-1,+10) window is -1.25% (p-value = 0.00).

to privately held companies, as the politicians desire to focus the benefits and not share them with unconnected shareholders. Therefore, a sudden death should have a relatively smaller effect in these economies, at least for publicly listed firms. On the other hand, in non-democratic countries politicians may be more able to direct benefits to firms (perhaps due to lesser public accountability), and thereby solidify their hold on power. In these cases the sudden death would have a large impact. This discussion suggests that controlling for the type of political system may be important.

The second control variable we use, *Federal*, is a dummy that takes the value of one if "(1) [at least] two levels of government rule the same land and people, (2) each level has at least one area of action in which it is autonomous, and (3) there is some guarantee (even though merely a statement in the constitution) of the autonomy of each government in its own sphere" (Source: Treisman (2000)). It's ex-ante unclear whether connections should be worth more or less in federal countries. Nonetheless, this seems to be an interesting question.

C. Regression Results

Up to this point, we have only individually considered those variables that should pick up the effect of stronger ties. We still need to show that these variables are indeed relevant to the cross-section of returns in a multivariate framework. In this section we present and discuss the results of a number of OLS regressions, where the dependent variable is the companies' *CAR*, in the (-1,+10) window. We report p-values (in parentheses), based on clustering (at each death) and heteroskedasticity-consistent standard errors in all subsequent tables.[21] In addition to the proxies of connectedness identified so far, i.e., *Family* ownership, *Influence*, *Same city*, *Same power*, *M/B* ratios, we add controls for attributes specific to the city, firm, and politician, that may explain the event window returns.

[Table 3 goes about here]

[21] We also used (though not reported) a median regressions framework as a further check on the influence of outliers and found the results to be similar to those reported.

Table 3 shows a number of interesting results. In the regressions, we start by including the variables for which we have the highest number of observations, namely whether the politician's area of influence overlaps with the firm's, whether the successor was from the same city and whether the successor covered the same position as the deceased, the years in power of the politician, whether he was elected, the proxy for the size of the city, and the perceived level of corruption in the country.[22] We then include the *M/B* ratio (which is available for over two-thirds of the sample), and the firm's market capitalization. Finally we include the family-firm indicator, which is available only for one-fourth of the sample.[23] This is done to make sure that the results for the smaller sample are not sample specific. As a further effort to control for possible omitted variables (such as impacts on the entire local economy), we variously add country, industry, and politician fixed effects to the regressions.

We find that geographically connected firms that are also family dominated suffer more upon the death of the politician. Thus, the results provide support to the Morck et al. (2000) and Morck and Yeung (2004) argument.[24] Connected firms that have higher *M/B* ratios (e.g., those whose prices discount more heavily the value of connections) experience significantly larger price drops. Similarly, those firms with SIC codes overlapping the area of influence of the deceased politician also suffer more, as do companies in more corrupt countries, and when the death occurs in a democratic country.

[22] The maximum number of observations in Table 3 (7,444) is less than in Table 2 (8,191) because in several cases we lack information on the successor's home town, and in two cases we do not have the deceased politician's age, and because we exclude outliers (companies in the top/bottom 1% of the distribution of *CAR* that made any announcements during the event window) from all reported regressions. If we exclude these regressors, all remaining results remain qualitatively unaffected. Note that, as before, p-values are computed using standard errors adjusted for clustering.

[23] Because of multicollinearity, we are forced to drop the *Same power* indicator when we include the family firms dummy.

[24] Notice that the *Family* dummy is only available for the countries listed in Appendix 1, which does not include the U.S. Thus, the regressions that include this variable can also be seen as robustness tests after the exclusion of the U.S., which is the country with the highest number of sudden deaths.

Whether the country's government has a federal structure does not seem to affect the results. We find that when the successor covered the same position, the price drop is smaller, but this effect is not statistically significant once we include country fixed effects.

Johnson and Mitton (2003) find that large companies are more likely to be politically connected (although they don't provide evidence that connections are particularly valuable for those firms). As a proxy for size, we use the (natural log of the) company's market value of equity prior to the death of the politician (*ln{mkcap}*). This variable comes from *Worldscope*. Our results uniformly show that large firms suffer less due to a sudden death. This result is consistent with larger firms diversifying their political connections more effectively than smaller firms. Such diversification strategies, e.g., via lobbying, are a hallmark of political involvement by many large U.S. companies.

Seniority, as proxied by years in power, does not appear to matter when all sudden deaths and all firms are considered. However, considering only the sample where we have information on the concentration of ownership (i.e., those countries listed in appendix C), the drop in price is smaller for more senior politicians. The tentative nature of these conclusions is in line with the discussion in Jones and Olken (2005). Also, we find no additional effect when the deceased was an elected politician. Nor is there (with a few exceptions) any statistically significant impact of city size (*#companies*) on the results.

IV. Robustness Tests

A. *CARs* in Millions of Dollars

It is well known that the dollar values of gains or losses following an event can give different inferences than percentage equally-weighted returns. To assess the robustness of our results, we also calculate the dollar value of the announcement period excess returns by multiplying each company's *CAR* by the dollar market value of its equity prior to the event. Since these results may be particularly sensitive to the presence of outliers we again exclude outliers (based on the top/bottom 1% of the dependent variable).

[Table 4 goes about here]

Table 4 confirms the results in Table 3. First, we find that the decline in value for family firms is significantly greater than for companies that are not controlled by a dominant family (the result is statistically significant except in model 6, which includes country and industry dummies). The economic impact is also large: the average price drop is US$13m larger for family firms. We also confirm that high *M/B* companies suffer a larger decline in value around the death of the politician. Firms with SIC codes corresponding to the area of direct influence of the politician also suffer more. In dollar terms, when the successor is from the same city as the deceased connected firms appear to suffer more; however this is never statistically significant. Again we find that larger firms suffer less due to the lost connection.

Similarly, the variables with little explanatory power in Table 3 also have little explanatory power in Table 4, including: whether the politician was elected; and the number of listed companies in his/her hometown. As in Table 3, the results are mixed for the politician's seniority. In Table 4 however, when *Years in power* is significant, the coefficient is negative, suggesting (in contrast to Table 3) that firms connected to more senior politicians suffer more when the connection is terminated.

B. Specific Company Ties

Since previous papers have shown that family ties between corporations and entrepreneurs represent strong types of connections, we assess the robustness of our results to an alternative definition of connections. In particular, we read all articles in *Factiva* (in any available language) concerning the death of each of the politicians in our sample to identify ties (of any kind) with specific companies. We additionally read, whenever available, the entries in the Marquis "*Who's who*." Third,

we conduct a number of keyword searches in *Factiva* (using all dates available) for the name of the politician along with a number of keywords.[25]

[Table 5 goes about here]

In Table 5, we report the results of *Factiva* keyword searches for specific ties to corporations. Here the sample is dramatically reduced, as expected, to 37 politicians. For example, we uncover that Florida Governor Lawton Chiles was an "original investor in Red Lobster restaurants." As a second example, French Senator Claude Cornac was labeled as connected to Renault and Gas de France because of prior directorships. We exclude two cases where we could not determine the name of the connected company, and 14 politicians who only had ties with privately held (not publicly traded) companies. For the remaining companies, however, stock prices are sometimes unavailable in *Datastream* around the time of the death of the politicians.[26] After excluding those cases, we are left with a sample of 18 sudden deaths, affecting 21 companies.

Panel B of Table 5 presents the event study results: stock prices of companies explicitly connected to the politician drop substantially following the sudden death. As before, only firms whose price changes at least once during the window starting 20 trading days prior to the death, and ending 10 days after are included.[27] In the (-1,+10) window, for example, the average stock price decline is of -1.68% (very similar to the price reaction documented for geographic ties), while the median decline is

[25] In particular, we included the terms "board" or "director" or "officer" or "manager" or "management" or "CEO" or "CFO" or "COO" or "chairman" or "president" or "consultant" or "consulting" or "partner" or "official" or "administrator" or "counselor" or "adviser" or "advisor" or "owner" or "founder" or "founding" or "shareholder" or "insider" or "controlling" or "investor" or "developer" or "friend*" or "corrupt*" or "illegal" or "allied" or "ally" or "allies" or "alliance" or "tie*" or "relationship*" or "link*" or "interlink" or "associate*" or "bribe*" or "kickback*" or "scandal" or "ethic*".

[26] We also looked for stock price availability in *Bloomberg* and *CRSP*, but could find no additional data.

[27] Due to the small sample size, we are able to look at the reason for non-trading for the companies in the original sample, whose price does not change during this interval: in all cases the firm had been de-listed.

of -2.55%. However, due to the very small sample size, results are statistically significant only for the median CAR (p-value=0.03). These results are in contrast with earlier findings by Johnson, Magee, Nagarajan, and Newman (1985), Hayes and Schaefer (1999), and Slovin and Sushka (1993), who document a significant increase in the stock price of companies following the sudden death of executives, or inside blockholders who are not involved in politics. Politician's names, the date of their sudden death, and the specifics of their company ties are presented in *Panel* C.

C. Sample Selection

As noted earlier, a disproportionate number of deaths occurred in Russia, the United Kingdom and in the United States, and a large number of firms are associated with deaths in Japan, the United Kingdom and in the United States, undoubtedly due to better news archives. However, a comparison across columns of Table 3 indicates that the results are not driven by the United States, since the U.S. drops out of the sample in regressions (4-7). Notice that those regressions also exclude several other countries (mostly less developed economies): Colombia, Egypt, Ghana, Greece, Hungary, India, Israel, Luxembourg, Mexico, Netherlands, Pakistan, Russia, South Africa, Sri Lanka, and Zimbabwe. Thus, even though these countries are not driving our earlier results, an open question is to the extent that any other country left in the sample (those listed in Appendix C) may have a disproportionate bearing on the results.

To address this question, we re-run the estimation described in column (6) of Table 3, after excluding one country at a time. Of the resulting 18 regressions, the family indicator is significant in 17 of these regressions. The coefficient, although still negative, loses its statistical significance only when the United Kingdom is excluded. This is likely attributable to the much smaller resulting sample size. That is, among the remaining 18 country sample, most of the non-family controlled firms are headquartered in the U.K. Thus, the exclusion of this country results in a loss of most of the sample of non-family firms. We believe this does not represent a major problem in the interpretation of our

findings, as the significance of the family firm indicator remains when we include country or politician fixed effects, as in several of the earlier regressions in Table 3.

We also repeat the estimation with the larger sample size, i.e., that described in column (3) of Table 3; again we exclude one country at a time. The results are quite robust. Of the resulting 34 regressions, *Influence*, the *M/B* ratio, and *Corruption* are of the same magnitude and statistically significant in all regressions. Additionally, in the majority of cases, all other controls display the same pattern of statistical significance as in Table 3.

D. Further Robustness Tests

In this subsection, we describe seven additional robustness tests, as reported in Table 6. First, we re-estimate the regressions after adding an indicator (*Born*) that takes the value one if the location of the corporate headquarters is the city where the politician was born to test whether current, rather than historical, ties are more important. To prevent a dramatic reduction in the sample size, we exclude the *Family* indicator from this regression. This indicator is positive, though not statistically significant.

[Table 6 goes about here]

Second, to rule out that the results are driven by high tech (or other firms) which have extremely high *M/B* ratios we exclude firms with *an M/B* above 10. Results in regression (2) show that, after the exclusion of these "outliers", all our previous findings are qualitatively unchanged. Thus, our results are not driven by firms with high *M/B* ratios.

Next we consider two alternative event windows. In the previous analysis, we compute stock returns beginning one day prior to the death of the politician in order to control for the possibility that newspapers report the death with some small delay. However, it is possible that a number of politicians had a heart attack on a day (or two) before their ultimate death. To address concerns related to this choice, we re-estimate the *CARs* starting two days prior to the death of the politician, and ending 10 days after (-2,+10). In the (-2,+10) window, we find that the average *CAR* is -1.32% (p-value = 0.01) and a median *CAR* is -0.73% (p-value = 0.00). These results are almost identical to those

previously reported. Additionally, in column 4 we report the (-1,+5) event window. In the (-1,+5) window, we find that the average *CAR* is -1.01% (p-value = 0.01) and a median *CAR* is -0.53% (p-value = 0.00). For both alternative windows our main conclusions are unaffected (though the *Family* indicator is not statistically significant).

Fifth, (in column 5) we try an alternative measure of corruption. In particular, a recent paper by Kaufmann and Vicente (2005), develops indices of corruption based on surveys in which firms are asked questions on "corporate ethics, illegal political funding, state capture cost, average of frequency of bribery in procurement and active capture, corruption in banking" (corporate illegal corruption) as well as questions "on influencing legal political funding and undue political influence" (corporate legal corruption). Since the two measures are highly correlated, we use their average as an alternative measure of corruption. Results using this alternative measure also show a larger drop in prices for firms in more corrupt countries.

Sixth, we check whether a city-effect could be present separate from the city's size. In particular, we include a dummy that identifies whether the deceased politician was from the capital of the country. This indicator turns out to be statistically significant, but its inclusion in the regression changes none of our earlier results.

In column 7 we check whether the cause of the death is important. In particular, we identify politicians that were assassinated, whether they died from health related causes, or committed suicide. *Health* is a dummy that takes the value one if the cause of death is health related and zero otherwise. *Suicide* is a dummy that takes the value one if the cause of the sudden death is suicide and zero otherwise. The variable *Assassination* that takes the value one if the cause of death was murder/assassination and zero otherwise. To some extent, assassinations may represent more of a surprise, or may signal more dramatic changes in their aftermath, at least if compared to the sudden death of a politician who had long standing health problems. None of these three variables are statistically significant.

Finally, in some unreported regressions, we add five indicator variables to capture the position of the deceased politician: (1) Government minister (including the Prime Minister and head of state); (2) Government advisor (including vice-ministers and consultants); (3) Member of parliament; (4) Member of parliamentary committee; and (5) local politician. None of these variables is significant at conventional levels. However, if we remove the *Influence* dummy from the list of regressors, then the member of committee indicator becomes statistically significant.

E. Other Possible Determinants of Price Reductions

So far we have argued that the drop in price we document is due to the loss of political connections. Moreover, the price drop is larger for specific types of firms. However, there may be alternative explanations. In particular, the price drop might reflect greater local market instability or uncertainty, immediately following the death of the politician.

First note that this possibility is implausible given our evidence so far. First, recall (Panel A of Table 2) that in the (-1,+10) event window, prices actually increase for 43% of firms in the sample. However, virtually all asset pricing models suggest that an increase in instability should result in a drop in price for all firms. Second, to reiterate, we showed that our results were robust to controlling for politician specific factors (which pick up the impact of the sudden death for firms in his city), as well as for industry specific dummies. Thus, the evidence already provided in fact shows an incremental impact of the sudden death on local firms that are more likely to be connected, even after controlling for those factors.

However, we now offer some more direct evidence. In particular, we compare the standard deviation of returns (for our 8,191 sample firms) before the event, with the standard deviation of returns for the period following the death. Specifically, for each firm in the sample, we compute the standard deviation of the daily (raw) returns for the window starting 10 days prior to the event, and ending one day before the sudden death. This represents the pre-event volatility. We then compute, the standard deviation of returns over the window starting the day after the event, and ending 10 days

after. An increase in volatility in the post-event period would lend support to (though not prove) the alternative interpretation. In fact, we find that the average (median) volatility in the pre-event period is 0.0312 (0.0228), while the average (median) volatility following the event is 0.0307 (0.0217). These numbers indeed look very similar; if anything, volatility has declined slightly following the event. We therefore conclude that the drop in price we document is not the effect of an increase in uncertainty or instability.[28]

V. Effects on Firm Cash Flows

The empirical evidence on the benefits of specific or close political connections indicates that, at least in some countries, politically connected firms have preferential access to debt financing. Evidence of greater access to debt financing is, for example, reported for Malaysia (Johnson and Mitton (2003)), China (Cull and Xu, 2005), and Pakistan (Khwaja and Mian (2005)). A second major piece of evidence is that connected firms receive preferential treatment in the competition for government contracts, relaxed regulatory oversight of the company in question or stiffer regulatory oversight of its rivals (Agrawal and Knoeber (2001), Stigler (1971), Kroszner and Stratmann (1998), and De Soto (1989)). If it is true that the drop in price we observe at the time of the death of the politician reflects the interruption of benefits, then it makes sense to compare proxies for these benefits of our connections pre- and post-mortem.

For our purposes, we focus on two main variables: *Sales growth* is the annual growth (%) in sales/revenues (Worldscope item # WC08631); *Leverage* is the ratio of total debt to total assets (%) (Worldscope item # WC08236). We then compare the financial ratios measured one year prior to the

[28] We also checked (though not reported here) whether there was a market-wide decline in the days subsequent to the politicians' deaths. In fact, we found no statistically significant overall price change, relative to a naive model using each market's average return in the prior month as the benchmark.

death, to those measured one year after.[29] Results are reported in Table 7. Clearly, our sample companies experience a substantial drop in the annual growth of sales following the death of the politician. The mean (median) annual growth of sales was in fact 12.18% (6.60%) in the year prior to the event; this figure drops to a meager 5.65% (1.89%) in the year after the event. The difference between the two is highly statistically significant with a p-value of less than 0.01. The mean leverage ratio is 25.30% (21.63%) in the year prior to the sudden death; this ratio drops to 24.57% (21.09%) in the year after the event. Also in this case, the difference between the pre- and the post- average (median) ratios is statistically significant with a p-value lower than 0.01.

[Table 7 goes about here]

In Table 8, we further look at the source of these changes, by controlling (in a multivariate setting) for the expected likelihood of political connections. The prediction is that the bigger drop in the rate of growth of sales (or leverage) should occur among family firms, high M/B firms, and firms operating in industries over which the politician has direct influence. To minimize multicollinearity problems, we avoid controlling for firm, politician or country-specific factors that turned out insignificant in the previous analysis. Regressions (1)-(3) focus on the change in sales growth. In both regressions (2) and (3), the family firm indicator has a negative coefficient. The results are statistically significant after we control for country and industry effects. Additionally, in all the 3 regressions that look into the change in the annual growth of sales, we document a bigger drop for high M/B firms. The influence indicator is generally not significant when the dependent variable is the change in the growth of sales; although, in one case the coefficient on the *Influence* variable is positive and statistically significant.

[Table 8 goes about here]

[29] We focus on this relatively short event window to minimize any survivorship bias. Results are qualitatively similar if we extend the window starting to 2 years prior to the death, and ending 2 years after. The decline in number of observations in Table 7 relative to Table 2, is due to coverage in Worldscope.

Regressions (4)-(6) focus on the change in the leverage ratio. Consistent with our predictions, both in regression (5) and (6), we find a significantly larger drop in leverage for the family firms. On the other hand, the market to book ratio is not significantly correlated with the change in leverage. Finally, all the leverage regressions consistently show a bigger drop in leverage for companies operating in those industries over which the politician had jurisdiction. Put together, these results show that access to credit, and sales, drop substantially for connected firms following the death of the politician. Moreover, they drop more for firms with stronger ties, which we previously found suffered a larger stock price drop.

VI. Conclusions

This study has provided evidence on the value and extent of political connections by looking at the stock price reactions of firms headquartered in the home town of politicians who died suddenly. We find that geographic ties are particularly valuable for shareholders. Our event study results show an average price drop of -1.7% around the death of the politician, roughly similar (in percentage terms) to the drop estimated in prior studies that identified *specific* (as opposed to geographic) political connections, e.g., Roberts (1990) -1.33%, Fisman (2001) -0.59%, and Faccio (2006) -1.43%. These results likely reflect the importance of social networks, and confirm the importance of location repeatedly highlighted in the financial economics literature.

We have also documented a number of new and important cross-sectional regularities. Political ties matter especially more for family firms, firms with high growth prospects, and firms operating in the industries directly under the influence of the politician and in more corrupt countries, while large firms are hurt proportionally less when the connection is suddenly terminated. Combined with recent research relating family firms to poor performance (relative to their peers), our results suggest additional implications. In particular, to the extent that politicians favor inefficient (family) firms by allocating resources to them, long-term economic growth will also be reduced. We also document that connected firms suffer a statistically significant decline in sales growth and leverage

between the year prior to the sudden death, and the year after. These results provide evidence on the source of stock market price decline of connected firms.

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Table 1. Sudden Deaths and Connections Samples

The Cumulative Abnormal Return (*CAR)* for each company is calculated by summing the difference between the firm's stock return and the return of the *Datastream* stock market index of the firm's home country over the interval beginning one day prior to the sudden death, and ten trading days after the event. To avoid the inclusion of de-listed stocks, only firms whose price changes at least once during the window starting 20 trading days prior to the event, and ending 10 days after, are included.

***Panel A:* Selection Criteria**

Sudden deaths of politicians from countries covered in DataStream and Worldscope	203
Identification of geographic connections (from the 203 cases above)	
Sudden deaths: with information on city of birth or city where politician was living	192
with companies in their city (8,191 companies)	122

***Panel B:* Distribution of Sudden Deaths and Geographic Ties, and Associated Cumulative Abnormal Returns (CARs), by Country**

Country	Sudden Deaths	Companies	Mean *CAR*	Median *CAR*	Country	Sudden Deaths	Companies	Mean CAR	Median *CAR*
Argentina	1	11	11.78%	4.41%	Mexico	1	32	-0.77%	0.03%
Australia	3	456	-1.81%	-0.84%	Netherlands	1	8	0.69%	1.64%
Austria	1	33	0.50%	-0.23%	Norway	2	77	-0.05%	-1.12%
Belgium	1	51	0.97%	-0.20%	Pakistan	1	1	-10.04%	-10.04%
Brazil	1	79	-1.38%	3.31%	Philippines	1	70	-3.01%	-5.66%
Canada	5	126	1.97%	1.11%	Poland	1	11	-2.07%	-2.20%
Colombia	1	8	-1.29%	0.01%	Portugal	1	41	3.07%	3.35%
Egypt	1	14	3.05%	1.82%	Russia	11	107	6.31%	0.55%
France	2	265	-1.08%	-0.57%	Singapore	1	5	-1.67%	0.05%
Ghana	1	1	-0.23%	-0.23%	South Africa	3	34	1.95%	-1.47%
Greece	1	48	-3.82%	-7.50%	Spain	2	2	-1.55%	-1.55%
Hungary	1	9	-5.60%	-9.31%	Sri Lanka	8	156	-0.43%	-0.43%
India	6	76	-1.50%	-1.23%	Sweden	2	163	2.46%	2.16%
Israel	1	26	-3.14%	-2.48%	Switzerland	1	1	-1.10%	-1.10%
Italy	5	15	1.55%	1.83%	United Kingdom	10	1,812	-2.05%	-1.52%
Japan	2	3,192	-1.46%	-1.20%	United States	37	1,207	-4.19%	-1.02%
Luxembourg	1	27	2.25%	2.19%	Zimbabwe	3	21	-10.24%	-6.93%
Malaysia	2	6	3.90%	2.19%	**Total**	**122**	**8,191**	**-1.68%**	**-0.97%**

Table 2. Cumulative Abnormal Returns (*CARs*) Around the Sudden Death of Politicians: The Value of "Geographic" Ties

Companies' *CARs* and associated statistics. The *CAR* for each company is calculated by summing the difference between the firm's stock return and the return of the *Datastream* stock market index of the firm's home country over the interval beginning one day prior to the sudden death, and ending one, five or ten trading days after the event. To avoid the inclusion of de-listed stocks, only firms whose price changes at least once during the window starting 20 trading days prior to the event, and ending 10 days after, are included. *Influence* is a dummy that takes the value 1 if the primary industry of the firm overlaps the area of influence of the politician, and 0 otherwise. *Same city* is a dummy that takes the value 1 if the politician's successor is from the same city as the deceased. *Same power* is a dummy that takes the value 1 if the politician's successor covers the same position as the deceased and 0 if he/she has less power. *Family* is an indicator that takes the value one if the company's largest ultimate shareholder (at the 20% level) is a family (including an individual) or a firm that is unlisted on any stock exchange, and zero otherwise. The *M/B ratio* is the ratio of market value of equity plus book value of debt over the sum of book value of equity plus book value of debt prior to the event. *Corruption* is Transparency International's Corruption Perception Index, rescaled so that 0 corresponds to the lowest possible level of corruption, and 10 corresponds to the highest level.

Panel A: Overall Sample

Event Window:	(-1,+1)	(-1,+5)	(-1,+10)
Mean	-0.60%	-1.01%	-1.68%
p-value (adjusted for clustering)	*0.07*	*0.01*	*0.01*
Median	-0.35%	-0.53%	-0.97%
Negative *CAR* (%)	54%	53%	57%
Sign-test p-value	*0.00*	*0.00*	*0.00*
Number of observations	8,191	8,191	8,191

Panel B: Results by Strength of the Connection; (-1,+10) Event Window.

	N. of Obs.	Mean (%) *CAR*	p-value [a]	Median (%) *CAR*	p-value [b]
Influence = 1	1,996	-2.42	0.00	-2.05	0.00
Influence = 0	6,195	-1.45	0.04	-0.61	0.00
Difference	8,191	-0.97	0.23	-1.44	0.00
Same city = 1	4,105	-2.22	0.07	-1.22	0.00
Same city = 0	3,424	-1.30	0.01	-0.86	0.00
Difference	7,529	-0.92	0.44	-0.36	0.02
Same power = 1	7,323	-1.26	0.02	-0.96	0.00
Same power = 0	842	-5.52	0.15	-1.34	0.00
Difference	8,165	4.26	0.25	0.38	0.29
Family = 1	524	-1.40	0.00	-1.56	0.00
Family = 0	1,997	-0.49	0.30	-0.46	0.00
Difference	2,521	-0.91	0.05	-1.10	0.02
M/B > median	2,939	-2.14	0.02	-1.01	0.00
M/B ≤ median	2,939	-0.77	0.36	-0.60	0.00
Difference	5,878	-1.38	0.13	-0.42	0.04
Corruption ≥ median	4,283	-1.13	0.18	-0.99	0.00
Corruption < median	3,908	-2.29	0.01	-0.94	0.00
Difference	8,191	1.17	0.34	-0.04	0.80

[a] Adjusted for clustering

[b] Bootstrapped by resampling observations 1,000 times.

Table 3.Cumulative Abnormal Returns (*CAR*s) Around the Sudden Death of Politicians: Regression Results

The dependent variable is the company's *CAR*, calculated by summing the difference between the firm's stock return and the return of the *Datastream* stock market index of the firm's home country over the interval beginning one day prior to the sudden death, and ending ten trading days after the event (in %). *Family* is an indicator that takes the value one if the company's largest ultimate shareholder (at the 20% level) is a family (including an individual) or a firm that is unlisted on any stock exchange, and zero otherwise. The *M/B ratio* is the ratio of market value of equity plus book value of debt over the sum of book value of equity plus book value of debt prior to the event. *Influence* is a dummy that takes the value 1 if the primary industry of the firm overlaps the area of influence of the politician, and 0 otherwise. *Same city* is a dummy that takes the value 1 if the politician's successor is from the same city as the deceased. *Same power* is a dummy that takes the value 1 if the politician's successor covers the same position as the deceased, and 0 if he/she has less power. *Elected* is a dummy that takes the value one if the politician was elected and 0 otherwise. *Years in power* is the number of years the deceased has been in politics at the time of his or her sudden death. *Ln{#companies}* is the natural log of the number of publicly traded companies headquartered in a given city. *Corruption* is Transparency International's Corruption Perception Index, rescaled so that 0 corresponds to the lowest possible level of corruption, and 10 corresponds to the highest level. *Democratic* (in all years since 1950) is a dummy that equals 1 if (1) the executive is elected, (2) the legislature (at least its lower house) is elected, (3) more than one party contests elections, and (4) during the last three elections of the executive there has been at least one turnover of power between parties (Source: Treisman (2000)). *Federal* is a dummy that takes the value of one if "(1) [at least] two levels of government rule the same land and people, (2) each level has at least one area of action in which it is autonomous, and (3) there is some guarantee (even though merely a statement in the constitution) of the autonomy of each government in its own sphere" (Source: Treisman (2000)). *Ln{mkcap}* is the natural log of the company's market value of equity in US$. Industry dummies are defined at the 4-digit SIC level. All models are ordinary least squares estimates. In the regressions, standard errors are adjusting for heteroskedasticity and clustering of observations at the time of the death of the politicians. P-values are reported in parentheses below the coefficient estimates. All regressions are run after excluding companies in the top/bottom 1% of the distribution of *CAR* that made any announcements during the event window.

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Table 3.Cumulative Abnormal Returns (*CARs*) Around the Sudden Death of Politicians: Regression Results
(continued from previous page)

Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Family				-1.09	-1.16	-0.65	-1.06
				(0.00)	(0.00)	(0.09)	(0.01)
M/B ratio			-0.46	-0.54	-0.54	-0.55	-0.55
			(0.00)	(0.03)	(0.02)	(0.00)	(0.00)
Influence	-2.36	-2.24	-2.81	-4.45	-1.70	-1.70	
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
Same city	-1.84	-3.29	-2.58	-2.65	1.28	2.00	
	(0.24)	(0.18)	(0.21)	(0.19)	(0.53)	(0.36)	
Same power	3.39	1.96	4.19				
	(0.10)	(0.39)	(0.06)				
Elected	-0.89	-0.28	-1.32	2.17	-1.60	-2.70	
	(0.52)	(0.94)	(0.33)	(0.13)	(0.56)	(0.31)	
Years in power	0.03	0.00	-0.01	-0.04	0.11	0.11	
	(0.55)	(0.99)	(0.90)	(0.53)	(0.00)	(0.00)	
Ln{#companies}	-0.46	-1.24	-0.35	-1.26	-0.03	0.80	
	(0.19)	(0.08)	(0.39)	(0.01)	(0.96)	(0.24)	
Corruption	-0.55		-0.74	-1.90			
	(0.14)		(0.07)	(0.00)			
Democratic	-4.79		-5.07	-8.96			
	(0.01)		(0.04)	(0.02)			
Federal	0.85		1.83	-0.97			
	(0.37)		(0.11)	(0.55)			
Ln{mkcap}			0.71	0.57	0.58	0.56	0.53
			(0.01)	(0.00)	(0.00)	(0.00)	(0.00)
Intercept	3.81		1.68	15.90			-2.53
	(0.25)		(0.63)	(0.02)			(0.00)
Country dummies	No	Yes	No	No	Yes	Yes	No
Industry dummies	No	No	No	No	No	Yes	No
Politician dummies	No	No	No	No	No	No	Yes
Number of obs.	7,444	7,444	5,368	1,997	1,997	1,997	2,210
Adjusted $\overline{R}^2$	1.30%	2.09%	3.48%	5.36%	6.20%	9.38%	5.43%

Table 4.Cumulative Abnormal Returns (*CARs*) in Millions of Dollars

The dependent variable is the company's *CARs in millions of (US) dollars*, computed by multiplying the firm's (-1,+10) event window *CAR* by its dollar market capitalization prior to the event. *Family* is an indicator that takes the value one if the company's largest ultimate shareholder (at the 20% level) is a family (including an individual) or a firm that is unlisted on any stock exchange, and zero otherwise. The *M/B ratio* is the ratio of market value of equity plus book value of debt over the sum of book value of equity plus book value of debt prior to the event. *Influence* is a dummy that takes the value 1 if the primary industry of the firm overlaps the area of influence of the politician, and 0 otherwise. *Same city* is a dummy that takes the value 1 if the politician's successor is from the same city as the deceased. *Same power* is a dummy that takes the value 1 if the politician's successor covers the same position as the deceased, and 0 if he/she has less power. *Elected* is a dummy that takes the value one if the politician was elected and 0 otherwise. *Years in power* is the number of years the deceased has been in politics at the time of his or her sudden death. *Ln{#companies}* is the natural log of the number of publicly traded companies headquartered in a given city. *Corruption* is Transparency International's Corruption Perception Index, rescaled so that 0 corresponds to the lowest possible level of corruption, and 10 corresponds to the highest level. *Democratic* (in all years since 1950) is a dummy that equals 1 if (1) the executive is elected, (2) the legislature (at least its lower house) is elected, (3) more than one party contests elections, and (4) during the last three elections of the executive there has been at least one turnover of power between parties (Source: Treisman (2000)). *Federal* is a dummy that takes the value of one if "(1) [at least] two levels of government rule the same land and people, (2) each level has at least one area of action in which it is autonomous, and (3) there is some guarantee (even though merely a statement in the constitution) of the autonomy of each government in its own sphere" (Source: Treisman (2000)). *Ln{mkcap}* is the natural log of the company's market value of equity in US$. Industry dummies are defined at the 4-digit SIC level. All models are ordinary least squares estimates. In the regressions, standard errors are adjusting for heteroskedasticity and clustering of observations at the time of the death of the politicians. P-values are reported in parentheses below the coefficient estimates. All regressions are run after excluding companies in the top/bottom 1% of the distribution of *CARs in millions of (US) dollars*.

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Table 4.Cumulative Abnormal Returns (*CARs*) in Millions of Dollars
(continued from previous page)

Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Family				-12.69	-13.42	-7.70	-11.98
				(0.01)	(0.01)	(0.26)	(0.09)
M/B ratio			-2.25	-6.91	-7.09	-7.49	-7.54
			(0.12)	(0.09)	(0.08)	(0.03)	(0.00)
Influence	-10.27	-9.08	-10.80	-19.07	-14.78	-14.70	
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
Same city	-1.50	-2.37	-1.47	-8.10	-11.52	-16.28	
	(0.50)	(0.42)	(0.73)	(0.34)	(0.33)	(0.16)	
Same power	6.49	2.74	7.82				
	(0.06)	(0.45)	(0.14)				
Elected	-2.44	15.61	4.37	-12.59	40.69	56.02	
	(0.63)	(0.06)	(0.52)	(0.37)	(0.21)	(0.27)	
Years in power	-0.02	-0.11	0.07	-0.74	-0.34	-0.31	
	(0.88)	(0.41)	(0.70)	(0.06)	(0.05)	(0.16)	
Ln{#companies}	-0.41	-1.65	-1.27	-0.96	-5.92	-8.15	
	(0.63)	(0.22)	(0.40)	(0.77)	(0.44)	(0.37)	
Corruption	-0.74		-1.00	-1.06			
	(0.56)		(0.61)	(0.78)			
Democratic	-2.43		2.10	6.20			
	(0.62)		(0.82)	(0.75)			
Federal	-4.09		-9.97	-12.77			
	(0.05)		(0.04)	(0.20)			
Ln{mkcap}			-0.43	6.29	6.29	7.22	5.35
			(0.83)	(0.08)	(0.08)	(0.09)	(0.00)
Intercept	6.03		8.65	19.59			-12.38
	(0.55)		(0.53)	(0.60)			(0.14)
Country dummies	No	Yes	No	No	Yes	Yes	No
Industry dummies	No	No	No	No	No	Yes	No
Politician dummies	No	No	No	No	No	No	Yes
Number of obs.	7,365	7,365	5,279	1,954	1,954	1,954	2,165
Adjusted $\overline{R}^2$	0.28%	0.38%	0.57%	2.23%	2.37%	<0%	1.26%

Table 5. Specific Company Ties

This table describes the selection of the sample of specific company ties. The *CAR* for each company is calculated by summing the difference between the firm's stock return and the return of the *Datastream* stock market index of the firm's home country over the interval beginning one day prior to the sudden death, and ending one, five or ten trading days after the event.

***Panel A:* Selection Criteria**

Sudden deaths of politicians from countries covered in DS and WS	203
Identification of specific company ties:	
Politicians with specific ties identified from the press	37
- Politicians with only ties to privately held companies/unspecified companies	-14
Remaining sample	23
- Companies without stock prices in DS	-5
Deaths w/specific company ties (21 companies)	18

***Panel B:* The Value of Specific Connections**

Event window:	(-1,+1)	(-1,+5)	(-1,+10)
Mean	0.06%	-0.72%	-1.68%
p-value (adjusted for clustering)	*0.92*	*0.34*	*0.30*
Median	-0.02%	-0.73%	-2.55%
Negative *CAR* (%)	52%	62%	67%
Sign-test p-value	*0.95*	*0.37*	*0.03*
Number of observations	21	21	21

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Table 5. Specific Company Ties (Continued)

***Panel C:* Specific Company Ties**

Name	Year	Month	Day	Country	Company	Tie
John Horace Panizza	1997	January	31	Australia	AWB Ltd.	Business interests
Jocelyn Cadbury	1982	August	2	Britain	Cadbury-Schweppes Ltd.	Chairman
Michael Shersby	1997	May	8	Britain	Bristol Myers Squibb Ltd.	Gifts
Walter Twinn	1997	October	30	Canada	Petro-Canada	Director
Jairo Rojas	2001	September	7	Colombia	IBM	Expertise in channel development
Claude Cornac	1996	January	15	France	Renault SA	Director
Franco Piga	1990	December	27	Italy	Montedison	Alleged scandal
Franco Piga	1990	December	27	Italy	Edison	Alleged scandal
Shokei Arai	1998	February	19	Japan	Nippon Steel Corporation	Employee
Shokei Arai	1998	February	19	Japan	Nikko Cordial Securities Inc.	Scandal
Vladimir Golovlev	2002	August	22	Russia	Chelyabinsk Oblast	Head
Hon Sui Sen	1983	October	15	Singapore	Overseas-Chinese Banking Corp.	General manager
Willem de Villiers	1991	March	18	South Africa	Gencor mining house	Former chief executive
Sven Olof Joachim Palme	1986	February	28	Sweden	Nobel Industries	Unspecified
Tennyson Guyer	1981	April	12	United States	Cooper Tire & Rubber Co	Public affairs director
Henry M. "Scoop" Jackson	1983	September	1	United States	Boeing	Criticized for permitting a Boeing lobbyist to operate out of his Senate office
Henry John Heinz III	1991	April	4	United States	H.J. Heinz Co	Blockholder; Former general product manager
Ron Brown	1996	April	3	United States	McDonnell Douglas Corp.	Helped arranging McDonnell Douglas Corp.'s sale of 33 airliners to the Saudi Arabian airlines
Pamela Harriman	1997	February	5	United States	Polaroid Corporation	Former lover
Pamela Harriman	1997	February	5	United States	Union Pacific Corporation	Former lover
Lawton Chiles	1998	December	12	United States	Red Lobster	Original investor

Table 6.Cumulative Abnormal Returns (*CARs*) Around the Sudden Death of Politicians: Robustness Tests

The dependent variable is the company's *CAR*, calculated by summing the difference between the firm's stock return and the return of the Datastream stock market index of the firm's home country over the interval beginning one day prior to the sudden death, and ending ten trading days after the event (in %). *Born* is an indicator that takes the value of 1 if the company is headquartered in the city where the politician was born, and 0 if it is headquartered in the city where he/she lived. *Average legal & illegal corruption* is the average between the index of Corporate Illegal Corruption and the index of Corporate Legal Corruption developed by Kaufmann and Vicente (2005) (http://www.worldbank.org/wbi/governance/pdf/ETHICS.xls). Corporate Illegal Corruption is the "percentage [of] firms in the country giving satisfactory ratings (answers 5, 6 or 7) to questions on corporate ethics, illegal political funding, state capture cost, average of frequency of bribery in procurement and active capture, corruption in banking (average of formal money laundering and bribery for loans), and percentage firms reporting 0 percent procurement and administrative bribe shares". Corporate Legal Corruption is the "percentage [of] firms in the country with satisfactory ratings (answers 5, 6 or 7) to the questions on influencing legal political funding and undue political influence." The original index was rescaled so that higher ratings represent more corruption. *Capital* is an indicator that takes the value one if the company in question is incorporated in the capital of the country, and zero otherwise. *Health* is a dummy that takes the value one if the cause of death is health related and zero otherwise. *Suicide* is a dummy that takes the value one if the cause of the sudden death is suicide and zero otherwise. *Assassination* is a dummy that takes the value one if the cause of sudden death was assassination and zero otherwise. *Family* is an indicator that takes the value one if the company's largest ultimate shareholder (at the 20% level) is a family (including an individual) or a firm that is unlisted on any stock exchange, and zero otherwise. The *M/B ratio* is the ratio of market value of equity plus book value of debt over the sum of book value of equity plus book value of debt prior to the event. *Influence* is a dummy that takes the value 1 if the primary industry of the firm overlaps the area of influence of the politician, and 0 otherwise. *Same city* is a dummy that takes the value 1 if the politician's successor is from the same city as the deceased. *Same power* is a dummy that takes the value 1 if the politician's successor covers the same position as the deceased, and 0 if he/she has less power. *Elected* is a dummy that takes the value one if the politician was elected and 0 otherwise. *Years in power* is the number of years the deceased has been in politics at the time of his or her sudden death. *Ln{#companies}* is the natural log of the number of publicly traded companies headquartered in a given city. *Ln{mkcap}* is the natural log of the company's market value of equity in US$. *Democratic* (in all years since 1950) is a dummy that equals 1 if (1) the executive is elected, (2) the legislature (at least its lower house) is elected, (3) more than one party contests elections, and (4) during the last three elections of the executive there has been at least one turnover of power between parties (Source: Treisman (2000)). *Federal* is a dummy that takes the value of one if "(1) [at least] two levels of government rule the same land and people, (2) each level has at least one area of action in which it is autonomous, and (3) there is some guarantee (even though merely a statement in the constitution) of the autonomy of each government in its own sphere" (Source: Treisman (2000)). Industry dummies are defined at the 4-digit SIC level. All models are ordinary least squares estimates. In the regressions, standard errors are adjusting for heteroskedasticity and clustering of observations at the time of the death of the politicians. P-values are reported in parentheses below the coefficient estimates. All regressions are run after excluding companies in the top/bottom 1% of the distribution of *CAR* that made any announcements during the event window.

(continued next page)

Table 6.Cumulative Abnormal Returns (*CARs*) Around the Sudden Death of Politicians: Robustness Tests

	(1) Control for the city where the politician was born	(2) Exclusion of companies with *M/B* ratio above 10	(3) Alternative event window (-2,+10)	(4) Alternative event window (-1,+5)	(5) Alternative proxy for corruption	(6) Control for capital of the country	(7) Control for the cause of death
Born	0.66						
	(0.56)						
Average legal & illegal corruption					-0.18		
					(0.00)		
Capital						7.42	
						(0.01)	
Health							-0.65
							(0.86)
Suicide							-0.50
							(0.88)
Assassination							0.71
							(0.87)
Family		-0.62	-0.74	-0.30	-1.10	-0.63	
		(0.10)	(0.12)	(0.24)	(0.00)	(0.10)	
M/B ratio	-0.35	-0.68	-0.27	-0.71	-0.55	-0.52	-0.35
	(0.01)	(0.00)	(0.07)	(0.00)	(0.02)	(0.00)	(0.01)
Influence	-1.62	-1.72	-0.86	0.85	-1.89	-1.54	-3.23
	(0.15)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.16)
Same city	-5.11	1.98	2.28	1.14	-2.89	2.52	-5.09
	(0.12)	(0.36)	(0.20)	(0.15)	(0.15)	(0.25)	(0.14)
Same power	3.66						4.40
	(0.21)						(0.14)
Elected	2.47	-2.47	-4.22	-2.20	0.58	-6.27	1.14
	(0.55)	(0.33)	(0.19)	(0.23)	(0.68)	(0.02)	(0.82)
Years in power	-0.05	0.10	0.17	0.42	0.06	0.12	-0.01
	(0.63)	(0.00)	(0.00)	(0.00)	(0.21)	(0.00)	(0.94)
Ln{#companies}	-1.33	0.73	1.08	1.71	-0.91		-1.37
	(0.12)	(0.25)	(0.18)	(0.00)	(0.01)		(0.15)
Ln{mkcap}	0.64	0.58	0.54	0.25	0.57	0.55	0.64
	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Democratic					-7.22		
					(0.02)		
Federal					2.34		
					(0.20)		
Intercept					-5.11		
					(0.09)		
Country dummies	Yes	Yes	Yes	Yes	No	Yes	Yes
Industry dummies	Yes	Yes	Yes	Yes	No	Yes	Yes
Number of obs.	5,368	1,998	1,993	1,989	1,997	1,997	5,368
Adjusted $\overline{R}^2$	3.84%	9.49%	5.40%	10.60%	5.37%	9.60%	3.81%

Table 7: Specific Benefits

Sales growth is the annual growth (%) in sales/revenues (Worldscope item # WC08631). *Leverage* is the ratio of total debt to total assets (%) (Worldscope item # WC08236). "*T-1*" indicates that the variable in question is measured for the year prior to the death of the politician. "*T+1*" indicates that the variable in question is measured for the year after the death of the politician. *Difference* denotes the difference between the variable at time t+1 and the same variable at time t-1. Summary statistics for sales growth are computed after excluding the top and bottom 1% outliers. Summary statistics for leverage are computed after excluding firms with a leverage ratio above 100%. Mean comparisons are based on the t-test for dependent samples. Median comparisons are based on the Wilcoxon matched pairs test.

	T-1	T+1	Difference	P-value of difference	Number of companies
			Sales Growth		
Mean	12.18	6.60	-5.58	0.00	5,443
Median	5.65	1.89	-3.76	0.00	
			Leverage		
Mean	25.30	24.57	-0.73	0.00	5,537
Median	21.63	21.09	-0.54	0.00	

Table 8: Specific Benefits: OLS Regression Results

Sales growth is the annual growth (%) in sales/revenues (Worldscope item # WC08631). *Leverage* is the ratio of total debt to total assets (%) (Worldscope item # WC08236). "*T-1*" indicates that the variable in question is measured for the year prior to the death of the politician. "*T+1*" indicates that the variable in question is measured for the year after the death of the politician. *Family* is an indicator that takes the value one if the company's largest ultimate shareholder (at the 20% level) is a family (including an individual) or a firm that is unlisted on any stock exchange, and zero otherwise. The *M/B ratio* is the ratio of market value of equity plus book value of debt over the sum of book value of equity plus book value of debt prior to the event. *Influence* is a dummy that takes the value 1 if the primary industry of the firm overlaps the area of influence of the politician, and 0 otherwise. *Ln{mkcap}* is the natural log of the company's market value of equity in US$. *Corruption* is Transparency International's Corruption Perception Index, rescaled so that 0 corresponds to the lowest possible level of corruption, and 10 corresponds to the highest level. Industry dummies are defined at the 4-digit SIC level. All models are ordinary least squares estimates. In the regressions, standard errors are adjusting for heteroskedasticity and clustering of observations at the time of the death of the politicians. P-values are reported in parentheses below the coefficient estimates.

Dependent Variable:	Sales Growth "T+1" – Sales Growth "T-1"			Leverage "T+1" – Leverage "T-1"		
Model:	(1)	(2)	(3)	(4)	(5)	(6)
Family		-0.21	-5.35		-0.98	-1.32
		(0.96)	(0.04)		(0.06)	(0.09)
M/B ratio	-2.45	-2.29	-1.55	-0.17	0.25	0.04
	(0.00)	(0.08)	(0.03)	(0.33)	(0.19)	(0.85)
Influence	-3.66	-0.89	7.39	-2.42	-2.48	-1.30
	(0.18)	(0.77)	(0.00)	(0.00)	(0.00)	(0.00)
Ln{mkcap}	-0.64	-0.57	-1.11	-0.22	-0.17	-0.08
	(0.09)	(0.20)	(0.05)	(0.09)	(0.19)	(0.57)
Corruption	0.12	-1.50		-0.46	-0.36	
	(0.93)	(0.51)		(0.01)	(0.15)	
Intercept	1.59	5.83		2.69	2.09	
	(0.66)	(0.27)		(0.00)	(0.07)	
Country dummies	No	No	Yes	No	No	Yes
Industry dummies	No	No	Yes	No	No	Yes
Number of obs.	5,089	1,978	1,978	5,218	2,135	2,135
Adjusted $\overline{R}^2$	1.98%	0.99%	3.93%	1.42%	1.49%	3.86%

Appendix A: Data Sources Employed for the Identification of the Position of the Deceased Politician, their Successors, and the Successor's Hometown

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http://en.wikipedia.org/wiki/Main_Page
http://institutions.africadatabase.org/
http://orissagov.nic.in/e-magazine/orissaannualreference/ORA-2005/pdf/bio-data_of_governor.pdf
http://www.camera.it/
http://www.chd.lu/fr/organisation/membres/membres.jsp?ID=323
http://www.google.com
http://www.msu.edu/~daggy/cop/bkofdead/obits-ce.htm
http://www.plrt.ch/01_partito/05_persone_dettaglio.cfm?id=41
http://www.rulers.org/
http://www.senado.es/legis7/
http://www.senado.gov.br/sf/senadores/
http://www.senat.fr/elus.html
http://www.senato.it/leg/15/BGT/Schede/Attsen/Sena.html
http://www.synerpa.fr/affiche_oscar.php?num_page=528
http://www.worldwhoswho.com/
https://www.cia.gov/cia/publications/chiefs/pdf_version.html
"Who's who in American Politics," various years.
"The international year book and statesmen's who's who," various years, Reed Business Information Ltd, East Grinstead, Eng.
Stroynowski, Juliusz (ed.), 1989, "Who's who in the Socialist countries of Europe : A biographical encyclopedia of more than 12,600 leading personalities in Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, Yugoslavia," K.G. Saur Pub.

Appendix B: List of deceased Politicians in the sample

Name	Country	Date of Death	Home city	Detailed position
Miguel Roig	Argentina	Jul. 14, 1989	Lived in Buenos Aires	Economy Minister
John Horace Panizza	Australia	Jan. 31, 1997	Lived in Perth	Senator
Gregory Stuart Wilton	Australia	Jun. 14, 2000	Lived in Melbourne	House of Representatives
Peter Edward Nugent	Australia	Apr. 24, 2001	Lived in Melbourne; born in Chelmsford, England	House of Representatives
Alfred Dallinger	Austria	Feb. 23, 1989	Born in Wien	Social Affairs Minister
Baudouin	Belgium	Jul. 31, 1993	Born and lived in Bruxelles	King
Andre Franco Montoro	Brazil	Jul. 20, 1999	Lived in Sao Paulo	Member of Parliament
Jocelyn Cadbury	Britain	Aug. 2, 1982	Lived in Birmingham	Member of Parliament
John Blackburn	Britain	Oct. 12, 1994	Lived in Dudley West	Member of Parliament
John Smith	Britain	May 13, 1994	Lived in Edinburgh; Born in Ardrishaig	Leader of the British Labour Party
Gordon McMaster	Britain	Jul. 30, 1997	Lived in London	Member of Parliament
Michael Shersby	Britain	May 8, 1997	MP for Uxbridge, Middlesex; Born in Ickenham, Middlesex	Member of Parliament
Derek Fatchett	Britain	May 9, 1999	Lived in Wakefield, West Yorkshire; Born in Lincoln	Minister in charge of relations with Asia at the Foreign Office
Bernie Grant	Britain	Apr. 8, 2000	Lived in London. Was born in Georgetown, Guyana	Member of Parliament
Donald Dewar	Britain	Oct. 11, 2000	Born and lived in Glasgow	Scotland's First Minister
Lord Williams of Mostyn	Britain	Sep. 21, 2003	Lived in Gloucestershire; Born in Mostyn	House of Lords. Labor Party's leader upper chamber
Baroness Brigstocke	Britain	Apr. 30, 2004	Lived in of Kensington. Born in Reading	House of Lords
Nancy Teed	Canada	Jan. 29, 1993	Constituency: New Brunswick legislature; Born in Saint John	Senator
Pietro Rizzuto	Canada	Aug. 3, 1997	Lived in Montreal; Born in Repentigny, Que	Senator
Walter Twinn	Canada	Oct. 30, 1997	Lived in Alberta	Senator
Shaughnessy Cohen	Canada	Dec. 9, 1998	Lived in Tecumseh, east of Windsor	Representative. Chmn of the Commons justice committee
Jean-Maurice Simard	Canada	Jun. 16, 2001	Lived in Ottawa and Edmundston, N.B.; Born in Riviere-Bleue,	Senator
Jairo Rojas	Colombia	Sep. 7, 2001	Lived in Bogota	Member of Parliament. a leader of a Colombian congressional peace commission
Hamdi Abdel-Salaam Mohamed al-Chaib	Egypt	Jul. 3, 2004	Lived in Cairo	Minister of Transports
Claude Cornac	France	Jan. 15, 1996	Lived in Fontbeauzard; Born in Salvagnac (Tarn)	Member of Parliament
Jean-Francois Anquetil	France	Aug. 8, 1996	Lived in Paris; Born in Garches	Member of the European Parliament
Yakubu II	Ghana	Mar. 27, 2002	Lived in Accra	King
Pavlos Bakoyannis	Greece	Sep. 27, 1989	Lived in Athens	Member of Parliament
Jozsef Antall	Hungary	Dec. 12, 1993	Born and lived in Budapest	Prime Minister
Chimanbhai Patel	India	Feb. 17, 1994	Lived in Ahmedabad	Chief Minister of India's Gujarat state
Beant Singh	India	Aug. 31, 1995	Lived in Chandigarh & Kotli	Chief Minister of Punjab
N V N Somu	India	Nov. 14, 1997	Lived in Tamil Nadu (Chennai); Born in Chennai	Minister of State for Defence
E. Madhav Reddy	India	Mar. 9, 2000	Lived in Bhongir	The Andhra Pradesh panchayat raj [rural bodies] minister
Nagen Sharma	India	Feb. 28, 2000	Lived in Guwahati	Assam state Public Works Minister, The Assam Minister for Forests and PWD
Krishan Kant	India	Jul. 27, 2002	Lived in New Delhi; Born in the State of Punjab	Vice President, the Chmn of the Rajya Sabha, the upper house of Parliament.
Yitzhak Rabin	Israel	Nov. 4, 1995	Lived in Tel Aviv; Born in Jerusalem	Minister of Defense and Leader of the Labor Party
Alfredo Pazzaglia	Italy	May 8, 1997	Lived in Bologna; Born in Cagliari	Member of Parliament
Carlo Frigerio	Italy	Mar. 16, 1997	Born and lived in Cairate (Varese)	Member of Parliament
Massimo D'Antona	Italy	May 20, 1999	Lived in Bologna	Adviser to Italy's labour minister
Giovanni De Murtas	Italy	Apr. 2, 2000	Lived in Tortolì (Cagliari)	Member of Parliament
Marco Biagi	Italy	Mar. 19, 2002	Lived in Bologna; Born in Bologna	Assistant to Labor Minster
Shokei Arai	Japan	Feb. 19, 1998	Born and lived in Tokyo	Member of Parliament
Koki Ishii	Japan	Oct. 24, 2002	Lived in Tokyo	Member of Parliament. Director of the upper house labor, commerce and security committee
Marc Zanussi	Luxembourg	Jun. 24, 2004	Lived in Luxembourg	Member of Parliament
Mohd Zin Abdul Ghani	Malaysia	May 15, 1997	Lived in Alor Gajah, Malacca; Born in Kampung Melekek Luar	Chief minister of southwestern Malaysia's Malacca state

Appendix B: List of deceased Politicians in the sample

Name	Country	Date of Death	Home city	Detailed position
Tuanku Mahmud al-Muktafi Billah Shah ibni al-Marhum Sultan Ismail Nasiruddin Shah	Malaysia	May 14, 1998	Lived in Kuala Terengganu, Born in Istana Paduka	Sultan
Jose Francisco Ruiz Massieu	Mexico	Sep. 28, 1994	Lived in Mexico City	Secretary-general of the Institutional Revolutionary Party (PRI)
Ien Dales	Netherlands	Jan. 10, 1994	Lived in Utrecht	Interior Minister
Knut Frydenlund	Norway	Feb. 26, 1987	Lived in Oslo; Born in Drammen	Foreign Minister
Olav V	Norway	Jan. 17, 1991	Lived in Oslo	King
Abdul Sattar Lalika	Pakistani	Feb. 13, 2004	Born and lived in Lahore	Labor minister
Blas Ople	Philippines	Dec. 14, 2003	lived in Makati City; born in Hagonoy	Foreign Minister
Andrzej Baczkowski	Poland	Nov. 7, 1996	Lived in Warsaw	Labor Minister
Nuno Krus Abecassis	Portugal	Apr. 15, 1999	Lived in Lisbon	Member of Parliament
Sergei Skorotchkine	Russia	Feb. 2, 1995	Lived in Sarybievo	Member of Parliament
Anatoly Stepanov	Russia	May 23, 1996	Lived in Moscow	Deputy justice minister
Galina Starovoitova	Russia	Nov. 19, 1998	Lived in St. Petersburg; Born in Chelyabinsk	Duma deputy
Viktor Novosselov	Russia	Oct. 20, 1999	Lived in St. Petersburg	Local Politician (St Petersb.)
Georgy Gabuniya	Russia	Jan. 22, 2000	Lived in Moscow	Russian First Deputy Minister of Trade. He also played an important role in determining tariff policies for Russia's key energy and metals exports
Aleksandr Lebed	Russia	Apr. 28, 2002	Krasnoyarsk Governor; Born in the Rostov Province	Member of Parliament. Krasnoyarsk Governor
Mikhail Rudchenko	Russia	Jan. 28, 2002	Born in Saratovskaya obl.	Deputy interior minister responsible for security in southern Russia
Vladimir Golovlev	Russia	Aug. 22, 2002	Lived in Moscow & Chelyabinsk	Member of Parliament
Yevgeny Gusarov	Russia	Oct. 7, 2002	Lived in Moscow	Deputy Foreign Minister
Igor Farkhutdinov	Russia	Aug. 20, 2003	Lived in Yuzhno-Sakhalinsk	Governor of Sakhalin
Serguei Iouchenkov	Russia	Apr. 17, 2003	Lived in Moscow	Member of Parliament
Hon Sui Sen	Singapore	Oct. 15, 1983	Singapore	Finance Minister
John Wiley	South Africa	Mar. 29, 1987	Lived near Cape Town	Environment Minister
Feroza Adam	South Africa	Aug. 10, 1994	Lived in Cape Town	Member of Parliament
Steve Tshwete	South Africa	Apr. 26, 2002	Lived in Peelton (Eastern Cape); Born in King William's Town	Minister of Safety and Security
Gregorio Ordonez	Spain	Jan. 23, 1995	Lived in San Sebastian	Mayor of Saint-sebastien
Manuel Gimenez Abad	Spain	May 6, 2001	Lived in Zaragoza	Senator; President of the local chapter of the ruling centre-right Popular Party
Asoka Karunaratne	Sri Lanka	Feb. 24, 1988	Lived in Colombo	Minister of Social Services
Lionel Jayatilleke	Sri Lanka	Sep. 27, 1988	Lived in Colombo	Education minister and as minister of rehabilitation and reconstruction
Ranjan Wijeratne	Sri Lanka	Mar. 2, 1991	Lived in Colombo	Minister of Plantation Industries and State Minister for Defense
Neelan Thiruchelvam	Sri Lanka	Jul. 31, 1999	Lived in Colombo	Member of Parliament. Vice-president of the mainstream Tamil United Liberation Front party
C.V. Gunaratne	Sri Lanka	Jun. 7, 2000	Lived in Ratmalana (suburb of Colombo)	Industrial Development Minister
Dharmasiri Senanayake	Sri Lanka	Jul. 24, 2000	Lived in Colombo	Aviation and Tourism Minister and he was also the powerful general secretary of Sri Lanka Freedom Party (SLFP)
Lionel Gunawardene	Sri Lanka	Nov. 23, 2000	Lived in Colombo	Deputy health minister
Gamini Athukorale	Sri Lanka	Dec. 31, 2001	Lived in Colombo	Minister of Transport, Highways and Civil Aviation, assistant leader of the ruling United National Party (UNP)
Sven Olof Joachim Palme	Sweden	Feb. 28, 1986	Lived (and born) in Stockholm	Prime Minister
Anna Lindh	Sweden	Sep. 11, 2003	Lived in Stockholm; born in the Stockholm suburb of Enskede	Foreign Minister
Giuseppe Buffi	Switzerland	Jul. 20, 2000	Lived in Lugano; Born in Locarno	President of the Council of State of Ticino
John P. Saylor	United States	Oct. 28, 1973	Born in Conemaugh Township; lived in Johnstown, PA	Representative
Jerry Pettis	United States	Feb. 14, 1975	Lived in Loma Linda, San Bernardino County, CA; Born in	Congressman
John C. Kluczynski	United States	Jan. 26, 1975	Born and lived in Chicago	Chmn of transportation subcom of Public Works Com, and Chmn of select commmitte that ran HR restaurant
Goodloe E. Byron	United States	Oct. 11, 1978	Born in Williamsport, MD; lived in Frederick, MD	Representative
Leo J. Ryan	United States	Nov. 18, 1978	Lived in San Francisco, CA; Born in Lincoln, NE	Congressman
Ralph H. Metcalfe	United States	Oct. 10, 1978	Born in Atlanta, Ga; lived in Chicago IL	Representative

Appendix B: List of deceased Politicians in the sample

Name	Country	Date of Death	Home city	Detailed position
Wesley Bolin	United States	Mar. 4, 1978	Lived in Phoenix, Ariz.; Born in Butler, MO	Arizona Governor
William M. Ketchum	United States	Jun. 24, 1978	Born in Los Angles; Lived in Paso Robles	Representative
John M. Slack	United States	Mar. 17, 1980	Born and lived in Charleston, W.VA	Representative
Tennyson Guyer	United States	Apr. 12, 1981	Born and lived in Findlay, OH	Foreign Affairs Committee, the Veterans Affairs Committee and the Select Committee on Narcotics Abuse and Control
Adam Benjamin	United States	Sep. 7, 1982	Born and lived in Gary, IN	Chmn of the Congressional Steel Caucus
Clement J. Zablocki	United States	Dec. 3, 1983	Born and lived in Milwaukee, WI	Chmn of the House Foreign Affairs Committee
Henry M. "Scoop" Jackson	United States	Sep. 1, 1983	Born and lived in Everett, WA	Senator
Larry McDonald	United States	Sep. 1, 1983	Born in Atlanta, GA	Congressman
Phillip Burton	United States	Apr. 10, 1983	Born in Cincinnati, OH; Lived in San Francisco CA	As a member, a one-time Chmn and a driving force behind the House Democratic Study Group
Carl D. Perkins	United States	Aug. 3, 1984	Born in Hindman, KY; Lived in Washington DC and Hindman	Chmn of the House Education and Labor Committee
John P. East	United States	Jun. 29, 1986	Lived in Greenville, NC; Born in Springfield, Sangamon County, IL	Senator
Edward Zorinsky	United States	Mar. 6, 1987	Born and lived in Omaha, NE	He served on the Senate Agriculture Committee, and became involved in Latin American issues. member of the Foreign Relations Committee
Dan Daniel	United States	Jan. 23, 1988	Born in Chatham, VA; Lived in Danville, VA	Member of the House Armed Services Committee and served on the permanent Select Committee on Intelligence. Founding member of the Congressional Textile Caucus
James J. Howard	United States	Mar. 25, 1988	Born in Irvington, NJ; Lived in Spring Lake Heights, NJ	Chmn of the House Public Works and Transportation Committee
Mickey Leland	United States	Aug. 7, 1989	Lived in Houston; Born in Lubbock, TX	Chmn of the House Select Committee on Hunger
Henry John Heinz III	United States	Apr. 4, 1991	Lived (and born) in Pittsburgh	Second-ranking Republican on the Senate Banking, Housing and Urban Affairs Committee and was the ranking GOP member of the committee's securities subcommittee
Richard A. Snelling	United States	Aug. 13, 1991	Lived in Shelburne, VT; Born in Allentown, PA	Vermont Governor and Chmn of the National Governors' Association
Quentin N. Burdick	United States	Sep. 8, 1992	Born in Munich, ND; Lived in Fargo, ND	Chmn of the Environment and Public Works Committee
Theodore S "Ted" Weiss	United States	Sep. 14, 1992	Lived in NYC; Born in Hungary	Chmn of the House Government Operations subcommittee on human resources
William Huston Natcher	United States	Mar. 29, 1994	Born and lived in Bowling Green, KY	Appropriations Committee Chmn
Ron Brown	United States	Apr. 3, 1996	Born and lived in Washington DC	Secretary of Commerce
Walter H. Capps	United States	Oct. 28, 1997	Lived in Santa Barbara, Calif. Born in Omaha, Douglas County,	Congressman
Lawton Chiles	United States	Dec. 12, 1998	Lived in Tallahassee/Century, FL, born in Lakeland, FL	Florida Governor
Sonny Salvatore Bono	United States	Jan. 5, 1998	Lived in Palm Springs/Riverside County; Born in Detroit, MI	Congressman. Member of the House Banking and Financial Services Committee and the House Judiciary Committee
John Hubbard Chafee	United States	Oct. 24, 1999	Lived in Warwick, Kent County, RI; Born in Providence, Providence County, RI	Senator; Chair of the Environment and Public Works Committee
Gary McPherson	United States	Oct. 14, 2000	Lived in Denver, CO; Born in Aurora, CO	Vice-Chmn of the Arapahoe County Park and Recreation District, Chmn of the House Finance Committee and a member of the House Judiciary Committee
Julian Carey Dixon	United States	Dec. 8, 2000	Lived in Los Angeles, CA; Born in Washington, DC	Congressman. Sr member of the Congressional Black Caucus
Mel Carnahan	United States	Oct. 16, 2000	Lived in Jefferson City, MO; born in Birch Tree, MO	Missouri Governor
Paul Coverdell	United States	Jul. 18, 2000	Born in Des Moines, Ia; Lived in Atlanta, GA	Peace Corps director in the Bush administration, one of six co-chairmen of the convention's national caucus team, a powerful planning committee. In the Senate, he served as GOP Conference secretary and sat on the agriculture, finance and foreign relations committees
Paul Wellstone	United States	Oct. 25, 2002	Lived in Minneapolis, MN; born in Washington, DC	U. S. Senate Agriculture Committee member
Frank O'Bannon	United States	Sep. 13, 2003	Lived in Indianapolis; Born in Louisville, KY	Indiana Governor
Chris Ushewokunze	Zimbabwe	Jan. 18, 1994	Lived in Harare	Minister of Industry and Commerce
Border Gezi	Zimbabwe	Apr. 28, 2001	From Bindura (northeast of Harare)	Youth Development, Gender and Employment Creation Minister
Moven Mahachi	Zimbabwe	May 26, 2001	Lived in Harare	Defense Minister

Appendix C: Data Sources Used to Collect Data on Family Ownership

Countries	Book/Internet Sources
Argentina	"Argentina Company Handbook 95/96," The Reference Press, Austin, Texas
Australia	Australian Stock Exchange, 1997, "ASX all Ordinary Index. Company Handbook", Sydney, N.S.W.
Belgium	Brussels Stock Exchange (www.bxs.be)
Brazil	Bovespa, "Brazil Company Handbook," Edition 2000/2001, São Paulo Stock Exchange
Canada	"Survey of Industrials", 1998, The Financial Post Datagroup, Toronto, Ontario
France	The Herald Tribune, 1997, "French Company Handbook 1997," SFB-Paris Bourse; Financial Times, 1997, "Extel Financial"; http://www.bourse-de-paris.fr/fr/market8/fsg830.htm
Italy	CONSOB, 1997, "Bollettino – edizione speciale n. 4/97 – Compagine azionaria delle società quotate in borsa o ammesse alle negoziazioni nel mercato ristretto al 31 dicembre 1996" (http://www.consob.it/trasparenza_soc_quot/trasp_soc_quot.htm); Il Sole 24 ore, 1997, "Il taccuino dell'azionista"
Japan	Japan Company Handbook, 1998
Malaysia	Asian Company Handbook, 1998
Norway	Hugin, Annual Report CD, 1998
Philippines	Asian Company Handbook, 1998, & Philippine Stock Exchange, 1997
Poland	Komisja Papierów Wartościowych i Gield ("Ownership of Polish listed firms"; obtained from the Polish SEC)
Portugal	Bolsa de Valores de Lisboa, "Sociedades Cotadas 1997"
Singapore	Asian Company Handbook, 1998
Spain	Comision Nacional del Mercado de Valores, 1998, "Participaciones significativas en sociedades cotizadas" (http://www.cnmv.es/english/cnmve.htm)
Sweden	Hugin, Annual Report CD, 1998
Switzerland	Union Bank of Switzerland, 1998, "Swiss Stock Guide 96/97," Zurich
U.K.	Financial Times, 1997, "Extel Financial"; London Stock Exchange, 1997, "The London Stock Exchange Yearbook;" Financial Times; http://www.hemscott.com/equities/firm/