

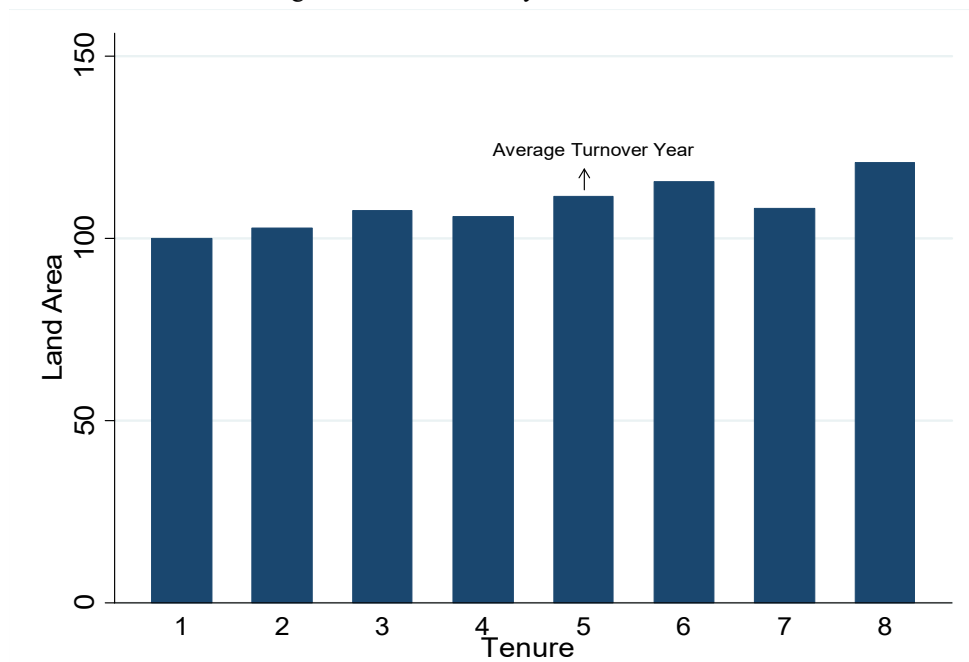
Online Appendix

Go with the Politician

Yongwei Nian and Chunyang Wang

Appendix A: Figures and Tables

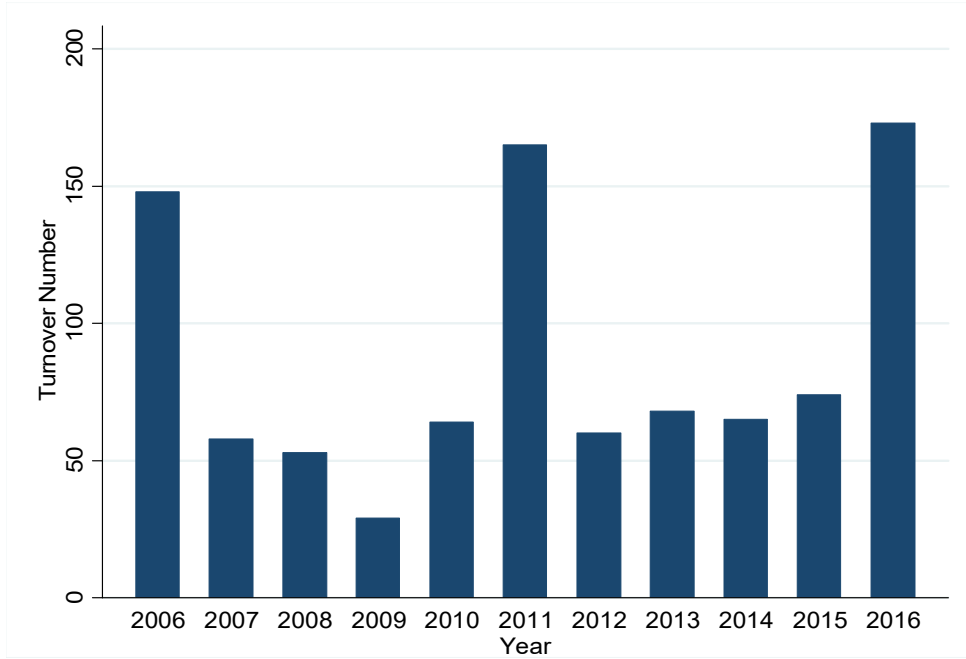
Figure A1: Land Area by Leader's Tenure



Sources: Land China (2016), CSMAR (2017), and authors' own calculation.

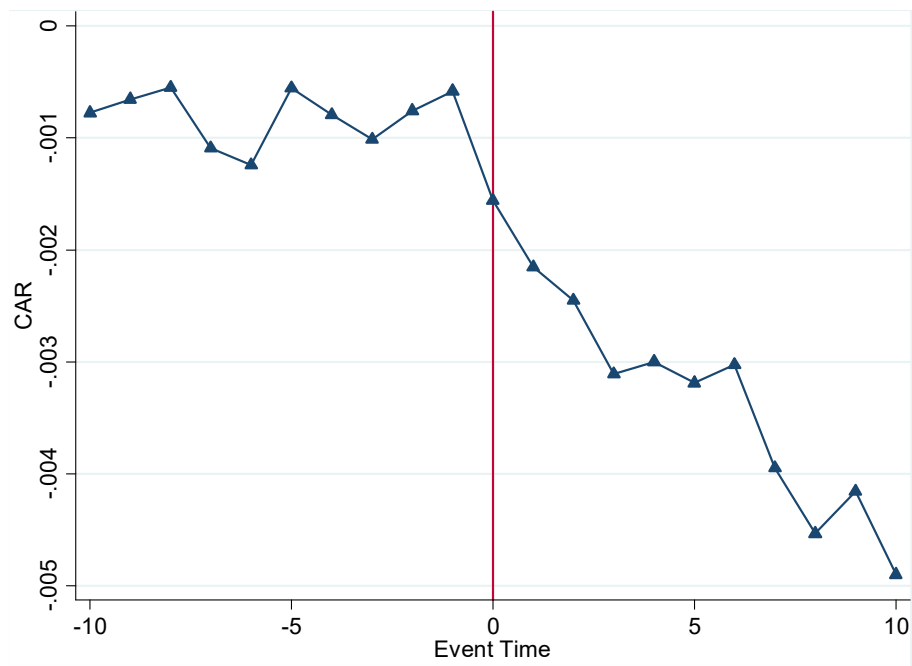
Notes: This figure displays land area sold by prefecture leader's tenure. Total land area sold in leader's first year is normalized to 100.

Figure A2: Leader Turnover Number Distribution by Year



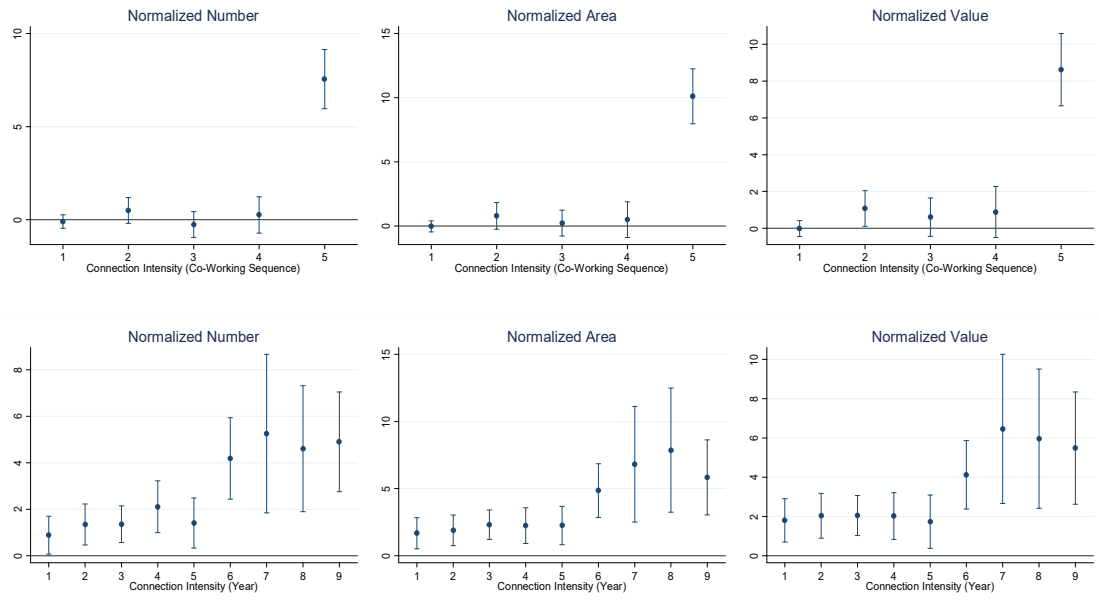
Sources: CSMAR (2017) and authors' own calculation.

Figure A3: Average Cumulative Abnormal Return around Politician Turnover



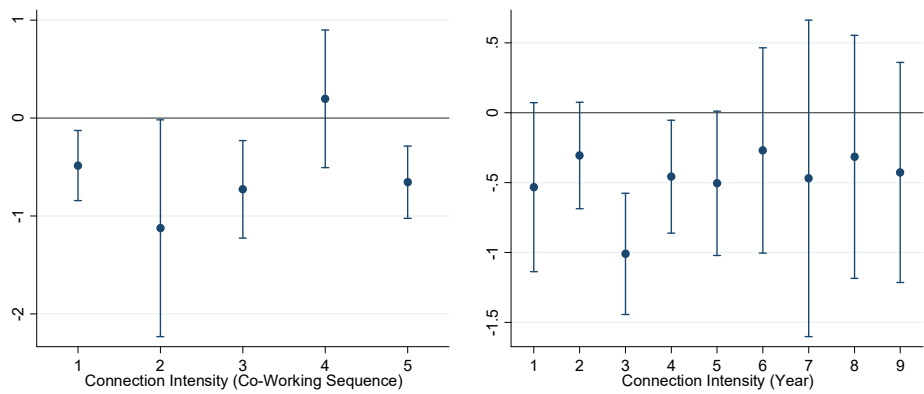
Notes: This figure proves the unexpectedness of politician turnover by showing the insignificant market reaction preceding politician turnover. The triangles denote average cumulative abnormal return (CAR) of firms headquartered in a prefecture around the leave of a local leader, estimated using the Fama-French three-factor model. The day on which a politician's leave is announced is normalized as 0. The estimation window is [-140, -20].

Figure A4: Intensity Effects on Land Purchases without Parametric Restrictions



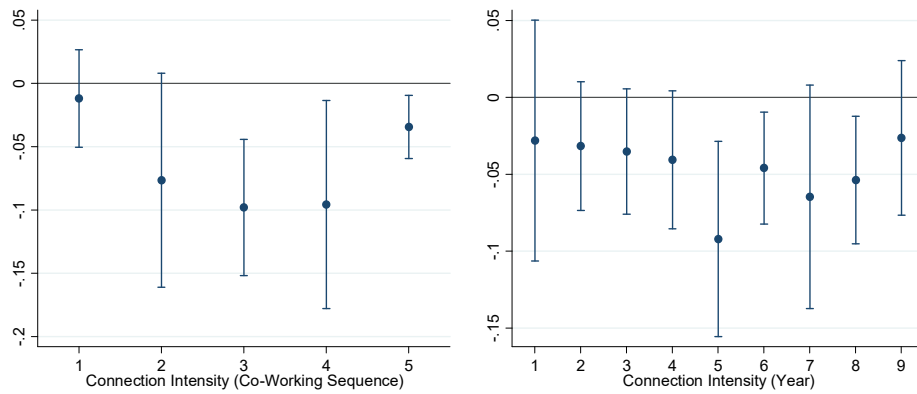
Notes: This figure shows the estimated effect of the intensity of connection between a firm and a politician in a prefecture-year on the firm's land purchases in that prefecture-year without parametric restrictions. Each subfigure is created by estimating a variant of Equation (1), with Connection replaced by a set of separate dummies for different values of Connection Intensity (0 is omitted), and plotting the coefficients and associated 95% standard errors on the dummies. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection Intensity (Co-Working Sequence) takes values from 0 to 5. Five indicates the closest case where a firm's headquarters is located in a local leader's most recent work prefecture, immediately before the leader's move. One indicates the farthest case where a firm's headquarters is located in a local leader's initial work prefecture. Connection Intensity (Year) denotes how many years a local leader previously worked in the firm's headquarters prefecture.

Figure A5: Intensity Effects on Land Price without Parametric Restrictions



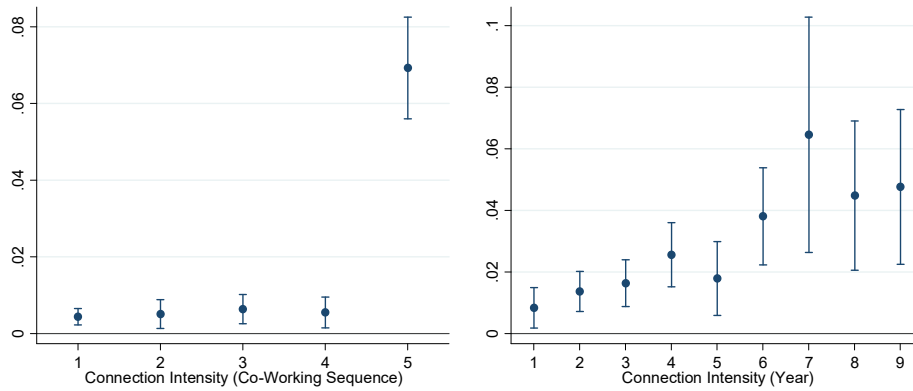
Notes: This figure shows the estimated effect of the intensity of connection on land parcel price a firm pays without parametric restrictions. Each subfigure is created by estimating a variant of the regression in Column (1) of Table 4, with Connection replaced by a set of separate dummies for different values of Connection Intensity (0 is omitted), and plotting the coefficients and associated 95% standard errors on the dummies. The dependent variable is the unit price of a land parcel over average unit price of other similar land parcels (same type and sold in the same year) within a 2 km radius of that land parcel. Connection Intensity (Co-Working Sequence) takes values from 0 to 5. Five indicates the closest case where a firm’s headquarters is located in a local leader’s most recent work prefecture, immediately before the leader’s move. One indicates the farthest case where a firm’s headquarters is located in a local leader’s initial work prefecture. Connection Intensity (Year) denotes how many years a local leader previously worked in the firm’s headquarters prefecture.

Figure A6: Intensity Effects on Land Usage Efficiency without Parametric Restrictions



Notes: This figure shows the estimated effect of the intensity of connection on land usage efficiency without parametric restrictions. Each subfigure is created by estimating a variant of the regression in Column (1) of Table 5, with Connection replaced by a set of separate dummies for different values of Connection Intensity (0 is omitted), and plotting the coefficients and associated 95% standard errors on the interaction between Post Deal and these dummies. The dependent variable is the light intensity of a parcel sold to a firm in a prefecture-year divided by the average light intensity of all parcels sold to all firms in that prefecture-year. Connection Intensity (Co-Working Sequence) takes values from 0 to 5. Five indicates the closest case where a firm’s headquarters is located in a local leader’s most recent work prefecture, immediately before the leader’s move. One indicates the farthest case where a firm’s headquarters is located in a local leader’s initial work prefecture. Connection Intensity (Year) denotes how many years a local leader previously worked in the firm’s headquarters prefecture.

Figure A7: Intensity Effects on Firm Entry without Parametric Restrictions



Notes: This figure shows the estimated effect of the intensity of connection on firm entry without parametric restrictions. Each subfigure is created by estimating a variant of the regression in Column (1) of Table A10, with Connection replaced by a set of separate dummies for different values of Connection Intensity (0 is omitted), and plotting the coefficients and associated 95% standard errors on these dummies. The dependent variable denotes firm entry in a prefecture, a dummy variable which takes the value of 1 after a firm purchases a land parcel until politician turnover in that prefecture, and 0 otherwise. Connection Intensity (Co-Working Sequence) takes values from 0 to 5. Five indicates the closest case where a firm’s headquarters is located in a local leader’s most recent work prefecture, immediately before the leader’s move. One indicates the farthest case where a firm’s headquarters is located in a local leader’s initial work prefecture. Connection Intensity (Year) denotes how many years a local leader previously worked in the firm’s headquarters prefecture.

Table A1: Summary Statistics of Main Variables

Variable	Observations	Mean	Standard Deviation
Normalized Number	9,547,267	1.00	36.21
Normalized Area	9,547,267	1.00	41.42
Normalized Value	9,451,113	1.00	42.60
Connection	9,547,267	0.03	0.18
Connection Intensity (Co-Working Sequence)	9,547,267	0.11	0.65
Connection Intensity (Year)	9,547,267	0.15	0.86
Unit Price / Average Unit Price within a 2 KM Radius	13,227	1.00	1.92
Normalized Light Intensity	262,119	1.00	0.75

Notes: Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in a local leader's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Connection Intensity (Co-Working Sequence) takes values from 0 to 5. Five indicates the closest case where a firm's headquarters is located in a local leader's most recent work prefecture, immediately before the leader's move. One indicates the farthest case where a firm's headquarters is located in a local leader's initial work prefecture. Connection Intensity (Year) denotes how many years a local leader previously worked in the firm's headquarters prefecture. Unit Price / Average Unit Price within a 2 KM Radius is the unit price of a land parcel over the average unit price of other similar land parcels (same type and sold in the same year) within a 2 km radius of that land parcel. Normalized Light Intensity is the light intensity of a parcel sold to a firm in a prefecture-year divided by the average light intensity of all parcels sold to all firms in that prefecture-year.

Table A2: Summary Statistics of Land Data Obtained by Publicly Listed Firms

Category	Number
Number of land parcels obtained by public firms	43,773
-Industrial land	19,252
-Residential land	7,196
-Commercial land	11,202
-Other land	6,123
Number of public firms that have obtained at least one land parcel	2,188
Average number of land parcels per land buyer	20
Number of land parcels obtained by non-local public firms	38,259

Sources: Land China (2016), WIND (2016), and authors' own calculation.

Table A3: Turnover Frequency by Province from 2006 to 2016

Province Name	GDP Per Capita in 2016 (<i>yuan</i>)	Turnover Number
Anhui	39,561	50
Beijing	118,198	4
Chongqing	58,502	4
Fujian	74,707	34
Gansu	27,643	47
Guangdong	74,016	69
Guangxi	38,027	22
Guizhou	33,246	33
Hainan	44,347	14
Hebei	43,062	52
Heilongjiang	40,432	28
Henan	42,575	42
Hubei	55,665	48
Hunan	46,382	38
Inner Mongolia	72,064	46
Jiangsu	96,887	28
Jiangxi	40,400	61
Jilin	53,868	36
Liaoning	50,791	47
Ningxia	47,194	14
Qinghai	43,531	23
Shaanxi	51,015	23
Shandong	68,733	48
Shanghai	116,562	4
Shanxi	35,532	30
Sichuan	40,003	57
Tianjin	115,053	5
Tibet	35,184	16
Xinjiang	40,564	36
Yunnan	31,093	54
Zhejiang	84,916	36

Sources: CSMAR (2017), National Bureau of Statistics of China (2017), and authors' own calculation.

Table A4: Group Difference between Connected and Unconnected Firms

	(1)	(2)	(3)	(4)
	Connection=0	Connection=1	Difference	Conditional Difference
TFP	0.0023 (0.0001)	0.0077 (0.0006)	0.0054 (0.0006)	0.0057 (0.0014)
ROA	0.0370 (0.00002)	0.0389 (0.0001)	0.0020 (0.0001)	0.0020 (0.0004)
ROE	0.0653 (0.0001)	0.0721 (0.0003)	0.0068 (0.0003)	0.0076 (0.0007)
Firm age	15.3458 (0.0019)	15.2328 (0.0103)	-0.1130 (0.0105)	-0.3265 (0.0794)
SOE	0.4744 (0.0002)	0.5161 (0.0011)	0.0416 (0.0011)	0.0517 (0.0065)
Debt / Assets	0.2117 (0.0001)	0.1986 (0.0004)	-0.0131 (0.0004)	-0.0106 (0.0013)
ln(Assets)	21.8377 (0.0005)	22.0275 (0.0030)	0.1898 (0.0027)	0.1697 (0.0155)

Notes: This table reports the difference and conditional difference between connected and unconnected firms. These examined characteristics are key ones in existing literature. Columns (1) and (2) report the means and associated standard errors (in parentheses) for connected and unconnected firms respectively. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Column (3) reports the mean differences and associated standard errors (in parentheses) for these two groups. Column (4) reports the conditional mean differences and associated standard errors (in parentheses) for these two groups conditional on prefecture and year fixed effects.

Table A5: Capital Prefecture vs Non-Capital Prefectures for Provincial Leaders

Dependent variable	(1)	(2)	(3)	(4)	(5)
	Normalized Value				
Connection	3.00 (0.31)				
Connection (Prefecture)		3.64 (0.36)			3.61 (0.36)
Connection (Province, Capital Prefecture)			1.51 (0.47)		1.18 (0.48)
Connection (Province, Non-Capital Prefectures)				-0.01 (0.08)	0.05 (0.07)
Prefecture-year FEs	Yes	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes	Yes	Yes
$p(\text{Capital Prefecture}=\text{Non-Capital Prefectures})$					0.02
Observations	9,451,113	9,451,113	9,451,113	9,451,113	9,451,113
R-squared	0.06	0.06	0.06	0.06	0.06

Notes: This table compares the effects of connection in capital prefectures to the effects of connection in non-capital prefectures for provincial leaders. Normalized Value denotes the value of land parcels bought by a firm in a prefecture-year divided by the average value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Connection (Prefecture) denotes whether a firm's headquarters is in a prefectural politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Connection (Province, Capital Prefecture) denotes whether a firm's headquarters is in a provincial politician's previous work prefectures and is equal to 1 in that politician's governing province's capital prefecture if yes, and 0 otherwise. Connection (Province, Non-Capital Prefecture) denotes whether a firm's headquarters is in a provincial politician's previous work prefectures and is equal to 1 in that politician's governing province's non-capital prefectures if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A6: Alternative Clustering Strategies

Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)
	Normalized Number	Normalized Area	Normalized Value	Normalized Number	Normalized Area	Normalized Value
	Two-way Clustering: Prefecture and Year			Provincial-level Clustering		
Connection	2.37 (0.32)	3.36 (0.43)	3.00 (0.42)	2.37 (0.46)	3.36 (0.54)	3.00 (0.49)
Prefecture-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes	Yes	Yes	Yes
Wild bootstrap p	0.00	0.00	0.00	0.00	0.00	0.00
Observations	9,547,267	9,547,267	9,451,113	9,547,267	9,547,267	9,451,113
R-squared	0.19	0.06	0.06	0.19	0.06	0.06
Number of clusters	326 and 11	326 and 11	326 and 11	27	27	27

Notes: This table reports the estimated effect of whether a firm and a politician in a prefecture-year have a connection on the firm's land purchases in that prefecture-year, using alternative clustering strategies. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in that politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at various levels are reported in parentheses. Columns (1)-(3) use two-way clustering at the prefecture and year level. Columns (4)-(6) use provincial-level clustering. To alleviate the concern of small number of clusters, especially at the province level, we also try the wild bootstrap approach suggested by Cameron, Gelbach, and Miller (2008). We use the procedure developed by Roodman et al. (2019) to implement the wild bootstrap and report the p -values.

Table A7: Economic Geography - Adjacent Prefectures

Dependent variable	(1)	(2)	(3)
	Normalized Value		
Connection	3.00 (0.31)		3.00 (0.31)
Connection (Adjacent Prefectures)		-0.20 (0.68)	-0.35 (0.67)
Prefecture-year FEs	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
$p(\text{Baseline} = \text{Adjacent})$			0.00
Observations	9,451,113	9,451,113	9,451,113
R-squared	0.06	0.06	0.06

Notes: This table compares the land purchases of a connected firm to the land purchases of an unconnected firm headquartered in a prefecture adjacent to the connected firm's headquarters prefecture. Normalized Value denotes the value of land parcels bought by a firm in a prefecture-year divided by the average value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Connection (Adjacent Prefectures) denotes whether an unconnected firm's headquarters prefecture is adjacent to a connected firm's headquarters prefecture and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A8: Connection and Land Usage Efficiency - Robustness

Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)
	Normalized Light Intensity					
	Size > 0.02 Square KM (Median Size)	Size > 0.5 Square KM	Size > 1 Square KM	Distance > 26 KM (Median Distance)	Distance > 50 KM	Grid Cells with One Parcel
Post Deal	-0.05 (0.01)	-0.03 (0.02)	-0.03 (0.02)	-0.02 (0.01)	-0.02 (0.01)	-0.05 (0.01)
Post Deal × Connection	-0.05 (0.01)	-0.05 (0.02)	-0.05 (0.03)	-0.05 (0.01)	-0.06 (0.02)	-0.06 (0.01)
Land parcel FEs	Yes	Yes	Yes	Yes	Yes	Yes
Prefecture-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	140,492	25,509	23,221	147,543	99,154	118,580
R-squared	0.93	0.94	0.94	0.92	0.92	0.93

Notes: This table reports the robustness of the estimated effect of Connection on land usage efficiency. The unit of analysis is land parcel. Normalized Light Intensity is the light intensity of a parcel sold to a firm in a prefecture-year divided by the average light intensity of all parcels sold to all firms in that prefecture-year. Post Deal is a dummy variable, taking the value of 1 after a land parcel's sale, and 0 otherwise. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Column (1) keeps only land parcels larger than the sample median which is 0.02 square km. Column (2) keeps only land parcels larger than 0.5 square km. Column (3) keeps only land parcels larger than 1 square km. Column (4) keeps only land parcels more than 26 km away from the prefecture center, which is the median distance. Column (5) keeps only land parcels more than 50 km away from the prefecture center. Column (6) keeps only grid cells containing one land parcel. All regressions control for prefecture-by-year, firm-by-year, and land parcel fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A9: The High Management Cost Channel for Lower Light Growth

Dependent variable	(1) Normalized Light Intensity
Post Deal	-0.06 (0.01)
Post Deal × Remote	0.00 (0.02)
Land parcel FEs	Yes
Prefecture-year FEs	Yes
Firm-year FEs	Yes
Observations	262,119
R-squared	0.92

Notes: This table tests whether higher management cost for a firm leads to lower land usage efficiency. The unit of analysis is land parcel. Normalized Light Intensity is the light intensity of a parcel sold to a firm in a prefecture-year divided by the average light intensity of all parcels sold to all firms in that prefecture-year. Post Deal is a dummy variable, taking the value of 1 after a land parcel's sale, and 0 otherwise. Remote is a dummy variable and is equal to 1 for land parcels out of the province where a firm is headquartered, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and land parcel fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A10: Firm Entry

Dependent variable	(1)	(2)	(3)
		Entry	
Connection	0.026 (0.002)	0.003 (0.003)	0.015 (0.003)
Connection Intensity (Co-Working Sequence)		0.010 (0.001)	
Connection Intensity (Year)			0.004 (0.001)
Prefecture-year FEs	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
Observations	9,547,428	9,547,428	9,547,428
R-squared	0.118	0.124	0.119
Mean of dependent variable	0.003	0.003	0.003

Notes: This table reports the estimated effect of Connection or Connection Intensity on firm entry in terms of land purchase in a prefecture. Entry denotes firm entry in a prefecture, a dummy variable which takes the value of 1 after a firm purchases a land parcel until politician turnover in that prefecture, and 0 otherwise. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, 0 otherwise. Connection Intensity (Co-Working Sequence) takes values from 0 to 5. Five indicates the closest case where a firm's headquarters is located in a local leader's most recent work prefecture, immediately before the leader's move. One indicates the farthest case where a firm's headquarters is located in a local leader's initial work prefecture. Connection Intensity (Year) denotes how many years a local leader previously worked in the firm's headquarters prefecture. All regressions control for prefecture-by-year, firm-by-year, and origin-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A11: Alternative Fixed Effects

Dependent variable	(1) Normalized Number	(2) Normalized Area	(3) Normalized Value
Panel A			
Connection	2.30 (0.24)	3.24 (0.32)	2.90 (0.30)
Prefecture FEs	Yes	Yes	Yes
Firm FEs	Yes	Yes	Yes
Year FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
Observations	9,547,267	9,547,267	9,451,113
R-squared	0.17	0.05	0.05
Panel B			
Connection	2.30 (0.25)	3.26 (0.32)	2.91 (0.30)
Prefecture FEs	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
Observations	9,547,267	9,547,267	9,451,113
R-squared	0.19	0.06	0.06
Panel C			
Connection	2.36 (0.25)	3.34 (0.33)	2.98 (0.31)
Prefecture-year FEs	Yes	Yes	Yes
Firm FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
Observations	9,547,267	9,547,267	9,451,113
R-squared	0.17	0.05	0.05
Panel D			
Connection	2.43 (0.25)	3.46 (0.33)	3.08 (0.31)
Prefecture-year FEs	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes
Origin-destination province-year FEs	Yes	Yes	Yes
Observations	9,547,267	9,547,267	9,451,113
R-squared	0.19	0.06	0.06

Notes: This table reports the estimated effect of whether a firm and a politician in a prefecture-year have a connection on the firm's land purchases in that prefecture-year, using baseline regressions with alternative sets of fixed effects. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in that politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A12: Prefectural Leaders vs Provincial Leaders

Dependent variable	(1)	(2)	(3)	(4)
	Normalized Value			
Connection	3.00 (0.31)			
Connection (Prefecture)		3.64 (0.36)		3.61 (0.36)
Connection (Province)			1.51 (0.47)	1.17 (0.48)
Prefecture-year FEs	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes	Yes
$p(\text{Prefecture}=\text{Province})$				0.00
Observations	9,451,113	9,451,113	9,451,113	9,451,113
R-squared	0.06	0.06	0.06	0.06

Notes: This table compares the effects of connection with prefectural politicians to the effects of connection with provincial politicians. Normalized Value denotes the value of land parcels bought by a firm in a prefecture-year divided by the average value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. The politician could be a prefectural leader or a provincial leader. Connection (Prefecture) denotes whether a firm's headquarters is in a prefectural politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Connection (Province) denotes whether a firm's headquarters is in a provincial politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A13: Baseline Results without Politicians Who Have Worked in Beijing

Dependent variable	(1) Normalized Number	(2) Normalized Area	(3) Normalized Value
Connection	2.52 (0.26)	3.52 (0.35)	3.13 (0.33)
Prefecture-year FEs	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
Observations	9,547,267	9,547,267	9,451,113
R-squared	0.19	0.06	0.06

Notes: This table reports the estimated effect of whether a firm and a politician in a prefecture-year have a connection on the firm's land purchases in that prefecture-year, for the subsample of politicians without experiencing working in Beijing where the central government is located. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in that politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A14: Baseline Results without Firms Headquartered in Beijing or Shanghai

Dependent variable	(1) Normalized Number	(2) Normalized Area	(3) Normalized Value
Connection	3.81 (0.33)	5.31 (0.46)	4.69 (0.44)
Prefecture-year FEs	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
Observations	7,914,186	7,914,186	7,834,484
R-squared	0.02	0.01	0.02

Notes: This table reports the estimated effect of whether a firm and a politician in a prefecture-year have a connection on the firm's land purchases in that prefecture-year, for the subsample of firms without their headquarters in Beijing or Shanghai. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in that politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A15: Baseline Regression by Land Types

Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)
	Normalized Number	Normalized Area	Normalized Value	Normalized Number	Normalized Area	Normalized Value
	Industrial Land			Commercial/Residential Land		
Connection	1.57 (0.24)	2.22 (0.29)	1.89 (0.27)	3.71 (0.34)	4.12 (0.39)	4.38 (0.40)
Prefecture-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	8,934,272	8,934,272	8,754,318	7,526,887	7,526,887	7,412,008
R-squared	0.25	0.12	0.11	0.03	0.02	0.02

Notes: This table reports the estimated effect of whether a firm and a politician in a prefecture-year have a connection on the firm's land purchases in that prefecture-year, for a subsample with only industrial land in Columns (1)-(3) and a subsample with only commercial and residential land in Columns (4)-(6). Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in that politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A16: Heterogeneity by Pre-Connection Firm Performance

Dependent variable	(1) Normalized Number	(2) Normalized Area	(3) Normalized Value	(4) Normalized Number	(5) Normalized Area	(6) Normalized Value
Connection	2.37 (0.42)	3.56 (0.53)	3.24 (0.52)	2.30 (0.33)	3.67 (0.48)	3.27 (0.44)
Connection × High Sales Growth	-0.07 (0.41)	-0.45 (0.54)	-0.49 (0.51)			
Connection × High ROA				0.03 (0.39)	-0.64 (0.56)	-0.56 (0.52)
Prefecture-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	9,405,735	9,405,735	9,311,005	9,405,735	9,405,735	9,311,005
R-squared	0.19	0.06	0.06	0.19	0.06	0.06

Notes: This table tests the heterogeneity effects of Connection by pre-connection firm performance. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. High Sales Growth is a dummy variable denoting whether the firm's sales growth was higher than the median when the politician was working at the firm's headquarters prefecture and is equal to 1 if yes, and 0 otherwise. High ROA is a dummy variable denoting whether the firm's ROA was higher than the median when the politician was working at the firm's headquarters prefecture and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A17: Political Incentives

Dependent variable	(1) Normalized Number	(2) Normalized Area	(3) Normalized Value	(4) Normalized Number	(5) Normalized Area	(6) Normalized Value
Connection	2.35 (0.25)	3.34 (0.33)	3.00 (0.31)	2.36 (0.25)	3.36 (0.33)	3.00 (0.31)
Connection × Age	0.07 (0.05)	0.05 (0.06)	0.02 (0.06)			
Connection × Term Length				0.10 (0.16)	0.00 (0.18)	0.02 (0.16)
Prefecture-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	9,547,162	9,547,162	9,451,008	9,547,267	9,547,267	9,451,113
R-squared	0.19	0.06	0.06	0.19	0.06	0.06

Notes: This table tests the role of political incentives, by comparing politicians with different ages and term lengths. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Connection denotes whether a firm's headquarters is in a politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Age and Term Length denote the age and the term length of the connected politician, respectively. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A18: Market Reactions to Corruption Investigation

	(1)	(2)	(3)	(4)
Dependent variable	CAR[-1,1]	CAR[-10,10]	CAR[-1,1]	CAR[-10,10]
Connection	-0.006 (0.002)	-0.024 (0.007)	-0.005 (0.003)	-0.023 (0.009)
Firm-investigation year FEs	No	No	Yes	Yes
Observations	6,237	6,236	5,012	5,010
R-squared	0.003	0.005	0.383	0.462

Notes: This table reports the estimated effects of politically connected firms' cumulative abnormal returns (CARs) around the corruption investigations of the connected politicians. The CARs are calculated using the Fama-French three factor model with an estimation window of [-140, -20]. Connection denotes whether a firm's headquarters is in that politician's previous work prefectures and is equal to 1 if yes, and 0 otherwise. Standard errors clustered at the firm level are reported in parentheses.

Table A19: Locally Headquartered Firms

Dependent variable	(1) Normalized Number	(2) Normalized Area	(3) Normalized Value	(4) Unit Price / Average Unit Price within a 2 KM Radius
Local	2.45 (0.28)	2.67 (0.20)	1.59 (0.17)	-0.04 (0.16)
Prefecture-year FEs	Yes	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes	Yes
Observations	9,533,071	9,537,719	9,441,662	13,212
R-squared	0.02	0.06	0.06	0.46

Notes: This table reports the estimated effect of whether a firm is locally headquartered on the land purchases of that firm, and land parcel price that firm pays. In Columns (1)-(3), the dependent variables Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. In Column (4), the dependent variable is the unit price of a land parcel over average unit price of other similar land parcels (same type and sold in the same year) within a 2 km radius of that land parcel. Local denotes whether a firm's headquarters is in that prefecture-year and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A20: Hometown as Another Potential Source of Favoritism

Dependent variable	(1) Normalized Number	(2) Normalized Area	(3) Normalized Value
Hometown	0.00 (0.44)	-0.22 (0.55)	0.01 (0.52)
Prefecture-year FEs	Yes	Yes	Yes
Firm-year FEs	Yes	Yes	Yes
Origin-destination province FEs	Yes	Yes	Yes
Observations	9,547,267	9,547,267	9,451,113
R-squared	0.19	0.06	0.06

Notes: This table reports the estimated effect of whether a firm's headquarters is in the hometown prefecture of a politician in a prefecture-year on the firm's land purchases in that prefecture-year. Normalized Number, Normalized Area, and Normalized Value denote the number, area, and value of land parcels bought by a firm in a prefecture-year divided by the average number, area, and value of land parcels bought by all firms in that prefecture-year, respectively. Hometown denotes whether a firm's headquarters is in that politician's hometown prefecture and is equal to 1 if yes, and 0 otherwise. All regressions control for prefecture-by-year, firm-by-year, and origin province-by-destination province fixed effects. Robust standard errors clustered at the prefecture level are reported in parentheses.

Table A21: The Effect of “Go with the Politician” on Politician’s Promotion and Prefectural GDP

Dependent variable	(1)	(2)	(3)	(4)
	Promotion _{t+1}		ln(GDP) _{t+1}	
Fraction of Land Value to Connected Firms	-0.04 (0.02)	-0.03 (0.03)	-0.00 (0.01)	-0.00 (0.01)
GDP Growth Rate		0.25 (0.16)		0.84 (0.05)
ln(Population)		-0.10 (0.20)		0.43 (0.07)
Prefecture FEs	Yes	Yes	Yes	Yes
Year FEs	Yes	Yes	Yes	Yes
Observations	3,370	2,864	2,875	2,863
R-squared	0.52	0.52	0.98	0.99

Notes: This table reports the estimated effect of whether a higher fraction of land sales to connected firms in a prefecture-year might lead to that prefecture leader’s promotion or lead to higher GDP next year. The dependent variable is Promotion_{t+1} in Column (1) and (2), a dummy variable taking the value of 1 if that prefecture leader is promoted next year, and 0 otherwise. In Column (3) and (4), the dependent variable is ln(GDP), denoting the logarithm of GDP in that prefecture next year. GDP Growth Rate is defined as the change in the logarithm of GDP from year t-1 to year t. Robust standard errors clustered at the prefecture level are reported in parentheses.

Appendix B: TFP Calculation

TFP is total factor productivity, calculated as the difference between actual and predicted output of a firm. Specifically, we estimate the following log-linear Cobb-Douglas production function, following the literature (Bertrand and Mullainathan, 2003; Giroud, 2013):

$$y_{it} = \alpha + \beta_1 k_{it} + \beta_2 l_{it} + \beta_3 m_{it} + \varepsilon_{it}$$

where i and t denote firm and year, respectively. y_{it} is the logarithm of sales, k_{it} is the logarithm of total assets, l_{it} is the logarithm of the number of employees, and m_{it} is the logarithm of expenditure for material inputs. TFP is captured by the residual. The estimation is conducted for each industry-year separately to account for varying factor intensities.

Appendix References:

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