Table I: Summary Statistics

This table reports summary statistics for the sample. Seniority shocks are defined as follows: Shock Top1ChairOnly is a dummy variable equal to 1 if the senator (or representative) of a given state becomes chairman of the Senate Finance Committee (the House Ways and Means Committee); Shock Top1Chair&Rank is equal to 1 if a senator becomes either chairman or the ranking minority member of the committee. The list of the top 10 most influential committees is from Edwards and Stewart (2006); for the Senate these committees are Finance, Veterans Affairs, Appropriations, Rules, Armed Services, Foreign Relations, Intelligence, Judiciary, Budget, and Commerce, and for the House these committees are Ways and Means, Appropriations, Energy and Commerce, Rules, International Relations, Armed Services, Intelligence, Judiciary, Homeland Security, and Transportation and Infrastructure. Seniority shocks begin in the year on appointment, and are applied for 6 years. All accounting variables are winsorized at the 1st and 99th percentiles of their distributions. The earmark data is from 1991-2008, the transfer data is from 1992-2007, and the contract data is from 1992-2008. All dollar figures are in 2008 dollars.

Panel A: Firm-Level Annual Variables	Years 1967-2008, Firms = 16,734			
	Mean	Median	Std. Dev.	Observations
Capital Expenditures/Assets$_{-1}$	0.078	0.048	0.108	168,975
Total Payout/Assets$_{-1}$	0.023	0.006	0.044	154,832
R&D/Assets$_{-1}$	0.078	0.028	0.134	86,870
ChgEmployees	0.085	0.026	0.322	158,230
Cash Flow/Assets$_{-1}$	0.036	0.084	0.242	151,482
Leverage$_{-1}$	0.416	0.399	0.261	159,833
Tobin s Q$_{-1}$	1.822	1.230	1.826	153,348
Assets (in $ mil)	2,845	194	26,667	168,970
Shock_Top1ChairOnly	0.030	0	0.171	168,975
Shock_Top1Chair&Rank	0.032	0	0.177	168,975
Shock_Top3ChairOnly	0.044	0	0.204	168,975
Shock_Top3Chair&Rank	0.070	0	0.255	168,975
Shock_Top5ChairOnly	0.062	0	0.242	168,975
Shock_Top5Chair&Rank	0.118	0	0.322	168,975
Shock_Top10ChairOnly	0.098	0	0.297	168,975
Shock_Top10Chair&Rank	0.196	0	0.397	168,975
Drop_Top1ChairOnly	0.019	0	0.136	168,975
Drop_Top3ChairOnly	0.022	0	0.146	168,975
Shock_Top1ChairOnly (House)	0.037	0	0.188	168,975
Shock_Top1Chair&Rank (House)	0.100	0	0.300	168,975
Shock_Top3ChairOnly (House)	0.074	0	0.261	168,975
Shock_Top3Chair&Rank (House)	0.207	0	0.405	168,975
Shock_Top5ChairOnly (House)	0.113	0	0.317	168,975
Shock_Top10ChairOnly (House)	0.180	0	0.384	168,975

Panel B: State-Level Annual Variables	Years=1991-2008, States=50			
	Mean	Median	Std. Dev.	Observations
Total Earmarks (in $)	139,027,804	91,213,011	145,481,289	889
Ln(Total Earmarks)	18.17	18.33	1.25	889
State Population	5,327,111	3,665,228	5,811,533	889
Ln(State Population)	15.00	15.11	1.01	889
State Area (in square miles)	72,694	56,276	87,559	889
Total State Govt. Transfers (in $ mil)	3,703.1	2,424.9	4,474.5	800
Log(Total State Govt. Transfers)	21.61	21.61	0.88	800
Total Government Contracts (in $ mil)	2,272.7	839.7	3776.0	849
Log(Total Government Contracts)	20.10	20.55	2.20	849

Table II: Average Annual Earmarks By State

This table reports average annual earmarks by state, for the period 1991-2008. Earmark figures are in 2008 dollars. Population figures for each state are obtained from the 1990 and 2000 census. Total firms, average number of firms per year, average total capital expenditures per year (in millions of 2008 dollars), and average total corporate employees per year (in thousands), are from Compustat and are yearly averages by state over the full sample period (1967-2008). The shock variables are for the Shock Top3Chair&Rank specification, and are averages by state over the full sample period (1967-2008).

Earmark Rank	State	Annual Earmarks	Population	Pop. Rank	PerCap. Earmarks	Total Firms	Avg Firms	Capex	Num. Emp.	Senate Shock	House Shock
1	CA	474,744,643	31,815,835	1	14.9	3111	651.4	48,787.3	2,445.6	0	0.3571
2	HI	320,872,527	1,159,883	41	276.6	25	8.5	596.2	21.1	0.0976	0
3	TX	320,369,604	18,919,165	2	16.9	1643	402.9	79,670.3	2,303.5	0.1429	0.3095
4	MS	303,468,441	2,708,937	31	112.0	58	12.3	318.6	20.0	0.2381	0.2857
5	AK	294,110,808	588,488	48	499.8	8	1.7	90.8	2.3	0.4103	0
6	NY	286,856,506	18,483,456	3	15.5	1872	472.1	60,058.6	3,525.9	0.1429	0.4286
7	FL	256,255,682	14,460,152	4	17.7	936	204.1	10,845.5	707.8	0.1429	0.2381
8	PA	238,567,184	12,081,349	5	19.7	675	192.7	18,970.4	1,192.7	0.2857	0.2857
9	WV	233,943,573	1,800,911	35	129.9	27	6.0	144.0	9.2	0.2439	0
10	AL	196,160,333	4,243,844	23	46.2	92	24.9	1,494.8	93.9	0.1429	0
11	WA	194,234,223	5,380,407	15	36.1	286	62.6	5,808.8	285.5	0.1429	0
12	MO	174,110,006	5,356,142	16	32.5	232	70.3	7,881.7	670.2	0	0
13	VA	173,683,577	6,632,937	12	26.2	428	103.8	17,066.5	779.9	0	0.1429
14	IL	167,702,049	11,924,948	6	14.1	728	208.5	39,578.9	2,837.9	0	0.2857
15	MD	163,912,303	5,038,977	19	32.5	343	79.3	5,046.9	480.8	0	0
16	OH	158,257,270	11,100,128	7	14.3	521	169.3	20,429.4	1,804.9	0	0.0238
17	LA	152,659,937	4,344,475	22	35.1	99	27.4	4,109.6	75.2	0.1463	0.3415
18	KY	151,019,194	3,863,533	24	39.1	92	23.9	2,022.4	213.5	0	0.1429
19	NJ	149,090,487	8,072,269	9	18.5	916	233.1	36,555.6	1,618.6	0.1429	0
20	SC	136,795,164	3,749,358	26	36.5	102	24.0	1,585.0	157.2	0	0
21	GA	133,430,550	7,332,335	11	18.2	465	108.2	15,364.1	742.6	0.1429	0
22	NM	129,018,858	1,667,058	36	77.4	42	7.9	408.1	8.3	0	0
23	MI	117,090,209	9,616,871	8	12.2	315	100.3	37,643.1	2,104.6	0	0.2857
24	NC	114,748,484	7,338,975	10	15.6	305	81.3	8,295.5	593.3	0.0238	0.1429
25	AZ	112,029,336	4,354,830	21	25.7	243	55.5	3,344.4	163.2	0	0
26	MA	110,318,321	6,182,761	13	17.8	889	210.4	8,153.8	680.6	0	0.1429
27	NV	105,950,968	1,600,045	38	66.2	156	34.2	3,043.6	107.0	0	0
28	CO	102,720,845	3,797,828	25	27.0	645	120.3	10,592.9	246.2	0	0
29	TN	102,566,275	5,283,234	17	19.4	214	57.4	5,987.3	563.0	0	0.2857
30	IA	101,493,645	2,851,540	30	35.6	90	25.8	1,182.4	66.4	0.1429	0
31	OR	101,260,298	3,131,860	29	32.3	151	40.2	2,405.6	114.0	0.2381	0.1429
32	IN	95,933,350	5,812,322	14	16.5	204	56.3	3,792.9	215.5	0	0.1429
33	WI	88,049,241	5,127,722	18	17.2	175	60.6	4,148.6	447.8	0.1429	0.1429
34	OK	87,815,500	3,289,147	28	26.7	214	41.1	7,156.0	60.6	0	0
35	AR	80,768,613	2,502,572	33	32.3	46	16.5	6,439.8	726.6	0.1429	0
36	UT	80,426,189	1,963,000	34	41.0	150	30.8	1,541.1	112.3	0.1429	0
37	MN	78,073,598	4,647,289	20	16.8	481	134.9	10,407.7	843.5	0	0
38	KS	74,640,287	2,582,996	32	28.9	120	29.5	3,798.3	137.8	0.1429	0
39	MT	73,912,236	850,630	44	86.9	16	3.8	256.6	3.9	0.1463	0
40	NH	65,175,744	1,176,241	40	55.4	78	19.8	520.0	41.4	0	0
41	CT	58,615,499	3,346,341	27	17.5	471	131.9	18,969.2	1,135.5	0	0
42	ID	57,388,189	1,150,351	42	49.9	36	10.5	1,516.7	99.0	0.0952	0
43	ND	51,576,434	640,500	47	80.5	9	1.1	221.1	4.6	0	0
44	SD	50,399,507	725,424	46	69.5	17	5.3	279.8	16.5	0	0
45	ME	42,966,093	1,250,043	39	34.4	29	8.9	646.8	20.5	0	0
46	VT	38,018,251	585,793	49	64.9	18	5.6	109.5	4.0	0.1463	0
47	RI	36,205,932	1,024,572	43	35.3	50	14.5	1,222.8	174.0	0	0
48	NE	30,339,541	1,644,824	37	18.4	56	13.6	2,944.2	164.7	0.1463	0
49	DE	21,534,917	728,338	45	29.6	55	14.9	5,450.7	191.6	0.1429	0
50	WY	13,695,506	472,503	50	29.0	17	3.1	13.5	0.5	0.2857	0

Table III: The Impact of Seniority Shocks on State-Level Earmarks, Government Transfers, and Government Contracts

This table reports panel regressions of earmarks, transfers, and procurement contracts on Senate seniority shocks (defined as in Table I). The dependent variable in Columns 1-9 is ln(state-level annual earmarks); in Column 10 is ln(total state-level federal government transfers) from the Census Bureau (excluding category B79, which consists of nondiscretionary spending on public welfare items, e.g., Medicaid); and in Column 11 is ln(total state-level procurement contracts), drawn from the Eagle Eye database. The earmark data is from 1991-2008, the transfer data is from 1992-2007, and the procurement data is from 1992-2008. Control variables include ln(state-level population), the state-level average of ln(per capita income) over the past 6 years, and lagged values of state-level ln(per-capita income growth) and state-level unemployment rates. Year-fixed effects and state-fixed effects are included in all regressions. All standard errors are adjusted for clustering at the state level, and t-stats using these clustered standard errors are included in parentheses below the coefficient estimates. ***Significant at 1%; **significant at 5%; *significant at 10%.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Ear	Ear	Ear	Ear	Ear	Ear	Ear	Ear	Ear	Transfers	Contracts
Shock_Top1ChairOnly	0.446***	0.481***								0.087**	0.235**
	(9.42)	(8.77)								(2.54)	(2.33)
Shock_Top3ChairOnly			0.451***								
			(3.30)								
Shock_Top5ChairOnly				0.426***							
				(3.67)							
Shock_Top10ChairOnly					0.224**						
					(2.49)						
Shock_Top1Chair&Rank						0.330***					
						(3.30)					
Shock_Top3Chair&Rank							0.265***				
							(3.12)				
Shock_Top5Chair&Rank								0.205***			
								(2.76)			
Shock_Top10Chair&Rank									0.164**		
									(2.35)		
Controls	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed Effects	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Fixed Effects	State	State	State	State	State	State	State	State	State	State	State
Adjusted R^2	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.98	0.88
No. of Obs.	889	839	839	839	839	839	839	839	839	791	790

Table IV: The Impact of Seniority Shocks on Corporate Investment, 1967-2008

This table reports panel regressions of capital expenditures on Senate seniority shocks (defined as in Table I). All models contain firm-fixed effects and year-fixed effects. Controls for lagged Q, cash flow, and lagged leverage are included where indicated. All standard errors are adjusted for clustering at the state-year level, and t-stats using these clustered standard errors are included in parentheses below the coefficient estimates. ***Significant at 1%; **significant at 5%; *significant at 10%.

	Dependent Variable: Capital Expenditures$_{i,t}$/A$_{i,t-1}$								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Shock_Top1ChairOnly	-0.012***	-0.009***							
	(3.46)	(3.14)							
Shock_Top1Chair&Rank			-0.008***						
			(2.94)						
Shock_Top3ChairOnly				-0.006***					
				(2.78)					
Shock_Top3Chair&Rank					-0.006***				
					(3.57)				
Shock_Top5ChairOnly						-0.005***			
						(2.64)			
Shock_Top10ChairOnly							-0.003*		
							(1.95)		
Drop_Top1ChairOnly								0.007**	
								(2.22)	
Drop_Top3ChairOnly									0.006**
									(2.11)
$Q_{i,t-1}$		0.008***	0.008***	0.008***	0.008***	0.008***	0.008***	0.008***	0.008***
		(12.33)	(12.33)	(12.32)	(12.34)	(12.29)	(12.33)	(12.33)	(12.32)
(Cash Flow$_{i,t}$/A$_{i,t-1}$)		0.039***	0.039***	0.039***	0.039***	0.039***	0.039***	0.039***	0.039***
		(9.40)	(9.40)	(9.40)	(9.40)	(9.41)	(9.40)	(9.40)	(9.40)
Leverage$_{i,t-1}$		-0.116***	-0.116***	-0.116***	-0.116***	-0.117***	-0.116***	-0.117***	-0.117***
		(31.54)	(31.53)	(31.51)	(31.50)	(31.46)	(31.54)	(31.42)	(31.41)
Adjusted R^2	0.440	0.501	0.501	0.501	0.501	0.501	0.501	0.501	0.501
No. of Obs.	168975	139564	139564	139564	139564	139564	139564	139563	139563

Table V: Alternative Specifications for the Impact of Seniority Shocks on Corporate Investment

This table reports panel regressions of capital expenditures on House seniority shocks (from 1967-2008), earmarks directly (1991-2008), IV predicted values of earmarks (1991-2008), and various subsamples. Column 3 includes only stocks above the median lagged market capitalization in a given year in the regressions; Column 4 excludes all shocks where the prior chairman lost his chair because he/she was defeated in an election/primary. Column 5 presents capital expenditure regressions similar to those in Table IV but which also include a variable called PreShock, which is a dummy variable equal to one in the six years prior to a shock. Column 6 runs the same regression as in Column 4 of Table IV, but only for the 1991-2008 subperiod for which we have earmark data. Column 7 presents a regression of capital expenditures on ln(earmarks) directly. Column 8 presents the IV predicted value coming from an IV procedure using the first stage that regresses Shock Top3Chair&Rank (Senate Shock) on ln(earmarks), as in Table III. All models contain firm-fixed effects and year-fixed effects, and controls for lagged Q, cash flow, and lagged leverage. All standard errors are adjusted for clustering at the state-year level, and t-stats using these clustered standard errors are included in parentheses below the coefficient estimates. ***Significant at 1%; **significant at 5%; *significant at 10%.

	Dependent Variable: Capital Expenditures$_{i,t}$/A$_{i,t-1}$							
	Full Sample (1967-2008)					Earmark Sample (1991-2008)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Shock_Top1ChairOnly (House Shock)	-0.004**							
	(2.26)							
Shock_Top3Chair&Rank (House Shock)		-0.003***						
		(2.74)						
Shock_Top3Chair&Rank (Only Large Stocks)			-0.005***					
			(3.14)					
Shock_Top3Chair&Rank (No Lost Elections)				-0.006***				
				(3.44)				
Pre-Shock					0.001			
					(0.37)			
Shock_Top3Chair&Rank					-0.009***	-0.007***		
					(5.75)	(4.63)		
Ln(Annual Earmarks)							0.000	
							(0.55)	
IV Predicted Value								-0.008***
								(6.28)
Adjusted R^2	0.501	0.501	0.611	0.501	0.393	0.554	0.510	0.510
No. of Obs.	139564	139564	68277	139564	42087	73861	88828	88828

Table VI: The Impact of Seniority Shocks on Corporate R&D, Payouts, Employment, and Sales Growth, 1967-2008

This table reports panel regressions of firm research and development (R&D), total payouts (cash dividends plus repurchases), firm-level changes in employment, and firm-level sales growth on Senate and House seniority shocks. Panel A reports results with firm-level R&D as the dependent variable, Panel B reports results with firm-level payouts (cash dividends plus repurchases) as the dependent variable, Panel C reports results with firm-level changes in employment as the dependent variable, and Panel D reports results with firm-level changes in sales as the dependent variable. Each panel contains a specification which also includes a variable called PreShock, which is a dummy variable equal to one in the six years prior to a shock, plus results for the sub-period for which earmark data is available. All models contain firm-fixed effects and year-fixed effects. All standard errors are adjusted for clustering at the state-year level, and t-stats using these clustered standard errors are included in parentheses below the coefficients. ***Significant at 1%; **significant at 5%; *significant at 10%.

Panel A: R&D	Dependent Variable: $R\&D_{i,t}/A_{i,t-1}$						
	Full Sample (1967-2008)					Earmark Sample (1991-2008)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Shock_Top1ChairOnly	-0.005***						
	(2.64)						
Shock_Top3Chair&Rank		-0.003***	-0.003***			-0.003*	
		(3.04)	(2.82)			(1.66)	
Pre-Shock			0.000				
			(0.12)				
Shock_Top1ChairOnly (House Shock)				-0.009***			
				(3.31)			
Shock_Top3Chair&Rank (House Shock)					-0.001		-0.004**
					(1.28)		(1.98)
Adjusted R^2	0.782	0.782	0.708	0.783	0.782	0.777	0.777
No. of Obs.	74842	74842	19273	74841	74841	41442	41441

Panel B: Payouts	Dependent Variable: $Payouts_{i,t}/A_{i,t-1}$						
	Full Sample (1967-2008)					Earmark Sample (1991-2008)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Shock_Top1ChairOnly	0.003***						
	(4.15)						
Shock_Top3Chair&Rank		0.001***	0.001			0.002**	
		(2.85)	(1.36)			(2.11)	
Pre-Shock			0.000				
			(0.34)				
Shock_Top1ChairOnly (House Shock)				0.001			
				(0.84)			
Shock_Top3Chair&Rank (House Shock)					0.001***		0.003***
					(3.59)		(4.84)
Adjusted R^2	0.392	0.392	0.418	0.392	0.392	0.412	0.412
No. of Obs.	129991	129991	39749	129990	129990	67981	67980

Panel C: ChgEmployees	Dependent Variable: $(Employ_{i,t} - Employ_{i,t-1})/ Employ_{i,t-1}$						
	Full Sample (1967-2008)					Earmark Sample (1991-2008)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Shock_Top1ChairOnly	-0.009						
	(1.11)						
Shock_Top3Chair&Rank		-0.011**	-0.011***			-0.020***	
		(2.41)	(2.67)			(2.64)	
Pre-Shock			0.000				
			(0.01)				
Shock_Top1ChairOnly (House Shock)				-0.027*			
				(1.81)			
Shock_Top3Chair&Rank (House Shock)					-0.013***		-0.025***
					(2.97)		(3.06)
Adjusted R^2	0.135	0.392	0.086	0.135	0.135	0.139	0.139
No. of Obs.	168267	129991	41577	168265	168265	89702	89702

Panel D: SalesGrowth	Dependent Variable: $(Sales_{i,t} - Sales_{i,t-1})/ Sales_{i,t-1}$						
	Full Sample (1967-2008)					Earmark Sample (1991-2008)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Shock_Top1ChairOnly	-0.015						
	(1.30)						
Shock_Top3Chair&Rank		-0.014**	-0.017***			-0.030***	
		(2.31)	(3.11)			(2.90)	
Pre-Shock			-0.001				
			(0.17)				
Shock_Top1ChairOnly (House Shock)				-0.054**			
				(2.09)			
Shock_Top3Chair&Rank (House Shock)					-0.024***		-0.042***
					(3.49)		(3.55)
Adjusted R^2	0.181	0.181	0.099	0.182	0.182	0.187	0.189
No. of Obs.	181489	181489	45418	181487	181487	96600	96599