

## Politics and Firm

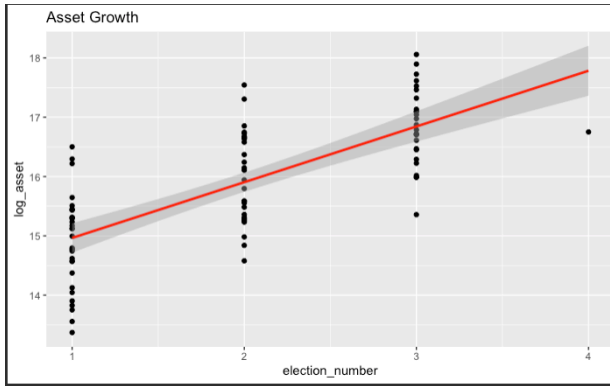
## (Current) Goal

To identify and investigate political mechanisms that might be affecting firm level investments and innovation\* in India.

## Data - Election Level

- ▶ For every election ( ie every 4 years), data available for all running candidates starting 2003. Median AC has data for 3 elections.
- ▶ Data includes education level, sources of income, assets and liabilities, criminal background etc.
- ▶ Also available election outcome data.

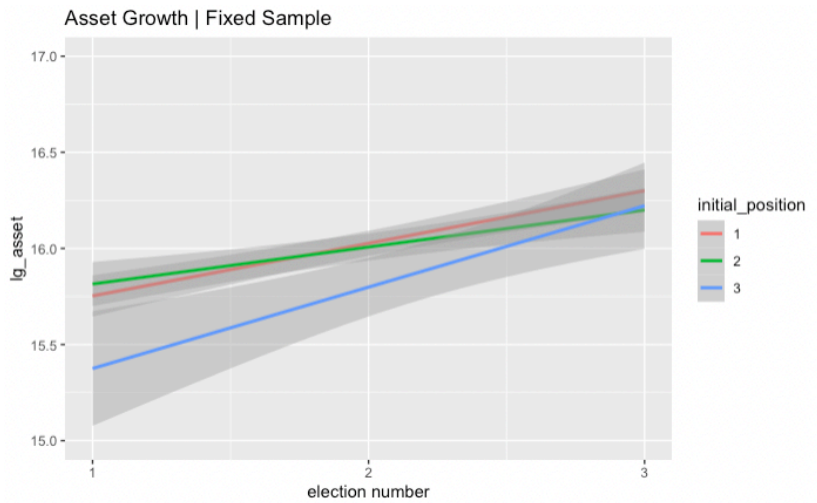
Stylyzed Facts: Self-disclosed asset level of election winners register a growth rate of 255 % over 4 year period.



Same number for all candidates is at 130% over 4 years.

Within state asset distribution are getting narrower, i.e sd falling over time.

## Fixed Sample:



- ▶ Asset growth levels and trajectory of top (3) candidates are virtually indistinguishable. Fisman 2015 finds that winner's asset grow by an additional 3-5% annually, but that is not economically significant given the baseline rate of growth.
- ▶ Levels and slope here are aggregates and they differ substantially across states ( N=30).
- ▶ **Next Steps:** Currently mapping heterogeneity of political variables over industrial clusters/zones.

## Candidate level mobility: New entrant

- Sample: First and (potentially) second election for all candidates

	-99	1	2	3	4	5	6	7
1	32	34	25	6	2	1	0	0
2	61	16	15	6	2	1	0	0
3	79	4	4	6	3	1	1	1
4	87	1	1	2	2	2	1	3
5	90	0	0	1	1	2	1	5
6	92	0	0	0	1	1	1	5
7	93	0	0	0	1	1	1	5

## North India

	-99	1	2	3	4	5	6	7
1	36	28	26	8	2	1	0	0
2	59	16	14	7	2	1	0	1
3	78	5	5	6	3	1	1	1
4	88	2	1	2	2	2	1	3
5	91	0	0	1	1	1	1	4
6	93	0	0	0	1	1	1	4
7	94	0	0	0	0	0	1	4



## South India

	-99	1	2	3	4	5	6	7
1	37	32	21	6	3	0	0	1
2	66	15	14	4	1	0	0	0
3	82	3	3	7	2	1	0	1
4	90	0	1	1	2	2	1	3
5	92	0	0	1	1	1	1	4
6	92	0	0	1	1	0	1	4
7	93	0	0	1	0	1	1	5

## Candidate level mobility: Incumbent

► Sample: Incumbent mobility from 2nd to 3rd election.

	-99	1	2	3	4	5	6	7
1	25	45	25	5	0	0	0	0
2	38	27	25	7	2	0	0	1
3	49	10	16	20	2	1	0	1
4	57	8	11	14	6	1	3	0
5	71	0	6	12	0	6	0	6
6	0	0	50	50	0	0	0	0
7	0	0	100	0	0	0	0	0

Similar across north and south India too.

## What about party level mobility?

- ▶ For any constituency,  $Pr(\text{winning} \mid \text{winning in previous election}) = 0.32$

### Conclusion:

- ▶ Elections seems to be fairly competitive.
- ▶ Top candidates have high baseline asset and (much) steeper growth trajectory.

**Next:** - Asset and liability portfolio of candidates.