

Online Appendices for Calling the Cavalry: Firm-level Investment in the Face of Decentralized Expropriation

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Appendix A: Distribution of BAC Corporate Raiding Reports Across Russia in 2011-2013

This Appendix shows the distribution of our main dependent variable of interest, the intensity of decentralized corruption as measured by Business Against Corruption (BAC) reports. It also shows the correlation between this measure and other measures of institutional quality such as political competition and crime rates (economic crimes and murders).

Figure 1A. BAC Reports or Expropriation Across Russia in 2011-2013 (per 10,000 firms).

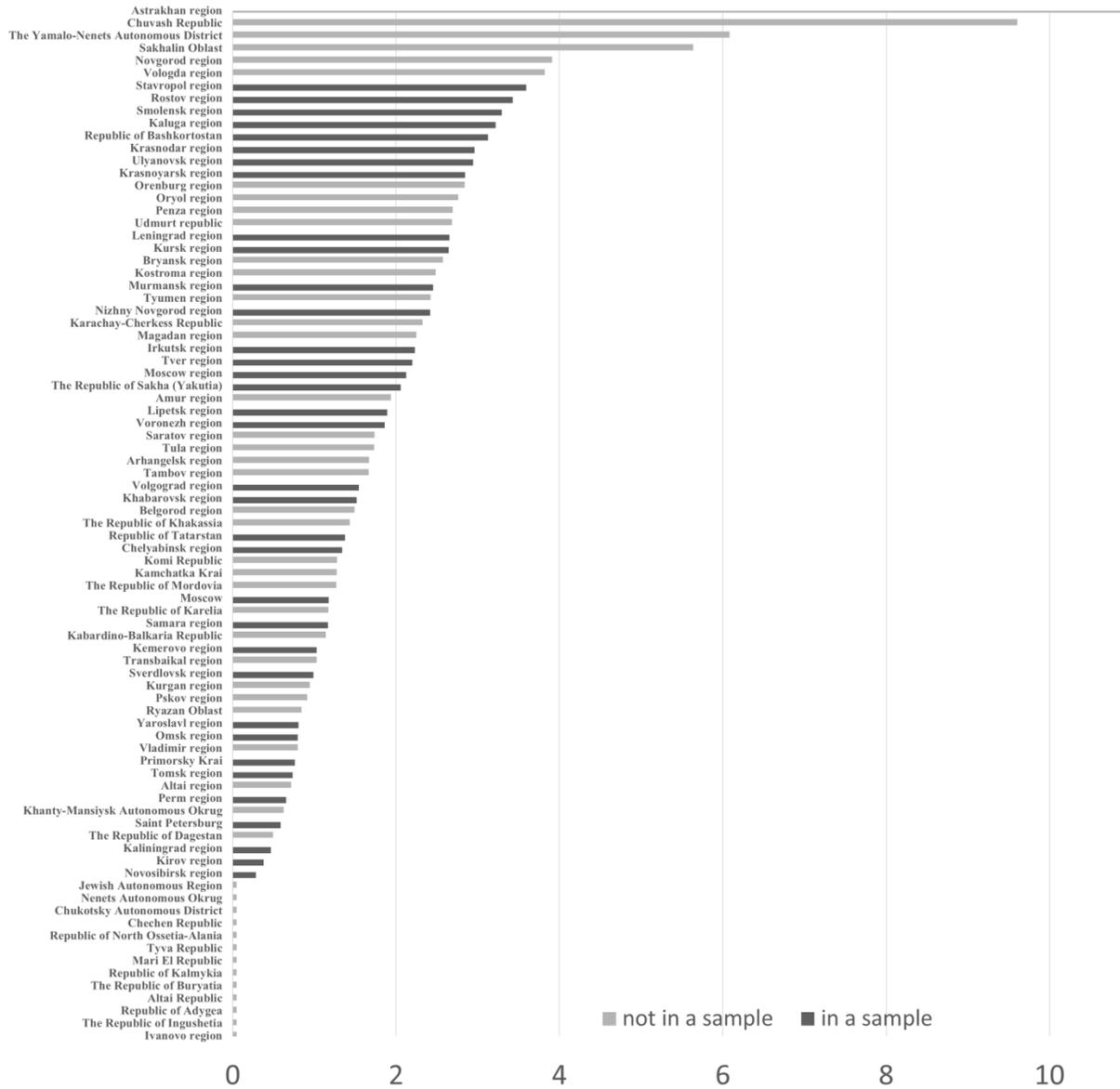


Table A1. Correlation of Intensity of Decentralized Expropriation with Variables Characterizing the Level of Political Competition and Crime.

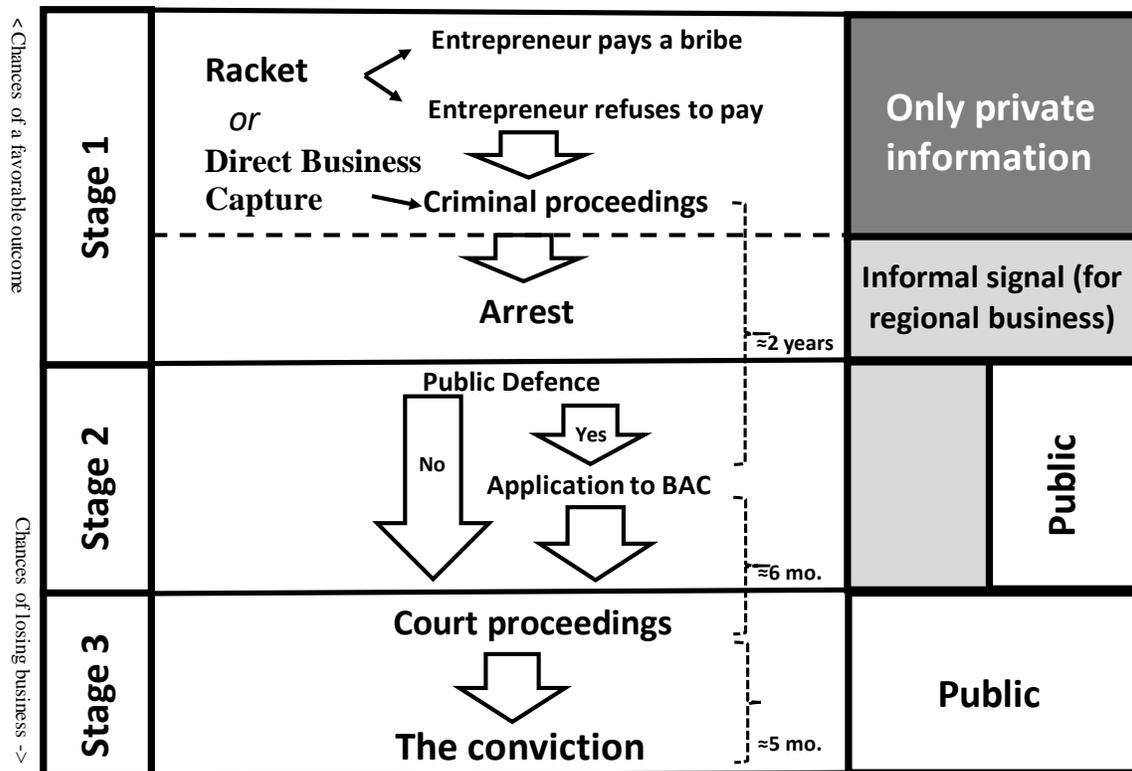
	United Russia results in regional elections	Margin of victory for winning party in regional elections	Murders per capita	Economic crimes per capita
Intensity of decentralized expropriation	-0.052	-0.062	-0.173	0.205

Appendix B. The Stages of Decentralized Expropriation in Russia

In order to better understand how the BAC dataset we use to generate our measure of expropriation risk came about, we conducted a qualitative study of decentralized expropriation in Russia using the cases reported in the dataset. To do so, we analyzed publicly available information using open sources (regional newspaper and media data, notes in the BAC dataset, and official judicial statistics and court reports). In our analysis, we attempted to understand the anatomy of a typical attempt at decentralized expropriation, the timing of each stage of a typical attempt, and at which points information about these attempts spill into public view. This is important both for the conceptual validity of our measure, which assumes that cases in the BAC dataset are publicly known and provide clear signals to firms, and for our research design. Our identification strategy relies on BAC cases being publicly known before firms make investment decisions, so it is important that data roughly proceed the 2011 to 2013 period covered by our dependent variable.

Over the course of our analysis, we discovered that fully detailed information is unavailable for many cases, because law enforcement has discretion over publication of many cases. These are typically marked "for official use" in government sources and details are withheld. Nevertheless, we were able to gather information about the timing and details of criminal proceedings in 127 cases and of court proceedings from 339 cases. Altogether, this represents 390 unique cases from the BAC dataset, which represents some information about 68.7% of the dataset.

Figure 1B: The Stages of Decentralized Expropriation in Russia



Note: The time between the different stages is calculated using the mean values for known cases from the sample described in the text (127 cases for Stage 1, 339 cases for 2-3 stages). More details on BAC can be found in the article (Yakovlev et al. 2014)

Our qualitative analysis suggests that decentralized expropriation consists of multiple stages that take place over a long period of time. For much of this process, expropriation attempts are unobservable for entrepreneurs and government officials that are not directly involved in the case. Figure 1B graphically illustrates the stages of a typical expropriation attempt from our qualitative analysis, their timing, and the availability of information at each stage. We provide two illustrative examples of these patterns below, in Appendix C. The typical patterns are as follows:

Stage 1: Law enforcement officers in Russia generally begin an expropriation attempt in one of two ways: via a series of illicit demands for bribes, assets, market share, etc. backed by threats (i.e. racketeering) or via direct expropriation (i.e. direct business capture). When threatened the entrepreneur can either give into the demands or abandon her business voluntarily. If she refuses, law enforcement will carry out their threats, initiate a criminal proceeding, and place her under arrest. Where law enforcement officers attempt direct expropriation, no threats or demands are made. Criminal proceeding are initiated at the outset of the expropriation attempt and the entrepreneur is almost always arrested. Since movement and communications can be limited for those in prison, incarceration makes it more difficult for entrepreneurs to defend against legal maneuvers designed to take their firms.

In the period we reviewed, about 5-6 thousand businessmen were prosecuted annually in Russia¹ and about 4 thousand people were arrested before trial². Even the central government acknowledged the impure motives behind many of these cases. A report by Russia's business ombudsman, Boris Titov, cited trumped up criminal proceedings and arrests as key tools for expropriating businesses in Russia. Petitions by law enforcement officers for pre-trial detention against entrepreneurs are almost always granted by courts (in 96% of cases). The consequences are stark: 91.4% of cases where the entrepreneur is prosecuted result in the complete or partial destruction of their firm.

Our qualitative analysis suggests that everything that happens before an entrepreneur is arrested is considered confidential and unobservable information. As such, potential investors or firms considering investment are unlikely to take these into account in decision making. However, arresting the head of a company is difficult to hide from her employees, partners, investors, and acquaintances. As a consequence, it is likely that information about these events is available through informal networks to entrepreneurs who are engaged in business in the region and especially for those who work in the same industry. Given the due diligence that usually goes into investment, this information is likely to turn up during the decision-making process and shape investment decisions.

¹See Chetveryakova I., Titaev K. Structure and main features of economic crimes in Russia. Center for Strategic Research. 2017. (in Russian) [<http://csr.ru/wp-content/uploads/2017/04/Report-EC-1.pdf>].

² Annual Report to the Business Ombudsmen to the President of Russia. Part 4. Business under the criminal press. Solutions. 2017. [<http://doklad.ombudsmanbiz.ru/2017/pdf/4.pdf>].

Stage 2. After the entrepreneur is arrested, she faces a choice about whether to publicize her case widely. Some may choose not to, because Russian firms are often forced to engage in illegal acts in order to work around Russia's burdensome regulatory regime and rampant corruption. The ways in which they do so might cause more problems vis-à-vis the state than the raider attacks themselves. Others acquired their property under legally dubious circumstances that would result in public opprobrium if it came to light (Frye 2006).

Because not all entrepreneurs wish to publicize their cases, the BAC dataset used in this paper does not contain all cases of violent decentralized expropriation that occurred in Russia. The qualitative data suggests that there is a definite bias towards cases where the entrepreneur clearly feels that she was accused wrongly and desires public attention. Because cases from the BAC database turn out to be highly public (as most involve arrest), it stands to reason that these cases served as informal signals for regional investors even before a formal complaint to BAC. On average, it takes 2 years from the beginning of criminal proceeding (i.e. post-arrest) before an application is made to BAC and a case appears in its dataset.³ Our qualitative evidence suggests that entrepreneurs are rarely silent during these proceedings. It is also worth noting that BAC only began collecting data in 2011. Thus, many of its entries are for cases that started many years earlier and were not actually reported until BAC established itself, its reputation, and its efficacy. In Appendix C, we present two illustrative case studies where entrepreneurs choose to both publicize their cases and attempt to fight them out in court to provide examples of the points we have made here.

Stage 3. Approximately six months after a typical application to BAC, cases go to court. As a rule, cases that are sent to BAC are considered by its "Public Council". Among the remedies that BAC can decide to utilize is to send official inquiries to specialized law enforcement agencies at the federal level (e.g. the Investigative Committee of the Russian Federation, the Prosecutor's Office of the Russian Federation, etc.) with a request to review the case and to exercise jurisdiction to intervene. For cases where there is no intervention, it typically takes about 5 more months before the court passes sentence. Although entrepreneurs can nominally be found innocent, in Russia it is rare for defendants to be found not guilty (Paneyakh 2014). Although BAC has achieved success in defending entrepreneurs in a small number of exceptional cases, overall it has not radically changed the significant bias against defendant entrepreneurs.

Our analysis of the qualitative data suggests several conclusions important for the paper as a whole. First, in terms of the spread of information, it appears that the cases included in the BAC dataset tend to be publicized well before appearing in the dataset. Typically, entrepreneurs hear about cases when an arrest occurs. This tends to be on average two years before these cases are reported to BAC. Second, because of the time lag between when cases are likely to become publicly known in their regions and reports to BAC, cases that appear during the 2011 – 2013 period plausibly began much earlier, between 2009 and 2011. Finally, even where BAC was informed of cases, it was not always able to intervene. Many cases continued to develop in the courts during the 2011 – 2013 period after being reported to BAC. Although formally still being decided by the legal system these developments did not really matter, since the guilty verdict is

³ This calculation was made for 127 cases from the base of CPP BAC, for which the information about the year of the beginning of criminal proceedings is available from the media. We assume that this distance should be valid for other appeals, information about which is not available.

almost always predetermined. As such, defense of property rights in these cases required firms to successfully draw the attention of higher-level authorities to the actions of predatory local officials, whether through the BAC or other mechanisms.

Appendix C: Brief Examples of Decentralized Expropriation Attempts

Case 1: Agromol⁴

In 2008 two former officers of the Federal Security Service (FSB) tried to convince an entrepreneur Dmitriy Malov to sell his company, Agromol, at a below market rate. Agromol was a medium-sized company in Kostroma region which manufactured dairy products. Two years prior to the offer, the company took a bank loan in the amount of 17.8 million rubles within the framework of a national development project. After Malov refused to sell his company, he was accused of stealing part of this money and was sentenced to 5.5 years of imprisonment.⁵ He was formally arrested in 2010 and decided to publicize the case, since he viewed it as totally fabricated. As part of his strategy, he involved both the Center of Public Procedure “Business against corruption” (CPP BAC, who provided our measure of local expropriation) and the Supreme Court Chairman Vyacheslav Lebedev. In 2012, he was acquitted on all cases, in large part thanks to the involvement of BAC and the Supreme Court Chairman. For context, only about 0.4% of cases end in an acquittal according to the official statistics. As this case demonstrates, many entrepreneurs only make applications to CPP BAC in situations when all normal forms of legal recourse are over. It highlights both the public nature of the case and the fact that public attention can change the outcome for firms. It also highlights the importance of officials tied to the central state – in this case the Supreme Court Chairman – in helping to protect firms from attempts by local officials to expropriate them.

Case 2: SOFEX

The case of attempts to expropriate the chemical company SOFEX is a very illustrative example of how decentralized expropriation functions in Russia, although it occurred before the creation of CPP BAC. In 2006 law enforcement officers initiated criminal proceedings against the owners of SOFEX (Yana Yakovleva and Aleksey Protskiy), accusing them of the illegal distribution of controlled substances. They were subsequently placed under arrest in mid-2006. The case came about, because between 1998 and 2005, SOFEX traded in a solvent used in medicines, which, in the minds of the investigators, could also be used to manufacture illegal drugs. This was ironic, since in 2005, the heads of SOFEX declined an offer by unscrupulous law enforcement officers from the Federal Drug Control Service (FSKN) to create an illegal drug manufacturing business under their protection and patronage. The criminal proceedings were widely viewed by the Russian business press as punishment for refusing to cooperate.⁶ Certainly, it was taken by many entrepreneurs in their industry as a signal that they too could be subjected to attempts by law enforcement to engage in illegal activities and the price for refusing.

Given the public nature of the arrests and the implied threat, a mass social movement arose in defense of the arrested entrepreneurs. In early 2007, a protest was held in Moscow in support of Yakovleva and Protskiy, in which about 500 people took part. Several businessmen and a well-

⁴ Note that this case draws heavily on a more detailed discussion presented in Yakovlev, Sobolev, and Kazun 2014.

⁵ See Sandford D. Russian entrepreneur 'jailed for not selling'// BBC News. 26 May 2011. [<http://www.bbc.com/news/business-13546177>].

⁶ Fedorin, Vladimir. 2008. “Biznes pod pressom [Business Under Pressure].” Forbes, March 3. <http://www.forbes.ru/forbes/issue/2008-03/11899-biznes-pod-pessom>.

known human rights activist, the head of the Moscow Helsinki Group Lyudmila Alekseeva, also publicly defended the entrepreneurs. In February 2007, Yakovleva and Protsky were released from pre-trial detention. However, they had to spend an additional year to prove their innocence in court and completely clear their name. The court only fully closed the case and acquitted the two in February 2008, which (again) is extremely rare in the Russian court system. Yana Yakovleva went on to create a non-government organization, "Business Solidarity", to protect other businessmen caught up in a similar situation⁷. She also became a co-chair of CPP BAC when it was established in 2011.

This case shows that the arrest of entrepreneurs, on the one hand, is an important mechanism for exerting violent pressure on business and expropriating them. While Yakovleva and Protskiy were imprisoned, it was difficult for them to build defense strategies, and their business suffered seriously. On the other hand, it shows that illegal arrests are an important, public signal for other entrepreneurs, which likely factors into their investment decisions.

⁷ White, Gregory L. 2009. Once-Jailed Russian Executive Pushes Law Changes. The Wall Street Journal. Dec. 30. [<https://www.wsj.com/articles/SB126212533991109359>].

Appendix D: Descriptive Statistics and Regional Level Correlations

This appendix presents descriptive statistics for all variables referenced in the main paper and shows the correlations between the regional-level variables.

Table D1. Descriptive statistics

Variable	Type	Number of observations	Mean	SE
Firm-level variables				
Firm implements investment	binary	1500	0.397	0.016
Small firm	binary	1536	0.835	0.008
Medium firm	binary	1536	0.129	0.007
Large firm	binary	1536	0.037	0.002
Employment at the firm, people	continuous	1442	101.3	6.3
Revenue, mln rub	continuous	813	10197.5	6719.9
Firm did not respond to question about revenue	binary	1536	0.469	0.017
Age of the firm, years	continuous	1530	24.8	0.7
Firm is a member of business association	binary	1410	0.174	0.010
Firm receives support from government	binary	1488	0.218	0.011
Firm receives state orders	binary	1481	0.256	0.011
Firm has state share in property	binary	1536	0.043	0.005
Firm has foreign share in property	binary	1536	0.048	0.005
Firm did not respond to question about property structure	binary	1536	0.187	0.010
Region-level variables				
Intensity of decentralized expropriation	continuous	35	1.815	0.169
GRP per capita (rub), log	continuous	35	306367.7	22477.13
Corruption in the region	continuous	35	0.583	0.028
Quality of judicial system in the region	continuous	35	0.331	0.021

Table D2. Correlation table for region-level variables

	Intensity of decentralized expropriation	GRP pc, log	Corruption	Quality of judicial system
Intensity of decentralized expropriation	1			
GRP pc, log	-0.411	1		
Corruption	0.170	0.254	1	
Quality of judicial system	-0.190	-0.261	-0.161	1

Appendix E: Full Results for the Specification Run in Table 1 of the Main Paper

This Appendix replicates Table 1, but reports co-efficients, standard errors, and significance levels for all firms and regional level variables in the specification. Please see text for description

Table E1: Decentralized Expropriation and Firms' Investment Decisions (Continues on Next Page)

	(1)	(2)	(3)	(4)	(5)	(6)
			Firm implements investment			
Intensity of decentralized expropriation (normalized by number of firms in the region)	-0.190** (0.0781)					
Small firm * Intensity of decentralized expropriation		-0.181** (0.0744)				
Medium firm * Intensity of decentralized expropriation		-0.242* (0.127)				
Large firm * Intensity of decentralized expropriation		0.186 (0.188)				
Firm does not have state share in property * Intensity of decentralized expropriation			-0.194** (0.0776)			
Firm has state share in property * Intensity of decentralized expropriation			0.129 (0.345)			
Firm responded to question about property * Intensity of decentralized expropriation				-0.203*** (0.0771)		
Firm did not respond to question about property * Intensity of decentralized expropriation				-0.127 (0.177)		
Firm does not have foreign share in property * Intensity of decentralized expropriation					-0.198** (0.0775)	
Firm has foreign share in property * Intensity of decentralized expropriation					0.363 (0.243)	
Firm is not a member of business association * Intensity of decentralized expropriation						-0.195** (0.0820)
Firm is a member of business association * Intensity of decentralized expropriation						-0.152 (0.151)
GRP per capita, log	-0.106 (0.285)	-0.0749 (0.277)	-0.111 (0.285)	-0.113 (0.291)	-0.102 (0.284)	-0.106 (0.285)
Corruption in the region	0.359 (0.406)	0.303 (0.398)	0.367 (0.408)	0.353 (0.411)	0.382 (0.408)	0.356 (0.406)
Quality of judicial system in the region	-0.249 (0.616)	-0.0619 (0.626)	-0.249 (0.615)	-0.267 (0.624)	-0.233 (0.615)	-0.246 (0.616)

Table E1. Decentralized Expropriation and Firms' Investment Decisions (Continuation)

Employment at the firm, log	0.223*** (0.0490)		0.222*** (0.0489)	0.223*** (0.0491)	0.221*** (0.0494)	0.223*** (0.0490)
Medium firm		0.570*** (0.210)				
Large firm		0.238 (0.355)				
Age of the firm, log	0.0733 (0.0888)	0.0918 (0.0870)	0.0723 (0.0886)	0.0729 (0.0892)	0.0742 (0.0884)	0.0733 (0.0886)
Firm has state share in property	-0.699** (0.284)	-0.730*** (0.266)	-1.235* (0.679)	-0.702** (0.281)	-0.687** (0.287)	-0.701** (0.284)
Firm has foreign share in property	-0.171 (0.223)	0.0407 (0.316)	-0.160 (0.226)	-0.173 (0.225)	-0.901*** (0.279)	-0.174 (0.223)
Firm did not respond to question about property structure	-0.287 (0.189)	-0.317* (0.187)	-0.288 (0.188)	-0.399 (0.347)	-0.288 (0.189)	-0.287 (0.189)
Firm is a member of business association	0.682*** (0.151)	0.686*** (0.144)	0.680*** (0.150)	0.683*** (0.150)	0.679*** (0.153)	0.610** (0.307)
Firm receives support from government	-0.0263 (0.111)	-0.00643 (0.119)	-0.0203 (0.111)	-0.0237 (0.111)	-0.0259 (0.110)	-0.0265 (0.111)
Firm receives state orders	0.261* (0.138)	0.276** (0.126)	0.263* (0.139)	0.257* (0.138)	0.269* (0.137)	0.263* (0.140)
Control for sector	Yes	Yes	Yes	Yes	Yes	Yes
Control for type of locality (city / town / village)	Yes	Yes	Yes	Yes	Yes	Yes
Constant	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,284	1,344	1,284	1,284	1,284	1,284
Pseudo R-squared	0.102	0.0956	0.103	0.103	0.104	0.102

Robust standard errors clustered at the level of regions in parenthesis

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Appendix F: Additional Robustness Checks

This Appendix provides two robustness checks of our main results. The first (Table F1) presents the results of our main specification as a classical probit regression model with interactions. This takes the functional form:

$$P\{Investment_{ir}\} = \Phi(\beta_1 \cdot Expropriation_r + \beta_2 \cdot Expropriation_r \cdot Group_Member_{ir} + \beta_3 \cdot Group_Member_{ir} + \beta_4 \cdot Regional\ Controls_r + \beta_5 \cdot Firm\ Controls_{ir})$$

where *Investment* for firm *i* in region *r* is the dependent variable – a dummy variable indicating capital investment – from our main analysis, *Expropriation* is our measure of the intensity of decentralized expropriation (see text), in region *r*, *Group_Member_{ir}* is the value for one of our main firm-level, independent variables of interest (see text) for firm *i* in region *r*, *Expropriation_r * Group_Member_{ir}* is the interaction between our main independent variable of interest and our expropriation measure, and *Regional Controls* and *Firm Controls* are a vector of additional control variables for region *r* and firm *i* (respectively). Further discussion of these variables can be found in the text.

Table F2 presents the effect of expropriation on probability of investment for different sub-groups of firms defined by our firm-level independent variables of interest (e.g. for small, medium, and large firms in the case of firm size and for members of the group and non-members in the case of our other variables of interest) calculated from the corresponding regressions of Table F1. The table also presents the results of a Wald test, which examines the null hypothesis that the effect of expropriation on probability of investment in a group is equal to zero.

Finally, Table F3 replicates the main results of Table 1, but examines whether including a measure of firms' revenue effects the robustness of the results. The table below also reports coefficients, standard errors, and significance levels for all firms and regional level variables in the specification. Please see text for further description.

Table F1: Decentralized Expropriation and Firms' Investment Decisions – Classic-form Regression (Continues on next page)

	(1)	(2)	(3)	(4)	(5)	(6)
			Firm implements investment			
Intensity of decentralized expropriation	-0.190** (0.078)	-0.181** (0.074)	-0.194** (0.078)	-0.203*** (0.077)	-0.198** (0.078)	-0.195** (0.082)
Medium firm		0.570*** (0.210)				
Large firm		0.238 (0.355)				
Medium firm * Intensity of decentralized expropriation		-0.061 (0.112)				
Large firm * Intensity of decentralized expropriation		0.367** (0.153)				
Firm has state share in property			-1.235* (0.679)			
Firm has state share in property * Intensity of decentralized expropriation			0.323 (0.339)			
Firm did not respond to question about property				-0.399 (0.347)		
Firm did not respond to question about property * Intensity of decentralized expropriation				0.075 (0.169)		
Firm has foreign share in property					-0.901*** (0.279)	
Firm has foreign share in property * Intensity of decentralized expropriation					0.561** (0.220)	
Firm is a member of business association						0.610** (0.307)
Firm is a member of business association * Intensity of decentralized expropriation						0.044 (0.156)

Table F1. Decentralized Expropriation and Firms' Investment Decisions – Classic Form Regression (Continuation)

GRP per capita, log	-0.106 (0.285)	-0.075 (0.277)	-0.111 (0.285)	-0.113 (0.291)	-0.102 (0.284)	-0.106 (0.285)
Corruption in the region	0.359 (0.406)	0.303 (0.398)	0.367 (0.408)	0.353 (0.411)	0.382 (0.408)	0.356 (0.406)
Quality of judicial system in the region	-0.249 (0.616)	-0.062 (0.626)	-0.249 (0.615)	-0.267 (0.624)	-0.233 (0.615)	-0.246 (0.616)
Age of the firm, log	0.073 (0.089)	0.092 (0.087)	0.072 (0.089)	0.073 (0.089)	0.074 (0.088)	0.073 (0.089)
Firm has state share in property	-0.699** (0.284)	-0.730*** (0.266)		-0.702** (0.281)	-0.687** (0.287)	-0.701** (0.284)
Firm has foreign share in property	-0.171 (0.223)	0.041 (0.316)	-0.160 (0.226)	-0.173 (0.225)		-0.174 (0.223)
Firm did not respond to question about property structure	-0.287 (0.189)	-0.317* (0.187)	-0.288 (0.188)		-0.288 (0.189)	-0.287 (0.189)
Firm is a member of business association	0.682*** (0.151)	0.686*** (0.144)	0.680*** (0.150)	0.683*** (0.150)	0.679*** (0.153)	
Firm receives support from government	-0.026 (0.111)	-0.006 (0.119)	-0.020 (0.111)	-0.024 (0.111)	-0.026 (0.110)	-0.027 (0.111)
Firm receives state orders	0.261* (0.138)	0.276** (0.126)	0.263* (0.139)	0.257* (0.138)	0.269* (0.137)	0.263* (0.140)
Control for sector	Yes	Yes	Yes	Yes	Yes	Yes
Control for type of locality (city / town / village)	Yes	Yes	Yes	Yes	Yes	Yes
Constant	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,284	1,344	1,284	1,284	1,284	1,284
Pseudo R-squared	0.102	0.096	0.103	0.103	0.104	0.102

*Robust standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$*

Table F2. The Effects of Intensity of Decentralized Expropriation on Probability of Investment of Different Subgroups of Firms

	(1)	(2)	(3)	(4)	(5)	(6)
Intensity of decentralized expropriation:						
for small firms		-0.181** [0.015]				
for medium firms		-0.242* [0.057]				
for large firms		0.186 [0.323]				
for firms that do not have state share in property			-0.194** [0.012]			
for firms that have state share in property			0.129 [0.709]			
for firms that responded to question about property				-0.203*** [0.009]		
for firms that did not respond to question about property				-0.128 [0.471]		
for firms that do not have foreign share in property					-0.198** [0.011]	
for firms that have foreign share in property					0.363 [0.135]	
for firms that are not members of business associations						-0.195** [0.017]
for firms that are members of business associations						-0.151 [0.315]

*p-values for the Wald test of linear hypotheses (that coefficient or sum of coefficients are equal to zero) in brackets, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$*

Table F3. Decentralized Expropriation and Firms' Investment Decisions – Controlling for Revenue (Continues on next page)

	(1)	(2)	(3)	(4)	(5)	(6)
	Firm implements investment					
Intensity of decentralized expropriation (normalized by number of firms in the region)	-0.218*** (0.0739)					
Small firm * Intensity of decentralized expropriation		-0.219*** (0.0691)				
Medium firm * Intensity of decentralized expropriation		-0.248** (0.119)				
Large firm * Intensity of decentralized expropriation		0.290 (0.186)				
Firm does not have state share in property * Intensity of decentralized expropriation			-0.221*** (0.0735)			
Firm has state share in property * Intensity of decentralized expropriation			0.0378 (0.335)			
Firm responded to question about property * Intensity of decentralized expropriation				-0.230*** (0.0730)		
Firm did not respond to question about property * Intensity of decentralized expropriation				-0.161 (0.178)		
Firm does not have foreign share in property * Intensity of decentralized expropriation					-0.226*** (0.0733)	
Firm has foreign share in property * Intensity of decentralized expropriation					0.301 (0.239)	
Firm is not a member of business association * Intensity of decentralized expropriation						-0.225*** (0.0774)
Firm is a member of business association * Intensity of decentralized expropriation						-0.171 (0.143)
GRP per capita, log	-0.234 (0.281)	-0.201 (0.274)	-0.237 (0.281)	-0.240 (0.288)	-0.229 (0.280)	-0.234 (0.282)
Corruption in the region	0.623 (0.411)	0.564 (0.395)	0.629 (0.412)	0.617 (0.414)	0.645 (0.412)	0.620 (0.411)
Quality of judicial system in the region	-0.264 (0.550)	-0.113 (0.553)	-0.263 (0.550)	-0.280 (0.560)	-0.250 (0.551)	-0.259 (0.549)

Table F3. Decentralized Expropriation and Firms' Investment Decisions – Controlling for Revenue (Continued)

Employment at the firm, log	0.161*** (0.0530)		0.160*** (0.0528)	0.161*** (0.0531)	0.159*** (0.0532)	0.161*** (0.0529)
Medium firm		0.399* (0.213)				
Large firm		-0.270 (0.356)				
Revenue, log*	0.173*** (0.0468)	0.178*** (0.0474)	0.173*** (0.0468)	0.173*** (0.0466)	0.173*** (0.0466)	0.174*** (0.0468)
Firm did not respond to question about revenue	0.307 (0.210)	0.332 (0.210)	0.307 (0.210)	0.304 (0.211)	0.307 (0.210)	0.308 (0.210)
Age of the firm, log	0.0230 (0.0854)	0.0402 (0.0828)	0.0227 (0.0853)	0.0227 (0.0858)	0.0237 (0.0852)	0.0229 (0.0852)
Firm has state share in property	-0.688** (0.279)	-0.718*** (0.253)	-1.120* (0.651)	-0.690** (0.276)	-0.678** (0.282)	-0.691** (0.279)
Firm has foreign share in property	-0.225 (0.221)	-0.0100 (0.315)	-0.216 (0.224)	-0.227 (0.223)	-0.926*** (0.301)	-0.230 (0.222)
Firm did not respond to question about property structure	-0.243 (0.198)	-0.270 (0.197)	-0.244 (0.197)	-0.345 (0.352)	-0.244 (0.198)	-0.243 (0.198)
Firm is a member of business association	0.626*** (0.153)	0.622*** (0.146)	0.624*** (0.152)	0.626*** (0.152)	0.622*** (0.154)	0.537* (0.306)
Firm receives support from government	0.0419 (0.107)	0.0539 (0.114)	0.0465 (0.107)	0.0440 (0.107)	0.0422 (0.107)	0.0417 (0.107)
Firm receives state orders	0.226 (0.145)	0.246* (0.135)	0.228 (0.146)	0.223 (0.146)	0.233 (0.145)	0.229 (0.147)
Control for sector	Yes	Yes	Yes	Yes	Yes	Yes
Control for type of locality (city / town / village)	Yes	Yes	Yes	Yes	Yes	Yes
Constant	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,284	1,344	1,284	1,284	1,284	1,284
Pseudo R-squared	0.126	0.120	0.126	0.126	0.127	0.126

Robust standard errors clustered at the level of regions in parenthesis

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$