

**Appendix for “Electoral Institutions and Electoral Cycles in Investment Incentives:  
A Field Experiment on Over 3,000 US Municipalities”**

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## Appendix A: Approach Email

“I am an associate with GLOBEUS Consulting (see our website here [insert hyperlink]). GLOBEUS is a new consulting firm that specializes in matching cities with prospective firms. I work in the GLOBEUS group focusing on investors based in [the United States / Japan / China] and am contacting you to see if your city would be a good match for a client I am representing.

Our client is considering an expansion of a manufacturing plant producing electrical grounding products. The company is looking to make a decision and announce the investment in [two months before next election / one month after next election]. Based on specs from another facility, we project that the plant would create 19 full-time hourly jobs at around \$12 an hour plus benefits and 6 salaried jobs at around \$40,000 per year.

The company is looking to buy or lease a 15,000 to 20,000 square-foot building. The total investment would be \$2,000,000 (\$1,750,000 on building and equipment and \$250,000 on other various moving expenses). Previous plants have taken 6 months from the time of the announcement to being fully operational.

To examine the feasibility of your city for this proposed project we are asking for you to fill out this web form (available here [insert hyperlink]) on the type of incentives you could potentially offer this investor and what types of incentives you have offered in the past.

As you might expect, this offer is not binding and we realize any formal offer would require due diligence and direct interaction with our client. Our goal at this stage is to present a detailed analysis to our client on the feasibility of relocating to your city.

We regret that we are not authorized to provide any more details about our client at this point, but if you have any questions please feel free to contact us via email. We look forward to your response.

[Associate Name]

[us / japan / china]\_client\_team@globeusconsulting.com

Selection & Incentives Associate Globeus Consulting—[U.S. / Japan / China] Client Team  
Team www.globeusconsulting.com

# Appendix B: Qualtrics Instrument

7/30/13

Qualtrics Survey Software

## Globeus Consulting Selection & Incentives Department

### Introduction

This data you enter into this webform will be used by our client to narrow down their location decision. Your answers are not binding, but any concrete details you can provide will help us evaluate the feasibility of your  $\$(e://Field/type)$  as a site for the plant relocation.

In this form we will ask about:

- a) Grants and loans for relocation provided on a per job basis.
- b) Tax abatements (on property and earnings taxes).
- c) Any other local incentives provided.

### Grants and Loans

Please indicate the availability of grants and loans.

Local grant dollars for relocation  
(dollars per job)

Local loans for relocation (dollars  
per job)

Please enter additional comments or information about grants and loans below.

### Real Property Tax

Does your  $\$(e://Field/type)$  have local real property taxes?

- Yes
- No

Please indicate below the local real property tax abatement or refund your  $\$(e://Field/type)$  is able to offer.

0 10 20 30 40 50 60 70 80 90 100  
Not  
Applicable

<https://s.qualtrics.com/ControlPanel/Ajax.php?action=GetSurveyPrintPreview&T=2DBJY8>

1/4

	0	5	10	15	20	25	30	35	40	45	50	Not Applicable
Local real property tax abatement or refund (%)												<input type="checkbox"/>

Please indicate below the number of years you are able to offer this abatement or refund.

	0	5	10	15	20	25	30	35	40	45	50	Not Applicable
Years												<input type="checkbox"/>

Please enter additional comments about real property taxes below.

**Personal Property Tax**

Does your   have personal property taxes?

- Yes
- No

Please indicate below the local personal property tax abatement or refund your   is able to offer.

	0	10	20	30	40	50	60	70	80	90	100	Not Applicable
Local personal property tax abatement or refund (%)												<input type="checkbox"/>

Please indicate below the number of years you are able to offer this abatement or refund.

Not  
Applicable

	0	5	10	15	20	25	30	35	40	45	50	Applicable
Years												<input type="checkbox"/>

Please enter additional comments about personal property taxes below.

**Local Earnings Tax**

Does your  $\$(e://Field/type)$  have local earnings taxes?

- Yes
- No

Please indicate below the local local earnings tax abatement or refund your  $\$(e://Field/type)$  is able to offer.

	0	10	20	30	40	50	60	70	80	90	100	Not Applicable
Local real property tax abatement or refund (%)												<input type="checkbox"/>

Please indicate below the number of years you are able to offer this abatement or refund.

	0	5	10	15	20	25	30	35	40	45	50	Not Applicable
Years												<input type="checkbox"/>

Please enter additional comments about local earnings taxes below.

## Appendix C: Ethical Considerations

Field experimenters face a special duty to ensure the ethical treatment of their subjects, particularly since they often withhold the knowledge that subjects are involved in a social scientific study. Both the *Belmont Report*, which lays out the ethical guidelines for the treatment of human subjects, and the U.S. Department of Health and Human Services' *Common Rule*, which formally regulates the domain, allow for the waiver of fully informed consent when four conditions are met: the benefits of the research are significant, the risks are minimal, no physical or emotional pain is inflicted, and the research cannot be carried out in another way.

Our study meets all four criteria. Governments spend billions of dollars annually on investment incentives in the United States, but observational studies face stark limits in their ability to identify with confidence the underlying causes of incentive provision. This field experiment advances knowledge with a research design able to identify the causal effects of electoral timing and country origin on offers of incentives. Moreover, because we as researchers represented an actual firm seeking to relocate, the study presented subjects with a potential benefit of new investment should the confederate firm choose to relocate to one of these municipalities.

The research employed minimal deception, especially in comparison to many other field experiments in economics and business (Bertrand and Mullainathan 2004, Butler and Broockman 2011, Carpusor and Loges 2006, Findley et al 2014, Rooth 2008). First, we randomly assigned the month and year when the announcement of the relocation decision would take place. In reality, our client firm expressed indifference to the announcement date but had interest in the scientific findings and agreed to let us vary the communicated

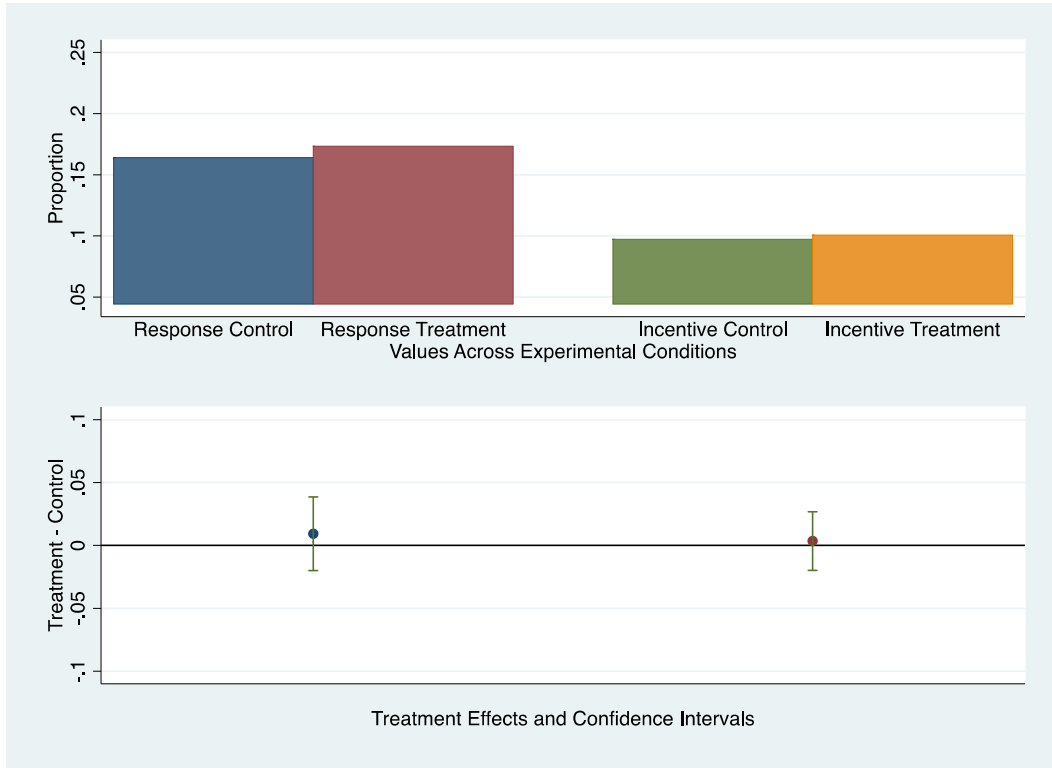
announcement as designed. Second, we implied in the origin treatment that the client firm originated abroad in either China or Japan, when in reality the firm is based in the United States. The researchers contacting the cities never directly misrepresented the firm's origin, but the strong implication in the treatment conditions was that the firm had an Asian identity given the researcher introduced herself/himself as working on either the Japan or China consulting team. While no misdirection would be preferable, we could not conceive of a method of holding constant all relevant firm details while varying country origin except through the method employed. Because learning about potential discrimination against foreign firms in investment incentives is important, we concluded that the benefits of the research outweighed the minor costs of the misdirection.

The experiment does not qualify for institutional review board scrutiny because, under the *Common Rule*, organizations are not considered human subjects (and no data were collected on any individual). Moreover, even if we were targeting individuals, public officials are a special class of subjects exempt from IRB regulations (also based on the *Common Rule*). Despite these general considerations, we nonetheless submitted the proposed research to all involved universities' institutional review boards and all cleared the proposal. And more important than simple institutional clearance, however, we conscientiously made a number of important design choices to minimize deception and protect both the subjects and our client.



## Appendix D: Additional Tables and Robustness Checks

Figure D1: Treatment Effects for Before Election on Incentives Offered



**Table D1: Response Rate, Incentive Offered, and Logged Dollars with Treatments and Main Control Variables**

	Response		Incentive Offered		Ln(Dollars)	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Before Election	0.027 (0.061)	0.032 (0.062)	0.009 (0.070)	0.022 (0.073)	0.415 (0.555)	0.963 (0.628)
Japan	-0.115 (0.075)	-0.116 (0.076)	0.021 (0.085)	0.019 (0.089)	0.213 (0.679)	0.171 (0.765)
China	-0.066 (0.073)	-0.064 (0.075)	-0.064 (0.086)	-0.057 (0.090)	0.501 (0.661)	0.731 (0.713)
Ln(Population)	0.151*** (0.033)	0.154*** (0.035)	0.122*** (0.039)	0.118*** (0.041)	-0.209 (0.291)	-0.282 (0.326)
Quarter 1	-0.506*** (0.187)	-0.503** (0.232)	-0.485** (0.237)	-0.619** (0.312)	-1.795 (1.840)	-2.114 (2.306)
Quarter 3	-0.309 (0.229)	0.099 (0.310)	-0.156 (0.253)	0.293 (0.357)	-3.293 (1.818)	-1.670 (2.160)
Quarter 4	0.022 (0.072)	0.271** (0.124)	0.089 (0.083)	0.308** (0.147)	-0.341 (0.649)	1.073 (1.180)
Northeast	-0.475*** (0.112)		-0.377*** (0.140)		-1.476 (1.150)	
South	0.177** (0.087)		0.350*** (0.103)		-1.236 (0.800)	
Midwest	0.113 (0.088)		0.273*** (0.104)		0.084 (0.785)	
Constant	-2.507*** (0.377)	-2.114*** (0.595)	-2.758*** (0.440)	-2.654*** (0.735)	4.970 (3.466)	7.480 (5.457)
State Dummies	No	Yes	No	Yes	No	Yes
N	2490	2476	2496	2415	201	201
Pseudo R <sub>2</sub>	0.034	0.067	0.035	0.088		
R <sub>2</sub>					0.046	0.243

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). The 2<sup>nd</sup> Quarter is the omitted category for the quarterly dummies and Region 4 (West) is the omitted category for the region dummies.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

**Table D1A: Response Rate, Incentive Offered, and Logged Dollars with Treatments and Controls on Subgroup with Elections in 2013**

	Response		Incentive Offered		Ln(Dollars)	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Before Election	-0.158 (0.129)	-0.121 (0.137)	-0.096 (0.150)	-0.094 (0.164)	1.645 (1.249)	0.436 (1.497)
Japan	-0.068 (0.155)	-0.078 (0.166)	0.063 (0.181)	-0.017 (0.201)	-0.944 (1.429)	-1.643 (1.642)
China	-0.111 (0.159)	-0.124 (0.169)	-0.003 (0.187)	-0.023 (0.204)	0.352 (1.321)	0.890 (1.366)
Ln(Population)	0.216*** (0.072)	0.237*** (0.078)	0.152* (0.082)	0.175* (0.091)	-0.430 (0.849)	0.352 (0.838)
Quarter 1	0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)
Quarter 3	0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)
Quarter 4	-0.059 (0.697)	4.004 (124.881)	-0.426 (0.708)	3.660 (275.536)	0.000 (.)	0.000 (.)
Northeast	-0.238 (0.186)		-0.121 (0.237)		0.078 (1.672)	
South	0.542*** (0.171)		0.729*** (0.205)		-0.242 (1.633)	
Midwest	0.169 (0.188)		0.453** (0.220)		2.493 (1.644)	
Constant	-3.201*** (1.090)	-7.337 (124.885)	-2.750** (1.211)	-7.329 (275.539)	5.718 (9.316)	4.571 (8.396)
State Dummies	No	Yes	No	Yes	No	Yes
N	576	520	576	490	49	49
Pseudo R <sub>2</sub>	0.053	0.077	0.068	0.112		
R <sub>2</sub>					0.127	0.641

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). The 2<sup>nd</sup> Quarter is the omitted category for the quarterly dummies and Region 4 (West) is the omitted category for the region dummies.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

**Table D1B: Response Rate, Incentive Offered, and Logged Dollars with Treatments and Controls on Subgroup with Elections in 2013-2014**

	Response		Incentive Offered		Ln(Dollars)	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Before Election	0.012 (0.085)	0.016 (0.088)	0.017 (0.098)	0.009 (0.104)	1.352 (0.796)	1.165 (0.930)
Japan	-0.105 (0.104)	-0.151 (0.109)	0.043 (0.120)	-0.001 (0.128)	0.982 (0.953)	0.689 (1.168)
China	0.021 (0.102)	-0.007 (0.106)	0.057 (0.119)	0.036 (0.126)	1.681 (0.895)	1.610 (0.955)
Ln(Population)	0.114** (0.049)	0.139** (0.053)	0.064 (0.057)	0.100 (0.062)	-1.061** (0.499)	-0.319 (0.612)
Quarter 1	-0.361 (0.278)	-0.797** (0.391)	0.271 (0.322)	-0.750 (0.480)	-2.600 (2.463)	-12.072** (4.996)
Quarter 3	-0.134 (0.453)	-0.346 (0.513)	-0.295 (0.548)	-0.630 (0.638)	-7.418** (3.009)	-3.718 (4.090)
Quarter 4	-0.162 (0.116)	-0.114 (0.180)	-0.126 (0.129)	-0.064 (0.213)	-1.262 (1.020)	-2.078 (2.142)
Northeast	-0.398*** (0.140)		-0.382** (0.179)		-0.806 (1.353)	
South	0.398*** (0.119)		0.496*** (0.137)		-1.690 (1.038)	
Midwest	0.095 (0.113)		0.291** (0.131)		1.421 (1.021)	
Constant	-1.973*** (0.547)	-1.693** (0.778)	-1.988*** (0.636)	-1.927** (0.912)	13.464** (5.529)	21.577*** (8.003)
State Dummies	No	Yes	No	Yes	No	Yes
N	1216	1165	1217	1119	108	108
Pseudo R <sup>2</sup>	0.036	0.063	0.045	0.096		
R <sup>2</sup>					0.162	0.483

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). The 2<sup>nd</sup> Quarter is the omitted category for the quarterly dummies and Region 4 (West) is the omitted category for the region dummies.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

**Table D1C: Response Rate, Incentive Offered, and Logged Dollars with Treatments and Controls on Subgroup with Elections in 2013-2015**

	Response		Incentive Offered		Ln(Dollars)	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Before Election	0.006 (0.069)	0.003 (0.071)	0.001 (0.079)	0.003 (0.083)	1.198** (0.609)	1.568** (0.710)
Japan	-0.093 (0.085)	-0.105 (0.088)	-0.001 (0.097)	-0.018 (0.102)	0.414 (0.751)	0.242 (0.854)
China	0.001 (0.084)	-0.010 (0.086)	-0.009 (0.096)	-0.015 (0.101)	1.166 (0.713)	1.269 (0.790)
Ln(Population)	0.136*** (0.038)	0.147*** (0.040)	0.073 (0.044)	0.087* (0.047)	-0.586* (0.338)	-0.722* (0.396)
Quarter 1	-0.602*** (0.217)	-0.726*** (0.281)	-0.600** (0.276)	-0.924** (0.395)	-1.979 (2.032)	-5.166* (2.826)
Quarter 3	0.172 (0.337)	0.214 (0.410)	0.153 (0.373)	0.052 (0.466)	-3.785* (1.994)	-4.388* (2.615)
Quarter 4	-0.108 (0.088)	0.132 (0.146)	-0.049 (0.099)	0.218 (0.172)	-0.619 (0.738)	-0.970 (1.390)
Northeast	-0.476*** (0.119)		-0.424*** (0.146)		-1.517 (1.161)	
South	0.186 (0.097)		0.350*** (0.112)		-1.980** (0.871)	
Midwest	0.093 (0.098)		0.221* (0.115)		0.047 (0.868)	
Constant	-2.231*** (0.429)	-2.022*** (0.687)	-2.070*** (0.497)	-2.058** (0.802)	8.748** (3.968)	15.426*** (5.362)
State Dummies	No	Yes	No	Yes	No	Yes
N	1886	1867	1890	1815	158	158
Pseudo R <sup>2</sup>	0.038	0.077	0.040	0.096		
R <sup>2</sup>					0.109	0.326

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). The 2<sup>nd</sup> Quarter is the omitted category for the quarterly dummies and Region 4 (West) is the omitted category for the region dummies.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

**Table D1D: Response Rate, Incentive Offered, and Logged Dollars with Treatments and Controls on Subgroup of Smaller Cities (Below Median Population)**

	Response		Incentive Offered		Ln(Dollars)	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Before Election	0.043 (0.093)	0.062 (0.098)	0.001 (0.109)	0.009 (0.120)	0.979 (1.090)	0.526 (1.300)
Japan	-0.193* (0.115)	-0.229** (0.120)	-0.192 (0.134)	-0.297** (0.147)	0.195 (1.320)	-0.001 (1.481)
China	-0.035 (0.110)	-0.057 (0.116)	-0.134 (0.089)	-0.168 (0.142)	1.239 (1.367)	0.938 (1.524)
Ln(Population)	-0.157 (0.175)	-0.183 (0.184)	-0.163 (0.203)	-0.143 (0.221)	-1.100 (2.064)	0.842 (2.494)
Quarter 1	-0.361 (0.316)	-0.687* (0.392)	-0.368 (0.451)	-0.860 (0.588)	4.388 (4.496)	-1.947 (7.140)
Quarter 3	-0.534 (0.365)	-0.257 (0.497)	-0.402 (0.451)	0.139 (0.675)	-4.275 (3.309)	0.546 (5.430)
Quarter 4	0.023 (0.108)	0.017 (0.196)	0.221* (0.127)	0.209 (0.245)	-0.731 (1.178)	0.962 (3.425)
Northeast	-0.642*** (0.180)		-0.267 (0.234)		0.024 (2.363)	
South	-0.034 (0.144)		0.467*** (0.187)		0.040 (1.778)	
Midwest	-0.067 (0.148)		0.339* (0.194)		0.385 (1.833)	
Constant	0.240 (1.696)	0.686 (1.893)	-0.662 (1.957)	-0.233 (2.115)	12.711 (20.219)	0.81 (23.763)
State Dummies	No	Yes	No	Yes	No	Yes
<i>N</i>	1173	1132	1175	961	69	79
Pseudo <i>R</i> <sub>2</sub>	0.030	0.077	0.043	0.099		
<i>R</i> <sub>2</sub>					0.074	0.516

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). The 2<sup>nd</sup> Quarter is the omitted category for the quarterly dummies and Region 4 (West) is the omitted category for the region dummies.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

**Table D1E: Response Rate, Incentive Offered, and Logged Dollars with Treatments and Controls on Subgroup of Larger Cities (Above Median Population)**

	Response		Incentive Offered		Ln(Dollars)	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Before Election	0.001 (0.081)	-0.004 (0.084)	0.004 (0.093)	-0.011 (0.099)	0.349 (0.665)	0.929 (0.808)
Japan	-0.047 (0.099)	-0.015 (0.103)	0.179 (0.113)	0.228* (0.121)	0.399 (0.810)	0.381 (1.010)
China	-0.084 (0.098)	-0.062 (0.103)	-0.013 (0.116)	0.020 (0.123)	0.185 (0.784)	0.774 (0.914)
Ln(Population)	0.186*** (0.051)	0.209*** (0.055)	0.108* (0.059)	0.102 (0.064)	0.066 (0.408)	-0.011 (0.479)
Quarter 1	-0.580** (0.232)	-0.530* (0.315)	-0.583** (0.281)	-0.708* (0.404)	-3.285 (2.020)	-3.437 (2.823)
Quarter 3	-0.132 (0.307)	0.348 (0.423)	0.011 (0.322)	0.376 (0.448)	-3.239 (2.257)	-2.274 (2.792)
Quarter 4	0.016 (0.098)	0.419** (0.169)	-0.023 (0.110)	0.311 (0.197)	-0.118 (0.796)	1.835 (1.425)
Northeast	-0.424*** (0.146)		-0.449** (0.184)		-2.089 (1.355)	
South	0.281** (0.112)		0.279** (0.129)		-1.869** (0.916)	
Midwest	0.188* (0.110)		0.252* (0.126)		-0.042 (0.882)	
Constant	-2.950*** (0.589)	-2.613*** (0.882)	-2.531*** (0.684)	-2.068** (0.995)	2.017 (4.921)	4.090 (7.204)
State Dummies	No	Yes	No	Yes	No	Yes
N	1336.000	1298.000	1340.000	1227.000	132.000	132.000
Pseudo R <sup>2</sup>	0.038	0.084	0.039	0.101		
R <sup>2</sup>					0.089	0.304

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). The 2<sup>nd</sup> Quarter is the omitted category for the quarterly dummies and Region 4 (West) is the omitted category for the region dummies.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

Because municipalities could only offer incentives if they responded in the first place, these results are subject to potential selection bias and may require alternative specifications to check robustness. Identification of a two-stage model is difficult in this case, however, given the challenges in locating an instrument that predicts response but not incentive offered (except through the response mechanism) and that thus satisfies the exclusion restriction. We employed two strategies. First, the results are robust to a selection model whose assumptions allow for the same independent variables to predict both the selection and the outcome stages (Sartori 2003). Second, we employed multinomial probit specifications with three alternative outcomes: municipalities could decide not to respond (coded 0), to respond and decline the request (1), or to offer incentives (2). The fact that municipal officials likely decided how to respond – with incentives or not – at the same moment they decided whether or not to respond helps to justify employing the multinomial model here. And, indeed, the results suggest that only the municipalities that offered incentives were significantly more compliant in the treatment group compared to those not responding and to those responding but declining the request.



**Table D2: Sartori Selection Model of Treatment Conditions and Covariates on Response and Incentives Offered for Cities with Manufacturing Focus**

VARIABLES	Model 1A Selection Response	Model 1B Outcome Incentives	Model 2A Selection Response	Model 2B Outcome Incentives	Model 3A Selection Response	Model 3B Outcome Incentives
Before Election	0.423** (0.213)	0.457** (0.229)	0.418 (0.214)	0.538** (0.245)	0.406* (0.214)	0.527** (0.245)
Japan			-0.120 (0.224)	0.282 (0.271)	-0.114 (0.224)	0.288 (0.271)
China			-0.135 (0.275)	0.122 (0.311)	-0.128 (0.275)	0.128 (0.311)
lnpop			0.238* (0.126)	0.279* (0.144)	0.229* (0.126)	0.272* (0.145)
quart_3					-4.118 (484.2)	0 (0)
regi_1			-5.003 (584.5)	0 (0)	-4.431 (228.2)	0 (0)
regi_2			0.0194 (0.299)	0.0230 (0.342)	0.0102 (0.299)	0.0164 (0.342)
regi_3			-0.0503 (0.309)	-0.145 (0.358)	-0.0368 (0.309)	-0.132 (0.358)
Constant	-0.876*** (0.158)	-1.122*** (0.173)	-3.257** (1.450)	-4.166** (1.687)	-3.124** (1.458)	-4.085** (1.692)
Observations	167	167	167	167	167	167

Standard errors in parentheses

Significance Level: \*\*p < 0.05, \*\*\*p < 0.01

**Notes:** Coefficients of Sartori Selection models for Response Rate and Incentive Offered. Standard errors in parentheses. The 2<sup>nd</sup> Quarter is the omitted category for the quarterly dummies and West is the omitted category for the region dummies.

Significance Level: \*\*p < 0.05, \*\*\*p < 0.01

**Table D3: Multinomial Probit Model of Treatment Conditions on Response and Incentives Offered for Cities with Manufacturing Focus**

VARIABLES	Model 1A Selection Response	Model 1B Outcome Incentives	Model 2A Selection Response	Model 2B Outcome Incentives	Model 3A Selection Response	Model 3B Outcome Incentives
Before Election	0.318 (0.406)	0.662** (0.319)	0.211 (0.431)	0.695** (0.336)	0.187 (0.433)	0.671** (0.337)
Japan			-0.666 (0.542)	0.0742 (0.393)	-0.655 (0.545)	0.0777 (0.396)
China			-0.618 (0.532)	0.0139 (0.406)	-0.613 (0.532)	0.0119 (0.406)
Ln(Population)			0.214 (0.239)	0.378** (0.183)	0.213 (0.240)	0.386** (0.184)
Northeast			-11.65 (7.674e+08)	-11.29 (1.578e+08)	-11.61 (6.578e+08)	-11.24 (1.606e+08)
Midwest			-0.201 (0.562)	0.0654 (0.443)	-0.0937 (0.582)	0.191 (0.463)
South			-0.107 (0.577)	-0.0984 (0.454)	0.0343 (0.611)	0.0558 (0.480)
Quarter 4					0.363 (0.537)	0.392 (0.400)
Constant	-1.985*** (0.296)	-1.492*** (0.241)	-3.673 (2.720)	-5.458*** (2.091)	-4.009 (2.777)	-5.920*** (2.157)
Observations	167	167	167	167	167	167

Standard errors in parentheses

Significance Level: \*\*p < 0.05, \*\*\*p < 0.01

Notes: Coefficients of Multinomial Probit models for Response Rate and Incentive Offered with no response as the omitted category. Robust standard errors in parentheses clustered at the individual level. Region 4 (West) is the omitted category for the region dummies and Quarters 1-3 are the omitted categories for the quarterly dummies. Inclusion of the additional quarters as covariates causes the model to fail to converge.

**Table D4: Response rate, incentive offered, and logged dollars with observational tests**

IVs	Response rate	Incentive offered	Logged dollars	Response rate	Incentive offered	Logged dollars
Partisanship	—	—	—	-1.872*** (0.634)	-0.751 (0.727)	-0.256 (0.33)
Population (logged)	0.194*** (0.067)	0.212*** (0.079)	-0.081 (0.062)	0.364*** (0.112)	0.259** (0.126)	0.087 (0.062)
Manufacturing focus	0.297** (0.12)	0.592*** (0.14)	0.287** (0.112)	0.330 (0.184)	0.537*** (0.207)	0.101 (0.106)
Economic growth	-0.024 (0.041)	-0.054 (0.05)	-0.044 (0.038)	-0.037 (0.06)	-0.019 (0.072)	0.008 (0.033)
Mayor vs. Exec. Council	-0.029 (0.14)	-0.208 (0.184)	-0.248** (0.126)	0.207 (0.236)	0.091 (0.282)	-0.076 (0.134)
Region 1 (Northeast)	-0.029 (0.227)	0.076 (0.336)	-0.225 (0.193)	-0.175 (0.647)	—	-0.01 (0.299)
Region 2 (Midwest)	0.208 (0.155)	0.576*** (0.206)	-0.081 (0.139)	0.258 (0.215)	0.431 (0.269)	-0.021 (0.116)
Region 3 (South)	0.234 (0.149)	0.630*** (0.198)	0.130 (0.135)	0.186 (0.204)	0.668*** (0.248)	-0.072 (0.112)
Constant	-2.905*** (0.750)	-3.781*** (0.906)	1.252* (0.69)	-3.793*** (1.303)	-4.06*** (1.496)	-0.755 (0.735)
Pseudo R-squared	0.027	0.086	0.027	0.075	0.088	0.017
N	649	643	643	312	302	310

Notes: Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). Robust standard errors in parentheses clustered at the individual level. Region 4 (West) is the omitted category for the region dummies.

Significance Level: \*\*p < 0.05, \*\*\*p < 0.01

In Models 1, 3, and 5 of Table D5 below we test the impact of partisanship on our three dependent variables controlling for population, directly elected politicians, and state fixed effects. In all three models we achieve samples sizes of roughly 1,000 municipalities (which is largely limited by the partisanship data). For this second measure of partisanship (Models 2, 4, and 6), we utilize Tausanovitch and Warshaw (2013)'s measure of local level partisanship using item response theory based on survey items on the policy preferences of 275,000 voters. This measure of constituency preferences ranges from -1 (most liberal) to 1 (most conservative) and is highly correlated with our measure of presidential vote share. Additional variations of the partisanship measure are reported in Table D6 below and demonstrate the robustness of this measure. The results from these observational models point to partisanship as one of the main drivers of incentive offers.

**Table D5: Partisanship on Response Rate, Incentive Offered, and Logged Dollars Robustness Checks**

IVs	Response rate		Incentive offered		Logged dollars	
Partisanship	-1.073*** (0.378)	—	-1.128** (0.460)	—	-0.381 (0.314)	—
Partisanship (alternate)	—	0.789*** (0.224)	—	0.938*** (0.279)	—	0.191 (0.188)
Elected	-0.014 (0.188)	-0.039 (0.168)	-0.032 (0.231)	0.018 (0.216)	0.094 (0.156)	0.100 (0.141)
Population (logged)	0.215*** (0.061)	0.243*** (0.061)	0.104 (0.073)	0.129 (0.073)	0.080 (0.055)	0.061 (0.054)
State dummies	YES	YES	YES	YES	YES	YES
Constant	-1.335 (0.999)	-2.150** (1.004)	-1.016 (1.079)	-1.865 (1.091)	-0.624 (1.446)	-0.850 (1.484)
Pseudo R <sub>2</sub>	0.096	0.094	0.103	0.114		
R <sub>2</sub>					0.047	0.051
N	1079	1241	983	1117	1091	1253

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). Robust standard errors in parentheses clustered at the individual level.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

**Table D6: Response rate, incentive offered, and logged dollars with alternate measure of partisanship**

IVs	Response rate		Incentive offered		Logged dollars	
Partisanship (alternate)	0.490*** (0.186)	0.411 (0.215)	0.691*** (0.216)	0.762*** (0.276)	0.236 (0.174)	0.134 (0.194)
After election	-0.024 (0.086)	-0.041 (0.09)	0.01 (0.1)	-0.001 (0.108)	-0.04 (0.082)	-0.035 (0.082)
Japan	-0.08 (0.107)	-0.055 (0.112)	0.123 (0.123)	0.172 (0.135)	-0.006 (0.102)	0.018 (0.103)
China	-0.110 (0.105)	-0.108 (0.109)	-0.043 (0.125)	-0.011 (0.134)	-0.072 (0.1)	-0.064 (0.1)
Population	-0.165 (0.381)	-0.203 (0.409)	-0.293 (0.413)	-0.384 (0.473)	0.230 (-0.387)	0.138 (0.397)
1 <sup>st</sup> Quarter	-0.571** (0.238)	-0.861*** (0.327)	-0.437 (0.279)	-0.818** (0.412)	-0.289 (0.182)	-0.372 (0.201)
2 <sup>nd</sup> Quarter	-0.043 (0.104)	-0.378** (0.186)	-0.045 (0.12)	-0.260 (0.226)	0.061 (0.102)	-0.247 (0.161)
3 <sup>rd</sup> Quarter	-0.094 (0.337)	0.064 (0.464)	0.037 (0.366)	0.103 (0.493)	-0.385 (0.336)	-0.327 (0.456)
Region 1 (Northeast)	-0.266 (0.166)	—	-0.357 (0.22)	—	-0.186 (0.139)	—
Region 2 (Midwest)	0.220 (0.116)	—	0.199 (0.135)	—	-0.179 (0.113)	—
Region 3 (South)	0.19 (0.119)	—	0.202 (0.137)	—	0.06 (0.114)	—
State dummies	NO	YES	NO	YES	NO	YES
Constant	-0.631 (0.4)	0.689 (0.867)	-0.983** (0.439)	-0.074 (0.891)	0.135 (0.403)	0.214 (1.448)
Pseudo R-squared	0.033	0.092	0.045	0.116	0.014	0.056
N	1139	1121	1142	1028	1142	1145

*Notes:* Coefficients of Probit models (for response rate and incentive offered) and OLS regression (for logged dollars). Robust standard errors in parentheses clustered at the individual level. The 4<sup>th</sup> Quarter is the omitted category for the quarterly dummies and Region 4 (West) is the omitted category for the region dummies.

*Significance Level:* \*\*p < 0.05, \*\*\*p < 0.01

To explore other possible explanations, we included a variable on the evaluation of the previous 5 years of local economic performance on a 1-7 scale. While our priors were that more distressed communities would be more willing to offer an incentive, we simply find no evidence of this in the results. We also coded an alternative measure, which is a projection of the expected growth in the next 5 years. The results remain unchanged. We find no impact of economic growth on incentive responses or dollars. Finally, we include a dummy

measure for mayor-council institutions. We find mixed evidence on mayor council-institutions. Mayors are not associated with more responses, but we do see that mayors offer more dollars in incentives, which is consistent with the observational findings of Jensen, Malesky and Walsh (2015). We are cautious in our interpretation of this result since a few outliers appear to be largely driving it.

**Table D7: Randomization Balance Checks**

VARIABLES	(1) Before election	(2) Before election	(3) Before election	(4) Before election	(5) Before election
Log Pop	0.0222 (0.0462)	0.189** (0.0752)	0.0474 (0.0527)	0.214** (0.0925)	0.239*** (0.0904)
1 <sup>st</sup> Quarter	-0.0849 (0.194)	0.0253 (0.258)	-0.0917 (0.194)	-0.0851 (0.285)	-0.133 (0.279)
2 <sup>nd</sup> Quarter	-0.0155 (0.0989)	-0.0805 (0.137)	-0.0193 (0.0990)	-0.104 (0.159)	-0.0911 (0.156)
3 <sup>rd</sup> Quarter	0.00852 (0.275)	-0.300 (0.415)	0.0110 (0.275)	-0.221 (0.508)	-0.179 (0.505)
Northeast	0.0187 (0.131)	-0.0864 (0.185)	0.0256 (0.131)	0.0468 (0.260)	0.0394 (0.217)
Midwest	-0.0233 (0.120)	-0.0238 (0.158)	-0.0138 (0.120)	0.0374 (0.180)	0.0229 (0.174)
South	-0.0276 (0.119)	0.00881 (0.156)	-0.0167 (0.119)	0.0729 (0.185)	0.0421 (0.176)
Japan	-0.0238 (0.0982)	0.0213 (0.137)	-0.0274 (0.0983)	-0.0276 (0.165)	-0.0136 (0.154)
China	-0.00875 (0.0978)	0.126 (0.135)	-0.00875 (0.0978)	0.0816 (0.161)	0.0780 (0.151)
Daily Paper		-0.120 (0.118)		-0.152 (0.141)	-0.156 (0.131)
Daily Paper 2			-0.106 (0.107)		
Partisan 1				-0.625 (0.474)	
Partisan 2					0.212 (0.274)
Constant	-0.198 (0.503)	-2.027** (0.828)	-0.439 (0.558)	-1.946 (1.023)	-2.576** (1.001)
Observations	2,496	1,310	2,496	921	1,051

*Significance Level: \*\*p < 0.05, \*\*\*p < 0.01*

Table D7 shows the results of randomization checks. We regressed assignment to the before election treatment on a number of observable characteristics and show that in nearly all cases the covariates are not statistically related to treatment assignment, thus indicating that the experimental conditions were in fact balanced on all these covariates. The only exceptions

are the population variables in three of the models (# 2, 4, 5), but note that these models include other variables that dramatically reduce the sample size. Using nearly all the observations in the sample, even the population covariate is not significant.



**Table D8: Interaction Effects for the Manufacturing Cities and the Before Election Treatment**

<b>Models</b>	<b>Treatment Effect</b>	<b>Groups significantly different</b>
Response (no controls)	0.423	0.047
Response (w/controls)	0.432	0.047
Incentive Offered (no controls)	0.455	0.046
Incentive Offered (w/controls)	0.459	0.051
Logged Dollars (no controls)	0.470	0.019
Logged Dollars (w/controls)	0.477	0.019

Note: The significance tests are interpreted as usual with values  $< 0.05$  representing the case in which the two groups are statistically different from each other

Table D8 reports significance tests for models with interaction effects. In each case, we estimated an interaction model and then computed the treatment effects along with significance tests of whether the experimental conditions are statistically different from each other. In all cases, the results of the interaction models demonstrate that subjects receiving the before election treatment are statistically different from those not receiving the treatment. In these models, the differences are even significant for the *Logged Dollars* outcome variable, a result that did not obtain in the subgroup model with covariates reported in the main paper. We report these models as robustness tests and therefore do not provide substantive interpretation, which can instead be found in the main text in the subgroup models.

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