State Capitalism vs. Private Enterprise

Abstract

[illegible]

[illegible]

[illegible]

[1]

[2]

2005), .,

2005),

$$\text{[illegible]} \quad {}_{i,t} \quad Q_{i,t\ 1} \quad X_{i,t\ 1} \quad {}_{j,t} \quad {}_{k,t} \quad {}_{i,t} \tag{1}$$

[illegible] i [illegible] k [illegible] j [illegible] t. [illegible]

[illegible] , [illegible] is [illegible]

[illegible] $Q_{i\ 1}$, [illegible]

[illegible] Q .

[illegible]

[illegible] Q (ie,

[illegible] $_{j,t}$. [illegible] Q [illegible] Q.

[illegible] (1) [illegible] X_{i} 1, [illegible] $_{k,t}$. [illegible] [10]

[illegible]

2. Sample and Data

[illegible] 2013). [illegible] [11]

[illegible] 230 [illegible] 91 [illegible] 2004 [illegible] 2013.[12] ([illegible] 82 [illegible] 148 [illegible]

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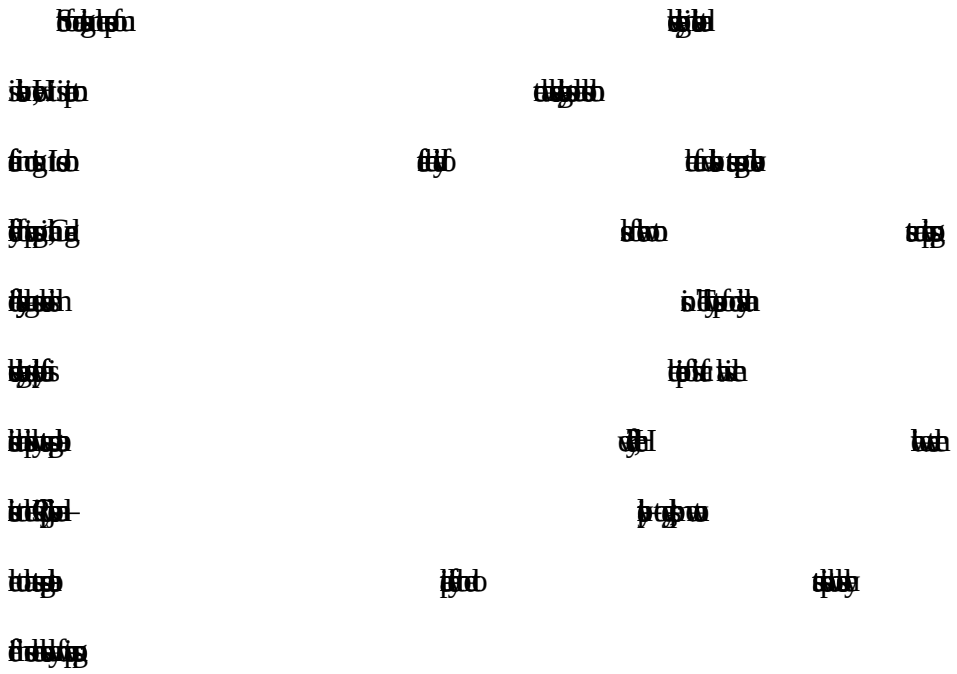
[10] [illegible] 3 [illegible] 0026 [illegible] 2.185 10.4 705.42 1, [illegible] 002 [illegible]



3. Capital Allocations in Stat

[illegible]

[illegible] 0.48% [illegible] p=.026), [illegible] 5.93% [illegible] 0.42% [illegible] 5.19% [illegible] p=.043).

[illegible] 10.24% [illegible] 10.85%, [illegible]

[illegible] [22] [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[22] [illegible]

[25]

[26]

[25]

[illegible] 10%, [illegible] ; [illegible]

[illegible] 18%, [illegible] 36%,

[illegible] 5% [illegible]

[illegible]

5% [illegible]

[illegible] 5% [illegible] 3.6, [illegible]

[illegible] 10% [illegible] 4.7.

[illegible] 10% [illegible]

[illegible] 92.9%

[illegible] 68.1% [illegible] 4, [illegible]

[illegible] ([illegible] 2 [illegible]

[illegible] 1% [illegible] 20%.) [illegible]

[illegible] 5 [illegible]

[illegible]

[illegible] 2 [illegible]

[illegible].[28] [illegible]

[illegible] - [illegible]

[illegible].[29] [illegible]

[illegible], [illegible]

[illegible] 4.4.

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[28] [illegible] 4, [illegible] 2 [illegible]

[29] [illegible] 4, [illegible]

[illegible] Q [illegible] 10,000 [illegible]

[illegible] 2.78% [illegible] p<0.001); [illegible]

[illegible] r([illegible]) 0.21% [illegible] p<0.027).

[illegible] Q [illegible] p<0.001). [33]

[illegible]

[illegible] in

[illegible] Q [illegible]

[illegible]

5. Party Objectives, Managerial Incentives, And Interest Alignment

[illegible] 4.4 [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] 60: [illegible] 7, [illegible]

[illegible] 65 [illegible]

[illegible]

[illegible]

[33] [illegible]

[illegible] [illegible]61 [illegible]

[illegible]10 [illegible] [illegible] 2 [illegible]

[illegible] [illegible]60, [illegible]

[illegible] Q [illegible]

[illegible] [illegible] Q [illegible]

[illegible] Q [illegible] [illegible] −0.423

(p<.01). [illegible] [illegible] Q [illegible] Q

[illegible]

[illegible] [illegible] [illegible]

[illegible] [illegible] [illegible] [34]

[illegible] [illegible] [illegible]

[illegible] [illegible]

[illegible] [illegible] [illegible]

[illegible] [illegible] 4 [illegible]

[illegible] [illegible] W

[illegible] Q [illegible]

([illegible] [illegible] (−0.922 vs −0.295) [illegible]

[illegible] (p=.099).

[illegible] [illegible] [illegible]

[illegible] [illegible] [illegible]

[illegible] [illegible] [illegible]

---

[34] [illegible] [illegible]
[illegible] Q [illegible]
[illegible] [illegible] [illegible]
[illegible] [illegible] [illegible]
[illegible]10 [illegible]
[illegible]61, [illegible] Q [illegible]75% [illegible] [illegible]

35

References

[illegible] 1986, [illegible], [illegible]

[illegible] 2006, [illegible] 79, 317–337.

[illegible] 2005, [illegible] 77, 571–16.

[illegible] 2014, [illegible], [illegible]

[illegible] 2011, [illegible] 99, 447–475.

[illegible] 2006, [illegible] 61, 2637–2680.

[illegible] 2008, [illegible] 21, 2015–2060.

[illegible] 2002, [illegible] 57, 2695–2740.

[illegible] 2006, [illegible] 61, 2415–2449.

[illegible] 2004, [illegible] 32, 599–616.

[illegible] 2003, [illegible] 1, 478–483.

[illegible] 02, [illegible] 117, 1214–8.

[illegible] 2003, [illegible] 16, 1167–201.

[illegible] 2011, [illegible] 17, 541–554.

[illegible] 1997, [illegible] 52, 578–2.

[illegible] 2015, [illegible]

[illegible] 1, [illegible] 17, 259–271.

114, 1193–1242.

Appendix A. Variable Definitions.

Summary statistics and capital allocation models

State groups [illegible]

Size [illegible]

Sales [illegible]

Employees [illegible]

Tobin's Q [illegible] 1601. [illegible] 2005 [illegible] (2011) [illegible] 2005 [illegible]

Return on assets ([illegible]) [illegible]

Total factor productivity

Abnormal portfolio returns (Table 5)

Market risk premium [illegible]

SMB [illegible] ***HML*** [illegible] (1993). [illegible]

[illegible]

t-1. [illegible]

[illegible]

ROA impairment [illegible]

Internal capital misallocation [illegible]

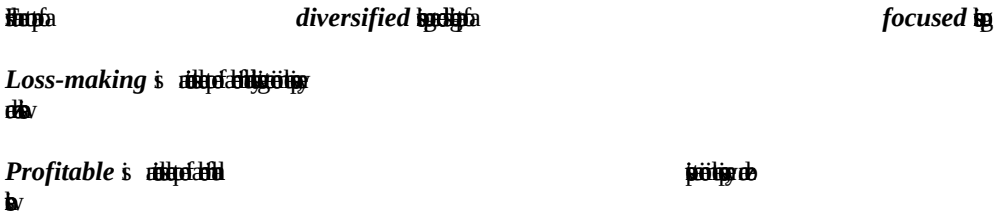
diversified
focused
Loss-making
Profitable
Below-average TFP

Table 1. Summary Statistics.

Table 2. *Q* Sensitivity of Internal and External Capital Allocations.

Table 3. Mitigating and Enabling Factors: Monitoring and Soft Budget Constraints.

Table 4. Characteristics of Source and Recipient Firms.

Table 5. Are Minority Shareholders Harmed?

Table 6. Diversified vs. Focused State Business Groups.

[illegible] 1%, 5%, and 10% [illegible]

	[illegible] (1)	[illegible] (2)	[illegible] (3)	[illegible] (4)
[illegible] Q	-0.227**	-0.165	-1.240***	-0.131
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]				
[illegible]	-0.080	0.092	0.001	-0.045
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-0.613***	-0.522**	-1.040***	-0.464**
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	0.025	0.092***	0.070***	0.033
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	0.066***	0.045*	0.080***	0.057***
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-0.005	0.019	0.022	0.000
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	0.057*	-0.031	0.058	0.012
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-0.010	0.007	-0.012	0.004
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-0.249	-0.209	1.169	-0.722
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1.852	-0.562	-3.033	1.121
	[illegible]	[illegible]	[illegible]	[illegible]
Diagnostics				
R^2	49.2%	47.7%	34.6%	53.0%
F-[illegible] Q?		0.06		4.92**
[illegible]	454	346	175	583
[illegible]	131	130	26	205
[illegible]	2,418	1,702	735	3,385

Table 7, Panel A: Promotions and Demotions at the Group Level.

Table 7, Panel B: Promotions and Demotions at the Member-firm Level.

[illegible] (1 to 3) [illegible] (4 to 6). [illegible]

[illegible] ***, **, and * [illegible] 1%, 5%, and 10% [illegible]

	[illegible]			[illegible]		
	(1)	(2)	(3)	(4)	(5)	(6)
Firm/chairman characteristics						
[illegible]	0.248***	0.269***	0.272***	-0.193***	-0.192***	-0.197***
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-0.145**	-0.145**	-0.149**	0.111***	0.111***	0.110***
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1 [illegible] 1950s	-0.803***	-0.796***	-0.791**	0.083	0.082	0.085
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1 [illegible] 1960s	-1.339*	-1.358**	-1.362**	-0.035	-0.036	-0.026
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Socio-political objectives						
1 [illegible]	0.184	0.180		-0.016	-0.015	
	[illegible]	[illegible]		[illegible]	[illegible]	
1 [illegible]			-0.221			0.232
			[illegible]			[illegible]
Profit-related objectives						
1 [illegible]	0.230	0.218		-0.036	-0.038	
	[illegible]	[illegible]		[illegible]	[illegible]	
1 [illegible]			-0.057			-0.092
			[illegible]			[illegible]
1 [illegible]	0.006	-0.029		0.138	0.137	
	[illegible]	[illegible]		[illegible]	[illegible]	
1 [illegible]			0.347			0.466**
			[illegible]			[illegible]
Capital allocations						
[illegible]		-0.042**	-0.043**		-0.002	-0.002
		[illegible]	[illegible]		[illegible]	[illegible]
Diagnostics						
[illegible] R^2	4.1%	4.7%	4.7%	1.3%	1.3%	1.6%
[illegible]	1,222	1,222	1,222	1,222	1,222	
[illegible]	55	55	55	166	166	166
[illegible]	3,814	3,814	3,814	3,814	3,814	3,814

Table 8. Profitability and Productivity.

Table 10. Career Objectives.

INTERNET APPENDIX

(NOT INTENDED FOR PUBLICATION)

Table IA.1. Baseline Models with Alternative Measures of Internal Capital Allocations.

Table IA.2. Baseline Models with Capital Transfers for Alternative Sets of Group Entities.

Table IA.3. Alternative Size Cut-offs and Placebo Tests.