Relative Capture: Quasi-Experimental Evidence from the Chinese Judiciary

Comparative Political Studies

Web Appendix

Yuhua Wang
yuhuawang@fas.harvard.edu

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I Summary Statistics

Table 1.1: Summary Statistics

Variable	N	Mean	Std.Dev.	Min	Max
Win	4,135	0.439	0.496	0	1
Basic	4,196	0.246	0.431	0	1
Intermediate	4,196	0.641	0.480	0	1
High	4,196	0.111	0.315	0	1
Supreme	4,196	0.001	0.038	0	1
Post2008	4,275	0.272	0.445	0	1
Treatment Group I	3,805	0.402	0.490	0	1
Post2008 * Treatment Group I	3,805	0.093	0.291	0	1
Assets (log)	3,670	20.849	1.211	12.314	27.520
Age	3,672	13.755	5.233	1	31
Contract	4,272	0.473	0.499	0	1
Home	4,174	0.104	0.305	0	1
Road	4,174	0.142	0.349	0	1
Third	4,174	0.041	0.199	0	1
Derby	4,174	0.713	0.452	0	1
SOE_dummy	2,679	0.613	0.487	0	1
SOE Share	2,679	18.484	21.419	0	97
Government Connection	3,596	0.673	0.469	0	1
Parliament Connection	3,596	0.214	0.410	0	1
Legal Connection	3,233	0.088	0.284	0	1
Claim (10,000 yuan)	3,805	2,866.078	6,350.400	0	104,000
Claim (log)	3,805	6.845	1.694	0	11.552
Year	4,275	2005.115	3.827	1995	2013
Non-Discloser SOE_dummy	913	0.763	0.425	0	1

Total N	4,275

II Identification Strategy

Figure 2.1: Average Win Rates and Their 95% Confidence Intervals of SOEs and Non-SOEs Over Time

Table 2.1: Testing the Parallel Trend Assumption (OLS Regression)

	OLS			
	SOEs		Non-SOEs	
	(1)	(2)	(3)	(4)
	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)
Year2000*Treatment Group I	-0.060	0.018	-0.049	-0.055
	(0.068)	(0.069)	(0.097)	(0.092)
Year2001*Treatment Group I	0.060	0.104	-0.216***	-0.221***
	(0.058)	(0.064)	(0.046)	(0.054)
Year2002*Treatment Group I	-0.059	-0.035	-0.082	-0.095
	(0.074)	(0.074)	(0.085)	(0.098)
Year2003*Treatment Group I	0.082	0.102	0.113	0.146
	(0.074)	(0.071)	(0.192)	(0.163)
Year2004*Treatment Group I	0.031	0.036	0.023	0.002
	(0.064)	(0.075)	(0.102)	(0.102)
Year2005*Treatment Group I	-0.042	-0.052	-0.238*	-0.257**
	(0.050)	(0.046)	(0.122)	(0.120)
Year2006*Treatment Group I	0.047	0.060	-0.070	-0.109
	(0.055)	(0.063)	(0.088)	(0.098)
Year2007*Treatment Group I	0.004	-0.019	-0.152	-0.141
	(0.099)	(0.109)	(0.157)	(0.138)
Year2008*Treatment Group I	-0.026	-0.044	0.056	0.076
	(0.094)	(0.086)	(0.134)	(0.132)
Year2009*Treatment Group I	-0.187***	-0.230***	0.069	0.054
	(0.066)	(0.077)	(0.134)	(0.133)
Year2010*Treatment Group I	-0.139**	-0.213***	0.000	-0.004
	(0.067)	(0.071)	(0.098)	(0.097)
Assets (log)		0.066***		-0.006

		(0.017)		(0.018)
Age		0.012**		-0.001
		(0.005)		(0.008)
Contract Dispute		0.097**		0.098**
		(0.039)		(0.039)
Road		0.016		-0.107
		(0.065)		(0.069)
Third		0.053		-0.040
		(0.054)		(0.107)
Derby		0.036		-0.040
		(0.068)		(0.078)
Province F.E.	YES	YES	YES	YES
Industry F.E.	YES	YES	YES	YES
Intercept	YES	YES	YES	YES
N	1,535	1,493	593	572

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

Table 2.2: Effect on Exposure to Basic People's Courts (Logistic Regression)

Logit DV=Basic	Coefficient (C.S.E.)
Post2008	0.919**
	(0.363)
Treatment Group I	1.057***
	(0.248)
Post2008*Treatment Group I	1.467***
	(0.381)
Province F.E.	YES
Industry F.E.	YES
Intercept	YES
N	2,154

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

Table 2.3: Effect on Exposure to Intermediate People's Courts (Logistic Regression)

Logit DV=Intermediate	Coefficient (C.S.E.)
Post2008	0.474
	(0.586)
Treatment Group II	0.622
	(0.379)
Post2008*Treatment Group II	1.200*
	(0.649)
Province F.E.	YES
Industry F.E.	YES
Intercept	YES
N	476

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

III McCrary Test

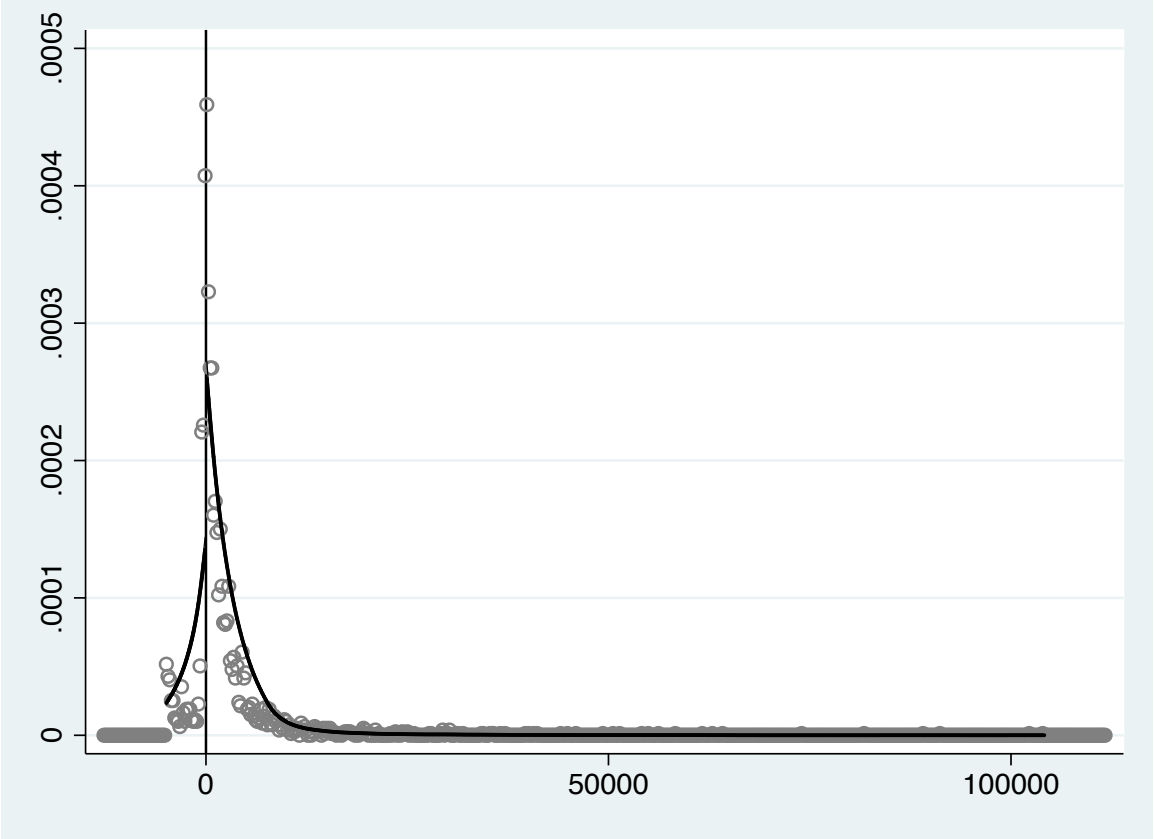

Figure 3.1: McCrary Test

Notes: This tests the continuity of the running variable (Claim) around the cutoff point to enter Intermediate People's Courts. The Discontinuity estimate (log difference in height) is 0.648 ($p < .05$), which rejects the null of continuity.

IV The Effect of Institutional Change in 2008 on Win Rate: Intention to Treat Estimates

Table 4.1: Effect of Institutional Change in 2008 on Win Rate: Intention to Treat Estimates (Logit)

	Logit DV=Win					
	SOEs			Non-SOEs		
	(1)	(2)	(3)	(4)	(5)	(6)
	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)
Post2008	0.603**	0.538**	0.071	0.157	0.150	0.243
	(0.257)	(0.273)	(0.337)	(0.328)	(0.441)	(0.445)
Treatment Group I	0.319	0.300*	0.316*	-0.325	-0.477	-0.573**
	(0.222)	(0.181)	(0.189)	(0.446)	(0.308)	(0.291)
Post2008*Treatment Group I	-0.499*	-0.671**	-0.588*	0.999**	0.796*	0.826*
	(0.291)	(0.282)	(0.317)	(0.456)	(0.454)	(0.464)
Assets (log)			0.299***			-0.033
			(0.101)			(0.084)
Age			0.050***			-0.012
			(0.018)			(0.041)
Contract Dispute			0.414**			0.494**
			(0.176)			(0.193)
Road			0.070			-0.652*
			(0.310)			(0.364)
Third			0.256			-0.029
			(0.248)			(0.588)
Derby			0.150			-0.203
			(0.314)			(0.381)
Province F.E.	NO	YES	YES	NO	YES	YES

Industry F.E.	NO	YES	YES	NO	YES	YES
Intercept	YES	YES	YES	YES	YES	YES
N	1,865	1,505	1,464	593	572	552

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

Table 4.2: Effect of Institutional Change in 2008 on Win Rate in Treatment Group II: Intention to Treat Estimates (OLS)

	OLS	
	SOEs	**Non-SOEs**
	Coeff. (C.S.E.)	**Coeff. (C.S.E.)**
Post2008	0.212**	-0.029
	(0.103)	(0.198)
Treatment Group II	-0.036	-0.001
	(0.067)	(0.122)
Post2008*Treatment Group II	-0.233*	-0.202
	(0.134)	(0.173)
Assets (log)	0.051**	-0.036
	(0.023)	(0.043)
Age	0.014	-0.013
	(0.009)	(0.013)
Contract Dispute	0.099	0.109
	(0.087)	(0.110)
Road	-0.097	-0.155
	(0.163)	(0.174)
Third	-0.135	0.138
	(0.273)	(0.211)
Derby	-0.071	-0.212
	(0.149)	(0.153)
Province F.E.	YES	YES
Industry F.E.	YES	YES
Intercept	YES	YES
N	311	153

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

V The Effect of Institutional Change in 2008 on Win Rate: IV Estimates

Table 5.1: First-Stage Results

	First Stage DV=Basic			
	SOEs		**Non-SOEs**	
Variable	**Coeff. (C.S.E.)**		**Coeff. (C.S.E.)**	
Post-2008*Treatment Group I	0.391	***	0.496	***
	(0.046)		(0.052)	
Assets (log)	-0.003		0.009	
	(0.011)		(0.018)	
Age	0.001		0.004	
	(0.002)		(0.003)	
Contract Dispute	0.017		0.016	
	(0.016)		(0.023)	
Road	-0.077	**	-0.009	
	(0.035)		(0.080)	
Third	-0.103	**	-0.071	
	(0.053)		(0.068)	
Derby	-0.083	***	-0.027	
	(0.030)		(0.056)	
Provincial F.E.	YES		YES	
Industry F.E.	YES		YES	
Intercept	YES		YES	
N	1,483		570	
R^2	0.163		0.4366	

F Statistics	65.44	103.14

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

Table 5.2: Effect of Institutional Change in 2008 on Win Rate in Treatment Group II: IV Estimates

	2SLS	
	SOEs	**Non-SOEs**
	Coeff. (C.S.E.)	**Coeff. (C.S.E.)**
Intermediate (instrumented)	-0.275	-0.567**
	(0.215)	(0.242)
Assets (log)	0.052**	-0.041
	(0.021)	(0.042)
Age	0.017**	-0.020*
	(0.008)	(0.011)
Contract Dispute	0.136	0.139
	(0.087)	(0.095)
Road	-0.130	-0.036
	(0.168)	(0.171)
Third	-0.064	0.277
	(0.254)	(0.214)
Derby	-0.097	-0.075
	(0.140)	(0.116)
Province F.E.	YES	YES
Industry F.E.	YES	YES
Intercept	YES	YES
N	306	152

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

VI Robustness Checks

Table 6.1: Examples of Board Members' Bios (Chinese and English)

姓名	徐留平	性别	男	学历	博士
职位名称	董事长	任职起始日	2009-01-06	年薪	
持股数					
简历	徐留平,男，1964年10月出生，江苏人，汉族，博士，徐先生毕业于北京理工大学，并获得博士学位，2009年被评为中国经济人物。于1988年加入中国兵器工业总公司，曾任国防科工委办公厅主任，2000年加入中国南方工业集团公司，曾担任发展计划部主任，汽车部主任，总经理助理。2005年起担任中国南方工业集团公司党组成员、副总经理。2005年-2009年12月任中国南方工业汽车股份有限公司执行董事、高级副总裁。2008年12月起担任重庆长安汽车股份公司董事长、党委书记。2009年起担任中国长安汽车集团股份有限公司董事、总裁、党委书记。2010年7月起担任中国长安汽车集团股份有限公司副董事长、总裁、党委书记。现任南方工业集团党组副书记、副总经理，中国长安董事长、党委书记。重庆长安汽车股份有限公司董事长。 2004年11月起任江铃控股有限公司董事长。			

姓名	张宝林	性别	男	学历	硕士
职位名称	董事,总裁	任职起始日	2001-05-16	年薪	688600
持股数					
简历	张宝林先生，1962年生，研究生毕业，高级经济师，高级政工师。现任南方工业集团总经理助理，中国长安董事。曾任中国兵器工业总公司西南兵工局团委副书记、书记，重庆长风机器厂党委书记，成都万友总公司常务副总经理、总经理，长安汽车（集团）有限责任公司董事、副总裁，重庆长安汽车股份有限公司常务副总经理，中国长安党委副书记。重庆长安汽车股份有限公司董事、总裁。			

姓名	朱华荣	性别	男	学历	硕士
职位名称	董事,副总	任职起始日	2009-01-23	年薪	664800

Name	Liuping Xu	Gender	Male	Education	PhD
Position	Chairman of the board	Starting date	2009-01-06	Salary	
Total shares held					
Bio	Liuping Xu, Han nationality, born in October 1964 in Jiangsu and graduated from Beijing Institute of Technology with his PhD degree. He was awarded as Chinese Annual Economic Figure in 2009. He joined China North Industries Group Corporation (CNGC) in 1988 and served as the director of general office in the Commission for Science, Technology and Industry for National Defense (COSTIND). In 2000, he joined China South Industries Group Corporation (CSGC) and served as the director of plannning and development department, director of automobile department, and general manager asistance. He has been a Party member and vice genral manager in CSGC. He served as CSGC executive director and senior vice president from 2005 to 2009. He started to serve as the chairman of the board and Party secretary in Chongqing Changan Automobile Company in December, 2008. In 2009, he served as the director, president and Party secretary in China Chang'an Automobil (Group) Co., Ltd. (CCAG). In July 2010, he started to serve as the deputy chairman, president and Party secretary in CCAG. Mr. Xu is now the deputy secretary of the Party and vice genral manager of CSGC, the chairman and Party secretary in CCAG, as well as the chairman of Chongqing Chang'an Automobil Co., Ltd. Beginning in November, 2002, he has served as the chairman of Jiangling Motors Co., Ltd.				

Name	Baolin Zhang	Gender	Male	Education	M.S.
Position	Director, President	Starting date	2001-05-16	Salary	
Total shares held					

Bio	Mr. Baolin Zhang, M.S., Senior Economist, Senior Political Engineer, was born in 1962. Mr. Zhang is now the general manager asistance in China South Industries Group Corporation (CSGC) and the director of China Chang'an Automobil (Group) Co., Ltd. (CCAG). He used to serve as the deputy secretary and secretary of the Youth League Committee in Southwest Ordance Bureau of China North Industries Group Corporation (CNGC). Mr. Zhang also served as the Party secretary of Chongqing Changfeng Machinery Co., Ltd, the sanding vice manager and general manager of Chengdu Wanyou Co., the director and vice president of Chang'an Automobil (Group) Co., Ltd., the standing vice manager of Chongqing Chang'an Automobil Co., Ltd, the deputy secretary of the Party of CCAG, and the director and president of Chongqing Changfeng Machinery Co., Ltd.

Table 6.2: Controlling for Political Connections (2SLS Results)

	2SLS					
	SOEs			Non-SOEs		
	(1)	(2)	(3)	(4)	(5)	(6)
	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)
Basic (instrumented)	-0.237**	-0.243**	-0.286***	0.276**	0.250**	0.297**
	(0.106)	(0.108)	(0.101)	(0.108)	(0.103)	(0.127)
Government Connection	0.042			0.049		
	(0.034)			(0.060)		
Parliament Connection		0.030			0.193***	
		(0.033)			(0.071)	
Legal Connection			0.005			-0.233***
			(0.068)			(0.067)
Assets (log)	0.055***	0.057***	0.061***	-0.002	-0.010	0.001
	(0.019)	(0.018)	(0.021)	(0.024)	(0.021)	(0.028)
Age	0.011***	0.011***	0.011***	-0.001	-0.003	-0.002
	(0.004)	(0.004)	(0.004)	(0.008)	(0.007)	(0.008)
Contract Dispute	0.091**	0.091**	0.079*	0.085**	0.078**	0.084*
	(0.042)	(0.042)	(0.044)	(0.038)	(0.038)	(0.044)
Road	-0.007	-0.008	-0.001	-0.142**	-0.143**	-0.117*
	(0.069)	(0.070)	(0.066)	(0.064)	(0.062)	(0.067)
Third	0.057	0.054	0.055	-0.010	0.022	-0.040
	(0.054)	(0.053)	(0.055)	(0.112)	(0.104)	(0.101)
Derby	0.012	0.012	0.020	-0.056	-0.055	-0.058
	(0.070)	(0.071)	(0.074)	(0.075)	(0.072)	(0.075)
Province F.E.	YES	YES	YES	YES	YES	YES
Industry F.E.	YES	YES	YES	YES	YES	YES

Intercept	YES	YES	YES	YES	YES	YES
N	1,444	1,444	1,269	561	561	520

*p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01*

Table 6.3: Balance Tests of the SOE Sample (Genetic Matching)

Assets (log)	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	21.225	20.606	0.000	0.000
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	21.008	20.919	0.130	0.433
Age	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	16.571	12.879	0.000	0.000
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	16.458	16.479	0.912	0.995
Contract Dispute	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	0.529	0.449	0.209	
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	0.542	0.542	1.000	
Home	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	0.171	0.092	0.093	
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value

	0.042	0.042	1.000	
Claim (log)	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	6.567	6.854	0.027	0.007
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	6.739	6.819	0.047	0.617
Province ID	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	12.057	13.439	0.095	0.150
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	12.708	12.604	0.565	0.978

Table 6.4: Balance Tests of the Non-SOE Sample (Genetic Matching)

Assets (log)	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value
	21.186	20.408	0.000	0.000
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value
	20.782	20.681	0.154	0.812
Age	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value
	16.239	11.756	0.000	0.000
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value
	15.528	15.333	0.581	0.719
Contract Dispute	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value
	0.580	0.544	0.580	
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value
	0.417	0.417	1.000	
Home	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value
	0.114	0.104	0.805	
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Test p-Value

	0.056	0.056	1.000	
Claim (log)	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	6.309	6.941	0.000	0.000
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	6.450	6.634	0.004	0.640
Province ID	**Before Matching**			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	12.545	11.891	0.415	0.000
	After Matching			
	Mean Treated	Mean Control	t Test p-Value	KS Bootstrap p-value
	12.722	12.028	0.006	0.014

Table 6.5 Effect of Basic Courts on Win Rates: Genetic Matching Results

	SOEs Coefficient (Bootstrap S.E.)		Non-SOEs Coefficient (Bootstrap S.E.)	
Basic	-0.208	***	0.417	***
	(0.065)		(0.057)	
N	48		36	

Notes: This table reports the results of genetic matching using a matched dataset of cases assigned to treatment (adjudication by basic courts) or control groups (adjudication by intermediate courts) by the 2008 jurisdictional change. The dependent variable is W in – a binary outcome indicating whether the announcing firm won the case. The observations are matched exactly on province and not exactly on *Assets (log)*, *Age*, *Contract Dispute*, *Home*, and *Claim (log)*. Bootstrap standard errors are in parentheses. p-values are based on a two-tailed test: $*p < 10\%$, $**$ $p < 5\%$, $***p < 1\%$.

Notes on matching: I cannot analyze firms that settled their disputes outside the courts, such as through arbitration or mediation (alternative dispute resolution). This could create a selection bias if, for instance, SOEs are more likely to win because they are more likely to go to court in the first place. Prior studies have indeed shown that SOEs, because of a higher expected win rate, are more likely to litigate than non-SOEs (Wang, 2015, 94). Recent methodological work on selection bias has recommended using semiparametric or nonparametric models, such as matching, to control for bias on observables without making the strong distributional assumptions required by Heckman-type models.

I match cases in Cells 3 and 4 in Figure 2 to create a balanced, matched dataset. I employ a genetic matching procedure that is shown to achieve a better balance between the "control" and "treatment" groups (Diamond & Sekhon, 2013). Using the matched data, I conduct genetic matching to estimate the treatment effect of *Basic* – a binary indicator of basic courts. Tables 6.3-6.4 present the balance tests, and the matching results are displayed in Table 6.5. Consistent with prior parametric models, SOEs are less likely to win

in basic courts than in intermediate courts. Substantively, SOEs' win rates are estimated to be 20.8% higher in intermediate courts than in basic courts, while non-SOEs' win rates are 41.7% higher in basic courts than in intermediate courts. The effect size is nontrivial.

Table 6.6: Excluding Centrally Controlled SOEs (2SLS Results)

	2SLS
	Coeff.
	(C.S.E.)
Basic (instrumented)	-0.220**
	(0.110)
Assets (log)	0.059***
	(0.018)
Age	0.011***
	(0.004)
Contract Dispute	0.094**
	(0.039)
Road	-0.005
	(0.069)
Third	0.018
	(0.056)
Derby	0.008
	(0.070)
Province F.E.	YES
Industry F.E.	YES
Intercept	YES
N	1,470

Notes: There are two types of SOEs in China: a few centrally controlled SOEs and many locally controlled SOEs. Central SOEs only pay taxes to the central government. If courts' preferences at different levels are shaped by local governments' tax incentives, then I should exclude central SOEs from my analysis. I hence exclude the small number of central SOEs in my sample and find that my prior results still hold. *p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01.*

Table 6.7: Using Claim (log) as the Treatment Variable (2SLS Results)

	OLS					
	SOEs			Non-SOEs		
Bandwidth	**(1) [-10 million, 10 million]**	**(2) [-5 million, 5 million]**	**(3) [-3 million, 3 million]**	**(4) [-10 million, 10 million]**	**(5) [-5 million, 5 million]**	**(6) [-3 million, 3 million]**
	Coeff. (C.S.E.)	**Coeff. (C.S.E.)**	**Coeff. (C.S.E.)**	**Coeff. (C.S.E.)**	**Coeff. (C.S.E.)**	**Coeff. (C.S.E.)**
Post2008	-0.529*	-0.698**	-0.867**	1.054*	1.101*	1.223
	(0.306)	(0.324)	(0.340)	(0.592)	(0.658)	(0.860)
Claim (log)	-0.011	-0.011	-0.014	0.075	0.038	0.054
	(0.023)	(0.027)	(0.029)	(0.071)	(0.077)	(0.101)
Post2008*Claim (log)	0.098**	0.118**	0.149***	-0.130	-0.135	-0.151
	(0.046)	(0.050)	(0.053)	(0.092)	(0.101)	(0.130)
Intercept	0.452***	0.439**	0.443**	-0.247	-0.030	-0.129
	(0.163)	(0.183)	(0.200)	(0.450)	(0.491)	(0.663)
N	830	557	396	234	159	102

*Notes: Because whether a case falls into the treatment group depends on its monetary claim, I can replace Treatment Group I (dichotomous) with claim (continuous), and I should find the interaction term between Post2008 and Claim to be positive for SOEs and negative for non-SOEs (because higher claim makes the case more likely to be adjudicated by higher-level courts). To obtain precise estimates, I also limit my sample to the vicinity of the intermediate court cutoff to resemble a regression discontinuity design. The estimates for non-SOEs are insignificant probably due to small number of observations. p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01.*

Table 6.8: Using a Continuous Measure of SOE (2SLS Results)

	OLS		
	(1)	(2)	(3)
	Coeff. (C.S.E.)	Coeff. (C.S.E.)	Coeff. (C.S.E.)
Post2008	0.052	0.030	-0.011
	(0.048)	(0.048)	(0.050)
Treatment Group I	-0.030	-0.041	-0.034
	(0.063)	(0.036)	(0.036)
Post2008*Treatment Group I	0.153*	0.138*	0.137*
	(0.086)	(0.070)	(0.074)
SOE Share	0.003**	0.003***	0.003***
	(0.001)	(0.001)	(0.001)
Post2008*Treatment Group I*SOE Share	-0.006**	-0.006**	-0.006**
	(0.003)	(0.003)	(0.003)
Assets (log)			0.022
			(0.020)
Age			0.007*
			(0.004)
Contract Dispute			0.096***
			(0.028)
Road			-0.039
			(0.061)
Third			-0.062
			(0.067)
Derby			-0.003
			(0.062)
Province F.E.	NO	YES	YES
Industry F.E.	NO	YES	YES

Intercept	YES	YES	YES
N	1526	1526	1480

*Notes: I dichotomize firm ownership in the main analysis to simplify presentation. But in China many firms have mixed ownerships; it is not clear-cut whether a firm is an SOE or a non- SOE. So rather than dividing the sample into SOEs and non-SOEs, I use a continuous measure of state share (SOE share) and interact it with Post2008 and Treatment Group I and expect this triple interaction term to be negative (because adjudicated by basic courts makes firms with more state shares less likely to win). p-values are based on a two-tailed test: * p<0.1, ** p<0.05, ***p<0.01.*

Section VII Fieldwork Notes

I independently did the fieldwork in 2010 and conducted 47 semi-structured interviews. My interviewees include party/government officials, judges, lawyers, investors, and scholars. I visited a county in Hainan Province; two municipalities in Guangdong Province; and two counties/districts each in Jiangxi Province, Shanghai, and Beijing. Obviously, the sites were not selected randomly. The interviews that are cited in this article were conducted in Guangdong, Hainan, Jiangxi, and Shanghai. But for ethic concerns, I choose not to disclose the locations of most of these interviews. I relied on my personal connections to select the sites and establish initial contact. I then used snowball methods to recruit more respondents. The goal of the qualitative fieldwork and interviews was not to make any causal inference, which was not possible because the cases and interviewees were not randomly selected. I did not seek to infer any conclusions from a comparison between, for example, county A and county B, because A and B are different in every respect; it was not a controlled experiment. In contrast, the goal of the fieldwork and qualitative interviews was to make sense of the quantitative analyses and provide insight into how the Chinese legal system works in practice, how investors lobby the courts, and what government officials think they should do to keep investors. The qualitative interviews were approved by IRB at the University of Michigan (HUM00028263).