

National Research University
Higher School of Economics

Department of Mathematical Economics and Econometrics

DRAFT OF THE PAPER:
“ACCESS OF FIRMS TO GOVERNMENT
SUPPORT: ECONOMETRIC ANALYSIS”

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Introduction

- Role of the state
- Tools for ruling the economy
- Business response

Aims of the study

1. Analyze current situation with government support
2. Define type of interaction between the state and the business

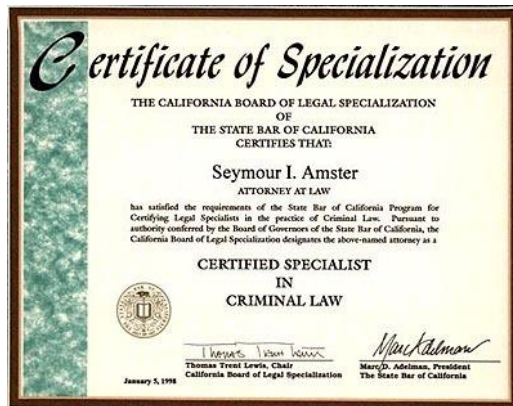


Literature review

George Stigler “The theory of economic regulation” (1971)



VS



Licensing as an entry barrier

05.03.2012

Literature review-2

Hellman, Jones & Kaufmann “State Capture, Corruption and Influence in Transition” (2000)

- Benefits to long-established companies

Levels of lobbying:

1. State capture
2. Influence



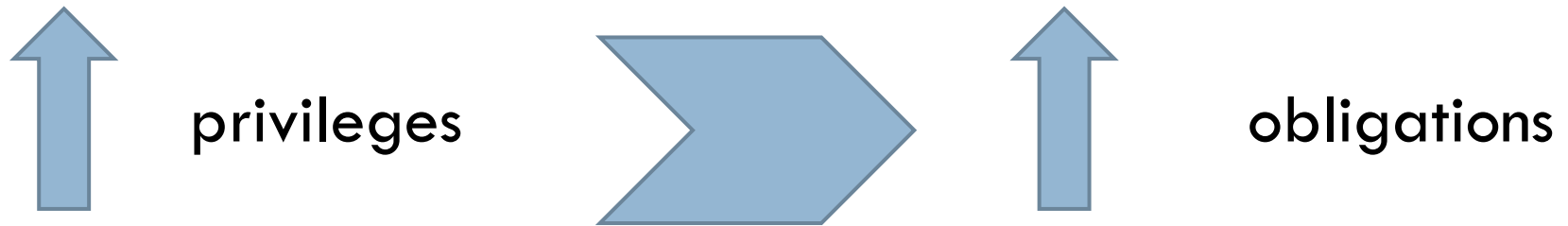
3. Administrative corruption



Literature Review - 3

Timothy Frye “Capture or Exchange? Business Lobbying in Russia” (2002)

“Elite exchange”



Dani Rodrik “Industrial Policy for the twenty-first century” (2004)

“New industrial policy”

Models

- ❖ **State capture.** Stigler, Hellman, Jones & Kaufman
- ❖ **Elite exchange.** Frye
- ❖ **New industrial policy.** Rodrik

Data and method

Upper level

Regional characteristic

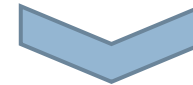
Lower level

Extended database

1000+ enterprises

Method

Multi level-model



Upper level

1. Distance from Moscow.
2. Average temperature in January.
3. Budget spending efficiency.
4. Exemptions.
5. Result-orientation of authorities.
6. Business-group characteristic.
7. Number of bureaucrats.
8. Unemployment rate.
9. Migration.
10. Inflation.
11. Gross Regional Product per capita.

Lower level

1. Number of workers*
2. Date of establishment.
3. Ownership.
4. Participation in holdings.
5. Type of the city.



Dummy

* In logarithms

Model & results

$$\begin{aligned}
 P(\text{FedHelp}) = & F(B_0 + (B_1 + U_r)\text{LnSize} + B_2\text{foundation92/98} + B_3\text{foundation98} \\
 & + B_4\text{StateOwner} + B_5\text{ForeignStock} + B_6\text{OwnershipNOanswer} + B_7\text{Holding} \\
 & + B_8\text{HoldingHead} + B_9\text{MoscowSPB} + B_{10}\text{Center} + B_{11}\text{PGT} + B_{12}\text{grp08} \\
 & + \sum_{i=13}^{21} B_i\text{Sector}_i + e)
 \end{aligned}$$

Variable Name	FedHelp			
InSize	0.49***		sector1	0.44
Foundation92/98	-0.26		sector2	-1.40
Foundation98	-0.60		sector3	0.46
State_Owner	1.19***		sector4	0.29
Foreign_Stock	0.65		sector5	1.40**
Ownership_No_answer	-0.47		sector6	1.12*
Holding	-0.36		sector7	0.29
Holdinghead	-0.16		sector8	-0.04
Moscow_SPB	-0.83		sector9	0.51
Center	0.27		sector10	(omitted)
PGT	-0.09		cons	-5.33***
grp08	0.00			

Results

- Long-established companies receive much help



- State ownership influences the probability



Further steps

- ✓ Monitor factors
- ✓ Define best factors
- ✓ Test other hypotheses

THANKS FOR ATTENTION!

ANY QUESTIONS?