

Internet Appendix for “How do Cash Windfalls Affect Entrepreneurship? Evidence from the Spanish Christmas Lottery”

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This Internet Appendix provides additional statistics and robustness tests for the analyses in the article. Specifically:

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Table IA.1: Summary Statistics of New Firm Outcomes

This table reports the mean, standard deviation, 25th percentile, median, and 75th percentile of outcomes of new firms in their first five years of life (firms are created in year t) at the firm level. Firm outcomes are assets, employment, wages, and return on assets (ROA). The sample covers the period 1994-2016.

	t				
	Mean	Std.Dev.	p25	p50	p75
Assets (€ thousand)	294.18	1,108.38	24.49	67.49	178.36
Employment	2.59	2.09	1.00	2.00	3.00
Wages (€ thousand)	35.80	50.78	8.00	19.87	44.37
ROA (%)	-10.44	48.36	-12.31	-0.24	6.01
	$t + 1$				
	Mean	Std.Dev.	p25	p50	p75
Assets (€ thousand)	496.83	1,522.95	46.32	117.08	309.55
Employment	4.18	5.54	1.00	2.00	5.00
Wages (€ thousand)	84.08	125.16	20.52	45.62	96.22
ROA (%)	-4.62	44.20	-5.84	2.32	10.62
	$t + 2$				
	Mean	Std.Dev.	p25	p50	p75
Assets (€ thousand)	623.21	1,724.19	61.38	153.84	409.31
Employment	4.88	6.47	1.00	3.00	6.00
Wages (€ thousand)	103.06	149.47	25.00	55.00	116.05
ROA (%)	-0.92	36.65	-2.53	3.41	11.10
	$t + 3$				
	Mean	Std.Dev.	p25	p50	p75
Assets (€ thousand)	713.57	1,857.59	72.32	182.38	487.27
Employment	5.31	6.99	1.00	3.00	6.00
Wages (€ thousand)	114.38	163.09	27.27	60.13	128.04
ROA (%)	0.26	32.97	-1.55	3.63	10.74
	$t + 4$				
	Mean	Std.Dev.	p25	p50	p75
Assets (€ thousand)	782.91	1,946.65	81.33	206.00	554.00
Employment	5.61	7.34	1.00	3.00	6.00
Wages (€ thousand)	123.58	173.83	29.28	64.79	138.35
ROA (%)	0.61	30.68	-1.22	3.60	10.10

Table IA.2: Credit Supply

This table presents estimates of regressions of the entry rate (new firms in year t divided by the number of firms in year $t - 1$ in percentage) at the province level. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. *Weak Banks* is the ratio of the number of weak bank branches to GDP per capita in the province in 2006. *Crisis* is a dummy variable that takes the value one for the period 2007-2011 and zero for the period 1995-2006. *Lottery Expenditure* is the lottery expenditure (in thousands of euros per capita) in year $t - 1$. *Inflation Rate* is the growth of the CPI (consumer price index) in year $t - 1$. *Unemployment Rate* is the unemployment rate in year $t - 1$. *Population* is the logarithm of the population (in thousands). *GDP* is the logarithm of GDP (in thousands of euros) per capita in year $t - 1$. *Housing Price* is the logarithm of the housing price index (in euros per square meter) in year $t - 1$. *Bank Loans* are bank loans (in thousands of euros per capita) in year $t - 1$. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	1	2
Lottery Prize \times Weak Banks \times Crisis	0.419*** (2.97)	0.272** (2.26)
Weak Banks \times Crisis	-0.044** (-2.42)	-0.052*** (-3.27)
Lottery Prize \times Weak Banks	-0.050 (-0.86)	-0.062 (-0.97)
Lottery Prize \times Crisis	-0.410 (-1.26)	-0.535 (-1.52)
Lottery Prize	0.487 (1.54)	0.582* (1.70)
Lottery Expenditure	19.141* (1.87)	14.750** (2.49)
Inflation Rate		0.433** (2.17)
Unemployment Rate		-0.062 (-1.68)
Population		-8.218* (-1.96)
GDP		-4.877 (-1.56)
Housing Prices		-0.890 (-0.68)
Bank Loans		0.094* (1.96)
Year Fixed Effects	Yes	Yes
Province Fixed Effects	Yes	Yes
Observations	850	850
Adjusted R^2	0.874	0.883

Table IA.3: Business Cycle

This table presents estimates of regressions of the entry rate (new firms in year t divided by the number of firms in year $t - 1$ in percentage) at the province level. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. *Lottery Expenditure* is the lottery expenditure (in thousands of euros per capita) in year $t - 1$. *Inflation Rate* is the growth of the CPI (consumer price index) in year $t - 1$. *Unemployment Rate* is the unemployment rate in year $t - 1$. *Population* is the logarithm of the population (in thousands). *GDP* is the logarithm of GDP (in thousands of euros) per capita in year $t - 1$. *Housing Price* is the logarithm of the housing price index (in euros per square meter) in year $t - 1$. *Bank Loans* are bank loans (in thousands of euros per capita) in year $t - 1$. The *Recession Any Month* group includes sample years with at least one month classified as a recession by the OECD. The *Recession 6 Months* group includes sample years with at least six months classified as a recession by the OECD. The low and high groups consist of sample years below and above the yearly median of the annual *Business Confidence Index* (BCI), and *Consumer Confidence Index* (CCI). The sample covers the period 1994-2016. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

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	Recession Any Month		Recession 6 Months		Business Confidence Index		Consumer Confidence Index	
	Yes 1	No 2	Yes 3	No 4	Low 5	High 6	Low 7	High 8
Lottery Prize	0.305*** (2.73)	0.090 (0.82)	0.406*** (3.17)	0.110 (1.19)	0.394*** (3.74)	0.197** (2.10)	0.393*** (3.21)	0.206* (1.99)
Lottery Expenditure	22.577*** (3.45)	14.172*** (2.90)	15.861*** (2.84)	15.628*** (2.99)	17.569*** (3.13)	15.178*** (2.69)	17.814*** (3.26)	16.567*** (3.16)
Inflation Rate	0.193 (1.32)	0.724* (1.86)	-0.135 (-0.60)	0.716* (1.94)	0.089 (0.53)	0.815*** (2.68)	0.528** (2.05)	0.247 (1.15)
Unemployment Rate	-0.072** (-2.16)	-0.081** (-2.18)	-0.078** (-2.61)	-0.069* (-1.94)	-0.056* (-1.80)	-0.064* (-1.70)	-0.037 (-1.59)	-0.080** (-2.34)
Population	-6.752* (-1.89)	-5.273 (-1.59)	-8.417** (-2.36)	-5.433* (-1.68)	-6.834* (-1.94)	-5.275 (-1.55)	-7.990*** (-2.69)	-3.895 (-1.14)
GDP	-2.848 (-0.95)	-4.695* (-1.85)	-1.830 (-0.63)	-4.741* (-1.90)	-3.367 (-1.21)	-3.753 (-1.42)	-3.015 (-1.24)	-2.949 (-1.08)
Housing Prices	-0.376 (-0.68)	-1.358* (-1.68)	-0.685 (-1.42)	-1.091 (-1.29)	-1.194** (-2.22)	-0.156 (-0.21)	-1.286*** (-2.71)	0.044 (0.06)
Bank Loans	0.032 (0.82)	0.034 (1.05)	0.018 (0.59)	0.031 (0.86)	0.023 (0.61)	0.024 (0.75)	0.010 (0.34)	0.037 (0.96)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Province Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	600	550	500	650	600	550	550	600
Adjusted R^2	0.901	0.880	0.903	0.879	0.903	0.860	0.891	0.876

Table IA.4: Effect of Lottery Prizes on Local Sales Growth

This table presents estimates of regressions of the local sales growth (the annual percentage change in business sales growth in a given province and year) at the province level. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. *Lottery Expenditure* is the lottery expenditure (in thousands of euros per capita) in year $t - 1$. *Inflation Rate* is the growth of the CPI (consumer price index) in year $t - 1$. *Unemployment Rate* is the unemployment rate in year $t - 1$. *Population* is the logarithm of the population (in thousands). *GDP* is the logarithm of GDP (in thousands of euros) per capita in year $t - 1$. *Housing Price* is the logarithm of the housing price index (in euros per square meter) in year $t - 1$. *Bank Loans* are bank loans (in thousands of euros per capita) in year $t - 1$. The sample covers the period 1994-2016. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	1	2
Lottery Prize	1.531 (0.61)	1.907 (0.72)
Lottery Expenditure	-268.601 (-1.50)	-307.736 (-1.65)
Inflation Rate		-1.481 (-0.22)
Unemployment Rate		-0.513 (-0.91)
Population		-1.254 (-0.02)
GDP		-1.493 (-0.04)
Housing Price		14.807** (2.03)
Bank Loans		-0.357 (-0.69)
Year Fixed Effects	Yes	Yes
Province Fixed Effects	Yes	Yes
Observations	1150	1150
Adjusted R^2	0.659	0.658

Table IA.5: Firm Entry and Local Sales Growth

This table presents estimates of regressions of the entry rate (new firms in year t divided by the number of firms in year $t - 1$ in percentage) at the province level. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. *High Sales Growth* is an indicator variable for provinces in the highest tercile based on local sales growth, i.e., the annual percentage change in business sales growth in a given province and year. *Lottery Expenditure* is the lottery expenditure (in thousands of euros per capita) in year $t - 1$. *Inflation Rate* is the growth of the CPI (consumer price index) in year $t - 1$. *Unemployment Rate* is the unemployment rate in year $t - 1$. *Population* is the logarithm of the population (in thousands). *GDP* is the logarithm of GDP (in thousands of euros) per capita in year $t - 1$. *Housing Price* is the logarithm of the housing price index (in euros per square meter) in year $t - 1$. *Bank Loans* are bank loans (in thousands of euros per capita) in year $t - 1$. The sample covers the period 1994-2016. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	1	2	3	4
Lottery Prize	0.231*** (3.41)	0.230*** (3.93)	0.249*** (3.53)	0.225*** (3.33)
High Sales Growth	0.350*** (2.93)	0.288*** (2.91)	0.351*** (2.90)	0.287*** (2.88)
Lottery Prize \times High Sales Growth			-0.056 (-0.27)	0.015 (0.09)
Lottery Expenditure	22.663** (2.48)	16.839*** (3.12)	22.683** (2.47)	16.832*** (3.12)
Inflation Rate		0.404** (2.04)		0.404** (2.04)
Unemployment Rate		-0.066** (-2.32)		-0.066** (-2.31)
Population		-5.864* (-1.89)		-5.865* (-1.89)
GDP		-3.500 (-1.49)		-3.501 (-1.49)
Housing Price		-0.569 (-1.02)		-0.570 (-1.02)
Bank Loans		0.028 (0.84)		0.028 (0.84)
Year Fixed Effects	Yes	Yes	Yes	Yes
Province Fixed Effects	Yes	Yes	Yes	Yes
Observations	1150	1150	1150	1150
Adjusted R^2	0.884	0.891	0.884	0.891

Table IA.6: Lottery Prizes and Economic Expectations: Survey Evidence

This table presents results from an ordered logit of the economic sentiment at the individual level each month using survey data. *Lottery Prize* is the lottery prize (in thousands of euros per capita). All regressions include the lottery expenditure (in thousands of euros per capita) in year $t - 1$ (*Lottery Expenditure*), *Inflation Rate*, *Unemployment Rate*, *Population*, *GDP*, *Housing Price*, *Bank Loans* and province-by-year fixed effects (coefficients not shown). Regressions also include individual characteristics – age, gender, education, and occupation. The sample includes information from monthly surveys conducted by the Spanish Center for Sociological Research between 1994 and 2016. The sample is restricted to surveys conducted three months before and after Christmas (October-March). Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	National Economy 1	Personal Finances 2	Employment 3
Lottery Prize	-0.235 (-1.24)	-0.032 (-0.22)	-0.078 (-0.82)
Lottery Expenditure	13.062* (1.77)	-8.703 (-1.28)	-2.129 (-0.26)
Controls	Yes	Yes	Yes
Province \times Year FE	Yes	Yes	Yes
Observations	281366	93922	85379
Pseudo R^2	0.037	0.061	0.105

Table IA.7: Incumbent Firm Outcomes: Closed Local Economies

This table presents estimates of regressions of outcomes of incumbent firms. Firm outcomes are the logarithm of assets, the logarithm of the number of employees, the logarithm of wages and return on assets (ROA) in year t , year $t + 1$, year $t + 2$, year $t + 3$ and year $t + 4$. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. All regressions include the lottery expenditure (in thousands of euros per capita) in year $t - 1$ (*Lottery Expenditure*) and time-by-industry and province-by-industry fixed effects (coefficients not shown). The sample covers the period 1994-2016. Closed local economies are defined as provinces in the bottom decile based on trade openness (e.g., exports plus imports over GDP). Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	log(Assets)				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.075*** (3.12)	0.077** (2.94)	0.074** (2.66)	0.084** (2.87)	0.084** (2.79)
Observations	252686	252686	252686	252686	252686
Adjusted R^2	0.155	0.157	0.158	0.157	0.155
	log(Employment)				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.021 (0.82)	0.008 (0.33)	0.020 (0.99)	0.017 (0.86)	0.015 (1.03)
Observations	171359	171359	171359	171359	171359
Adjusted R^2	0.141	0.149	0.153	0.156	0.158
	log(Wages)				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.042** (2.71)	0.055*** (3.72)	0.051*** (3.59)	0.049*** (3.26)	0.044*** (3.09)
Observations	209613	209613	209613	209613	209613
Adjusted R^2	0.123	0.130	0.134	0.137	0.137
	Return on Assets				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.006*** (3.41)	0.002 (1.28)	-0.000 (-0.18)	-0.002 (-0.78)	-0.003 (-1.34)
Observations	229706	229706	229706	229706	229706
Adjusted R^2	0.037	0.040	0.042	0.046	0.046

Table IA.8: Effect of Lottery Prizes on Firm Exit

This table presents estimates of regressions of the exit rate (liquidated firms in year t divided by number of firms in year $t-1$ in percentage) at the province level. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t-1$. *Lottery Expenditure* is the lottery expenditure (in thousands of euros per capita) in year $t-1$. *Inflation Rate* is the growth of the CPI (consumer price index) in year $t-1$. *Unemployment Rate* is the unemployment rate in year $t-1$. *Population* is the logarithm of the population (in thousands). *GDP* is the logarithm of GDP (in thousands of euros) per capita in year $t-1$. *Housing Price* is the logarithm of the housing price index (in euros per square meter) in year $t-1$. *Bank Loans* are bank loans (in thousands of euros per capita) in year $t-1$. The sample covers the period 1994-2016. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	1	2
Lottery Prize	-0.031 (-0.18)	-0.006 (-0.03)
Lottery Expenditure	2.461 (0.39)	-4.381 (-1.32)
Inflation Rate		-0.052 (-0.20)
Unemployment Rate		-0.068*** (-3.14)
Population		-3.324* (-1.74)
GDP		-3.215** (-2.06)
Housing Prices		1.214** (2.51)
Bank Loans		-0.023 (-0.90)
Year Fixed Effects	Yes	Yes
Province Fixed Effects	Yes	Yes
Observations	1150	1150
Adjusted R^2	0.553	0.560

Table IA.9: Effect of Lottery Prizes on Firm Exit by Industry

This table presents estimates of regressions of the exit rate (liquidated firms in year t divided by the number of firms in year $t - 1$ in percentage) at the province level. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. *Lottery Expenditure* is the lottery expenditure (in thousands of euros per capita) in year $t - 1$. *Inflation Rate* is the growth of the CPI (consumer price index) in year $t - 1$. *Unemployment Rate* is the unemployment rate in year $t - 1$. *Population* is the logarithm of the population (in thousands). *GDP* is the logarithm of GDP (in thousands of euros) per capita in year $t - 1$. *Housing Price* is the logarithm of the housing price index (in euros per square meter) in year $t - 1$. *Bank Loans* are bank loans (in thousands of euros per capita) in year $t - 1$. The sample in column (1) includes all industries. The sample in column (2) excludes firms in construction (NACE 4110-4399) and non-tradable industries. The sample in column (3) includes firms in construction (NACE 4110-4399) and non-tradable industries. The sample in column (4) includes firms in tradable industries. The sample in column (5) includes firms in manufacturing industries (NACE 1011-3220). Firms are classified into tradable and non-tradable industries following the [Mian and Sufi \(2014\)](#) classification. The sample covers the period 1994-2016. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

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	All Industries	Exclude Non-Tradable & Construction	Non-Tradable & Construction	Tradable	Manufacturing
	1	2	3	4	5
Lottery Prize	-0.106 (-1.24)	0.083 (0.96)	-0.098 (-1.14)	-0.097 (-0.91)	-0.109 (-1.07)
Lottery Expenditure	-0.917 (-0.64)	1.049 (0.43)	-1.234 (-0.64)	-0.948 (-0.55)	-0.167 (-0.08)
Inflation Rate	-0.010 (-0.54)	0.005 (0.18)	-0.005 (-0.20)	-0.028 (-1.12)	-0.019 (-0.84)
Unemployment Rate	0.004 (0.74)	0.005 (0.43)	0.000 (0.04)	0.017** (2.20)	0.012 (1.59)
Population	0.582 (1.25)	-0.417 (-0.54)	0.546 (0.91)	0.537 (0.78)	0.734 (1.12)
GDP	0.408 (0.71)	-0.488 (-0.58)	0.408 (0.60)	0.797 (0.93)	0.795 (0.99)
Housing Prices	-0.712*** (-3.25)	1.246*** (2.91)	-0.975*** (-3.14)	-0.612* (-1.80)	-0.763** (-2.39)
Bank Loans	0.014* (1.97)	-0.036*** (-2.94)	0.025** (2.55)	0.017** (2.03)	0.015* (1.74)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Province Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	1150	1150	1150	1150	1150
Adjusted R^2	0.962	0.936	0.950	0.927	0.929

Table IA.10: Incumbent Firm Outcomes: Young Firms

This table presents estimates of regressions of outcomes of young incumbent firms (i.e., firms created the year before the lottery prize is awarded). Firm outcomes are the logarithm of assets, the logarithm of the number of employees, the logarithm of wages and return on assets (ROA) in year t , year $t + 1$, year $t + 2$, year $t + 3$ and year $t + 4$. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. All regressions include the lottery expenditure (in thousands of euros per capita) in year $t - 1$ (*Lottery Expenditure*) and time-by-industry and province-by-industry fixed effects (coefficients not shown). The sample covers the period 1994-2016. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	log(Assets)				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.010 (0.28)	0.011 (0.33)	0.010 (0.31)	0.030 (0.91)	0.028 (0.91)
Observations	344487	344487	344487	344487	344487
Adjusted R^2	0.168	0.192	0.200	0.199	0.194
	log(Employment)				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.020 (1.10)	0.020 (0.96)	0.021 (0.84)	0.019 (0.73)	0.012 (0.46)
Observations	186682	186682	186682	186682	186682
Adjusted R^2	0.117	0.131	0.137	0.142	0.145
	log(Wages)				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.032 (1.13)	0.049** (2.02)	0.041 (1.58)	0.045* (1.74)	0.028 (1.24)
Observations	261800	261800	261800	261800	261800
Adjusted R^2	0.095	0.113	0.120	0.125	0.127
	Return on Assets				
	t	$t + 1$	$t + 2$	$t + 3$	$t + 4$
Lottery Prize	0.004 (1.03)	0.002 (0.55)	0.001 (0.62)	0.004 (1.02)	-0.003 (-0.72)
Observations	262107	262107	262107	262107	262107
Adjusted R^2	0.028	0.029	0.032	0.036	0.038

Table IA.11: Self-Employment Characteristics

This table presents estimates of regressions of the growth rate of self-employed individuals between year $t - 1$ and year t (net entry rate) at the province level. *Lottery Prize* is the lottery prize (in thousands of euros per capita) in year $t - 1$. *Lottery Expenditure* is the lottery expenditure (in thousands of euros per capita) in year $t - 1$. *Inflation Rate* is the growth of the CPI (consumer price index) in year $t - 1$. *Unemployment Rate* is the unemployment rate in year $t - 1$. *Population* is the logarithm of the population (in thousands). *GDP* is the logarithm of GDP (in thousands of euros) per capita in year $t - 1$. *Housing Price* is the logarithm of the housing price index (in euros per square meter) in year $t - 1$. *Bank Loans* are bank loans (in thousands of euros per capita) in year $t - 1$. Columns (1) and (2) present estimates for male and female self-employed individuals. Columns (3) and (4) present estimates for self-employment among individuals below and above 40 years old. Columns (5) and (6) present estimates for self-employment among businesses without and with employees besides the founder. Columns (7) and (8) present estimates for self-employment where the founder only has one job or is working more than one job. The sample covers the period 2004-2015. Robust t -statistics clustered at the province level are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level, respectively.

	Male 1	Female 2	Age<40 3	Age \geq 40 4	Without Employees 5	With Employees 6	Single Job 7	Multi Jobs 8
Lottery Prize	0.219 (1.36)	0.371*** (3.03)	0.100 (0.29)	0.335*** (5.77)	0.078 (0.52)	2.493* (1.88)	0.305* (1.79)	-0.043 (-0.14)
Lottery Expenditure	16.473*** (3.38)	19.698*** (4.19)	25.113*** (4.07)	13.396** (2.66)	25.087*** (3.62)	-23.985 (-1.08)	17.291*** (4.09)	19.469 (1.00)
Inflation Rate	0.219 (1.00)	-0.050 (-0.21)	-0.037 (-0.10)	0.311* (1.74)	0.707** (2.25)	-1.791** (-2.46)	0.222 (1.01)	-0.927 (-1.04)
Unemployment Rate	0.015 (0.54)	-0.079*** (-2.97)	0.062 (1.45)	-0.053** (-2.29)	-0.065* (-1.76)	0.199* (1.93)	-0.020 (-0.85)	0.167* (1.68)
Population	-17.743*** (-5.76)	-0.337 (-0.13)	-26.457*** (-5.58)	-4.595 (-1.39)	-3.515 (-0.64)	-38.062** (-2.08)	-12.002*** (-4.38)	-17.419* (-1.99)
GDP pc	0.236 (0.07)	0.594 (0.27)	2.058 (0.54)	-0.644 (-0.25)	2.393 (0.74)	-13.043 (-1.00)	0.596 (0.23)	-10.438 (-1.66)
Housing Price	-3.268*** (-4.96)	-1.761** (-2.44)	-2.377** (-2.60)	-2.351*** (-3.69)	-2.222* (-1.68)	-1.387 (-0.41)	-2.398*** (-3.87)	-10.654*** (-4.59)
Bank Loans	-0.115*** (-3.56)	-0.028 (-1.11)	-0.181*** (-3.80)	-0.025 (-1.11)	-0.070** (-2.33)	-0.196 (-1.61)	-0.084*** (-3.15)	-0.098 (-0.99)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Province Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	550	550	550	550	550	550	550	550
Adjusted R^2	0.762	0.794	0.784	0.771	0.560	0.510	0.768	0.725

Figure IA.1: Effect of Lottery Prizes on Firm Survival: Non-parametric hazard function

This figure plots the estimates of the [Kaplan and Meier \(1958\)](#) survival function for firms created during our sample period (1994-2016). The dashed red line plots the probability of surviving at least up to age t for firms created in provinces awarded with the lottery prize (lottery firm), and the solid blue line plots the cumulative survival probability for firms created in provinces not awarded with the Lottery prize (non-lottery firm). The estimated Kaplan-Meier survival function is given by: $\hat{S}(t) = \prod_{t_i \leq t} \left[1 - \frac{e_i}{n_i}\right]$, where e_i is the number of exiting firms at time t_i and n_i is the number of firms survived up to time t_i . Log-rank test for the equality of survival functions between the two groups is also reported.

