

Internet Appendix

Table IA1. The Geography of Political Corruption and Innovation

This table presents the top 10 districts by corruption and innovation, respectively. Panel A shows the summary statistic for the top 10 corrupt districts by conviction rate per 100,000, where the states are ranked according to the average annual conviction rate from 1990 to 2009. Panel B shows the top 10 innovative states by average annual number of patents, where states are ranked according to the total number of patents.

Panel A: Top 10 Corrupt Districts by Average Annual Conviction Rate per 100,000

US federal judicial district	Average corruption conviction rate
Louisiana, Eastern	1.37
Mississippi, Northern	1.09
Tennessee, Western	0.98
Virginia, Eastern	0.93
Kentucky, Eastern	0.87
Florida, Southern	0.86
Louisiana, Middle	0.86
North Dakota	0.83
New York, Southern	0.81
South Dakota	0.67

Panel B: Top 10 Innovative Districts by Average Annual Number of Patents

US federal judicial district	Number of patents
California, Northern	3905.9
Massachusetts	1060.5
Illinois, Northern	991.6
New Jersey	943.7
California, Central	890.5
New York, Southern	881.9
Connecticut	855.8
Ohio, Northern	625.7
Texas, Northern	562.6
Michigan, Eastern	538.7

Table IA2. Analysis of Firms Founded before 1970

This table shows the regression results using a subsample of firms that are founded before 1970 and have never changed their headquarters. The dependent variable is $\log(1+\text{PATENTS})$ in column (1) and $\log(1+\text{CITATIONS})$ in column (2). All baseline controls from Table 2 are included in the regressions, whose coefficients are not reported for brevity. Detailed variable definitions are provided in the Appendix. Robust t -statistics, adjusted for state-year clustering, are reported in parentheses. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	Log(1+PATENTS) (1)	Log(1+CITATIONS) (2)
CORRUPTION	-0.122** (-2.018)	-0.212*** (-3.328)
Baseline controls	Yes	Yes
Industry-year FEs	Yes	Yes
No. of obs.	11,095	11,095
R ²	0.480	0.384

Table IA3. Robustness Tests

This table shows the regression results of the robustness tests. We replicate the baseline regression by excluding firms in California in column (1), excluding the Internet bubble period (1998–2000) in column (2), and using the innovators subsample in column (3). The dependent variable is $\log(1+\text{PATENTS})$ in Panel A and $\log(1+\text{CITATIONS})$ in Panel B. All baseline controls from Table 2 are included in the regressions, whose coefficients are not reported for brevity. Detailed variable definitions are provided in the Appendix. Robust t -statistics, adjusted for state-year clustering, are reported in parentheses. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Dependent Variable: $\log(1+\text{PATENTS})$

	Excluding CA	Excluding bubble period	Innovator subsample
	(1)	(2)	(3)
CORRUPTION	−0.096*** (−3.587)	−0.145*** (−3.999)	−0.187*** (−3.900)
Baseline controls	Yes	Yes	Yes
Industry-year FEs	Yes	Yes	Yes
No. of obs.	53,469	53,602	19,945
R ²	0.316	0.324	0.223

Panel B: Dependent Variable: $\log(1+\text{CITATIONS})$

	Excluding CA	Excluding bubble period	Innovator subsample
	(1)	(2)	(3)
CORRUPTION	−0.165*** (−5.476)	−0.154*** (−4.161)	−0.178*** (−3.055)
Baseline controls	Yes	Yes	Yes
Industry-year FEs	Yes	Yes	Yes
No. of obs.	53,469	53,602	19,945
R ²	0.255	0.272	0.212