WATCH WHAT I DO, NOT WHAT I SAY: THE UNINTENDED CONSEQUENCES OF THE HOMELAND INVESTMENT ACT

NBER Working Paper#15023

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June 2009

Abstract: This paper analyzes the impact on firm behavior of the Homeland Investment Act of 2004, which provided a one-time tax holiday for the repatriation of foreign earnings by U.S. multinationals. The analysis controls for endogeneity and omitted variable bias by using instruments that identify the firms likely to receive the largest tax benefits from the holiday. Repatriations did not lead to an increase in domestic investment, employment or R&D—even for the firms that lobbied for the tax holiday stating these intentions and for firms that appeared to be financially constrained. Instead, a $1 increase in repatriations was associated with an increase of almost $1 in payouts to shareholders. These results suggest that the domestic operations of U.S. multinationals were not financially constrained and that these firms were reasonably well-governed. The results have important implications for understanding the impact of U.S. corporate tax policy on multinational firms.

Table 2

First-Stage Regressions

Notes: The dependent variable is the earnings repatriated by foreign affiliates to their parent scaled by lagged consolidated assets. The High Tax Costs of Repatriation Dummy is computed using 2004 data by first subtracting foreign taxes paid from the product of a firm's foreign pretax income and the U.S. statutory corporate tax rate. Then the maximum of this difference or zero is scaled by total firm assets. For firms with a ratio above the median sample value, the dummy is set equal to one, and it is set equal to zero otherwise. The Haven or Holding Company Dummy is equal to one for firms that, in 2004, either have operations in a tax haven or use a holding company abroad and is otherwise equal to zero. The 2005 Dummy is equal to one in 2005 and zero in other years. Leverage is the ratio of total debt to the sum of total debt and the market value of equity. Tobin's q is calculated as the ratio of the book value of firm assets plus the market value of firm equity less the book value of firm equity to the book value of firm assets. Industry median values of Tobin's q are used if firm specific ones are unavailable. Lagged Cash/Lagged Assets measures the lagged ratio of consolidated cash holdings to consolidated cash. Profitability is calculated as the ratio of consolidated net income to consolidated assets. Each specification is an OLS specification that includes firm and year fixed effects. Heteroskedasticity-consistent standard errors that correct for clustering at the firm level appear in parentheses. F-statistic for Instruments indicates the results of Wald tests for the joint significance of the instruments following Stock and Yogo (2005). ** and * denote significance at the 5 and 10 percent levels, respectively.

Dependent Variable:	Dividend Repatriations/Lagged Assets	
	(1)	(2)
High Tax Costs of Repatriation Dummy * 2005 Dummy	0.0128** (0.0030)	0.0127** (0.0030)
Haven or Holding Company Dummy * 2005 Dummy	0.0068** (0.0028)	0.0066** (0.0027)
Lagged Leverage		-0.0025 (0.0027)
Lagged Tobin's q		-0.0003 (0.0004)
Lagged Cash/Lagged Assets		0.0098* (0.0057)
Lagged Profitability		-0.0053 (0.0049)
Firm and year dummies?	Y	Y
No. of Obs.	4,921	4,921
R-Squared	0.0562	0.0580
F-Statistic for Instruments	10.91	10.92

Table 3

The Effects of Repatriations on U.S. Capital Expenditures, U.S. Employment Compensation, and R&D

Notes: The dependent variable in columns 1-2 is the ratio of domestic capital expenditures by U.S. MNEs to lagged consolidated assets. In columns 5-6 it is the ratio of U.S. employment compensation to lagged consolidated assets, and in columns 3-4 it is research and development expenditures scaled by lagged consolidated assets. Repatriations/Lagged Assets is the earnings repatriated from foreign affiliates to their parent scaled by lagged consolidated assets. Leverage is the ratio of total debt to the sum of total debt and the market value of equity. Tobin's q is calculated as the ratio of the book value of firm assets plus the market value of firm equity less the book value of firm assets. Industry median values of Tobin's q are used if firm specific ones are unavailable. Lagged Cash/Lagged Assets measures the lagged ratio of consolidated cash holdings to consolidated cash. Profitability is calculated as the ratio of consolidated net income to consolidated assets. Each specification includes firm and year fixed effects. The specifications in columns 1, 3, and 5 are OLS specifications, and the specifications in columns 2, 4, and 6 are IV specifications that instrument for Repatriations/Lagged Assets using the High Tax Costs of Repatriations interacted with the 2005 Dummy and the Haven or Holding Company Dummy interacted with the 2005 Dummy. The High Tax Costs of Repatriation Dummy is computed using 2004 data by first subtracting foreign taxes paid from the product of a firm's foreign pretax income and the U.S. statutory corporate tax rate. Then the maximum of this difference or zero is scaled by total firm assets. For firms with a ratio above the median sample value, the dummy is set equal to one, and it is set equal to zero otherwise. The Haven or Holding Company Dummy is equal to one for firms that, in 2004, either have operations in a tax haven or use a holding company abroad and is otherwise equal to zero. The 2005 Dummy is equal to one in 2005 and zero in other years. Heteroskedasticity-consistent standard errors that correct for clustering at the firm level appear in parentheses. ** and * denote significance at the 5 and 10 percent levels, respectively.

Dependent Variable:	U.S. Capital Expenditures/ Lagged Assets		U.S. Employment Compensation/ Lagged Assets		R&D/ Lagged Assets	
	(1)	(2)	(3)	(4)	(5)	(6)
Repatriations/Lagged Assets	0.0212	0.0033	0.0097	-0.2345	0.0147	-0.1454
	(0.0268)	(0.1272)	(0.0538)	(0.5258)	(0.0238)	(0.1242)
Lagged Leverage	-0.0409**	-0.0409**	-0.1639**	-0.16444**	-0.0073*	-0.0077*
	(0.0070)	(0.0070)	(0.0283)	(0.0286)	(0.0039)	(0.0040)
Lagged Tobin's q	0.0032**	0.0032**	0.0114**	0.0113**	0.0069**	0.0068**
	(0.0009)	(0.0009)	(0.0023)	(0.0023)	(0.0012)	(0.0013)
Lagged Cash/Lagged Assets	-0.0086	-0.0084	-0.1031**	-0.1003**	-0.0262**	-0.0243**
	(0.0152)	(0.0153)	(0.0386)	(0.0368)	(0.0123)	(0.0128)
Lagged Profitability	0.0223**	0.0222**	-0.0528**	-0.0541**	0.0103*	0.0095
	(0.0079)	(0.0079)	(0.0234)	(0.0239)	(0.0059)	(0.0061)
Firm and year dummies?	Y	Y	Y	Y	Y	Y
Instrument with Haven or Holding Company Dummy * 2005 Dummy and High Tax Costs of Repatriation Dummy * 2005 Dummy and High Tax Costs of Repatriation Dummy * 2005 Dummy?	N	Y	N	Y	N	Y
No. of Obs.	4,508	4,508	4,508	4,508	4,921	4,921
R-Squared	0.1645		0.1161		0.1159	

Table 4

The Effects of Repatriations on Parent Debt, Consolidated Net PPE, and CEO Compensation

Dependent Variable:	Change in Parent Debt/ Lagged Assets		Change in Consolidated Net PPE/ Lagged Assets		CEO Compensation/ Lagged Assets	
	(1)	(2)	(3)	(4)	(5)	(6)
Repatriations/Lagged Assets	-0.2019	-0.1195	0.0719	0.2855	-0.0019	0.0027
	(0.2171)	(1.0324)	(0.0899)	(0.3846)	(0.0021)	(0.0176)
Lagged Leverage	-0.3342**	-0.3341**	-0.1656**	-0.1651**	-0.0035**	-0.0035**
	(0.0518)	(0.0515)	(0.0203)	(0.0201)	(0.0007)	(0.0007)
Lagged Tobin's q	0.0075*	0.0075*	0.0085**	0.0086**	0.0004**	0.0004**
	(0.0045)	(0.0046)	(0.0019)	(0.0019)	(0.0001)	(0.0001)
Lagged Cash/Lagged Assets	0.0781	0.0767	0.0975**	0.0940**	0.0010	0.0009
	(0.0685)	(0.0713)	(0.0301)	(0.0304)	(0.0020)	(0.0021)
Lagged Profitability	0.0732	0.0735	0.0753**	0.0761**	0.0009	0.0009
	(0.0663)	(0.0661)	(0.0157)	(0.0160)	(0.0010)	(0.0010)
Firm and year dummies?	Y	Y	Y	Y	Y	Y
Instrument with Haven or Holding Company Dummy*2005 Dummy and High Tax Costs of Repatriation Dummy *2005 Dummy?	N	Y	N	Y	N	Y
No. of Obs.	4,176	4,176	4,580	4,580	3,049	3,049
R-Squared	0.0702		0.1185		0.0646	

Notes: The dependent variable in columns 1-2 is the first difference of parent liabilities scaled by lagged consolidated assets. In columns 3-4 it is the first difference of consolidated net property, plant, and equipment scaled by lagged consolidated assets, and in columns 5-6 it is CEO compensation, including salary, bonus, and the value of stock and option grants, scaled by lagged consolidated assets. Repatriations/Lagged Assets is the earnings repatriated from foreign affiliates to their parent scaled by lagged consolidated assets. Leverage is the ratio of total debt to the sum of total debt and the market value of equity. Tobin's q is calculated as the ratio of the book value of firm assets plus the market value of firm equity less the book value of firm equity to the book value of firm assets. Industry median values of Tobin's q are used if firm specific ones are unavailable. Lagged Cash/Lagged Assets measures the lagged ratio of consolidated cash holdings to consolidated cash. Profitability is calculated as the ratio of consolidated net income to consolidated assets. Each specification includes firm and year fixed effects. The specifications in columns 1, 3, and 5 are OLS specifications, and the specifications in columns 2, 4, and 6 are IV specifications that instrument for Repatriations/Lagged Assets using the High Tax Costs of Repatriations interacted with the 2005 Dummy and the Haven or Holding Company Dummy interacted with the 2005 Dummy. The High Tax Costs of Repatriation Dummy is computed using 2004 data by first subtracting foreign taxes paid from the product of a firm's foreign pretax income and the U.S. statutory corporate tax rate. Then the maximum of this difference or zero is scaled by total firm assets. For firms with a ratio above the median sample value, the dummy is set equal to one, and it is set equal to zero otherwise. The 2005 Dummy is equal to one in 2005 and zero in other years. The Haven or Holding Company Dummy is equal to one for firms that, in 2004, either have operations in a tax haven or use a holding company abroad and is otherwise equal to zero. Heteroskedasticity-consistent standard errors that correct for clustering at the firm level appear in parentheses. ** and * denote significance at the 5 and 10 percent levels, respectively.

Table 5

The Effects of Repatriations on Dividends and Repurchases

Dependent Variable:	Payouts/ Lagged Assets		Dividends/ Lagged Assets		Repurchases/ Lagged Assets	
	(1)	(2)	(3)	(4)	(5)	(6)
Repatriations/Lagged Assets	0.1018*	0.9244**	0.0102	0.1546	0.0882*	0.7893**
	(0.0589)	(0.4192)	(0.0127)	(0.1082)	(0.0511)	(0.3606)
Lagged Leverage	-0.0389***	-0.0363**	-0.0176**	-0.0172**	-0.0144*	-0.0124
	(0.0106)	(0.0112)	(0.0033)	(0.0033)	(0.0086)	(0.0090)
Lagged Tobin's q	0.0038**	0.0042**	-0.0003	-0.0003	0.0049**	0.0052**
	(0.0019)	(0.0020)	(0.0006)	(0.0006)	(0.0015)	(0.0015)
Lagged Cash/Lagged Assets	0.0707**	0.0605**	0.0121*	0.0105	0.0544**	0.0450**
	(0.0181)	(0.0182)	(0.0068)	(0.0067)	(0.0138)	(0.0139)
Lagged Profitability	0.0486**	0.0522**	0.0094**	0.0101**	0.0406**	0.0440**
	(0.0103)	(0.0119)	(0.0034)	(0.0034)	(0.0086)	(0.0102)
Firm and Year Dummies?	Y	Y	Y	Y	Y	Y
Instrument with Haven or Holding Company Dummy*2005 Dummy and High Tax Costs of Repatriation Dummy*2005 Dummy?	N	Y	N	Y	N	Y
No. of Obs.	4,581	4,581	4,848	4,848	4,649	4,649
R-Squared	0.0796		0.0489		0.0675	

Notes: The dependent variable in columns 1-2 is the ratio of cash dividends to lagged consolidated assets, and in columns 3-4 is the ratio of repurchases of common and preferred shares to lagged consolidated assets, and in columns 5-6 it is the sum of these two. Repatriations/Lagged Assets is the earnings repatriated from foreign affiliates to their parent scaled by lagged consolidated assets. Leverage is the ratio of total debt to the sum of total debt and the market value of equity. Tobin's q is calculated as the ratio of the book value of firm assets plus the market value of firm equity less the book value of firm equity to the book value of firm assets. Industry median values of Tobin's q are used if firm specific ones are unavailable. Lagged Cash/Lagged Assets measures the lagged ratio of consolidated cash holdings to consolidated cash. Profitability is calculated as the ratio of consolidated net income to consolidated assets. Each specification includes firm and year fixed effects. The specifications in columns 1, 3, and 5 are OLS specifications, and the specifications in columns 2, 4, and 6 are IV specifications that instrument for Repatriations/Lagged Assets using the High Tax Costs of Repatriations interacted with the 2005 Dummy and the Haven or Holding Company Dummy interacted with the 2005 Dummy. The High Tax Costs of Repatriation Dummy is computed using 2004 data by first subtracting foreign taxes paid from the product of a firm's foreign pretax income and the U.S. statutory corporate tax rate. Then the maximum of this difference or zero is scaled by total firm assets. For firms with a ratio above the median sample value, the dummy is set equal to one, and it is set equal to zero otherwise. The Haven or Holding Company Dummy is equal to one for firms that, in 2004, either have operations in a tax haven or use a holding company abroad and is otherwise equal to zero. The 2005 Dummy is equal to one in 2005 and zero in other years. Heteroskedasticity-consistent standard errors that correct for clustering at the firm level appear in parentheses. ** and * denote significance at the 5 and 10 percent levels, respectively.

Table 6

Share of Firms Facing Financial Constraints

Notes: This table displays the share of Compustat firms that appear to face financial constraints in 2004, using three different measures of constraints. In column 1, firms are identified as being financially constrained if their KZ index, computed following the technique in Kaplan and Zingales (1997), is among the bottom one third of Compustat firms. In column 2, firms are identified as being financially constrained if they do not pay dividends to common or preferred shareholders or repurchase shares. In column 3, firms are characterized as being financially constrained if their S&P long-term debt rating is below BBB or if they do not have a rating. Multinational Firms are those firms that report pretax foreign income (data item 273).

Measure of Financial Constraints:	KZ Index	Payouts	Bond Ratings
	(1)	(2)	(3)
All Firms	34.0%	48.1%	89.0%
Multinational Firms	26.5%	42.0%	84.9%
Non-Multinational Firms	37.0%	50.4%	90.3%

Table 7

Financial Constraints, Lobbying, and the Effects of Repatriations on U.S. Capital Expenditures

Notes: The dependent variable is the ratio of domestic capital expenditures by U.S. MNEs to lagged consolidated assets. Repatriations/Lagged Assets is the earnings repatriated from foreign affiliates to their parent scaled by lagged consolidated assets. Controls include lagged leverage, lagged Tobin's q, lagged cash/lagged assets, and lagged profitability. Each specification includes firm and year fixed effects. The specifications are IV specifications that instrument for Repatriations/Lagged Assets using the High Tax Costs of Repatriations interacted with the 2005 Dummy and the Haven or Holding Company Dummy interacted with the 2005 Dummy. The High Tax Costs of Repatriation Dummy is computed using 2004 data by first subtracting foreign taxes paid from the product of a firm's foreign pretax income and the U.S. statutory corporate tax rate. Then the maximum of this difference or zero is scaled by total firm assets. For firms with a ratio above the median sample value, the dummy is set equal to one, and it is set equal to zero otherwise. The Haven or Holding Company Dummy is equal to one for firms that, in 2004, either have operations in a tax haven or use a holding company abroad and is otherwise equal to zero. The 2005 Dummy is equal to one in 2005 and zero in other years. The top panel examines subsamples of firms that do and do not appear to face financial constraints. The samples in the first two columns, respectively, include firms with a KZ index, computed following Kaplan and Zingales (1997) using 2004 data, that is among the bottom third of all Compustat firms and firms with higher values of the KZ index. The samples in the third and fourth columns, respectively, include firms that did not and did pay dividends or repurchase shares. The samples in the fifth and sixth columns, respectively, include firms that had an S&P long-term debt rating below BBB or did not have a debt rating and those with a BBB or better rating. The bottom panel presents results for subsamples of firms that do and do not appear to lobby for the passage of the HIA. The samples in the first two columns, respectively, include members of the Homeland Investment Coalition and all other firms. The samples in the third and fourth columns, respectively, include firms that made contributions to the Senate Finance Committee or the House Ways and Means Committee in 2003 or 2004 and those that did not. The samples in the last two columns, respectively, include firms that increased their contributions to the Senate Finance Committee or the House Ways and Means Committee in 2003-2004 relative to 2000-2001 and those that did not. Heteroskedasticity-consistent standard errors that correct for clustering at the firm level appear in parentheses. ** and * denote significance at the 5 and 10 percent levels, respectively.

Dependent Variable:	U.S. Capital Expenditures/Lagged Assets					
Financially-Constrained Subsample:	KZ Index		Payout		Bond Rating	
	Yes	No	Yes	No	Yes	No
	(1)	(2)	(3)	(4)	(5)	(6)
Repatriations/Lagged Assets	0.0292	0.0549	-0.0949	-0.0027	-0.5390	0.1623
	(0.9624)	(0.1619)	(0.7079)	(0.1135)	(0.3974)	(0.1091)
Controls?	Y	Y	Y	Y	Y	Y
Firm and Year Dummies?	Y	Y	Y	Y	Y	Y
Instruments?	Y	Y	Y	Y	Y	Y
No. of Obs.	1,021	2,917	927	3,360	2,790	1,718

Lobbying Subsample:	HIC Member		Contributor in 2003-04		Increase in 2003-04	
	Yes	No	Yes	No	Yes	No
	(1)	(2)	(3)	(4)	(5)	(6)
Repatriations/Lagged Assets	0.2031	-0.0304	0.0609	-0.2248	0.1107	-0.1361
	(0.3505)	(0.1606)	(0.1125)	(0.2993)	(0.1444)	(0.1991)
Controls?	Y	Y	Y	Y	Y	Y
Firm and Year Dummies?	Y	Y	Y	Y	Y	Y
Instruments?	Y	Y	Y	Y	Y	Y
No. of Obs.	236	4,272	1,083	3,413	732	3,769

Table 8

Repatriations and Liquidity Provisions

Notes: The dependent variable is the earnings repatriated from foreign affiliates to their parent scaled by lagged consolidated assets. Positive Equity Provision Dummy measures parent firm investments of new equity abroad. In columns 1 and 2 it is equal to one if the parent increased its equity investment in the year repatriations are measured and is otherwise equal to zero. In columns 3 and 4, it is equal to one if the parent increased its equity investment in the year repatriations are measured or the year before and is otherwise equal to zero. The 2005 Dummy is equal to one in 2005 and zero in other years. Leverage is the ratio of total debt to the sum of total debt and the market value of equity. Tobin's q is calculated as the ratio of the book value of firm assets plus the market value of firm equity less the book value of firm equity to the book value of firm assets. Industry median values of Tobin's q are used if firm specific ones are unavailable. Lagged Cash/Lagged Assets measures the lagged ratio of consolidated cash holdings to consolidated cash. Profitability is calculated as the ratio of consolidated net income to consolidated assets. Each specification is an OLS specification that includes firm and year fixed effects. Heteroskedasticity-consistent standard errors that correct for clustering at the firm level appear in parentheses. ** and * denote significance at the 5 and 10 percent levels, respectively.

Dependent Variable:	Repatriations/Lagged Assets			
	(1)	(2)	(3)	(4)
Positive Equity Provision Dummy	-0.0005	-0.00010	-0.0012*	-0.0013**
	(0.0006)	(0.0006)	(0.0006)	(0.0007)
Positive Equity Provision Dummy * 2005 Dummy	0.0073**	0.0072**	0.0081**	0.0083**
	(0.0034)	(0.0034)	(0.0031)	(0.0031)
Lagged Leverage		-0.0024		-0.0029
		(0.0021)		(0.0023)
Lagged Tobin's q		-0.0004		-0.0007*
		(0.0003)		(0.0004)
Lagged Cash/Lagged Assets		0.0104**		0.0164**
		(0.0048)		(0.0057)
Lagged Profitability		-0.0035		-0.0051
		(0.0037)		(0.0042)
Firm and year dummies?	Y	Y	Y	Y
Positive Equity Provision measured as concurrent value?	Y	Y	N	N
Positive Equity Provision measured as lagged plus concurrent value?	N	N	Y	Y
No. of Obs.	7,383	6,900	6,051	5,670
R-Squared	0.0350	0.0374	0.0417	0.0469

Table 9

Governance and the Effects of Repatriations on U.S. Capital Expenditures, CEO Compensation, and Payouts

Dependent Variable:	U.S. Capital Expenditures/ Lagged Assets		CEO Compensation/ Lagged Assets		Payouts/ Lagged Assets	
Governance Subsample:	Weak	Strong	Weak	Strong	Weak	Strong
	(1)	(2)	(3)	(4)	(5)	(6)
Repatriations/Lagged Assets	0.2921	0.0042	0.0049	-0.0001	-0.0523	1.0713**
	(0.2665)	(0.1558)	(0.0181)	(0.0222)	(0.4011)	(0.5057)
Lagged Leverage	-0.0105	-0.0519**	-0.0025**	-0.0039**	-0.0544**	-0.0365**
	(0.0151)	(0.0103)	(0.0005)	(0.0010)	(0.0228)	(0.0162)
Lagged Tobin's q	0.0012	0.0027**	0.0007**	0.0003**	0.0053	0.0050**
	(0.0017)	(0.0010)	(0.0002)	(0.0001)	(0.0033)	(0.0024)
Lagged Cash/Lagged Assets	-0.0618*	0.0004	-0.0026	0.0020	0.0537	0.0719**
	(0.0355)	(0.0180)	(0.0019)	(0.0027)	(0.0375)	(0.0223)
Lagged Profitability	0.0425	0.0246**	-0.0004	0.0012	0.0983**	0.0486**
	(0.0265)	(0.0106)	(0.0015)	(0.0013)	(0.0337)	(0.0158)
Firm and Year Dummies?	Y	Y	Y	Y	Y	Y
Instrument with Haven or Holding Company Dummy*2005 Dummy and High Tax Costs of Repatriation Dummy*2005 Dummy?	Y	Y	Y	Y	Y	Y
No. of Obs.	1,116	2,867	813	2,094	1,136	2,866

Notes: The dependent variable in columns 1 and 2 is the ratio of domestic capital expenditures by U.S. MNEs to lagged consolidated assets. In columns 3 and 4, it is the ratio of CEO compensation, including salary, bonus, and the value of stock and option grants, scaled by lagged consolidated assets, and in columns 5 and 6, it is the sum of cash dividends and repurchases of common and preferred shares scaled by lagged consolidated assets. Repatriations/Lagged Assets is the earnings repatriated from foreign affiliates to their parent scaled by lagged consolidated assets. Leverage is the ratio of total debt to the sum of total debt and the market value of equity. Tobin's q is calculated as the ratio of the book value of firm assets plus the market value of firm equity less the book value of firm equity to the book value of firm assets. Industry median values of Tobin's q are used if firm specific ones are unavailable. Lagged Cash/Lagged Assets measures the lagged ratio of consolidated cash holdings to consolidated cash. Profitability is calculated as the ratio of consolidated net income to consolidated assets. Each specification includes firm and year fixed effects. The specifications are IV specifications that instrument for Repatriations/Lagged Assets using the High Tax Costs of Repatriations interacted with the 2005 Dummy and the Haven or Holding Company Dummy interacted with the 2005 Dummy. The High Tax Costs of Repatriation Dummy is computed using 2004 data by first subtracting foreign taxes paid from the product of a firm's foreign pretax income and the U.S. statutory corporate tax rate. Then the maximum of this difference or zero is scaled by total firm assets. For firms with a ratio above the median sample value, the dummy is set equal to one, and it is set equal to zero otherwise. The Haven or Holding Company Dummy is equal to one for firms that, in 2004, either have operations in a tax haven or use a holding company abroad and is otherwise equal to zero. The 2005 Dummy is equal to one in 2005 and zero in other years. The sample in columns 1, 3, and 5 includes poorly governed firms, or firms with values of governance, as measured in Gompers, Ishii, and Metrick (2003), that are equal to or exceed 12. Firms with stronger governance comprise the sample employed in columns 2, 4, and 6. Heteroskedasticity-consistent standard errors that correct for clustering at the firm level appear in parentheses. ** and * denote significance at the 5 and 10 percent levels, respectively.