

Online Appendix for

“Shock Me Like a Hurricane: How Hurricane Katrina Changed Louisiana’s Formal and Informal Institutions”

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Our analysis features the EFNA scores for state level government employment freedom, property tax freedom, and the overall measure for social capital at the state level developed by Hawes (2017). Due to journal-related constraints, we were limited to providing the synthetic control graphs in the manuscript. Here, we provide predictor mean comparisons and estimated donor pool contributions for our primary findings in Tables A1, A2, and A3.

Table A1: Government Employment and Property Tax Predictor Mean Comparisons

Predictor Balance	Treated	Government Employment		Property Tax	
		Synthetic	% Difference	Synthetic	% Difference
Economic Freedom	5.71	6.35	11.21	5.11	10.51
Construction Sector Employees (1000s)	122.65	49.03	60.02	63.72	48.05
Population	4479960	1763161	60.64	2712075	39.46
New Private Homes	1428.44	844.37	40.89	1219.3	14.64
Unemployment	5.78	4.19	27.51	5.57	3.63
Per Capita Income	24572	30770	25.22	24584.12	0.05
Home Ownership Rate	67.56	71.51	5.85	71.06	5.18
Percent Black	31.26	4.01	87.17	2.77	91.14
Percent Hispanic	3.26	6.91	111.96	40.54	1143.55
Percent Asian	1.37	1.38	0.73	10.2	644.53
Marriage Rate	8.84	8.82	0.23	7.55	14.59
Murder Rate	12.74	3.46	72.84	8.03	36.97
Government Employ (1999)	2.71	2.88	6.27		
Government Employ (2001)	3.13	2.94	6.07		
Government Employ (2003)	2.90	2.88	0.69		
Government Employ (1997(1)2003)	2.86	2.86	0.00		
Property Tax (1999)	9.02			9.09	0.78
Property Tax (2001)	9.44			9.34	1.06
Property Tax (2003)	9.15			9.14	0.11
Property Tax (1997(1)2003)	9.25			9.23	0.22

Table A2: Social Capital Predictor Mean Comparisons

Predictor Balance	Treated	Social Capital	
		Synthetic	% Difference
Economic Freedom	5.71	6.13	7.36
Construction Sector Employees (1000s)	122.65	99.19	19.13
Population	4479960	3641489	18.72
New Private Homes	1428.44	2470.32	72.94
Unemployment	5.78	5.03	12.98
Per Capita Income	24572	26286	6.98
Home Ownership Rate	67.56	72.91	7.92
Percent Black	31.26	16.56	47.02
Percent Hispanic	3.26	6.9	111.66
Percent Asian	1.37	1.62	18.25
Marriage Rate	8.84	17.92	102.71
Murder Rate	12.74	6.92	45.68
Lags used: Social capital index 1997, 1999, 2001-2004			

Table A3: Estimated Synthetic Control Weights

Government Employment		Property Tax		Social Capital	
Donor	Weight %	Donor	Weight %	Donor	Weight %
Wyoming	66.6	Illinois	8.3	South Carolina	45.3
Minnesota	16.3	New Mexico	91.7	Kentucky	34
Maryland	10.3			Nevada	20.4
Rhode Island	4.8			Maryland	0.3
Idaho	0.2				

To further examine formal institutional change in Louisiana following Katrina, we performed the same analysis on Louisiana’s overall EFNA score and the index’s three major components: Government Spending, Taxation, and Labor Market Freedom. We provide the predictor mean comparisons, estimated donor pool contributions, and synthetic controls for each in Figures A1, A2, A3, and A4 below.

Figure A1: Economic Freedom (RMSPE= 0.16)

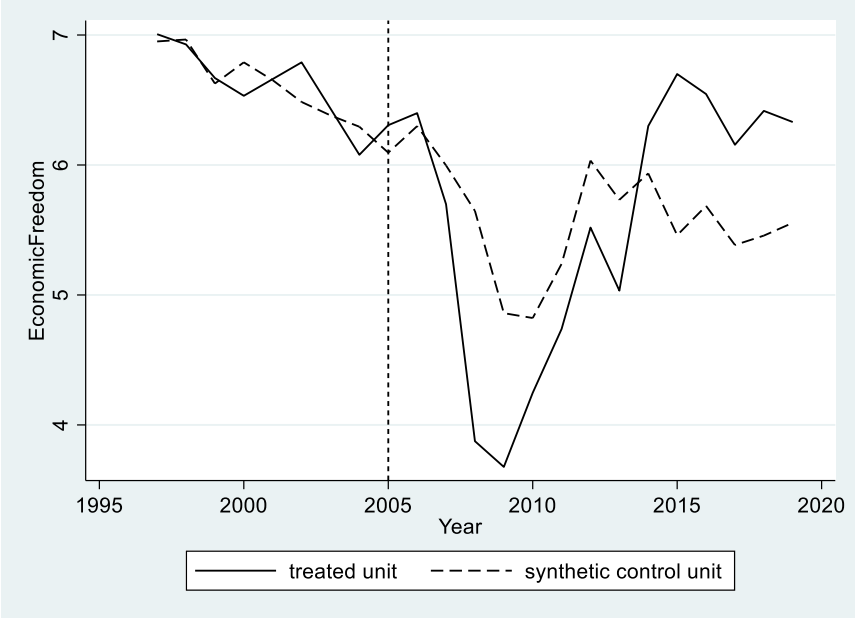


Figure A2: Taxation (RMSPE=0.04)

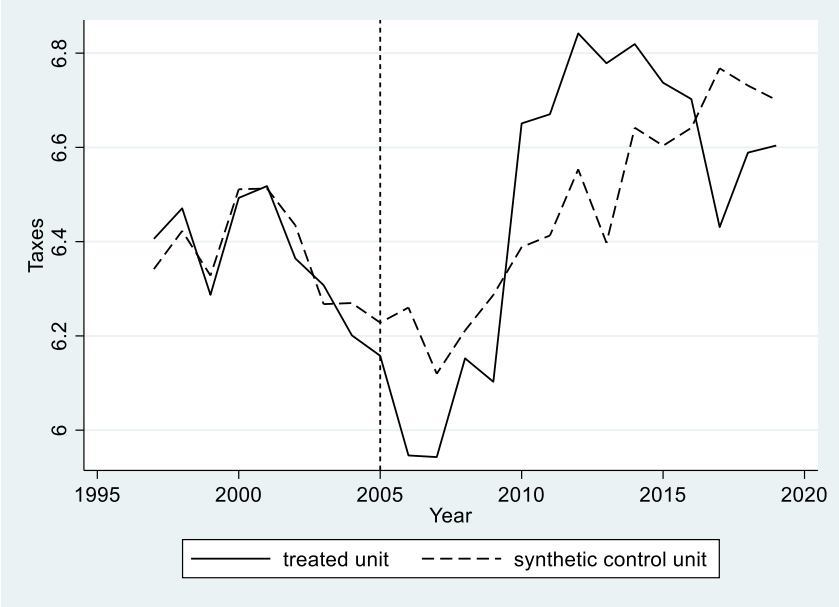


Figure A3: Government Spending (RMSPE= 0.16)

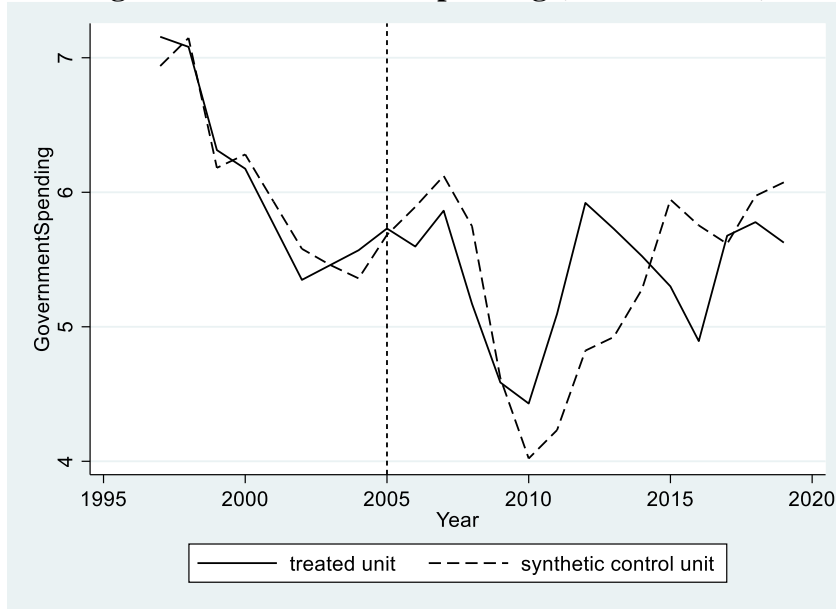
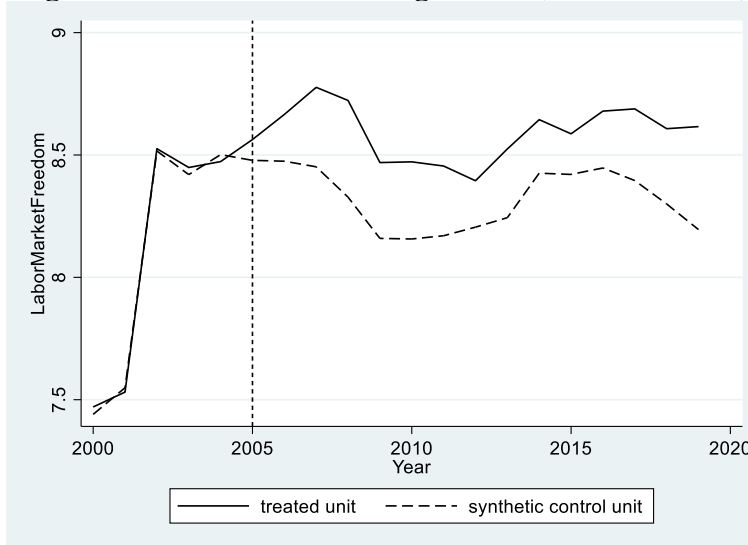


Figure A4: Labor Market Regulation (RMSPE= 0.02)



The synthetic control on overall economic freedom does not include overall economic freedom in its determinant set. Otherwise, each synthetic uses the same set of determinants as used in the manuscript. Additional information on predictor mean comparisons, donor pool selection, pseudo t-statistics for these synthetics are available upon request.

In the manuscript, we provided an in-time placebo and “drop largest donor” robustness checks on our government employment freedom synthetic and an in-time placebo test for our property tax freedom synthetic. To further test the impact of the 2008 financial crisis and BP oil spill (which also occurred in 2008) we conduct an in-time placebo for on our government

employment and property tax freedom synthetics by assigning a treatment period to 2010. We provide the results in Figures A5 and A6 below.

Figure A5: In-time Placebo 2010 Government Employment

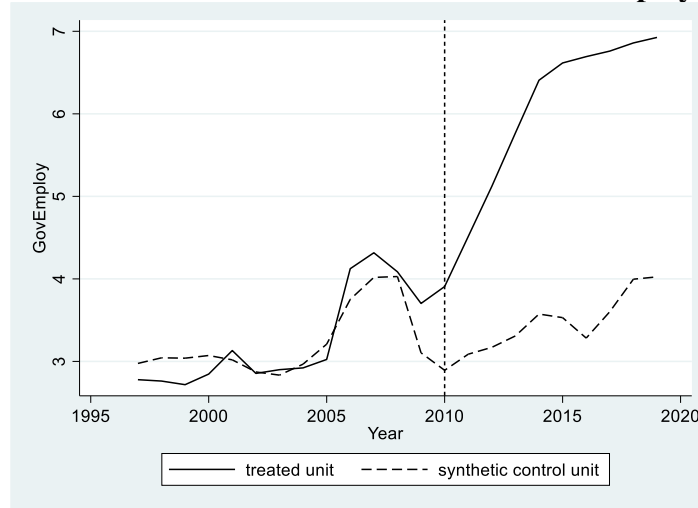
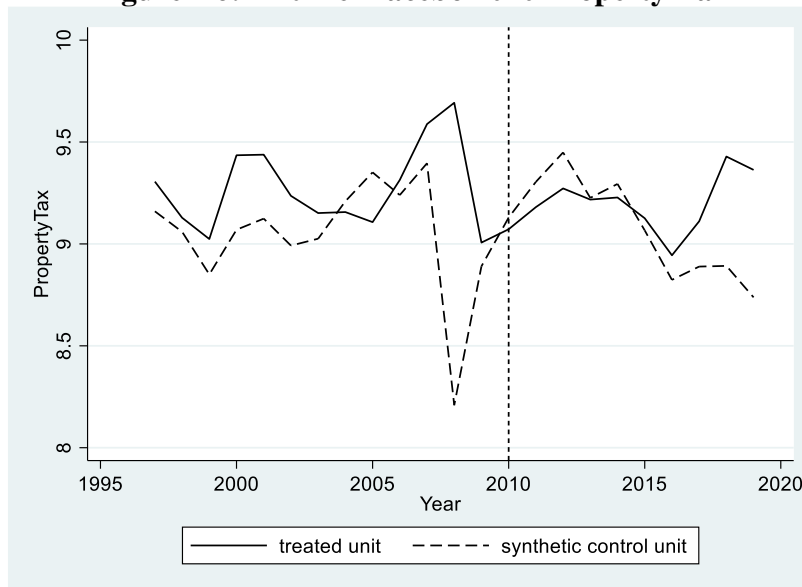


Figure A6: In-time Placebo 2010 Property Tax



As indicated in Figure A5 and A6, changing our treatment period to 2010 did impact pre-treatment fit and post-treatment divergence. This suggests, unsurprisingly, that events occurring post-Katrina could also impact institutional change in Louisiana. While this is an important limitation to our analysis, this is largely an unavoidable problem when examining a comparatively long post-treatment period.

Lastly, we further test the sensitivity of our donor pool to our major donors by comparing Louisiana’s government employment and property tax freedom scores to the biggest donor in their synthetically constructed counterfactual (Wyoming and New Mexico respectively) and to the US average scores for each variable. These are featured in Figure A7 and A8 below.

Figure A7: Government Expenditure Freedom Comparisons

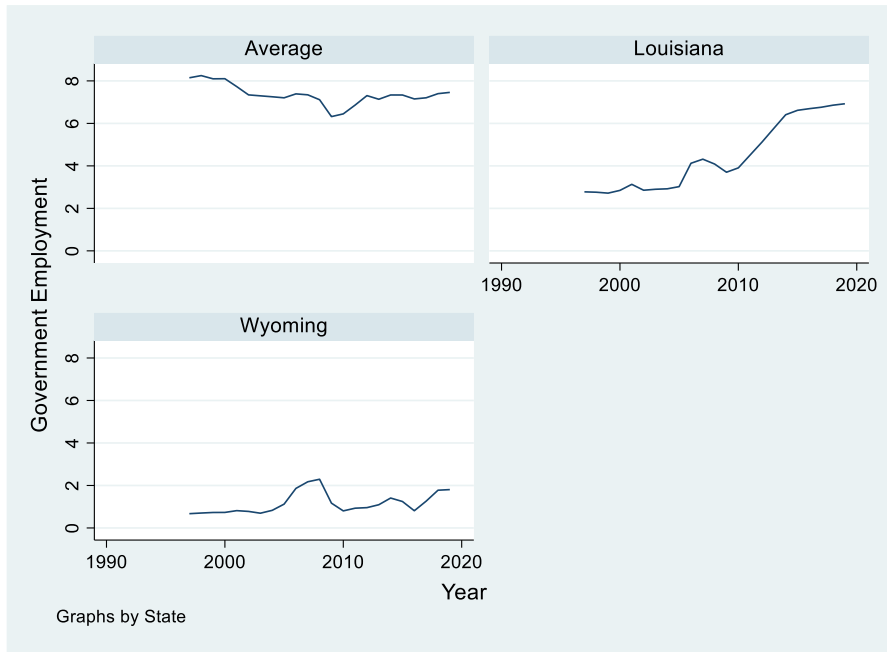
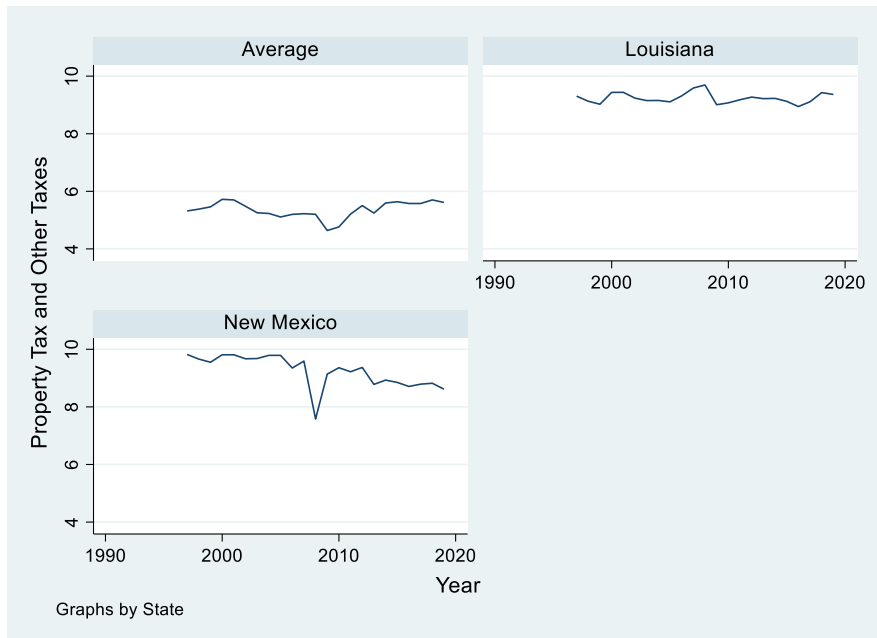


Figure A8: Property Tax Freedom Comparisons



In Figure A7 and A8, Louisiana's scores are consistently and considerably different than those of the major donors and national average, indicating our synthetic controls, although dependent on large donors, provide a better unit of comparison than these alternatives.