

**The Role of Social Networks in the Targeting of Violence:
Labor Repression during Argentina's Last Dictatorship**

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ABSTRACT: Well known coups with major human rights violations have been significantly justified on the grounds of eliminating crony governance (governance based on favors to connected firms). However, we know little about whether or not the deployment of violence in such cases diverges from the logic of favoring connected firms. We address this issue in the context of one of the best-known episodes of human rights violations in modern history, the repression following the coup in Argentina on March 24, 1976. Specifically, we examine the logic driving the choice of union leaders who were subjected to violence following the coup. The qualitative literature indicates that the targets were based on lists of subversives provided by firms that were close to the military regime, but so far there has been no statistical research that backs this claim. Using an original dataset that was largely collected and/or digitized by us, we find that violence against union leaders is strongly correlated with network connections of firms to the regime, implying that connected firms were especially complicit in the violence. This is the case even after controlling for a large range of firm characteristics capturing alternative explanations for the targeting of violence as well as industry fixed effects. We also find that connected firms benefit from violence against union leaders, subsequently by having lower strikes and a higher market valuation.

JEL Classification: D73, D74, J52, N46

1. Introduction

Well-known coups with major human rights violations have been significantly justified on the grounds of eliminating crony governance (governance based on favors to connected firms).¹ However, we know little about whether or not the deployment of violence in such cases diverges from the logic of favoring connected firms. Our normative evaluation of these coups may be significantly affected by the extent to which the evidence matches the justifications offered for human rights violations. We address this issue in the context of one of the best-known episodes of human rights violations in modern history, the repression following the coup in Argentina on March 24, 1976.

The Argentine military regime that took power in a coup in March 1976 “disappeared” (killed or tortured without due process) at least 9,000 purported supporters of leftist ideology, including a large number of union leaders and blue-collar workers (CONADEP, 1984). The estimates of some human rights organizations put the number of disappearances in the vicinity of 30,000 between 1976 and 1983. The overall goals of the repression following the coup included the repression of communist subversion, and the restoration of economic efficiency and political stability (Videla, 1976; Franco 2012).² Most important for our purposes, it also explicitly included the goal of attacking crony capitalism; in the words of General Jorge Rafael Videla (the head of Argentina’s military junta following the above mentioned coup): “Our objective was to discipline an anarchic society; with respect to Peronism to exit from a populist and demagogic vision; with respect to the economy to go to a liberal market economy. We wanted also to discipline unionism and crony capitalism.” (Reato, 2012).

Despite the above claim, an interesting debate that has emerged in recent times as to

¹ Chile in 1973 and Argentina in 1976 are important modern examples of this phenomenon.

² See Novaro and Palermo (2013) for an extensive study of the military regime in Argentina

whether business groups that were connected to the regime were especially complicit in the violent repression implemented by the military junta. Several qualitative accounts have emerged over the years that offer evidence of such complicity. For instance, the Argentine Commission for Human Rights (CADHU) has reported that the choice of targets for violence in the labor force was based on lists of subversives that were provided to the regime by firms that were close to the regime (CADHU 2014, 158).

In this paper we statistically examine the empirical implication of the above claim, which is that the disappearance of members of the work force is correlated to the connections of firms to the regime. Specifically, we focus on which firms' union leaders were targeted when it came to the deployment of violence. We primarily focus on union leaders because this is the sub-set of victims of the Argentine junta for which we have comprehensive data that link individual victims to the firms where they worked. We have collected data on the connections to firms of all members of the military junta's economic cabinet. We have also collected and digitized extensive firm level data for variables that capture alternative explanations for targeting. These variables are represented on the right hand side of our regressions along with industry level fixed effects.

An important concern in terms of econometric identification relates to the possibility that the connections of firms to cabinet members were developed endogenously to the anticipated repression of the firm's union leaders following the coup. We address this concern by developing different historical measures (from several years before the 1976 coup) of the extent to which a firm was embedded in a network including business and social luminaries. One of these is a measure that captures the number of senior members of a firm who were members of the socially prestigious Jockey Club in 1969. The second is a measure of whether or not the

directors of a firm were networked to other firms in industry via other board directorships between the years 1970 and 1972. We believe it is plausible that firms that rank high on these measures are reasonably exogenous proxies for cabinet connections in 1976, because these connections were developed well before the coup was anticipated, and because cabinet members were drawn from the elite part of Argentine society.

We find all three measures of connections to be robustly correlated to the number of union leader disappearances, which is consistent with that the claim of the qualitative literature that firms close to the regime were complicit in the post-coup violence. Substantively, the presence of a connection for a firm to a cabinet member raises the number of disappeared union leaders by almost one standard deviation. As for the effects of these disappearances, we find that connected firms that are subject to violence against its union leaders benefit from this violence in terms of less subsequent strikes and a rise in their market value. Our results are consistent with a causal mechanism in which the disappearance of a connected firm's union leader credibly signals its ability to deploy the repressive tools of the state to crack down on future labor unrest, which thus serves to reduce future labor activism.

This paper is broadly related to the literature on the effect of political regimes on workers' welfare. Rodrik (1999) documents a robust and statistically significant association between the extent of democracy and the level of manufacturing wages in a country. The findings in Przeworski et al. (2000) indicate that growth under autocracies tends to be both labor-extensive and labor-exploitative. While this prior research assumes that all employers and owners of capital benefit equally from labor exploitation, in this paper we examine the selective nature of labor repression based on political connections. As such, our work contributes most directly to the literature on the value of political connections during turbulent political times [see

Fisman (2001), Faccio (2006), Guidolin and La Ferrara (2007), Ferguson and Voth (2008), Dube et al. (2011), and Acemoglu et al. (2016) among many others].

Our analysis is closely related to Fisman and Wang's (2015) study of the relationship between the political connections of Chinese firms and workplace fatalities. They also find that workers' fatalities are higher in politically connected firms. The main difference between the two studies is that, whereas during the Argentinian dictatorship the junta played an active role in the disappearance of workers of connected firms, in the Chinese case connected firms have higher workers' fatalities because they are more prone to avoid safety compliance measures.

Finally, this paper extends the burgeoning qualitative work on the role played by connected business groups during Argentina's dirty war, which will be described in detail in the next section. We extend this literature by being the first to introduce a quantitative social science dimension to the question at issue.

In the next section, we provide some background on the Argentine case that we are considering. Section 3 describes the extensive data collection effort that informs our project and Section 4 outlines our econometric strategy. Section 5 presents the main results of our analysis. We conclude in Section 6.

2. Background

On March 24, 1976, following a half-decade of increasingly intensifying civil conflict between right and left wing groups, a right wing military junta led by General Videla undertook a coup. The primary goals of the junta are well summarized in the Videla quote provided at the outset of the paper and described in further detail in Reato (2012). In line with the quote, the

military immediately launched an all-out attack that was aimed at undermining the structural basis of trade union power.

The military considered the enormous strength of the labor unions to be one of the country's biggest problems. The six million-member General Confederation of Workers (CGT) as well as the country's largest apex unions were intervened. Numerous firm level union leaders and worker-activists were arrested and subjected to torture and or killing without due process. Strikes, work slowdowns, and other forms of sabotage were declared to be "subversive" activities punishable with lengthy prison sentences. In addition, the government abolished collective bargaining agreements and imposed a strict wage freeze while simultaneously lifting price controls and devaluing the Argentine peso. As a result, as shown in Figure 1, by late 1976 real wages had dropped an average of more than 50 percent relative to the last year of the Peronist regime (Panel A, taken from Sturzenegger, 1991), and the workers' share of the national income declined from 48.5 percent to just 29 percent (Panel B, taken from Lindenboim et al., 2005).

How was the violence against labor implemented? A number of recent qualitative studies argue that the regime requested connected firms to provide lists of "subversives" in their work force, and that the regime used these lists to target union leaders and workers for disappearances [CADHU (2014), Basualdo (2006), Lorenz (2007), Cieza (2012), Ministerio de Justicia y Derechos Humanos (2015); Basualdo et al. (2015), Dandan and Franzki (2015), Paulón (2015), Versbitsky and Bohoslavsky (2016)]. As per the above readings, managers of some connected firms went even further than providing lists of subversives; they provided vehicles to remove arrested union leaders and workers to torture facilities, were present in torture sessions, and offered on-site buildings to hold people who were subsequently disappeared. In sum, the

qualitative literature claims that firms that were connected to the regime were complicit in the anti-labor violence that followed the coup.

A finding that connections to the regime are strongly correlated with union leader disappearances, after controlling for alternative explanations, would be consistent with the claim of complicity on the part of connected firms. (It would be in line with the claim that connected firms provided the regime with lists of subversives who were subsequently disappeared.) The above studies, however, only focus on a small number of firms and do not attempt to establish a systematic causal connection between ties to the military regime and the post-coup violence against labor. The goal of this paper is fill this gap in the literature by systematically examining if there is a causal connection between connections and union leader disappearances.

3. Data

Our analysis relies on an original data set that includes detailed information on the 648 largest Argentine firms during the period under study. We relied on several sources to identify these firms. The main sources are the annual rankings produced by the business periodicals *Prensa Economica* and *Mercado* in 1975 and 1976. *Prensa Economica*'s annual ranking provides a list of the 300 largest firms, ranked according to their volume of sales and estimated profits. In addition, *Prensa Economica*'s list includes other prominent firms in the economy but does not rank them because of lack of information. 451 of the firms in our sample appear in *Prensa Economica*. *Mercado*'s list ranks the 150 top-firms using similar criteria. These rankings are highly correlated with one another, but due to some slight differences in how their information was compiled, they do not include identical sets of firms. 143 of the firms in the sample are listed in *Mercado*, but only 3 of those firms do not appear in *Prensa Economica*. In

addition to the firms listed in these publications, we added to our sample firms that traded in the Buenos Aires Stock Exchange, and other major industrial firms listed in Werner and Aguirre (2009).³

3.1 Firms' Connections to the Military Regime

We use different sources to build three measures to assess firms' connections to the military regime. Our main measure relies on the fact that following the coup the Economic Cabinet, the body in charge of economic policy-making during the dictatorship, consisted entirely of former business managers. (The cabinet was appointed by José Alfredo Martínez de Hoz, the Finance Minister of the military regime, who was himself a former business manager.) Our first measure of political connections codes the firms of origin of the members of the post-coup Economic Cabinet as being politically connected. It is based on Schvarzer (1986) and Castellani (2007, 2009), who provide a list of the members of Martínez de Hoz's team, together with their business affiliations (based on their participation as directors or board members of these firms). These members include the finance minister's inner circle, members of the Economic Cabinet, as well as members of his team in charge of specific organizations linked to economic policy-making. For example, Martínez de Hoz was Acindar's CEO before his appointment as Finance Minister. Therefore, we code Acindar as a being politically connected to the regime. In addition, in robustness checks, we code all state owned firms as connected to the regime, since the regime directly named these firms' directors.

³ There are 289 firms in the sample that are listed in Merval, but only 145 of them are not listed by *Prensa Economica* and/or *Mercado*. We obtained from Werner and Aguirre (2009) a list of 49 industrial firms. These firms do not appear in any of the other sources.

Column 1 of Table 1 includes the number of firms with cabinet connections for the entire sample of firms (Panel A), the top 300 firms as listed by *Prensa Economica* (Panel B) and the top 150 firms as listed by *Mercado* (Panel C). Panels B and C exclude from the sample state owned firms.⁴ This column shows that, out of 648 firms in our sample, 85 firms are politically connected. Nine percent of the firms in the *Prensa Economica* sample are politically connected (22 out of 247 firms), whereas 12.3 percent of the firms in the *Mercado* sample are coded as politically connected (15 out of 122 firms).

The main problem of the measure of political connections is that it may not be exogenous. Selection into the Economic Cabinet could have been driven by the goals of the military junta with respect to the outcomes we are studying. To overcome this problem we build two historical measures of connections from several years before the military coup.

Our second measure of connections captures the degree of isolation of firms within the business community four years before the coup. Specifically the measure captures whether or not a firm's director was also a director of at least one other firm. If so the firm is coded as having business connections. The idea why this is a plausible proxy for connections to the 1976 Economic Cabinet is that such firms are more likely to find a way to gain access to Martinez de Hoz and his colleagues in the Economic Cabinet than firms that were isolated within the business community. We note that it is highly unlikely that the connections were driven by the goals of a coup that was to happen four years later.

⁴ There are in our sample of 648 firms 49 firms owned by the state. These firms had a direct connection to the military junta, since the firms' directors were appointed by the military regime (a sizable number of those directors were retired generals). Hence, we classified these firms as connected to the regime in our robustness checks. The main analysis of the paper adopts a conservative approach and excludes state owned firms from the sample of firms. As we show below, the results are robust to including or excluding state-owned firms from the analysis.

The above measure is based on data from Lluch et al. (2014), who examine the interlocking board structure of prominent Argentine business groups at the end of the import substitution period (1970-72). Column 4 in Table 1 shows that: (i) out of 648 firms in our sample, 94 firms have business connections; (ii) out of the 247 firms included in *Prensa Economica*'s ranking, 31 firms (12.55 percent) have business connections; and (iii) out of the 122 firms included in *Mercado*'s ranking, 22 firms (18 percent) have business connections.

The final proxy for connections to the military regime reflects firms' social connections seven years before the coup. The idea behind this proxy is analogous to the previous one. A firm whose directors are well represented in the main social meeting ground of the elite is more likely to find a way to access Martínez de Hoz and his Economic Cabinet than a firm that is socially isolated. Our measure of social connections comes from the 1969 roster of active members of Buenos Aires' Jockey Club. Founded in 1882, The Jockey Club is the most traditional club of Argentina and its membership is restricted to the Argentine aristocracy. The club's selection procedures (which include a limited number of members as well as legacy quotas and the black ball method to reject potential new members) ensure that only scions of patrician families are accepted as members.⁵ By the time of his appointment, Martínez de Hoz was already a life-long member of the Jockey Club.

To construct the measure of social connections, we match to the active members of the Jockey Club (according to their 1969 roster) names appearing in the 1973 edition of the *Guia Senior*, a business directory listing all the executives of all Argentinian companies and their respective business affiliations. We classify a firm as socially connected if it included members of the Jockey Club in its board. Column 7 in Table 1 shows that 26.7 percent of the firms are

⁵ A black ball vote is an anonymous negative vote that is given great weight when it comes to blocking the acceptance of a new member.

connected in our full sample of firms; 36.84 percent of the firms in the *Prensa Economica* sample are socially connected, and 51.63 percent of the firms in *Mercado* are socially connected.

3.2 Data on Union Leader Disappearances

To collect data on union leader disappearances at the firm level we first consulted the records held by the Archivo General de La Memoria, an Argentine government agency (<http://anm.derhuman.jus.gov.ar>). These records, based on the pioneering work of Argentina's National Commission on the Disappearance of Persons (Comisión Nacional sobre la Desaparición de Personas, CONADEP), contain a comprehensive list of disappeared persons.⁶ The sample consists of 8,253 documented cases of disappearances.

Given the clandestine nature of the repressive activities carried out by the military government, the list of victims had to be compiled from depositions from relatives or friends of the disappeared. In many cases, the recorded information is restricted to a person's name, age, gender, as well as the date and place and where he/she was last seen before being abducted by repressive forces.

Because we are interested in linking repressive patterns to the firms in our sample, we needed to add to the basic CONADEP/Archivo General de la Memoria database information on the disappeared individuals' place of work and status at work (employee, union leader, etc). Fortunately, a team led by Izaguirre (2009) assembled a database of 12,198 missing persons. This database contains ancillary data such as a disappeared person's occupation (7,357 observations), his or her educational background (4,604), if the missing person was a political or union activist (7,023 observations), and the branch of the military involved in his or her

⁶ The CONADEP was an organization created on December 15th, 1983 to investigate the fate of the individuals that disappeared during the dictatorship.

abduction (6,016 observations). More importantly to us, there are 490 cases in which the actual firm where a disappeared person worked is identified (for a total of 129 firms in our sample).

We used the information in Izaguirre's database to distinguish missing persons who happened to work at a particular firm and those who were union leaders at those firms. We complemented this information with a list of union leaders who were disappeared and/or arrested by the military government compiled by Fernandez (1985). These data cover 158 cases of arrested union leaders who come from 56 firms in our sample.

Table 1 displays the mean number of union leaders disappeared differentiating between connected and non-connected firms. The table shows that the number of disappearances at connected firms is significantly higher than that of not connected firms for the three different measures of connections and the three different samples of firms. For example, in the full sample of firms, the mean number of union leaders disappeared in firms with cabinet connections is almost ten times higher than that in firms without cabinet connections.

The mean number of disappearances increases as we move from the full sample of firms to a more selective sub-sample containing only more prominent and larger firms. This suggests that some of the firms' characteristics may be associated with connections to the military regime and the disappearance of union leaders. The sub-section below presents the data on firms' characteristics that we use to control for potential confounders.

3.1 Data on Firms' Characteristics

Given the observational nature of our data, there are a number of concerns regarding causal inference. The first main concern is related to companies' size and salience. Many of the largest Argentine firms in the early 1970s were probably more likely to be represented in the

cabinet and to have more disappearances than their smaller counterparts even in the absence of a causal relation between the two variables. Another concern is that leftist organizations may have attempted to create labor unrest in companies connected to the regime. A final concern is that certain firms had an antagonist policy towards workers and unions before the coup, and these companies successfully pursued connections to the economic elite after the military coup.

Our research strategy mitigates these concerns by narrowing the analysis to only the largest and most successful Argentine firms. Nevertheless, to ensure that our analysis is not at risk of confounders, reverse causality and measurement error bias, we collected a host of additional information regarding the characteristics of the firms included in our sample.

To capture a firm's size, we collected information on each firms' total estimated sales in 1975 (measured in millions of Argentine pesos of 1975). We also control for the firm's position in the top-300 and top-150 ranking as a measure of its importance and salience. In addition, we distinguish between publicly traded firms from privately owned firms. Finally we classify each firm according to its 3-digit industrial code using the 1974 Industrial Census.⁷

We were able to obtain information on workforce size, though only for 99 firms. Unionization and the number of union leaders were almost entirely determined by firms' workforce size. Hence, including this variable in the analysis is akin to testing whether or not the percent of union leaders disappeared in connected firms is substantially higher than the percent of union leaders disappeared in firms not connected to the military junta.

We also constructed two additional variables to capture a firm's importance and centrality in the Argentine economy. The first one indicates the extent to which a change in a

⁷ This code differentiates firms according to their main sector of production. Some of the categories are banking sector, textile, food products, wearing apparel, wood products, chemicals, machinery, motor vehicles, etc.

given sector's final demand can exert the greatest production repercussions on the other sectors of the economy. It is thus an indicator on whether an industry is composed of customer firms. As Acemoglu et al. (2012) note, these downstream effects can be captured in their entirety by the Leontief inverse of an economy's input-output matrix. Likewise, upstream effects can also be calculated using the Leontief inverse matrix. In this case, the indicator shows whether an industry is composed of input supplying firms (i.e. they provide raw materials and services to other sectors in the economy). We calculated this measures using each firm's 3-digit classification and the inverse matrix in the 23-sector table of the 1970 Argentine input-output matrix.

The economic plan implemented by the economic team of the military regime required ending the indexation of wages to inflation (Novaro and Palermo, 2011). This lead the junta to repress labor unions since they strongly opposed this measure. Perhaps the most efficient way to force workers to cooperate with the economic plan was to particularly target large and prominent firms. Targeting union leaders at large firms would have a cascade effect and affect the rest of the economy. This is not only because news regarding the repression against large labor unions from large firms propagate to the overall economy, but also due to inter-sectoral input-output linkages (Acemoglu et al., 2015). Accordingly, upstream effects capture the propagation of shocks to input supplying industries. Downstream effects capture the propagation of shocks to customer industries. Hence, including these variables in the analysis is crucial to control for the possibility that the junta targeted firms with high inter-sectoral linkages.

We also collected information on firm-level labor conditions before the military coup. The first measure is a dummy variable that takes the value of 1 for those firms where workers were able to agree with the firm's management on their salaries and working conditions using

firm-level collective bargaining agreements (*convenios colectivos de trabajo*) during 1975, and 0 otherwise. This residual category includes firms where collective bargaining took place at the industry level or those where salaries and working conditions were not set by collective bargaining agreements. The second measure is a dummy variable for workers' strikes. It takes the value of 1 if a firm experienced a firm-level strike in the year preceding the coup, and 0 otherwise. In addition, we constructed another dummy variable for firms that suffered at least one terrorist attack (including bombings, kidnappings, and arson) before the coup. These variables control for a particular concern associated with reverse causality. Accordingly, it is possible that most of the disappearances occurred in firms with historically more combative labor unions. Combative unions, in turn, may have led firm executives to cultivate connections with the regime to help them suppress the union's demands.

Tables 2A, 2B and Appendix Table A1 examine differences in observed characteristics of firms with connections to the military regime and firms without connections to the regime. For each panel of each table, the first two columns show mean characteristics of the firms, while the third column presents the difference between the means. Column four reports this difference controlling for industry fixed effects.

A number of variables show significant differences in means between connected and non-connected firms for the full sample (Appendix Table A1). These differences completely disappear when we focus on a subsample of more homogeneous firms. Table 2A focuses on the top 300 firms (the sample of firms listed in *Prensa Economica* in 1975). This table shows that firms with cabinet connections and firms without cabinet connections are balanced on all of their observable characteristics within industries except for total sales. Firms are also balanced on all

of their observable characteristics, except for firms' sales and ranking, for the other two measures of connections.

We obtain an even more balanced set of firms when we focus on the top 150 ranked firms (according to *Mercado*, 1975). Firms with connections are not significantly different than firms without connections for this subsample of firms. The only difference between the two types of firms is that firms with cabinet connections are more likely to be listed in the stock market. This difference completely disappears for the other two alternative measures of connections.

The results in Table 2A and 2B lend support to our identification strategy: there is little evidence to suggest that, for firms in a given industry, connected firms are systematically different from non-connected firms (especially when looking at the *Mercado* sample that includes only the top 150 firms). Hence, in the body of the paper the analysis focuses exclusively on these two sub-samples of firms. Results for the entire sample of firms are relegated to the appendix.

4. Empirical Strategy

Our empirical strategy is designed to identify the causal effect of political, social, and economic connections to the regime on disappearances of union leaders. The unit of observation is the firm, and we model the number of disappeared union leaders of a firm as a function of the firm's characteristics, pre-existent labor conditions at each particular firm, the centrality of the firm on Argentina's economy, and whether the firm was connected to the junta's Economic Cabinet. Formally, we estimate the following Negative Binomial model:

$$(\textit{Union Disappearances})_i = \alpha (\textit{Connections})_i + \mathbf{X}_i \Phi + \mu_s + \varepsilon_i, \quad (1)$$

where $(\textit{Union Disappearances})_i$ is the number of union leaders of firm i who were disappeared;

$(Connections)_i$ is an indicator of a link between a firm and a member of the economic cabinet; and \mathbf{X}_i is a vector of the firm's characteristics. This vector includes controls for variables that could be associated with a technocratic rationale for the choice of targets (described in the previous section). μ_s is a fixed-effect for the firm's industry (according to firms' 30 digit industrial code). Unobserved determinants of union disappearances are captured by the error term ε_i .

5. The Effects of Connections on Union Disappearances

We now move on to a more systematic examination of the relationship between connections and differences.

Table 3 presents our main results using a count model (which is negative binomial based on a test of overdispersion). The first three columns show results for the three measures of connections with a limited set of controls while the latter three show results for the extended set of controls. All models include industry fixed effects. (Note that board size is included as a control for the social connections variable because this is a measure of the number of company board members who are members of the Jockey Club.) As the table shows the effect of connections is extremely strong and robust to all measures of connections. For our core cabinet connections variable, the estimated effect implies that having a connection to the military regime raises the number of union leader disappearances by 300 percent, which is equal to almost a one standard deviation increase on the number of disappearances (this effect is based on the estimated incidence rate ratio which equals 4.08). The estimated effects are also highly statistically significant and of a substantial magnitude for the other two measures of connections. Accordingly, business connections raise the number of union leaders' disappearances by 134

percent for average firms, and a standard deviation increase in social connections bring about an increase of 180 percent on the number of union disappearances.⁸ These results are consistent with the results for the full sample of firms (see Appendix A2).

While connections drive disappearances, other variables also played a role. Larger firms have more disappearances (a low number for ranking implies a larger firm), though this may simply follow from having more union leaders. However, there is also evidence that firms with a more hostile labor environment had more disappearances, since union disappearances increases with for firms who suffered from strikes before the coup. In addition, union disappearances decrease in the presence of a prior bargaining agreement (significant in two out of three specifications). The results for downstream effects are not consistent across the different specifications, while the point estimates for upstream effects are significant and positive for only one out of three specifications.

Table 4 focuses on union leader disappearances in the top 150 firms. The results for the connections variable are consistent with those that we saw in Table 3 for the top 300 firms. The point estimates for connections are still of a substantial magnitude even though we are restricting the sample to large and homogenous firms. Cabinet connections or business connections to the regime raise the number of union leaders' disappearances by slightly over a 100 percent, whereas a standard deviation increase in social connections brings about an increase of 150 percent on the number of union disappearances.

In line with the fact that Table 4 focuses on large and homogenous firms, the effect of firms' ranking is no longer significant. However, previous strikes continue to be strongly

⁸ Remember that social connections reflect the number of board members of each firm that belong to the Jockey Club, whereas cabinet and business connections are dichotomous indicators for connections.

associated with disappearances. Upstream effects (input suppliers) is also significant across the board for this sample. Upstream effects are significant across all specifications.

In Table 5 we present the results of some robustness checks. All specifications here include the full set of controls including industry fixed effects. First, in Columns 1 to 3, we eliminate from the sample five firms that had over ten union leader disappearances. We do this to verify if the results are being driven by these outliers. The upper panel shows the results for the top 300 firms. While the point estimates go down somewhat (by 25% in the case of our core cabinet connections measure) they remain high and statistically significant across the board. The first three columns of the lower panel show the analogous results for the top 150 firms. The drop in point estimates is larger here (a little more than half), but the point estimates of all connections measures remain significant. We note that one of the outliers is the firm connected to the Minister of the Economy Martínez de Hoz, so it is by no means clear from a theoretical perspective if it is appropriate to exclude this firm.

In columns 4 to 6 we add to the sample of firms state-owned firms (which are by definition connected). The results for all connections variables remain significant. In columns 7-9 we add a control for number of workers to our extended controls specification. As mentioned above, these data are not available for all firms (the sample size decreases from 235 to 99 firms when focusing on firms in *Prensa Economica* and from 116 to 65 for firms listed in *Mercado*). With that caveat in mind, this is still a useful robustness test because by a law passed in 1973 the number of union leaders in a firm was mechanically determined by the number of workers in the firm. Hence, when controlling for the firms' workforce size we are basically estimating the effects of connections on the share of union leaders disappeared. The estimated coefficients for the connections variables remain positive and significant, while the estimates for

number of workers are also positive and significant. Again, connections are not the only variable affecting disappearances. Strikes before the coup, one of the main proxies related to economic efficiency considerations, is also positive and significant across all specifications.

6. The Effects of Labor Repression on Firms' Performance

We now examine the effects of connections on the propensity for a firm's workers to go on strike and its position in the market valuation rankings.

Table 6 shows results of regressions where on the left hand side we have a dummy variable for whether or not a firm went on strike after the March 1976 coup. We control for strikes in the two years prior to the coup and the full set of covariates. We find that the interaction of connections with a union leader disappearance is negatively associated with the propensity to strike following the coup. The effect is significant across the board (for the top 300 as well as 150 firms). Connections without disappearances (the variable called connections) and disappearances without connections (the variable called union disappearances) are both insignificant.

This finding is consistent with the following causal story. Strikes in a firm can be deterred by credibly signaling that a firm is able to access the state's repressive apparatus in response to labor activism. Simply having a connection does not serve as a credible signal because the management of the firm may simply not have the ability or the willingness to influence the right people in the security apparatus to act on their behalf. A disappearance of a union leader in a firm provides a credible signal to a connected firm's ability and willingness to access the repressive apparatus of the state. The resort to disappearances by connected firms may thus be driven by the incentive of credibly deterring future strikes.

In Table 7, on the left hand side we have the position of a firm in the Prensa Economica market value ranking, so a negative coefficient is associated with a rise in the rankings. As the table shows we find that the interaction of connections with disappearances is (with one exception) robustly associated with a rise in the ranking of a firm.

7. Conclusions

This paper shows that the statistical evidence is consistent with the claims of the qualitative literature, that in one of the major cases of post-coup repression in modern times there was complicity between firms that were connected to the regime and the implementation of violence against union leaders. We are aware of the limitations of our study. First, we are conscious of the fact that our study is limited (due to data availability) to only one part of the massive human rights violations that occurred in Argentina. We are also aware of the fact that we have only considered one country case, from which it may be hard to extrapolate to other countries where there have been claims of business complicity in anti-labor violence. That said, we also believe that a careful micro-based study of one facet of repression in one extremely prominent episode of human rights violations serves as a useful building block for more expansive research on the role of business connections in state repression.

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Figure 1: Real Wage Index (Panel A) and Percent of Income Accruing to Wage Earners (Panel B) in Argentina at the outset of the military dictatorship

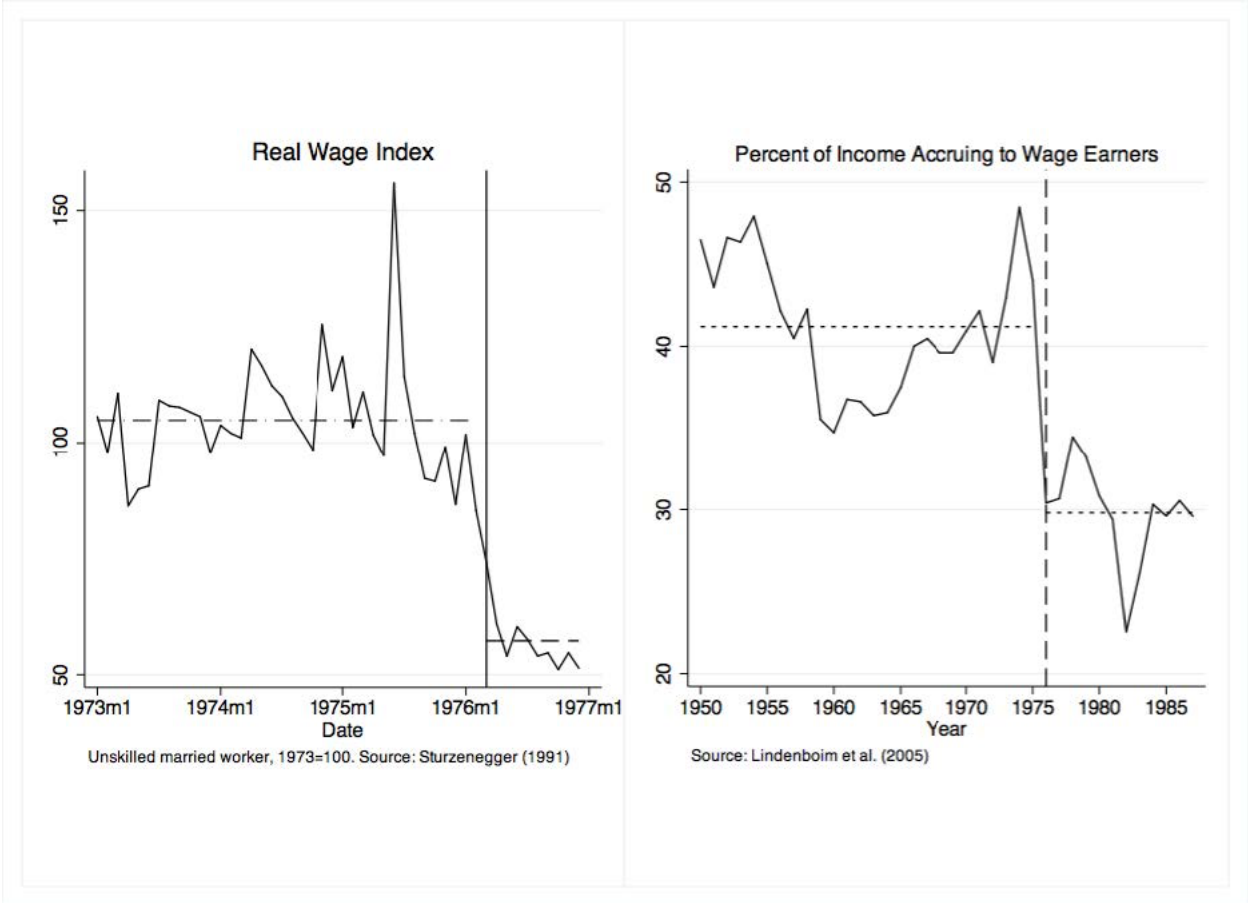


Table 1
Mean Number of Disappearances by Connections

	Cabinet Connections (1976)			Business Connections (1972)			Social Connections (1969)		
	Connected	Not Connected	Difference	Connected	Not Connected	Difference	Connected	Not Connected	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Panel A: Full Sample of Firms									
Union Leaders Disappeared	1.5529 (4.521)	0.1794 (1.322)	1.3735 *** [0.2379]	1.4894 (4.404)	0.1679 (1.272)	1.3215 *** [0.2280]	1.0234 (3.923)	0.1058 (0.525)	0.9177 *** [0.1778]
Total Number of Firms	85	563		94	554		173	475	
Firms with Union Disappearances	23	33		24	32		37	19	
Panel B: Firms Included in top 300 Firms (Prensa Economica, 1975)									
Union Leaders Disappeared	3.0455 (6.904)	0.3689 (2.018)	2.6766 *** [0.6243]	2.4516 (6.082)	0.3426 (1.961)	2.1090 *** [0.5399]	1.3956 (4.602)	0.1474 (0.630)	1.2482 *** [0.3738]
Total Number of Firms	22	225		31	216		91	156	
Firms with Union Disappearances	8	24		10	22		21	11	
Panel C: Firms Included in top 150 Firms (Mercado, 1975)									
Union Leaders Disappeared	4.1333 (8.158)	0.6636 (2.838)	3.4698 *** [0.7884]	3.2727 (7.052)	0.6100 (2.792)	2.6627 *** [0.9161]	1.9524 (5.437)	0.1695 (0.497)	1.7829 ** [0.7108]
Total Number of Firms	15	107		22	100		63	59	
Firms with Union Disappearances	6	20		9	17		19	7	

Notes: Standard deviations in parentheses in columns (1), (2), (4), (5), (7) and (8). Standard errors in brackets in columns (3), (6) and (9). *, **, and *** represent statistical significance at 10, 5 and 1 percent levels.

Table 2A
Summary Statistics of Firms' Characteristics and Balancing Tests, Top 300 Firms (Prensa Economica, 1975)

	Panel A: Cabinet Connections				Panel B: Business Connections				Panel C: Social Connections			
	Mean		Difference in Means		Mean		Difference in Means		Mean		Difference in Means	
	Connected	Not Connected	Without Industry FEs	With Industry FEs	Connected	Not Connected	Without Industry FEs	With Industry FEs	Connected	Not Connected	Without Industry FEs	With Industry FEs
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Total Sales	2262.32 (2575.69)	1128.37 (1346.03)	1,134*** [333.2]	1,045** [432.2]	2524.77 (2878.78)	1043.46 (1105.63)	1,481*** [277.5]	1,712** [692.5]	1880.28 (216.81)	849.68 (897.63)	1,031*** [190.3]	1,085** [434.8]
Ranking	109.41 (87.99)	133.68 (71.39)	-24.27 [16.30]	-24.71 [26.27]	95.52 (84.76)	136.69 (70.03)	-41.17*** [13.83]	-52.13** [22.59]	96.52 (69.12)	151.94 (67.65)	-55.42*** [9.00]	-55.94*** [14.13]
Trades in Stock Exchange (Merval)	0.5909 (0.503)	0.4356 (0.497)	0.1550 [0.111]	0.0796 [0.103]	0.4839 (0.508)	0.4444 (0.498)	0.0394 [0.096]	0.1260 [0.135]	0.4000 (0.492)	0.4808 (0.501)	-0.0852 [0.066]	-0.0810 [0.070]
Downstream Effects	1.2201 (0.342)	1.2136 (0.321)	-0.0062 [0.071]	-0.0058 [0.011]	1.1641 (0.283)	1.2342 (0.320)	-0.0701 [0.063]	0.0182 [0.011]	1.1763 (0.293)	1.2558 (0.326)	-0.0801* [0.042]	-0.0021 [0.008]
Upstream Effects	1.1166 (0.516)	0.9831 (0.629)	0.1800 [0.122]	-0.0168 [0.070]	0.9735 (0.587)	0.9500 (0.540)	0.0234 [0.108]	0.0523 [0.040]	0.9699 (0.570)	0.9485 (0.537)	0.0115 [0.073]	0.0452 [0.028]
Workers Collective Bargaining Agreement	0.0909 (0.294)	0.0622 (0.242)	0.0287 [0.055]	0.0324 [0.045]	0.0323 (0.180)	0.0694 (0.255)	-0.0372 [0.047]	-0.0123 [0.011]	0.1368 (0.346)	0.0256 (0.159)	0.106*** [0.032]	0.1060 [0.076]
Workers' Strikes (1974-1975)	0.3182 (0.477)	0.2000 (0.401)	0.1180 [0.091]	0.0841 [0.137]	0.3226 (0.475)	0.1944 (0.397)	0.1280 [0.078]	0.1930 [0.128]	0.3368 (0.475)	0.1346 (0.342)	0.206*** [0.052]	0.211* [0.095]
Attacks against the Firm (1974-1975)	0.2727 (0.456)	0.0978 (0.298)	0.175** [0.070]	0.1570 [0.129]	0.2903 (0.461)	0.0880 (0.284)	0.202*** [0.060]	0.232* [0.105]	0.1789 (0.385)	0.0769 (0.267)	0.0989** [0.042]	0.106* [0.057]
Total Number of Firms	22	225			31	216			91	156		

Notes: Standard deviations in parentheses in columns (1) and (2). Standard errors in brackets in columns (3) and (4). Each entry in columns (3) and (4) is derived from a separate OLS regression where the explanatory variable is an indicator for the respective measure of connections. *, **, and *** represent statistical significance at 10, 5 and 1 percent levels.

Table 2B
Summary Statistics of Firms' Characteristics and Balancing Tests, Top 150 Firms (Mercado, 1975)

	Panel A: Cabinet Connections				Panel B: Business Connections				Panel C: Social Connections			
	Mean		Difference in Means		Mean		Difference in Means		Mean		Difference in Means	
	Connected (1)	Not Connected (2)	Without Industry FEs (3)	With Industry FEs (4)	Connected (1)	Not Connected (2)	Without Industry FEs (3)	With Industry FEs (4)	Connected (1)	Not Connected (2)	Without Industry FEs (3)	With Industry FEs (4)
Total Sales	1992.66 (1980.38)	1370.14 (1592.36)	622.50 [452.8]	338.1 [453.0]	2104.03 (2691.90)	1302.06 (1291.04)	802.0** [382.9]	909.7 [685.3]	1822.91 (2007.64)	1044.94 (1020.85)	778.0*** [291.3]	684.3 [561.4]
Ranking	76.07 (54.31)	82.01 (39.36)	-5.94 [11.41]	3.045 [14.17]	66.59 (42.48)	84.51 (40.49)	-17.92* [9.62]	-17.71 [14.33]	69.86 (41.48)	93.47 (37.67)	-23.62*** [7.19]	-20.72 [13.89]
Trades in Stock Exchange (Merval)	0.7333 (0.458)	0.4112 (0.494)	0.322** [0.135]	0.286*** [0.052]	0.5455 (0.510)	0.4300 (0.498)	0.1150 [0.118]	0.1500 [0.144]	0.4127 (0.496)	0.4915 (0.504)	-0.0788 [0.091]	-0.0731 [0.124]
Downstream Effects	1.2782 (0.359)	1.2406 (0.321)	0.0376 [0.090]	-0.0146 [0.013]	1.2083 (0.311)	1.2535 (0.329)	-0.0452 [0.077]	0.0171 [0.011]	1.1969 (0.310)	1.2979 (0.335)	-0.101* [0.059]	-0.0083 [0.013]
Upstream Effects	1.1202 (0.523)	0.9878 (0.592)	0.1320 [0.161]	-0.0156 [0.081]	1.0928 (0.593)	0.9845 (0.583)	0.1080 [0.138]	0.0545 [0.040]	1.0052 (0.598)	1.0031 (0.573)	0.0021 [0.107]	0.0428 [0.046]
Workers Collective Bargaining Agreement	0.1333 (0.352)	0.1215 (0.328)	0.0118 [0.091]	-0.0117 [0.023]	0.0455 (0.213)	0.1400 (0.349)	-0.0945 [0.078]	-0.0312 [0.023]	0.1905 (0.396)	0.0508 (0.222)	0.140** [0.059]	0.1240 [0.098]
Workers' Strikes (1974-1975)	0.4000 (0.507)	0.2804 (0.451)	0.1200 [0.126]	0.0516 [0.140]	0.3636 (0.492)	0.2800 (0.451)	0.0836 [0.108]	0.1410 [0.123]	0.4127 (0.496)	0.1695 (0.378)	0.243*** [0.080]	0.2410 [0.145]
Attacks against the Firm (1974-1975)	0.3333 (0.488)	0.1963 (0.399)	0.1370 [0.113]	0.0431 [0.137]	0.3636 (0.492)	0.1800 (0.386)	0.184* [0.096]	0.1560 [0.097]	0.2540 (0.439)	0.1695 (0.378)	0.0845 [0.074]	0.0422 [0.098]
Total Number of Firms	15	107			22	100			63	59		

Notes: Standard deviations in parentheses in columns (1) and (2). Standard errors in brackets in columns (3) and (4). Each entry in columns (3) and (4) is derived from a separate OLS regression where the explanatory variable is an indicator for the respective measure of connections. *, **, and *** represent statistical significance at 10, 5 and 1 percent levels.

**Table 3: The Effect of Connections on the Number of Union Leaders Disappeared,
Negative Binomial Estimates, Top 300 Firms (Prensa Economica Sample)**

VARIABLES	Without Additional Controls			With Additional Controls		
	Cabinet (1)	Business (2)	Social (3)	Cabinet (4)	Business (5)	Social (6)
Connections	2.041*** (0.505)	0.921*** (0.335)	0.384*** (0.0705)	1.407*** (0.291)	0.851*** (0.311)	0.441*** (0.118)
Board Size			-0.0326 (0.0238)			-0.0995*** (0.0305)
Ranking (1975)	-0.0156*** (0.00211)	-0.0121*** (0.00237)	-0.0108*** (0.00410)	-0.0171*** (0.00587)	-0.0166*** (0.00557)	-0.0136** (0.00581)
Total Sales (in thds, 1975)	0.263*** (0.0412)	0.315*** (0.0572)	0.388*** (0.0973)	0.00149 (0.0823)	-0.0366 (0.0994)	0.109 (0.0719)
Trades in Stock Exchange				-1.105*** (0.334)	-0.701 (0.467)	-0.145 (0.257)
Ranked in Mercado				-0.489 (0.663)	-0.461 (0.644)	0.159 (0.823)
Downstream Effects				-3.699*** (0.827)	-6.823*** (1.695)	5.575** (2.362)
Upstream Effects				2.750 (1.728)	2.864 (3.011)	10.91*** (1.040)
Bargaining Agreement				-0.490*** (0.137)	-0.582** (0.249)	-0.617 (0.411)
Strikes (1974-1975)				1.132*** (0.437)	1.255** (0.514)	1.472*** (0.398)
Attacks against Firm				0.783 (0.555)	0.839** (0.335)	0.150 (0.466)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	240	240	114	240	240	114

Note: Standard errors, clustered by industry, appear in parentheses. * indicates statistical significance at the 10% level; ** indicates statistical significance at the 5% level; *** indicates statistical significance at the 1% level.

**Table 4: The Effect of Connections on the Number of Union Leaders Disappeared,
Negative Binomial Estimates, Top 150 Firms (Mercado Sample)**

VARIABLES	Without Additional Controls			With Additional Controls		
	Cabinet (1)	Business (2)	Social (3)	Cabinet (4)	Business (5)	Social (6)
Connections	2.241*** (0.450)	1.675*** (0.621)	0.400*** (0.0899)	0.756*** (0.275)	0.744** (0.328)	0.340** (0.159)
Board Size			0.00192 (0.0422)			-0.0448 (0.0507)
Ranking (1975)	-0.0184* (0.0103)	-0.00400 (0.0160)	-0.0136 (0.0136)	-0.00721 (0.00614)	-0.00812 (0.00653)	-0.00734 (0.00578)
Total Sales (in thds, 1975)	0.272* (0.165)	0.509* (0.266)	0.256* (0.150)	0.106 (0.113)	0.0520 (0.121)	0.250*** (0.0683)
Trades in Stock Exchange				-0.106 (0.511)	0.220 (0.557)	0.614*** (0.0911)
Downstream Effects				11.84*** (1.715)	6.450 (4.422)	30.67*** (7.104)
Upstream Effects				7.249*** (1.331)	8.769*** (0.948)	6.413*** (1.590)
Bargaining Agreement				0.257 (0.403)	0.222 (0.437)	0.720* (0.404)
Strikes (1974-1975)				2.189*** (0.807)	2.146** (0.934)	2.793*** (0.700)
Attacks against Firm				0.158 (0.968)	0.0791 (0.965)	-0.707 (0.528)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	121	121	78	121	121	78

Note: Standard errors, clustered by industry, appear in parentheses. * indicates statistical significance at the 10% level; ** indicates statistical significance at the 5% level; *** indicates statistical significance at the 1% level.

Table 5
The Effect of Cabinet Connections on Union Leader Disappearances, Robustness Tests

VARIABLES	Top 300 Firms (Prensa Economica, 1975)			Top 150 Firms (Mercado, 1975)		
	Cabinet (1)	Business (2)	Social (3)	Cabinet (4)	Business (5)	Social (6)
	Including State Owned Firms in the Sample					
Connections	0.833*** (0.131)	0.596*** (0.229)	0.486*** (0.111)	1.258*** (0.337)	0.934** (0.397)	0.368* (0.212)
Board Size			-0.112*** (0.0270)			-0.0551 (0.0519)
Ranking (1975)	-0.0129*** (0.00444)	-0.0126*** (0.00399)	-0.0144*** (0.00465)	-0.00623 (0.00790)	-0.00454 (0.00917)	-0.00675 (0.00516)
Total Sales (in thds, 1975)	0.0168 (0.0104)	0.0267** (0.0118)	0.0629 (0.0799)	0.0143 (0.0186)	0.0271 (0.0171)	0.226*** (0.0843)
Strikes (1974-1975)	1.368*** (0.511)	1.407** (0.592)	1.568*** (0.421)	2.000*** (0.710)	1.882** (0.831)	2.839*** (0.836)
Observations	271	271	119	142	142	82
	Eliminating Firms with over 10 Union Disappearances (Negative Binomial Estimates)					
Connections	1.621*** (0.392)	1.341** (0.584)	0.495*** (0.102)	0.914** (0.416)	0.917** (0.372)	0.245*** (0.0855)
Board Size			-0.137*** (0.0382)			-0.00580 (0.0486)
Ranking (1975)	-0.0310*** (0.00884)	-0.0274*** (0.00774)	-0.0226 (0.0179)	-0.0340*** (0.00442)	-0.0111 (0.0234)	-0.00988 (0.0189)
Total Sales (in thds, 1975)	-0.710** (0.288)	-0.747** (0.367)	-0.394 (0.635)	-1.216** (0.516)	-0.0403 (0.624)	0.00877 (0.532)
Strikes (1974-1975)	1.190*** (0.397)	1.186** (0.581)	1.415*** (0.455)	1.805* (0.987)	1.770 (1.148)	1.558** (0.692)
Observations	235	235	109	116	116	73

Note: In addition to variables specified in the table, all specifications include the same controls as specifications (4) to (6) in Table 3. Standard errors, clustered by industry, appear in parentheses. * indicates statistical significance at the 10% level; ** indicates statistical significance at the 5% level; *** indicates statistical significance at the 1% level.

Table 6
The Effect of Cabinet Connections on Union Leader Disappearances, Robustness Tests

VARIABLES	Top 300 Firms (Prensa Economica, 1975)			Top 150 Firms (Mercado, 1975)		
	Cabinet (1)	Business (2)	Social (3)	Cabinet (4)	Business (5)	Social (6)
	Controlling for Firms' Number of Workers					
Connections	0.898*** (0.317)	0.450* (0.272)	0.458*** (0.103)	0.761** (0.312)	0.543 (0.423)	0.307** (0.121)
Board Size			-0.0753*** (0.0230)			-0.0328 (0.0436)
Ranking (1975)	-0.0120** (0.00517)	-0.0107* (0.00610)	-0.0136* (0.00818)	-0.00702 (0.00833)	-0.00572 (0.00910)	-0.00511 (0.00436)
Total Sales (in thds, 1975)	-0.164 (0.203)	-0.175 (0.265)	-0.0675 (0.0719)	0.00749 (0.0271)	0.0134 (0.0249)	0.210 (0.134)
Strikes (1974-1975)	0.915** (0.366)	0.941** (0.410)	1.057* (0.540)	2.471*** (0.780)	2.532*** (0.722)	2.410*** (0.835)
Number of Workers	0.331*** (0.0804)	0.357*** (0.0836)	0.199*** (0.0712)	0.0165*** (0.00334)	0.0169*** (0.00322)	0.0363 (0.0624)
Observations	99	99	72	65	65	54
	Controlling for Firm's Number of Disappeared Workers					
Connections	0.928** (0.450)	0.0258 (0.569)	0.412*** (0.0831)	0.343** (0.146)	-0.226 (0.599)	0.344** (0.165)
Board Size			-0.0882*** (0.0270)			-0.0394 (0.0464)
Ranking (1975)	-0.0161*** (0.00452)	-0.0150*** (0.00473)	-0.0166** (0.00685)	-0.0103** (0.00459)	-0.0120** (0.00516)	-0.0112* (0.00601)
Total Sales (in thds, 1975)	-0.266 (0.189)	-0.279 (0.217)	-0.0499 (0.0435)	-0.123 (0.191)	-0.170 (0.226)	0.124 (0.106)
Strikes (1974-1975)	0.605 (0.494)	0.645 (0.502)	1.135** (0.487)	1.414 (1.046)	1.361 (1.152)	2.545*** (0.771)
Number of Disp. Workers	0.143*** (0.0481)	0.170*** (0.0373)	0.0714*** (0.0172)	0.0918** (0.0424)	0.113* (0.0620)	0.0429* (0.0259)
Observations	240	240	114	121	121	78

Note: In addition to variables specified in the table, all specifications include the same controls as specifications (4) to (6) in Table 3. Standard errors, clustered by industry, appear in parentheses. * indicates statistical significance at the 10% level; ** indicates statistical significance at the 5% level; *** indicates statistical significance at the 1% level.

Table 7: The Effect of Cabinet Connections and Disappearance of Union Leaders on Workers' Strikes

VARIABLES	Top 300 Firms			Top 150 Firms		
	Cabinet Connections (1)	Industry Connections (2)	Jockey Club Connections (3)	Cabinet Connections (4)	Industry Connections (5)	Jockey Club Connections (6)
Strikes (1974-1975)	0.0611 (0.0586)	0.0546 (0.0559)	0.0555 (0.0577)	0.0374 (0.0804)	0.0184 (0.0721)	0.0361 (0.0877)
Connections	0.0284 (0.0573)	-0.00362 (0.0391)	0.00896 (0.00546)	0.0778 (0.0734)	0.0361 (0.0662)	0.0111 (0.00726)
Union Disappearances	0.0123 (0.0113)	0.00879 (0.00924)	0.0180 (0.0168)	0.0143 (0.0102)	0.00982 (0.00864)	0.0404** (0.0130)
Connections * Union Disap.	-0.0297** (0.0101)	-0.0256** (0.00933)	-0.00757*** (0.00203)	-0.0354*** (0.0102)	-0.0293** (0.00969)	-0.00833*** (0.00180)
Workers Disappearances	0.00962 (0.00555)	0.0136 (0.00743)	0.00814 (0.00512)	0.00686 (0.00526)	0.0116 (0.00805)	0.00239 (0.00461)
Trades in Stock Exchange	0.0436** (0.0187)	0.0335 (0.0189)	0.0342* (0.0179)	0.0787 (0.0506)	0.0500 (0.0435)	0.0674 (0.0469)
Industrial Firm	0.0189 (0.0484)	0.00633 (0.0234)	-0.00303 (0.0274)	-0.0312 (0.0693)	-0.110* (0.0540)	-0.114** (0.0492)
Downstream Effects	-0.350 (0.215)	-0.322* (0.175)	-0.396 (0.223)	-0.298 (0.382)	-0.335 (0.315)	-0.375 (0.373)
Upstream Effects	0.0506* (0.0273)	0.0479 (0.0266)	0.0513 (0.0283)	0.0457** (0.0195)	0.0458* (0.0211)	0.0409* (0.0181)
Bargaining Agreement	0.227* (0.115)	0.225* (0.113)	0.240* (0.116)	0.172 (0.110)	0.173 (0.111)	0.167 (0.104)
Attacks against Firm	0.132 (0.0830)	0.127 (0.0807)	0.126 (0.0799)	0.177 (0.115)	0.171 (0.117)	0.176 (0.117)
Ranked in Mercado	-0.00512 (0.0262)	-0.00272 (0.0272)	-0.00527 (0.0273)			
Ranking (1975)	-0.000728* (0.000331)	-0.000695* (0.000318)	-0.000666* (0.000324)	-0.00183 (0.00100)	-0.00166* (0.000861)	-0.00167 (0.000922)
Total Sales (in thds, 1975)	-0.00845* (0.00405)	-0.00929* (0.00460)	-0.00734* (0.00396)	-0.00970 (0.00606)	-0.0105 (0.00663)	-0.00713 (0.00547)
Observations	271	271	271	139	139	139
R-squared	0.373	0.369	0.363	0.429	0.420	0.424

Note: All specifications control for industry fixed effect in addition to variables specified in the table. Standard errors, clustered by industry, appear in parentheses. * indicates statistical significance at the 10% level; ** indicates statistical significance at the 5% level; *** indicates statistical significance at the 1% level.

Table 8: The Effect of Cabinet Connections and Disappearance of Union Leaders on Firms' Rankings

VARIABLES	Cabinet Connections		Industry Connections		Jockey Club Connections	
	(1)	(2)	(3)	(4)	(5)	(6)
Connections	0.128 (0.281)	0.120 (0.221)	0.0472 (0.190)	-0.0567 (0.195)	0.0331 (0.0406)	0.0121 (0.0269)
Union Disappearances	0.00785 (0.0136)	0.0269 (0.0161)	0.00119 (0.0128)	0.0121 (0.0119)	0.0161 (0.0372)	0.0397 (0.0332)
Connections * Union Disap.	-0.0340** (0.0150)	-0.0630*** (0.0175)	-0.0221** (0.00770)	-0.0376** (0.0143)	-0.00383 (0.00517)	-0.00923** (0.00403)
Workers Disappearances	-0.0175 (0.0133)	-0.0285 (0.0165)	-0.0144 (0.0133)	-0.0204 (0.0185)	-0.0129 (0.0126)	-0.0300** (0.0110)
Total Sales (in thds, 1975)	0.00450 (0.00852)	0.00934** (0.00390)	0.00357 (0.00845)	0.00700 (0.00409)	-0.0313 (0.0298)	-0.0155 (0.0435)
Trades in Stock Exchange		0.246** (0.0814)		0.230** (0.0815)		0.187 (0.155)
Industrial Firm		-0.622*** (0.152)		-0.670*** (0.0626)		2.576 (1.837)
Downstream Effects		0.0509 (0.655)		0.0600 (0.602)		-2.873 (2.539)
Upstream Effects		0.113 (0.145)		0.109 (0.139)		1.647* (0.788)
Bargaining Agreement		-0.382 (0.215)		-0.379* (0.190)		-0.416 (0.396)
Strikes (1974-1975)		-0.0538 (0.149)		-0.0688 (0.156)		-0.0732 (0.291)
Attacks against Firm		0.395*** (0.0833)		0.390*** (0.0826)		0.463*** (0.102)
Ranked in Mercado		0.0147 (0.0735)		0.0212 (0.0751)		-0.251 (0.232)
Ranking (1975)						
Board Size					0.00441 (0.00486)	-0.00408 (0.00713)
Observations	271	271	271	271	119	119
R-squared	0.011	0.184	0.010	0.180	0.026	0.211

Note: All specifications control for industry fixed effect in addition to variables specified in the table. Standard errors, clustered by industry, appear in parentheses. * indicates statistical significance at the 10% level; ** indicates statistical significance at the 5% level; *** indicates statistical significance at the 1% level.

Table A1: Summary Statistics of Firms' Characteristics, Full Sample of Firms

	Cabinet Connections				Business Connections				Social Connections			
	Mean		Difference in Means		Mean		Difference in Means		Mean		Difference in Means	
	Connected	Not Connected	Without Industry FEs	With Industry FEs	Connected	Not Connected	Without Industry FEs	With Industry FEs	Connected	Not Connected	Without Industry FEs	With Industry FEs
Ranked in Prensa Economica (1975)	0.6235 (0.487)	0.3996 (0.490)	0.224*** [0.0570]	0.237** [0.0912]	0.6596 (0.476)	0.3899 (0.488)	0.270*** [0.0543]	0.239*** [0.0656]	0.7052 (0.457)	0.3284 (0.470)	0.377*** [0.0414]	0.386*** [0.0556]
Not ranked in PE due to lack of info	0.0235 (0.152)	0.0302 (0.171)	-0.00667 [0.0197]	0.00735 [0.0250]	0.0213 (0.145)	0.0307 (0.173)	-0.00941 [0.0188]	0.00579 [0.0236]	0.0173 (0.131)	0.0337 (0.181)	-0.0163 [0.0150]	-0.0236*** [0.0062]
Ranked in Mercado (1975)	0.4235 (0.497)	0.1901 (0.393)	0.233*** [0.0475]	0.178** [0.0801]	0.4574 (0.501)	0.1805 (0.385)	0.277*** [0.0450]	0.229*** [0.0709]	0.4855 (0.501)	0.1242 (0.330)	0.361*** [0.0340]	0.352*** [0.0531]
Trades in Stock Exchange (Merval)	0.3529 (0.481)	0.4600 (0.499)	-0.107* [0.0578]	-0.0587 [0.0632]	0.3085 (0.464)	0.4693 (0.500)	-0.161*** [0.0552]	-0.108 [0.0985]	0.3584 (0.481)	0.4779 (0.500)	-0.120*** [0.0440]	-0.0805** [0.0339]
Downstream Effects	1.0012 (0.463)	1.1301 (0.415)	-0.129** [0.0502]	-0.00175 [0.0033]	1.0248 (0.429)	1.1278 (0.422)	-0.103** [0.0486]	0.00721 [0.0044]	1.0177 (0.418)	1.1496 (0.421)	-0.132*** [0.0381]	-0.00439 [0.0055]
Upstream Effects	1.2625 (0.795)	0.9619 (0.582)	0.301*** [0.0731]	-0.021 [0.0328]	1.2012 (0.805)	0.9685 (0.580)	0.233*** [0.0710]	0.00649 [0.0321]	1.0721 (0.697)	0.9758 (0.590)	0.0963* [0.0564]	0.00785 [0.0070]
Workers Collective Bargaining Agreement	0.1176 (0.324)	0.0320 (0.176)	0.0857*** [0.0235]	0.0595* [0.0279]	0.0957 (0.296)	0.0343 (0.182)	0.0614*** [0.0226]	0.0388* [0.0206]	0.1214 (0.328)	0.0147 (0.121)	0.107*** [0.0176]	0.0943* [0.0520]
Workers' Strikes (1974-1975)	0.3647 (0.484)	0.1368 (0.344)	0.228*** [0.0425]	0.153** [0.0629]	0.3617 (0.483)	0.1336 (0.341)	0.228*** [0.0407]	0.191*** [0.0495]	0.3699 (0.484)	0.0926 (0.290)	0.277*** [0.0313]	0.245*** [0.0665]
Attacks against the Firm (1974-1975)	0.1647 (0.373)	0.0657 (0.248)	0.0990*** [0.0311]	0.102** [0.0358]	0.1702 (0.378)	0.0632 (0.244)	0.107*** [0.0298]	0.117*** [0.0387]	0.1445 (0.353)	0.0547 (0.228)	0.0898*** [0.0237]	0.0867* [0.0448]
Total Number of Firms	85	563			94	554			173	475		

Notes: Standard deviations in parentheses in columns (1) and (2). Standard errors in brackets in columns (3) and (4). Each entry in columns (3) and (4) is derived from a separate OLS regression where the explanatory variable is an indicator for Cabinet Connections. *, **, and *** represent statistical significance at 10, 5 and 1 percent levels.

Table A2: The Effect of Connections on the Number of Union Leaders Disappeared (Negative Binomial estimates, full sample of firms)

VARIABLES	Without Additional Controls			With Additional Controls		
	Cabinet (1)	Business (2)	Social (3)	Cabinet (4)	Business (5)	Social (6)
Connections	2.146*** (0.532)	2.196*** (0.592)	0.131 (0.178)	1.667*** (0.354)	1.133*** (0.266)	0.307*** (0.0400)
Board Size			0.0913*** (0.0327)			-0.00933 (0.0248)
Ranked in Prensa Economica				1.109 (0.699)	1.233* (0.679)	1.325 (1.455)
Ranked in Mercado				1.066** (0.505)	1.412*** (0.305)	0.797 (0.496)
Trades in Stock Exchange				-1.990*** (0.294)	-1.220*** (0.237)	-0.928*** (0.276)
Mentioned in PE				-17.42*** (0.536)	-15.57*** (0.518)	-14.42*** (1.033)
Downstream Effects				-8.487*** (1.869)	-6.406** (2.561)	-0.192 (1.985)
Upstream Effects				1.731*** (0.443)	0.581*** (0.120)	0.974 (1.457)
Bargaining Agreement				-0.0325 (0.324)	0.536 (0.653)	0.151 (0.384)
Strikes (1974-1975)				1.543*** (0.188)	1.655*** (0.345)	1.078** (0.454)
Attacks against Firm				1.016** (0.399)	1.337*** (0.186)	1.326*** (0.323)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	592	592	170	592	592	170

Note: Standard errors, clustered by industry, appear in parentheses. * indicates statistical significance at the 10% level; ** indicates statistical significance at the 5% level; *** indicates statistical significance at the 1% level.