

## DEVELOPING EASTERN GERMANY:

### THE EFFECTS OF ECONOMIC PROMOTION IN THE EASTERN GERMAN STATES AFTER REUNIFICATION

#### ONLINE APPENDIX

*Table A.1*

Descriptive Statistics of the Analysed Variables in Eastern Germany

Variables	obs.	mean	s.d.	min	max.
Employment	59,125	774.99	2707.86	1	195,504.2
Value added in m. €	58,248	4,106,817	35,500,000	44.37	5,040,000,000
Wages p.c. in €	78,212	1691.391	905.38	10.79	20,116.58
Wage share	44,044	0.29	1.90	0.00	395.30
Productivity in t. € (turnover p.c.)	43,827	9,939.55	43680.69	7.18	8,089,638
Investment in m. €	89,485	1,574,894	15,700,000	0	1,740,000,000
Share of investment	65,075	0.11	0.73	0	68.92

Source: IAB Establishment Panel 1996 – 2012, data non-weighted. Descriptive statistics of the analysed variables in column 1 in the total sample and the respective sub-samples.

*Table A.2*

Business Development Programs and Employment (Eastern Germany / p. 1,000 €)

Variablen	t-1	t+1	t+2	t+3	t+4	t+5
t=1	-80.98 (55.35)	-69.10 (44.27)	-72.70 (50.83)	-76.29 (53.94)	-90.88 (62.71)	-95.29 (57.53)
D=1	-104.0 (53.78)	-40.35 (46.35)	-56.78 (52.02)	-48.55 (55.47)	-35.36 (64.58)	11.31 (61.29)
t·D·pub. fund.	0.474** (0.130)	0.455** (0.122)	0.485** (0.128)	0.456** (0.153)	0.522** (0.159)	0.502** (0.172)
pub. fund. t+2	0.751** (0.255)	0.810** (0.227)	0.886** (0.233)	1.057** (0.297)	0.949** (0.319)	0.892* (0.357)
pub. fund. t-2	0.603** (0.167)	0.507** (0.0938)	0.410** (0.104)	0.341** (0.111)	0.320** (0.110)	0.268* (0.117)
Const.	813.6** (45.53)	711.6** (37.65)	731.5** (44.31)	685.3** (47.14)	704.6** (55.77)	652.2** (47.62)
No. of obs.	15,169	15,180	14,174	11,755	9,924	8,371
(no. of est.)	(3,285)	(3,219)	(3,023)	(2,507)	(2,097)	(1,750)
R <sup>2</sup>	0.084	0.088	0.086	0.093	0.072	0.066

The estimated Kernel densities of the matching process are used as weights for the OLS regression. Robust standard errors in brackets. \* and \*\* indicate a significance level of 5% and 1%, respectively.

Table A.3

Business Development Programs and Value Added (Eastern Germany / p. 1,000 €)

Variablen	t-1	t+1	t+2	t+3	t+4	t+5
t=1	-291858.6 (429257.6)	-378726.0 (317143.6)	-422473.2 (346707.7)	-406114.6 (369015.9)	-521199.5 (369128.2)	-502831.9 (341459.4)
D=1	-1361255.0** (391665.6)	-980679.4** (306425.6)	-939721.3** (321959.6)	-1115261.9** (350283.4)	-864507.1* (362352.1)	-602974.2 (346617.5)
t·D·pub. fund.	1903.4* (907.7)	2104.9* (891.2)	2174.6* (934.6)	1550.1 (1083.0)	2881.5* (1260.6)	3125.6** (1195.9)
pub. fund. t+2	5542.4** (1645.2)	6449.2** (1354.4)	7084.5** (1449.9)	8164.9** (1776.9)	7612.4** (1857.5)	6135.6** (1770.1)
pub. fund. t-2	4054.0** (1213.0)	3305.4** (597.5)	2710.0** (679.6)	2186.6** (679.4)	1683.3** (510.0)	1327.8* (521.5)
Const.	4211649.4** (340549.5)	3670779.1** (283708.4)	3636030.7** (297666.4)	3616255.9** (312317.9)	3556922.4** (318205.8)	3451986.5** (314555.1)
No. of obs. (no. of est.)	15,169 (3,285)	15,180 (3,219)	14,174 (3,023)	11,755 (2,507)	9,924 (2,097)	8,371 (1,750)
R <sup>2</sup>	0.077	0.093	0.099	0.102	0.086	0.065

The estimated Kernel densities of the matching process are used as weights for the OLS regression. Robust standard errors in brackets. \* and \*\* indicate a significance level of 5% and 1%, respectively.

Table A.4

Business Development Programs and Average Monthly Wages (Eastern Germany / p. 1,000 €)

Variablen	t-1	t+1	t+2	t+3	t+4	t+5
t=1	10.45 (22.21)	-21.91 (21.34)	-35.46 (20.79)	-18.84 (22.68)	-39.18 (24.75)	-60.78* (26.61)
D=1	14.66 (21.72)	11.31 (21.01)	24.29 (20.24)	13.88 (22.09)	10.09 (24.31)	16.41 (26.11)
t·D·pub. fund.	0.142** (0.032)	0.142** (0.037)	0.105** (0.037)	0.129** (0.045)	0.128** (0.042)	0.132** (0.043)
pub. fund. t+2	0.238** (0.030)	0.291** (0.029)	0.285** (0.031)	0.301** (0.034)	0.313** (0.037)	0.356** (0.039)
pub. fund. t-2	0.142** (0.022)	0.155** (0.025)	0.180** (0.029)	0.171** (0.029)	0.141** (0.027)	0.128** (0.031)
Const.	1767.1** (20.86)	1776.4** (21.59)	1762.1** (19.04)	1758.4** (20.70)	1766.4** (22.57)	1761.0** (24.29)
No. of obs. (no. of est.)	15,169 (3,285)	15,180 (3,219)	14,174 (3,023)	11,755 (2,507)	9,924 (2,097)	8,371 (1,750)
R <sup>2</sup>	0.043	0.050	0.056	0.058	0.050	0.060

The estimated Kernel densities of the matching process are used as weights for the OLS regression. Robust standard errors in brackets. \* and \*\* indicate a significance level of 5% and 1%, respectively.

Table A.5

Business Development Programs and Wage Share (Eastern Germany / p. 1,000,000 €)

Variablen	t-1	t+1	t+2	t+3	t+4	t+5
t=1	0.0028 (0.0042)	0.0033 (0.0042)	-0.0044 (0.0042)	0.0050 (0.0049)	-0.0067 (0.0049)	-0.0028 (0.0054)
D=1	0.0028 (0.0040)	0.0068 (0.0041)	0.0066 (0.0041)	0.0073 (0.0048)	0.0051 (0.0050)	0.0065 (0.0054)
t-D-pub. fund.	-0.0036 (0.0081)	-0.0054 (0.0082)	-0.0026 (0.0083)	0.0058 (0.0095)	0.0068 (0.0102)	-0.0033 (0.0101)
pub. fund. t+2	-0.0275** (0.0072)	-0.0354** (0.0067)	-0.0374** (0.0069)	-0.0384** (0.0076)	-0.0375** (0.0075)	-0.0323** (0.0078)
pub. fund. t-2	-0.0284** (0.0050)	-0.0305** (0.0054)	-0.0274** (0.0051)	-0.0310** (0.0051)	-0.0324** (0.0052)	-0.0380** (0.0055)
Const.	0.2740** (0.0039)	0.2750** (0.0038)	0.2750** (0.0039)	0.2750** (0.0044)	0.2760** (0.0047)	0.2760** (0.0051)
No. of obs. (no. of est.)	15,169 (3,285)	15,180 (3,219)	14,174 (3,023)	11,755 (2,507)	9,924 (2,097)	8,371 (1,750)
R <sup>2</sup>	0.021	0.023	0.023	0.024	0.025	0.028

The estimated Kernel densities of the matching process are used as weights for the OLS regression. Robust standard errors in brackets. \* and \*\* indicate a significance level of 5% and 1%, respectively.

Table A.6

Business Development Programs and Productivity (Eastern Germany / p. 1,000 €)

Variablen	t-1	t+1	t+2	t+3	t+4	t+5
t=1	-73.40 (360.5)	-123.0 (346.0)	98.14 (362.9)	29.71 (402.7)	153.1 (372.9)	5.275 (398.0)
D=1	-1253.4** (345.9)	-1191.6** (337.1)	-1178.4** (352.4)	-1315.9** (382.6)	-1362.4** (363.1)	-1407.8** (384.7)
t-D-pub. fund.	0.986 (0.779)	0.608 (0.816)	0.734 (0.869)	0.427 (1.068)	0.748 (1.177)	0.554 (1.108)
pub. fund. t+2	3.676** (0.833)	4.720** (0.801)	5.052** (0.824)	5.078** (0.977)	5.367** (0.953)	5.125** (0.951)
pub. fund. t-2	3.382** (0.605)	4.098** (0.760)	3.706** (0.640)	4.026** (0.850)	3.784** (0.739)	4.211** (0.819)
Const.	9884.9** (357.0)	9732.2** (328.0)	9667.8** (330.5)	9698.6** (350.1)	9537.6** (355.1)	9466.3** (385.4)
No. of obs. (no. of est.)	15,169 (3,285)	15,180 (3,219)	14,174 (3,023)	11,755 (2,507)	9,924 (2,097)	8,371 (1,750)
R <sup>2</sup>	0.049	0.064	0.062	0.068	0.075	0.087

The estimated Kernel densities of the matching process are used as weights for the OLS regression. Robust standard errors in brackets. \* and \*\* indicate a significance level of 5% and 1%, respectively.

Table A.7

Business Development Programs and Sum of Investment over the Observed Time Period  
(Eastern Germany / p. 1,000 €)

Variablen	t-1	t+1	t+2	t+3	t+4	t+5
t=1	-427522.7** (146847.6)	-284161.0* (115195.7)	508952.9** (175506.7)	1239106.5** (261274.0)	1577426.2** (318838.5)	1970257.7** (362607.0)
D=1	-472130.0** (152380.4)	-324292.7** (122352.3)	-614060.4** (168345.6)	-1003966.1** (259626.4)	-1051684.2** (335167.1)	-1056835.9** (375443.0)
t·D·pub. fund.	1238.8 (687.9)	1243.0* (594.5)	3589.3* (1529.8)	5611.2* (2811.7)	8596.6* (3962.5)	9757.5* (4342.7)
pub. fund. t+2	3492.0** (830.3)	4173.7** (681.3)	5713.7** (985.8)	8621.5** (1599.3)	9090.6** (2001.8)	10331.6** (2430.8)
pub. fund. t-2	2059.7** (354.6)	828.9** (236.4)	1422.4** (395.5)	1354.7** (512.0)	1516.6** (559.9)	1840.5** (703.7)
Const.	1050615.3** (133020.3)	794898.5** (105098.3)	596208.6** (117233.6)	518434.1** (140724.9)	457096.4** (165717.9)	257441.6 (193129.3)
No. of obs. (no. of est.)	15,169 (3,285)	15,180 (3,219)	14,174 (3,023)	11,755 (2,507)	9,924 (2,097)	8,371 (1,750)
R <sup>2</sup>	0.143	0.182	0.226	0.242	0.228	0.246

The estimated Kernel densities of the matching process are used as weights for the OLS regression. Robust standard errors in brackets. \* and \*\* indicate a significance level of 5% and 1%, respectively.

Table A.8

Business Development Programs and Average Share of Investment (Eastern Germany / p.  
1,000,000 €)

Variablen	t-1	t+1	t+2	t+3	t+4	t+5
t=1	-0.0687** (0.0178)	-0.0227** (0.0080)	0.1240** (0.0178)	0.0883** (0.0130)	0.0363** (0.0108)	0.0030 (0.0102)
D=1	-0.0157 (0.0179)	0.0279** (0.0078)	0.0294* (0.0138)	0.0239* (0.0111)	0.0243* (0.0104)	0.0137 (0.0103)
t·D·pub. fund.	0.0679** (0.0246)	0.0951** (0.0247)	0.1860** (0.0665)	0.1330* (0.0526)	0.0613* (0.0303)	0.0326 (0.0235)
pub. fund. t+2	0.0224 (0.0222)	0.1050** (0.0302)	0.2390* (0.0980)	0.2160** (0.0751)	0.1600** (0.0461)	0.1410** (0.0382)
pub. fund. t-2	0.1080** (0.0195)	0.0249 (0.0132)	0.0482 (0.0304)	0.0503* (0.0255)	0.0600** (0.0216)	0.0597** (0.0206)
Const.	0.1740** (0.0238)	0.1030** (0.0065)	0.0804** (0.0112)	0.0881** (0.0091)	0.0930** (0.0078)	0.100** (0.0079)
No. of obs. (no. of est.)	15,169 (3,285)	15,180 (3,219)	14,174 (3,023)	11,755 (2,507)	9,924 (2,097)	8,371 (1,750)
R <sup>2</sup>	0.013	0.037	0.083	0.095	0.061	0.054

The estimated Kernel densities of the matching process are used as weights for the OLS regression. Robust standard errors in brackets. \* and \*\* indicate a significance level of 5% and 1%, respectively.