

Discussion of paper by James R.  
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October 23, 2014

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# Object of the paper

- In 2009, 2010 Sweden introduced a temporary measure to ease financial constraints:  
postpone paying labor taxes and use the unpaid taxes as loan with a (more or less) 5% interest rate

# Three questions

- Are financially constrained firms using the lending facility?
- Did they increase capital investment?
- Did they increase employment?
- Answers: yes

# Strength of the paper

- Nice data set:
  - all limited liability Swedish companies (around 140 000 consolidated firms per year), not just listed firms from Statistics Sweden
  - Data on corporate tax filings from Swedish tax agency
- 2500 firms used the lending facility

# Main identification strategy

- Match firms using the lending facility with firms of the lower quartile in the distribution of loan capacity (wage bill/total assets) that are similar according to 7 criteria (*cash flow, debt, firm age, cash, dividend, sales growth, wage bill*) and that cannot use the lending facility

# Comments

- Compare treated and controlled firms for each quartile of the distribution of loan capacity
- Treated firms may differ from controlled firms not because of size (wage bill) but because of labour intensity (wage bill/assets)

# Comments

- In the matching, cash and dividend are statistically different for loan and control firms, not by much, but those are two variables have a large marginal effect (table 2), hence the propensity score might be substantially different

# Minor comments

- CAPX is not part of the criteria for matching, hence I would suggest not to report CAPX in table 5.
- Why not control for lagged capital expenditure in table 7 when working on the matched firms?

# Extensions

- Look at effects on R&D, profits, short-term debt, long-term debt, tax returns
- Cost-benefit: was it a good deal for society?  
compare costs of the measure
- Look at future years: as firms have to reimburse their loans, how are CAPX, employment,... affected?

