

CEO Ideology and Global Trade *

Elisabeth Kempf, Harvard Business School, CEPR, and NBER

Mancy Luo, Bayes Business School (formerly Cass)

Margarita Tsoutsoura, Washington University in St. Louis, CEPR, ECGI, and NBER

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Abstract

We study how the political ideology of corporate leaders shapes international trade. Exploiting shifts in ideological alignment between U.S. firm CEOs and foreign governments around national elections, we show that firms reduce trade with countries when their CEO's ideological distance to the foreign government increases rather than decreases. Compared to firms whose CEOs become more ideologically aligned, these firms contract their trade networks, relying on fewer partners on average. Textual analysis of earnings call transcripts suggests that differential perceptions of country risk are a key mechanism underlying these effects.

Keywords: international trade, firm networks, political ideology, elections, political economy

*Elisabeth Kempf (ekempf@hbs.edu), Mancy Luo (mancy.luo@city.ac.uk), Margarita Tsoutsoura (tsoutsoura@wustl.edu). We are grateful for comments from Ebehi Iyoha, Raghavendra Rau (discussant), Nishant Vats, David Yang (discussant), Luigi Zingales, and seminar/conference participants at BI Oslo, Georgia State, Harvard Business School, HEC Paris, London Political Finance Workshop 2025, NBER SI 2025 International Economics and Geopolitics, Stockholm School of Economics, and Washington University in St. Louis. We thank Sreeta Basu, Isabel Galea, and Yuan Yuan for excellent research assistance.

1 Introduction

Geopolitical tensions have been on the rise, disrupting the increasingly interconnected economic relationships between nations. A large academic literature examines the effects of government-imposed trade barriers, such as tariffs, sanctions, and industrial policies, on international trade (see, e.g., Fajgelbaum and Khandelwal (2022); Irwin (2020), and Juhász, Lane, and Rodrik (2024)). Much less is known about “private sanctions” (Hart, Thesmar, and Zingales (2023))—firms severing ties with countries for reasons beyond profit or government policy, such as the political ideology of their leaders. Understanding the role of leadership ideology is particularly relevant given rising political polarization of U.S. executive teams (Fos, Kempf, and Tsoutsoura (2025)) and the emerging evidence that partisanship and political ideology influence economic decisions, even in high-stakes professional settings (see Kempf and Tsoutsoura (2024) for a review). If leaders’ political views shape firms’ trade relationships, this could have important implications for the resilience of global supply chains, the diversification of economic ties, and the broader trajectory of globalization.

In this paper, we examine how the ideological alignment between U.S. corporate leaders and foreign governments influences firms’ global trade activity. Identifying the causal effect of such alignment poses two main challenges. First, ideological similarity often coincides with other dimensions of proximity, such as geographic, linguistic, or cultural ties. Second, changes in ideological distance may coincide with shifts in trade policy, which can directly affect the legality and profitability of cross-border transactions.

To address these challenges, we compile a novel dataset combining granular trade transaction data from S&P Global’s Panjiva database with U.S. CEOs’ political affiliations from voter registration records. Following Kempf, Luo, Schäfer, and Tsoutsoura (2023), we measure ideological distance between U.S. CEOs and foreign governments using party ideology scores from the Manifesto Project Database (Volkens, Lehmann, Matthieß, Merz, Regel,

and Weßels (2018)). We exploit national elections in foreign countries as a quasi-natural experiment, using them as an exogenous source of variation in ideological distance. This allows us to compare changes in trade patterns between Democratic- and Republican-led U.S. firms trading with the same country at the time of the same foreign election.

Our findings show that CEOs’ political ideology significantly shapes firms’ global trade activity. Following a foreign election, firms whose CEO experiences an increase in ideological distance are 4.5 percentage points less likely to import from that country relative to firms whose CEO experiences a decrease in distance. This effect remains economically meaningful when comparing U.S. firms importing the same product category, indicating that neither changes in product demand nor product-specific trade policies account for the result. Import quantities decline by 9.6 to 15.1 percent, depending on the measure used. The relative decline in trade begins in the election half-year and persists for at least two years, with no evidence of pre-trends. The effects are very similar in the subsample of close elections, where election outcomes are difficult to predict and thus provide even stronger conditions for causal identification.

Heterogeneity tests reveal that the relative decline in trade activity varies systematically with the importance of the foreign country to the importing firm. CEO ideology has a stronger effect when the country is less central to the firm’s supply chain: the impact is more than twice as large when the country’s volume share is below 10% compared to when it exceeds 25%. We obtain a similar pattern when we measure the importance of the relationship on the extensive margin, that is, by whether the firm has traded with the country in the two years prior to the election. Taken together, these results suggest that CEO ideology is less likely to influence import activity when trade adjustments would be particularly costly or when firms have more information about their foreign partners.

We provide direct evidence that a plausible mechanism behind the documented trade response is ideologically shaped beliefs of U.S. CEOs. Following a foreign election, CEOs who experience an increase in ideological distance are significantly more likely to express

concerns about country-level risk in earnings calls than CEOs who experience a decrease in distance. We conduct additional analyses to rule out alternative interpretations. A within-supplier test shows that the adjustment is not initiated by foreign trade partners who might be differentially affected by the election outcome. Moreover, the results hold across CEOs with varying levels of public visibility, indicating that foreign governments or trade partners are unlikely to selectively target U.S. firms based on CEO politics.

Finally, we examine how U.S. firms adjust their trade networks in response to shifts in ideological alignment. Rather than redirecting trade to new foreign partners, firms whose CEOs experience increased ideological distance reduce the overall number of import relationships and are less likely to initiate new ones. This pattern suggests that ideological distance leads to a contraction in the scope of firms' trade networks, potentially reducing diversification and heightening vulnerability to country-specific shocks (e.g., Bonadio, Huo, Levchenko, and Pandalai-Nayar (2021)).

Taken together, our findings reveal that CEOs' political ideology has a meaningful impact on global trade activity. Ideological misalignment with foreign governments leads U.S. firms to reduce trading activity and contract the breadth of their international supplier base. Importantly, the vast majority of countries in our sample are not geopolitical adversaries, but democratic trading partners that together accounted for approximately 64% of U.S. foreign trade during our sample period. Finding that CEO ideology influences firm behavior in this context—not only in interactions with adversarial regimes—underscores the breadth of ideological influences on cross-border economic activity. As political polarization deepens among U.S. corporate leaders, our results suggest that private firms may play an increasingly active role in narrowing the scope of global supply chains, independently of formal policy.

The rest of this study proceeds as follows. In the next section, we discuss the related literature. Section 3 presents the data, sample construction, and summary statistics. Section 4 describes our empirical strategy. Section 5 presents our main results on how CEOs'

ideological alignment with foreign governments influences their decision to engage in trade with a given country. Section 6 explores potential economic mechanisms. Section 7 provides evidence on how firms reshape their overall trade network in response to shifts in political alignment. Section 8 concludes.

2 Related Literature

Our study contributes to several strands of the literature. First, it adds to the extensive body of work that examines the role of geopolitics in the context international trade. Much of this literature has focused on tariffs and other government-imposed interventions, estimating the costs of protectionist policies (see, e.g., Irwin (2020) and Juhász, Lane, and Rodrik (2024) for reviews). By examining how corporate leaders’ political ideology shapes international economic exchange, our paper studies a firm-level trade friction and relates more closely to the emerging literature on “private sanctions”—firms severing ties with countries for reasons beyond profit or government policy (Hart, Thesmar, and Zingales (2023)). This topic is particularly relevant given the growing political polarization of U.S. executive teams (Fos, Kempf, and Tsoutsoura (2025)), yet remains largely unexplored.¹ We address this gap by analyzing how CEOs’ political ideology influences global trade activity.

In this strand of the literature, two contemporaneous papers are closely related to ours. Ayyagari, Gao, and Ma (2025) measure bilateral relations between the U.S. and foreign governments based on voting patterns in the UN General Assembly. They then examine how U.S. firms adjust their import decisions in response to changes in these bilateral relations, depending on whether their CEO is politically aligned with the U.S. administration. Their observed firm response likely reflects two effects: (i) ideologically driven differences in CEOs’ views of foreign trade relationships, and (ii) the desire to

¹One notable exception is Chandler, Kim, Waddingham, and Hill (2023), who show that firms with Republican CEOs are more likely to enter foreign markets via acquisitions, whereas firms with Democratic CEOs are more likely to use strategic alliances.

strengthen political connections with the U.S. government by supporting its policies. In contrast, our paper focuses on identifying the ideological differences between CEOs and their effects on firms’ foreign trade relationships, without conditioning on whether the CEO’s ideology aligns with the U.S. administration.

The second contemporaneous paper is Charoenwong, Peng, and Wu (2025), which does not focus on CEO ideology but instead measures a firm’s political leaning using its Political Action Committee (PAC) donations. They also find that a greater ideological distance between a firm and a foreign country leads to reduced imports from that country, but the decline in imports begins six months before the election.

Beyond global trade, a growing literature examines how political or ideological distance influences other forms of economic exchange. Duchin, Farroukh, Harford, and Patel (2022) find that the political distance between workforces affects M&A activity. Kempf, Luo, Schäfer, and Tsoutsoura (2023) show that ideological alignment with foreign governments shapes cross-border capital allocation by large U.S. institutional investors. Aiyar, Malacrino, and Presbitero (2024) show that geopolitical distance between countries affects foreign direct investment. Our paper also contributes to a broader understanding of how political ideology and polarization influence corporate decisions and firm outcomes (see Kempf and Tsoutsoura (2024) for a review).

3 Data

Our dataset combines trade transaction-level data from S&P Panjiva with information on the party affiliations of U.S. CEOs from voter registration records, as well as party ideology scores and election data from the Manifesto Project Database. We describe each data source in more detail below.

3.1 Global Trade Relationships

We use S&P Panjiva to obtain transaction-level records of physical goods traded between U.S. firms and international trade partners via vessels between 2007 and 2021. Panjiva collects these data from the U.S. Customs and Border Protection (CBP) using Bills of Lading (BOLs). The records provide the names and addresses of the U.S. buyers or sellers, product descriptions, imputed Harmonized System (HS) codes based on these descriptions, shipment dates, and the weight and quantities imported or exported. Panjiva also estimates the dollar value of a transaction based on publicly-available average unit values (Flaaen, Haberkorn, Lewis, Monken, Pierce, Rhodes, and Yi (2023)). For import records, Panjiva provides the names and addresses of foreign sellers, while export records include only the destination country without information on the identity of the buyer. Flaaen, Haberkorn, Lewis, Monken, Pierce, Rhodes, and Yi (2023) offer a comprehensive description of the Panjiva dataset.

We construct our sample following the approach in Smirnyagin and Tsyvinski (2022). For the import data, we match U.S. buyers in Panjiva with entities covered by the Capital IQ database via a cross-reference table provided by Panjiva, and then aggregate these entities to their ultimate parent company, as outlined in Jain and Wu (2023). This allows us to attribute import transactions executed by multiple entities to the corresponding parent company. Next, we link these parent companies to Compustat using the crosswalk file provided by WRDS. We exclude shipments for which the supplier country is either unknown or the United States. For the export data, we proceed analogously by linking U.S. sellers to their parent companies in Compustat. Our primary analysis focuses on imports because they account for the majority of trade activity for most U.S. firms and because Panjiva allows us to identify the foreign trade partner at the firm-level for imports. But we separately examine exports in auxiliary tests.

We classify products into product categories based on their two-digit HS codes and will refer to these as “products” for brevity. Internet Appendix Table IA.1 provides descriptions

for the top 15 product categories by trading volume in our sample. In our robustness tests, discussed in Section 5.2 below, we show that our main results are similar if we use finer product categories, such as six-digit HS codes.

We aggregate shipments at the U.S. firm $\times$ product $\times$ foreign country $\times$ half-year level. To focus on the most relevant countries in a firm’s trade network, we restrict the sample to the top five import countries for a given firm-product pair, defined based on the total import volume (in TEU) during the entire sample period, respectively. When we study exports, we restrict to the top five export countries analogously. A detailed description of the data cleaning steps is provided in the Internet Appendix IA.A.1.

3.2 Ideological Distance

Measuring the ideological alignment between U.S. CEOs and foreign governments requires three ingredients: (i) data on foreign elections in countries where U.S. firms trade, (ii) information on U.S. CEOs’ political party affiliations, and (iii) a measure of ideological distance between the party of the U.S. CEO and the ruling party abroad.

First, we obtain data on foreign elections from the Manifesto Project Database (MPD), which covers national lower-house elections in over 50 countries.² The information provided by the MPD includes the election date and the popular vote shares of each party. When multiple parties form a pre-electoral alliance to contest an election, we treat the alliance as a single political group and calculate the vote share for the alliance as the sum of the individual parties’ vote shares.³ For each election, we then consider the party or the alliance with the highest vote share as the winning party.

Although the MPD does not cover every U.S. trade partner—most notably China, which lacks competitive multi-party elections and therefore party manifestos—the countries in

²See Volkens, Lehmann, Matthieß, Merz, Regel, and Weßels (2018) for a detailed description of the database. For South American countries, MPD mainly covers presidential elections.

³To identify which parties are part of the same pre-electoral alliance, we link the MPD with the Varieties of Party Identity and Organization (V-Party) Dataset, available at <https://www.v-dem.net/data/v-party-dataset/>.

the MPD still represent a substantial share of U.S. foreign trade. Using the U.S. Census Bureau’s “U.S. Trade in Goods by Country” data, we estimate that MPD-covered countries accounted for approximately 64 percent of total U.S. foreign trade during our sample period, and they account for approximately 40-56% of all U.S. maritime trade in Panjiva (depending on the quantity measure used). Thus, the set of foreign countries that we are able to study encompasses a substantial share of U.S. foreign trade, making our findings economically relevant.

Because the Panjiva data span the years 2007 to 2021, we focus on elections taking place between 2009 and 2019 to capture at least two years of data before and after each election. After restricting to elections in countries where U.S. firms commonly trade, we obtain a sample of 132 foreign elections in 47 countries. About 54 of these elections involve a change in the victorious party. The average (median) margin of victory, measured as the absolute difference between the highest and the second-highest vote share, is 10.4 (7.8) percentage points.

In addition to data on election outcomes, the MPD also provides a standardized assessment of each political party’s ideology by coding their electoral manifestos. Using each party’s election program, the MPD classifies a party’s position across various policy dimensions—some of which are pre-assigned as left or right based on the left-right political spectrum outlined by Laver and Budge (1992).⁴ The approach uses publicly available pre-election documents and represents the most commonly used measure to gauge policy positions (Budge (2001)). Measuring party ideology through electoral manifestos offers a key advantage: the content is publicly available before an election. Moreover, prior research shows a strong link between manifesto positions and subsequent government spending priorities (e.g., Budge and Hofferbert (1990)).

Following Lowe, Benoit, Mikhaylov, and Laver (2011), we compute a party’s left-right ideology score by comparing the share of manifesto content devoted to left- versus right-leaning policy categories. Specifically, the ideology score for party p is calculated as

⁴We provide the full list of left and right policy positions in Internet Appendix Table IA.3.

$Ideology_p = \text{Ln}(\frac{R_p+0.5}{L_p+0.5})$, where L_p and R_p represent the counts of quasi-sentences in the party p 's manifesto assigned to left and right policy categories, respectively.

Second, to infer the political affiliations of U.S. CEOs, we begin with all CEOs of U.S.-headquartered firms covered in the S&P ExecuComp database. We infer executives' political affiliations from voter registration records, which we obtain from two sources, as in Fos, Kempf, and Tsoutsoura (2025). Specifically, we combine voter registration records obtained directly from the boards of election in California (Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Sonoma), Colorado, Illinois, Massachusetts (Boston, Cambridge), North Carolina, New Jersey, New York (New York City), Ohio, and Texas, with commercial voter data from L2, Inc., which covers registered voters in all 50 states (and DC) going back to 2014. See Fos, Kempf, and Tsoutsoura (2025) for a detailed description of the two data sources.

The combined voter data contains identifying information, such as the voter's name, date of birth, and mailing address, as well as the voter's party affiliation at the time of a given election and an indicator for the election(s) in which the individual has voted. The elections covered are general and primary elections, and in some cases, municipal elections. Whenever possible, we infer political affiliation based on the voter's registration status at a given point in time. When registration status is unavailable, we infer political affiliation based on the primaries in which the individual has voted. For example, if a voter has most recently voted in a Republican primary, we will classify her as Republican. For voters in L2, we backfill the first observed party affiliation in order to increase our data coverage prior to 2014.

We match CEOs to voters using their full names, age, and location, as described in Internet Appendix IA.A.2. Of the 4,383 U.S. CEOs in ExecuComp during our sample period, we successfully match 3,182 to a unique voter in the voter registration data.

Third, using the standardized left-right ideology scores for political parties from the MPD, we can measure the ideological distance between a given U.S. CEO's political party

and a foreign party as the absolute difference between the parties’ ideology scores.

3.3 Sample Construction

To construct our final sample, we proceed as follows. Our starting point is the set of U.S. firms covered in the Panjiva trade data, which can be linked to Compustat and are led by either a Republican or a Democratic CEO. Internet Appendix IA.A.3 provides a detailed breakdown of the number of U.S. firms remaining at each matching step. We then stack up the foreign election events covered in the MPD database in event time, and select all firm-product pairs with at least one importing record with the foreign country during a four-year window around the election (i.e., nine half-year periods: four pre-election periods, one event period, and four post-election periods). Our final election sample covers 759 U.S. firms, which are run by 923 partisan CEOs and trade with 49 foreign countries around 137 foreign elections.

In one of our robustness tests, we restrict the sample to close elections, defined as those in which the vote share difference between the winning party and the runner-up is less than five percentage points, following Akey (2015) and Heitz, Wang, and Wang (2023). This subsample comprises 577 U.S. firms trading with 25 countries around 38 elections.

Internet Appendix Figure IA.1 reports the percentage of firm-year observations led by Democratic and Republican CEOs. The majority of CEOs are affiliated with the Republican party, with Republican CEOs accounting for about 77% of observations.

Table 1 reports summary statistics for our sample. Conditional on trading a given product category in a given half-year, the likelihood that a firm imports at least one shipment from a given foreign country during a given half-year is 51%. The average firm exchanges approximately five shipments with the average foreign country, with a combined volume of 11.3 TEUs, a total cargo weight of 321 tons, and an estimated goods value of ca. \$1.3 million. The distribution of quantities and value of goods traded is highly skewed, consistent with the observation by Bernard, Jensen, Redding, and Schott (2009) that a

small percentage of firms account for the vast majority of U.S. foreign trade. The average firm imports from about 3.2 countries and 6.6 suppliers in a given product category. Within each two-digit product category and partner country, firms trade only a few more granular product codes: on average, 1.6 distinct six-digit HS codes.

4 Empirical Strategy

This section outlines the empirical framework used to identify the effect of CEO ideological alignment with foreign governments on firms' international trade activity. Our central hypothesis is that firms led by CEOs who are ideologically more distant from the ruling party in a foreign country are less likely to engage in trade with that country.

Isolating the effect of CEO ideological alignment is empirically challenging. First, the ideological alignment between a Democratic or Republican CEO and the elected party in the foreign country may correlate with other measures of proximity, such as commonality of language, religion, or culture. For example, a Hispanic CEO might be more likely to engage in trade with Spanish-speaking countries, and she may also be more likely affiliated with the Democratic party.⁵ Second, the profitability of trade with a foreign country may be directly affected by elections due to changes in bilateral political and regulatory relationships (e.g., Silvers (2021)). For example, if a newly elected party adopts a more hostile stance toward the United States, American firms may sever economic ties with that country to avoid obstacles like tariffs or stricter regulations. Further complicating causal inference, Democratic- and Republican-led firms may specialize in different industries and product categories, creating a potential wedge in their exposure to macroeconomic shocks and trade-policy changes.

Our empirical strategy addresses these challenges by comparing the trade behavior of U.S. firms led by Democratic and Republican CEOs importing the same product category

⁵For example, see <https://www.pewresearch.org/politics/2024/04/09/partisanship-by-race-ethnicity-and-education/>.

from the same foreign country around the same election. Consider the following thought experiment: Two U.S. firms—one led by a Republican CEO and the other by a Democratic CEO—import from suppliers located in Italy. Following the Italian general election in 2013, the incumbent party “Center-right coalition” was succeeded by the center-left “Italy. Common Good” alliance. As a result, the ideological distance to the ruling party increases for the Republican CEO and shrinks for the Democratic CEO. We can therefore implement a difference-in-differences design that compares changes in each firm’s likelihood of importing from Italy before and after the election. This approach allows us to isolate the effect of the CEO’s ideological alignment from other time-invariant dimensions of proximity (e.g., cultural or linguistic) and to account for contemporaneous changes in trade policy, which should affect both U.S. firms equally. By further comparing firms within the same product category, we can control for differences in exposure to macroeconomic shocks and changes in product-specific trade policies.

To take this thought experiment to the data, we compute the change in firm f ’s CEO’s ideological distance to the ruling party in foreign country c around election e :

$$\Delta Distance_{fec} = |Ideology_{fec}^{CEO} - Ideology_{ec}^{Winner}| - |Ideology_{fec}^{CEO} - Ideology_{\underline{e}c}^{Winner}|, \quad (1)$$

where $Ideology_{fec}^{CEO}$ denotes the left-right ideology score of firm f ’s CEO at the end of the year prior to election e in foreign country c , measured based on the most recent manifesto of the CEO’s political party. $Ideology_{ec}^{Winner}$ refers to the ideology score of the party or alliance receiving the highest vote share in election e , measured using the party manifesto in election e . When multiple parties run as a pre-electoral alliance, we assign the alliance the ideology score of the member party that receives the largest share of votes. We define $Ideology_{\underline{e}c}^{Winner}$ analogously, but with respect to election $\underline{e}$, that is the most recent election in country c prior to election e . Fixing the CEO’s ideology score at its value one year before election e ensures that $\Delta Distance_{fec}$ captures solely the outcome of the foreign election, not shifts in the CEO’s ideological position. We then define $Distance Increase_{fec}$ as an

indicator equal to one if $\Delta Distance_{fec}$ is non-negative, and zero otherwise.⁶

Internet Appendix Table IA.2 provides examples that illustrate the computation of $\Delta Distance_{fec}$ for the 2013 general election in Italy and for the 2012 election in France. As illustrated by the two examples, variation in our *Distance Increase* variable is generated only by elections in which Republicans experience an increase in ideological distance and Democrats experience a decrease, or vice versa. For example, the 2012 French election of the Socialist Party of François Hollande would not generate such variation, as both Republicans and Democrats experienced an increase in ideological distance following the election. About 46% of the elections in our sample provide such identifying variation.

Internet Appendix Table IA.13 reports information on sample selection. We regress $Distance Increase_{fec}$ on observable firm and CEO characteristics and find that firms experiencing an increase in ideological distance are very similar to distance-decrease firms on many standard firm and CEO characteristics (e.g., firm size, leverage, profitability, aggregate import quantities, CEO age, CEO prominence). Internet Appendix Figure IA.2 also shows that the share of distance-increase firms is around 40-60% and similar across industries.

We then estimate the following regression:

$$Import_{fecpt} = \alpha_{ect} + \alpha_{fec} + \alpha_{pt} + \beta Distance Increase_{fec} \times Post_{ect} + \epsilon_{fecpt}, \quad (2)$$

where $Import_{fecpt}$ is an indicator equal to one if firm f has imported at least one shipment from foreign country c in product category p in half-year t around election e . The indicator $Post_{ect}$ takes a value of one if half-year t falls in the post-election period (i.e., $\tau = 0$ to $\tau = +4$), and zero if it falls in the pre-election period (i.e., $\tau = -4$ to $\tau = -1$). We define

⁶Due to the very small number of observations with a change in ideological distance equal to exactly zero, our results are not sensitive to how we treat these observations. We prefer a binary treatment variable over a continuous measure in our baseline specification, given the recent literature highlighting issues with difference-in-differences designs with non-binary treatments and high-dimensional fixed effects (de Chaisemartin and D'Haultfoeuille (2020); de Chaisemartin and D'Haultfoeuille (2022)). Moreover, a binary treatment variable allows us to be agnostic about the exact functional form linking ideological distance to the propensity of maintaining trade relationships.

the event window to span half-years $\tau = -4$ to $\tau = +4$ to avoid many overlapping event windows, as the median time interval between parliamentary elections in a given country is four years. We stack our sample by country and election date, thus addressing concerns regarding differential weighting of events occurring earlier versus later in the sample period, as noted by de Chaisemartin and D’Haultfœuille (2020), Callaway and Sant’Anna (2021), and Baker, Larcker, and Wang (2022). Due to some overlapping event windows, the unit of observation is a firm $\times$ election $\times$ product $\times$ half-year rather than a firm $\times$ country $\times$ product $\times$ half-year. Because our objective is not to predict whether a firm imports a given product category, but rather from which country it sources conditional on importing, we exclude half-years in which the firm does not import from any foreign country in that product category. We estimate equation (2) using a linear probability model, with standard errors clustered at the firm $\times$ country level.

By including election $\times$ time fixed effects (α_{ect}), which subsume country $\times$ time fixed effects, we are able to control for the direct macroeconomic impact of the election. Since our sample only consists of U.S. firms, these fixed effects also absorb potential time variation in the bilateral relations between the U.S. and foreign countries. By including firm $\times$ election fixed effects (α_{fec}), which subsume firm $\times$ country fixed effects, we can control for any time-invariant differences in trade relationships across firm-country pairs. For example, we can rule out the possibility that firms consistently trade more with certain countries because of closer religious, ethnic, or cultural ties between corporate leaders and these countries, or because they already have well-established trading networks. Finally, we include product $\times$ time fixed effects (α_{pt}) to control for time-varying, product-specific trade policy changes or demand shocks.

Our main tests focus on the extensive margin, because it can be measured precisely in the Panjiva data and because firms’ extensive margins are important for understanding aggregate patterns in global trade (Bernard, Jensen, Redding, and Schott (2009)). But we also estimate equation (2) using imported quantities as the dependent variable.

To better understand the precise timing of the effects, we also estimate the following dynamic specification:

$$Import_{fecpt} = \alpha_{ect} + \alpha_{fec} + \alpha_{pt} + \sum_{\tau=-3}^{\tau=+4} \beta_{\tau} Distance Increase_{fec} \times D_{ect}^{\tau} + \epsilon_{fecpt}, \quad (3)$$

where D_{ect}^{τ} stands for event-time dummies and all other variables are defined as above.

5 CEO Ideological Alignment and Foreign Trade

In this section, we examine the effect of CEO ideological alignment on firms' foreign trade activity. Section 5.1 presents the main results. Sections 5.2 and 5.3 discuss the results from our robustness and heterogeneity tests, respectively.

5.1 Main Results

We begin by examining whether firms whose CEO experiences an increase in ideological distance around a foreign election are less likely to trade with that country, relative to firms whose CEO experiences a decrease in ideological distance.

Table 2, Panel A presents the results from the estimation of equation (2). The coefficient of interest, $Distance Increase \times Post$, captures the effect of an increase in the CEO's ideological distance on the likelihood of importing from a foreign country, relative to firms with a decrease in the CEO's ideological distance. The estimates suggest that firms whose CEO experiences an increase in ideological distance are about 4.5 percentage points (pp) less likely to import from the foreign country following the election, relative to firms whose CEO experiences a decrease in the ideological distance. This effect corresponds to an 8.4% ($= -0.043/0.51$) to 8.8% ($= -0.045/0.51$) decline relative to the unconditional probability of importing (see Table 1), depending on the exact specification used.

To put this economic magnitude into perspective, we can compare it to firms' trade responses to other economic shocks documented in the literature. Unsurprisingly, the effect

of CEO ideology is small relative to that of government interventions. As a comparison, Alfaro, Brussevich, Minoiu, and Presbitero (2025) also use Panjiva data and find that, during the 2018-2019 U.S.–China trade tensions, tariff-hit firms were 60 pp more likely to exit a trade relationship with a Chinese supplier. Although the magnitude of our effect is only about one-tenth of that estimate, one must consider that foreign elections are much more frequent events. The effect of CEO ideological distance is comparable to other firm-level shocks studied in the literature, such as suppliers experiencing an environmental or social (ES) incident (Bisetti, She, and Zaldokas (2025)), a perceived increase in firms’ physical climate risk (Pankratz and Schiller (2023)), or a CEO turnover (Intintoli, Serfling, and Shaikh (2017)).

Our most demanding specification in column (3), with the full set of fixed effects, ensures that our results are not driven by several potentially important confounding factors: (i) election $\times$ time fixed effects absorb any time-varying economic or political shocks triggered by the election, such as shifts in bilateral relations or foreign macro-conditions, that could influence all U.S. firms importing from the country; (ii) firm $\times$ election fixed effects eliminate persistent firm-country preferences—for example, a firm that systematically trades more with culturally proximate nations; and (iii) product $\times$ time fixed effects control for product-specific demand shifts or policy changes (e.g., tariffs on a particular good).

Panel B reports the estimated changes in the quantity and estimated value of goods traded. To also include the extensive margin, we follow Boehm, Levchenko, and Pandalai-Nayar (2023) and use the inverse hyperbolic sine transformation of the dependent variable. This transformation allows us to include half-years without any imports from the given foreign country, while approximating logs for larger values of the data. Coefficients can thus be interpreted as log points. We observe significant declines in the number of shipments (column (1)), in the number of twenty-foot equivalent units (TEU) (column (2)), and in the estimated cargo weight in tons (column (3)), with magnitudes ranging between 9.6%

and 15.1%. The estimated dollar value of goods imported declines by 3.3% on average (column (4)).

To shed light on the timing of the effect, Figure 1 plots the coefficients β_τ from equation (3). The omitted period is $\tau = -4$, meaning that all subsequent differences are measured relative to the difference at $\tau = -4$. The figure illustrates a relative decline in the propensity to trade for CEOs with increased ideological distance, compared to those with decreased ideological distance, following the election. The decline begins in the half-year that contains the election and continues for the next four half-years. Importantly, there is no evidence of pre-trends in the period before the election.

While the patterns in Figure 1 already mitigate concerns about potential anticipation or endogeneity of the election result, we conduct a robustness test in Internet Appendix Table IA.5, Panel A, where we restrict the sample to close elections. The magnitudes estimated in this subsample are even larger than those in our baseline.

5.2 Extensions and Alternative Specifications

Our main analysis focuses on imports because they account for the majority of trade activity for most U.S. firms and offer more granular information on the foreign trade partner at the firm level. Internet Appendix Table IA.4 separately examines exports. In terms of magnitude, we find that firms whose CEO experiences an increase in ideological distance are 1.6 pp less likely to export to the foreign country following the election (a 3% ($=-0.016/0.55$) decline relative to the sample mean), but the effect is statistically insignificant (see Panel A). However, when we restrict the sample to close elections in Panel B, the magnitudes are large and statistically significant. Close elections outcomes are more unexpected and seem to have a larger impact on both imports and exports.

In Internet Appendix Table IA.6, we report the results of alternative specifications for our preferred specification reported in column (3) of Panel A, Table 2. In Panel A, we include even more granular fixed effects, such as election $\times$ product $\times$ time or (and)

firm $\times$ product $\times$ election fixed effects, to address the concern that elections may lead to heterogeneous trade policy changes across different product categories and CEO ideology being correlated with the type of products traded. The reduction in the number of observations reflects the difficulty of finding sufficient variation among U.S. firms trading the same product with the same foreign country during the same election cycle. Importantly, however, the economic magnitude of the estimated effect remains fairly stable and is always statistically significant.

In Panel B, we adopt the finest product category definition based on six-digit HS codes. The coefficient is -3.1 pp, representing a 10% decline relative to the unconditional mean of 0.31, and is statistically significant. In Panel C, we restrict the sample to elections in which the ruling party changes and find economically larger effects, consistent with such elections inducing larger and more salient shifts in ideological distance. Finally, standard errors become even smaller when they are clustered at the level of treatment (election $\times$ CEO party), as recommended by Abadie, Athey, Imbens, and Wooldridge (2022), by firm $\times$ country and time, by product $\times$ country, by firm and country, and by firm alone (see Panel D).

5.3 Heterogeneity by Relationship Importance

More established trade ties may be more resilient to ideological shocks, either because switching costs are higher or because U.S. firms have better information about their foreign suppliers. To test this hypothesis, we examine heterogeneity in the trade response using measures of the foreign country’s importance within the U.S. firm’s supply chain network.

Figure 2 examines whether the trade response varies with the centrality of the foreign country in the importing firm’s supply chain. We measure centrality as the share of a firm’s imports in a given product category sourced from country c over the sample period, and divide the sample into five groups approximately corresponding to the 90th, 75th, 50th, and 30th percentiles of this distribution. The trade response differs sharply along this

dimension: the effect is more than twice as large when the country’s volume share is below 10% (the median) compared to when it exceeds 25% (the 75th percentile).

In the Internet Appendix, we provide additional evidence that the importance of the relationship matters using the extensive margin of trade. We interact our baseline specification (equation (2)) with an indicator for established relationships, defined as those where the U.S. firm has actively imported goods during the two years prior to the election. The results, reported in Table IA.12, show that ideological misalignment matters most for less active relationships: ideological distance significantly reduces both the extensive margin of trade and imported quantities when the firm has not traded with the country in the two years prior to the election, as can be seen from the significantly negative coefficients on *Distance Increase* $\times$ *Post*. The effect is dampened, although still negative, when the firm has traded with the foreign country in the two years prior to the election, as can be seen from the positive coefficients on the triple interaction term.

6 Economic Mechanism

So far, we have shown that the ideological alignment of CEOs with foreign political parties influences their propensity to trade with those countries. We interpret this as evidence that CEO ideology shapes cross-border trade decisions through either a belief or a preference channel. Ideologically misaligned CEOs may be more pessimistic about the economic benefits of trading with a foreign country, e.g., because they perceive heightened political and economic risks. Alternatively, they may experience nonpecuniary disutility from engaging with countries governed by parties they oppose. Regardless of the underlying channel, the key takeaway is that CEO ideology influences firms’ foreign trade networks in ways not fully explained by economic fundamentals. In this section, we conduct additional tests to sharpen our interpretation that CEO ideology is the primary driver of the observed trade response, and we discuss alternative explanations.

We begin by providing direct evidence on the risk perception channel. To do so, we draw

on the firm–country–quarter–level data from Hassan, Schreger, Schwedeler, and Tahoun (2024), who rely on textual analysis of earnings conference calls to quantify the amount of risk managers and investors at a given firm associate with each country at a given point in time. We calculate the average measures in a given half-year for each firm–country pair, and then re-estimate our main difference-in-differences specification at the firm–election–half–year level, using as the dependent variable the inverse hyperbolic sine transformation of the average country sentiment and country risk expressed by a given firm toward a given country in a given half-year.

Table 3 presents the results. Columns (1) and (2) show that firms experiencing an increase in ideological distance express toward more negative country sentiment following the election, although this effect is not statistically significant. In contrast, we do find significant effects for perceived country risk: firms whose CEO experiences an increase in ideological distance are 9.9% more concerned about risk in the foreign country relative to firms whose CEO experiences a decrease in distance. These findings suggest that political ideology systematically shapes executives’ assessments of foreign country risk and thus provide direct evidence for a potential economic channel.

What are potential alternative explanations for our findings? First, it is important to emphasize that our main identification strategy already addresses several plausible confounding factors. For instance, the results cannot be explained by the direct impact of elections on macroeconomic conditions in the foreign country that might affect the general trade environment and make it more difficult for U.S. firms to operate. Similarly, the findings are not driven by changes in bilateral relations between the U.S. and foreign governments, such as the U.S. imposing tighter trade restrictions on countries with ideologically more distant governments. Nor can they be attributed to product-specific demand or supply shocks, such as trade restrictions on certain goods.

One plausible alternative explanation for our findings is that the differential trade response reflects unobserved heterogeneity in U.S. firms’ foreign trade partners. For example,

U.S. firms led by Democrat-leaning CEOs may be more likely to trade with left-leaning foreign firms. If a right-leaning party comes to power abroad and implements policies that disadvantage left-leaning firms, those firms may reduce their trade activity, resulting in more terminations of trade relationships by Democrat-led U.S. firms.

To address this possibility, we exploit the granularity of our data to examine trade relationships with the same foreign partner at the supplier level. Specifically, we expand the dataset from the firm $\times$ foreign election $\times$ product $\times$ half-year level to the firm $\times$ foreign election $\times$ product $\times$ supplier $\times$ half-year level. For each product-election pair, we construct a “candidate supplier pool” that consists of all suppliers from the foreign country that have exported the product to at least one U.S. firm in our sample during the four years surrounding the election. We then expand the data to include all suppliers in this pool and define an import indicator equal to one if a firm imports product p from supplier s at time t around election e in country c , and zero otherwise.

This disaggregated panel allows us to compare how U.S. firms whose CEOs experience an increase versus decrease in ideological distance adjust their trade with the *same supplier* following the same election. More concretely, we estimate the following equation:

$$Import_{fsecpt} = \alpha_{esct} + \alpha_{fsec} + \alpha_{pt} + \beta Distance\ Increase_{fec} \times Post_{ect} + \epsilon_{fsecpt}, \quad (4)$$

where s refers to supplier and all other variables are defined as in our baseline equation 4. By including election $\times$ supplier $\times$ time fixed effects (α_{esct}), we compare U.S. firms trading with the same supplier at the same point in time, thus ensuring that unobserved heterogeneity across foreign trade partners is not affecting the estimates.

The results from this estimation are reported in Table 4. Our most conservative estimates, reported in column (4), indicate that a U.S. firm whose CEO experiences a distance increase is 6 basis points (bps) less likely to import from the same supplier relative to a firm whose CEO experiences a distance decrease. Relative to the unconditional mean of the dependent variable of 1.3 percentage points, this represents an effect of 4.6%, which is

comparable to the economic effect estimated in our baseline specification.

Another potential alternative explanation is that the foreign trade partners may discriminate against U.S. firms led by CEOs whose political ideology is misaligned with their new government. This mechanism would predict stronger effects among U.S. firms with more visible CEOs, as it requires foreign trade partners to observe the CEO’s political leaning. To test this alternative hypothesis, we construct a proxy for CEO prominence based on the CEO’s inclusion in the Notable Names Database (<http://www.nndb.com>), following Wintoki and Xi (2020). This online database compiles publicly available biographical and political information on prominent individuals. We manually search CEO names and define a visibility indicator equal to one if the CEO is listed in the database, and zero otherwise. Using this proxy, we identify 191 prominent CEOs in our sample.

We then augment our baseline specification in equation (2) by interacting the treatment variable with the proxy for CEO visibility. The results, reported in Internet Appendix Table IA.7, reveal no evidence that the effects differ in a meaningful way between highly visible and less visible CEOs. This finding makes it unlikely that foreign trade partners discriminate based on U.S. CEOs’ political ideology.

7 Economic Implications

Next, we examine how firms restructure their global trade networks in response to shifts in political alignment with foreign governments. A natural question is whether firms respond to ideological misalignment by creating new import relationships in other countries or by consolidating import with existing partners. To assess which effect dominates, we apply our difference-in-differences framework to study the total number of foreign trade partners and the formation of new relationships in a given product category.

Specifically, we examine how ideological distance affects the total number of importing countries (suppliers) a firm uses within a given product category, as well as the number of new countries or suppliers it adds. We define new relationships as those involving countries

(suppliers) with which the firm has not traded in the previous two calendar years within the same product category. The dependent variables are transformed using the inverse hyperbolic sine transformation. Because these outcomes are constant within firm–product pairs in a given half-year, we cluster standard errors at the firm $\times$ product level.

The results, reported in Table 5, indicate that an increase in ideological distance leads firms to contract their global trade networks relative to firms with an ideological distance decrease. Specifically, distance-decrease firms reduce the number of importing countries in a given product category by 2.0% ($=1-\exp(-0.020)$) (column (1)) and the number of unique suppliers by 3.1% ($=1-\exp(-0.032)$) (column (2)). They are also less likely to form new import relationships in other countries, as shown in column (3), and with new supplier firms in general (column (4)). In Internet Appendix Table IA.8, we also observe a marginally significant decline in traded quantities at the product-category level. This result suggests that an adversely perceived election outcome in one sourcing country may spill over to affect firms’ willingness to trade with other foreign partners, potentially by making political and country risks more salient overall. Since Panjiva covers only maritime shipments, we are limited in our ability to examine whether firms respond by increasing domestic sourcing. Alfaro and Chor (2023) provides tentative evidence of reshoring in the United States following U.S.–China trade tensions and geopolitical shocks, although the pattern is highly uneven across sectors. It remains an open question whether a similar shift toward domestic suppliers is taking place in our setting.

Combined, these patterns documented in this section indicate that CEO ideological misalignment leads firms to scale back the scope of their trade networks. Rather than forming new relationships, they rely more heavily on existing ones. This shift toward greater network concentration may carry risks, including heightened exposure to country-specific shocks and increased vulnerability to future supply-chain disruptions (e.g., Bonadio, Huo, Levchenko, and Pandalai-Nayar (2021); Barrot and Sauvagnat (2016)).

8 Conclusion

Rising geopolitical tensions have significantly disrupted the interconnected economic relationships between nations. While extensive literature focuses on government-imposed trade barriers such as tariffs, sanctions, and industrial policies, limited research has examined “private sanctions”, where firms voluntarily sever ties with countries for ideological reasons that extend beyond profit motives or government policies.

Using a novel dataset that combines granular maritime trade transaction data from S&P Global’s Panjiva database with information on the political affiliations of U.S. CEOs, we investigate how the political ideology of CEOs shapes cross-border trade. Exploiting changes in ideological alignment between U.S. firm CEOs and foreign governments around foreign national elections, we show that U.S. firms are less likely to trade with countries whose governments become more ideologically distant from their CEOs. The effect persists when comparing U.S. firms importing the same product category, as well as from the same supplier, indicating that unobserved heterogeneity in product demand or supplier characteristics does not drive the result.

We further find that firms facing an increase in ideological distance contract their global supply chain networks, reducing the number of foreign partners and forming fewer new relationships. This narrowing of supply chains lowers diversification and may increase firms’ exposure to country-specific shocks and supply disruptions.

Taken together, our results demonstrate that corporate leaders’ political ideology can significantly shape international trade flows, adding a new dimension to the study of globalization and firm behavior.

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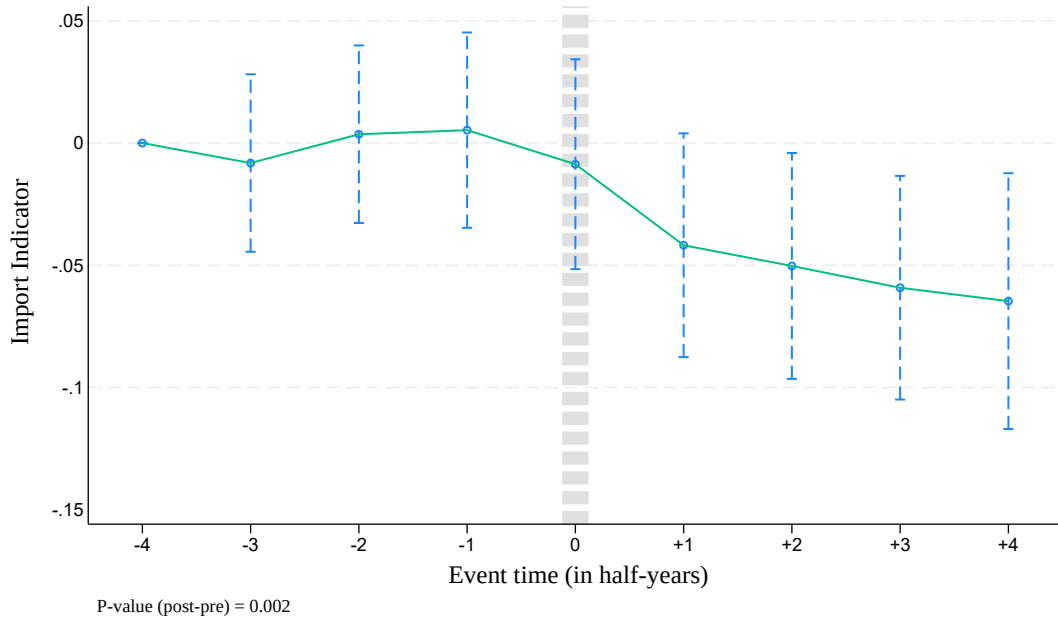


Figure 1: **CEO Ideological Distance and Foreign Trade**

The figure plots the difference in the propensity to import from a given foreign country of U.S. firms whose CEO experiences an increase versus decrease in ideological distance around an election. We plot the coefficients β_τ from equation (3) for nine half-years around the election. The dependent variable is an indicator equal to one if the firm imports at least one shipment with the foreign country in a given product category and half-year, and zero otherwise. We include election $\times$ time, firm $\times$ election, and product $\times$ time fixed effects. The corresponding 95% confidence intervals are based on standard errors that allow for clustering at the firm $\times$ country level.

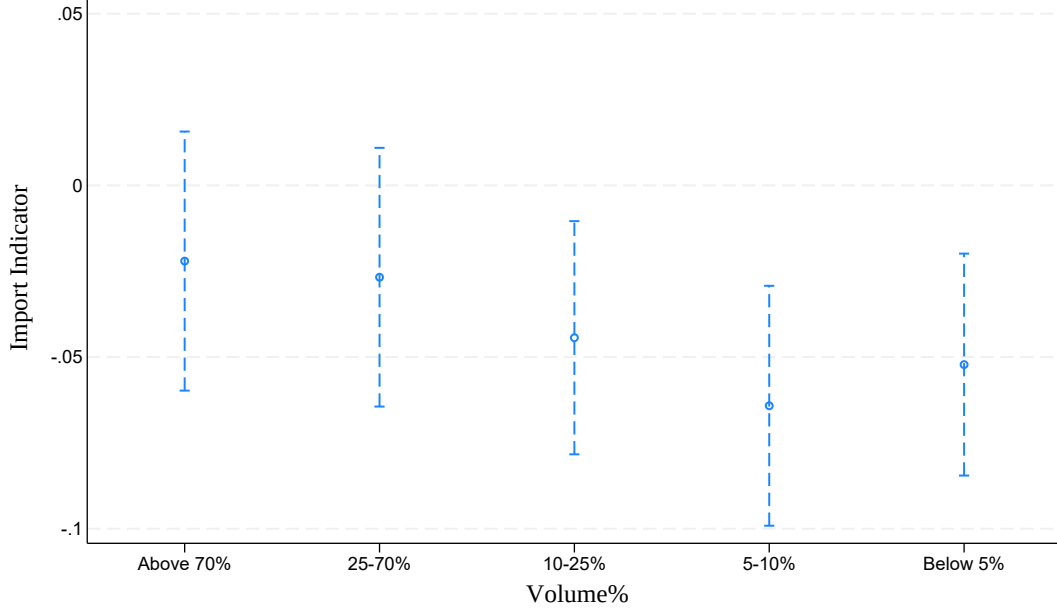


Figure 2: **Heterogeneity By Country Importance**

The figure plots the coefficients of β_k from the following equation

$$Import_{fcept} = \alpha_{ect} + \alpha_{fec} + \alpha_{pt} + \sum_{k=1}^{k=5} \beta_k Distance Increase_{fec} \times Post_{ect} \times D_{fp}^k + \epsilon_{fcept},$$

where D_{fp}^k is an indicator variable that equals one if a country accounts for a certain percentage range of firm f 's total import volume (measured in twenty-foot equivalent units (TEU)) for a given product p over the sample period, and zero otherwise. The cutoffs roughly correspond to the 90th percentile (70%), 75th percentile (25%), 50th percentile (10%), 30th percentile (5%) of the import volume share distribution. The corresponding 95% confidence intervals are based on standard errors that are clustered at the firm $\times$ country level.

Table 1: **Summary Statistics**

The table reports summary statistics for our election sample. The unit of observation is a U.S. firm $\times$ foreign election $\times$ product category $\times$ half-year. All variables are defined in Appendix A.1.

	Count	Mean	SD	P25	Median	P75
	(1)	(2)	(3)	(4)	(5)	(6)
Import Indicator	101,490	0.51	0.50	0.00	1.00	1.00
Shipments	101,490	5.14	32.49	0.00	1.00	2.00
Volume (TEU)	101,006	11.26	92.34	0.00	0.02	2.00
Weight (Tons)	101,490	321.06	8,776.71	0.00	0.14	15.86
Value (\$, thousands)	101,483	1,265.30	15,196.84	0.00	0.85	115.00
Countries	101,490	3.19	3.93	1.00	2.00	4.00
Suppliers	101,490	6.57	16.73	1.00	2.00	5.00
New Countries	101,490	0.85	1.15	0.00	1.00	1.00
New Suppliers	101,490	2.73	6.49	1.00	1.00	3.00
Distance Increase	101,490	0.52	0.50	0.00	1.00	1.00
No. of 6-Digit HS Per Product-Ctry.	52,099	1.63	1.77	1.00	1.00	2.00

Table 2: **CEO Ideological Distance and Foreign Trade**

The table reports differences in foreign import activity by U.S. firms whose CEO experiences an increase versus decrease in ideological distance around foreign elections. In Panel A, the dependent variable is an import indicator and the estimation is based on a linear probability model. In Panel B, the dependent variable is the inverse hyperbolic sine transformation of the imported quantities in a given product category, measured using the number of shipments (column (1)), volume in twenty-foot equivalent units (TEU) (column (2)), cargo weight in tons (column (3)), and the estimated dollar value of goods (column (4)), respectively. In both panels, the unit of observation is a U.S. firms $\times$ foreign election $\times$ product $\times$ half-year. *Distance Increase* is an indicator equal to one if the ideological distance between the CEO of the U.S. firm and the party in power in a foreign country increases after the election, and zero otherwise. *Post* is an indicator equal to one if half-year t falls in the post-election period ($\tau = 0$ to $\tau = +4$), and zero if it falls in the pre-election period ($\tau = -4$ to $\tau = -1$). t -statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level, respectively.

Panel A: Import Indicator

Dependent Variable:	Import Indicator		
	(1)	(2)	(3)
Distance Increase $\times$ Post	-0.043*** (-2.93)	-0.046*** (-3.13)	-0.045*** (-3.11)
Election $\times$ Time FE	Yes	Yes	Yes
Firm $\times$ Election FE	No	Yes	Yes
Product $\times$ Time FE	No	No	Yes
R^2	0.026	0.214	0.245
N	101,403	100,521	100,345

Panel B: Import Quantities and Estimated Value

Dependent Variable:	Shipments	Volume	Weight	Value
	(1)	(2)	(3)	(4)
Distance Increase $\times$ Post	-0.097*** (-3.04)	-0.092** (-2.46)	-0.141** (-2.49)	-0.032*** (-2.73)
Election $\times$ Time FE	Yes	Yes	Yes	Yes
Firm $\times$ Election FE	Yes	Yes	Yes	Yes
Product $\times$ Time FE	Yes	Yes	Yes	Yes
R^2	0.338	0.339	0.344	0.345
N	100,345	99,862	100,345	100,341

Table 3: **CEO Ideological Distance and Perceived Country Risk and Sentiment**

The table examines changes in U.S. firms' perceived country sentiment and risk as a function of whether their CEO experiences an increase versus decrease in ideological distance around the foreign election. The unit of observation is a firm $\times$ foreign election $\times$ half-year, based on the sample in Table 2. The dependent variable is the inverse hyperbolic sine transformation of the country sentiment measure (columns (1) to (2)) and country risk measure (columns (3) to (4)) based on firms' earnings calls, constructed by Hassan, Schreger, Schwedeler, and Tahoun (2024). t -statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Country Sentiment		Country Risk	
	(1)	(2)	(3)	(4)
Distance Increase $\times$ Post	-0.139 (-1.00)	-0.042 (-0.29)	0.092** (2.17)	0.094** (2.29)
Election $\times$ Time FE	Yes	Yes	Yes	Yes
Firm $\times$ Election FE	No	Yes	No	Yes
R^2	0.077	0.406	0.040	0.473
N	43,843	43,035	43,843	43,035

Table 4: **Within-Supplier Test**

The table repeats the analysis in Panel A of Table 2 at the supplier level. The unit of observation is a firm $\times$ foreign election $\times$ product $\times$ supplier $\times$ half-year. The independent variable is an indicator equal to one if the U.S. firm imports at least one shipment from a given supplier in a given product category and half-year, and zero otherwise. For ease of interpretation, we multiply the coefficient by 100. t -statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Import Indicator			
	(1)	(2)	(3)	(4)
Distance Increase $\times$ Post	-0.080** (-2.02)	-0.074** (-2.01)	-0.063* (-1.77)	-0.060* (-1.71)
Election $\times$ Supplier $\times$ Time FE	Yes	Yes	Yes	Yes
Firm $\times$ Election FE	No	Yes	No	No
Firm $\times$ Supplier $\times$ Election FE	No	No	Yes	Yes
Product $\times$ Time FE	No	No	No	Yes
R^2	0.127	0.154	0.529	0.532
N	5,744,523	5,744,484	5,674,860	5,674,702

Table 5: **CEO Ideological Distance and the Scope of Supply Chain Networks**

The table examines changes in the scope of firms' foreign supply chain networks as a function of whether their CEO experiences an increase versus decrease in ideological distance around a foreign election. The dependent variable is the inverse hyperbolic sine transformation of the number of unique importing countries for a given firm and product category in column (1), the number of unique suppliers in column (2), the number of newly added importing countries in column (3), and the number of newly added suppliers in column (4). Newly added countries and suppliers are those that the firm has not traded with in the previous two years in a given product category. t -statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ product level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable: No. of	Countries	Suppliers	New Countries	New Suppliers
	(1)	(2)	(3)	(4)
Distance Increase $\times$ Post	-0.020* (-1.76)	-0.032** (-2.06)	-0.030** (-2.30)	-0.038** (-2.24)
Election $\times$ Time FE	Yes	Yes	Yes	Yes
Firm $\times$ Election FE	Yes	Yes	Yes	Yes
Product $\times$ Time FE	Yes	Yes	Yes	Yes
R^2	0.512	0.540	0.263	0.468
N	100,345	100,345	100,345	100,345

A Appendix

A.1 Variable Definitions

Variable	Description
<i>Main Dependent variables</i>	
Import Indicator	Indicator equal to one if the U.S. firm imports from a given foreign country in a given product category and half-year, and zero otherwise.
Shipments	The total number of shipments recorded in Panjiva for a given firm, country, product category, and half-year.
Volume (TEU)	The total number of twenty-foot equivalent units (TEUs) imported by a firm from a foreign country in a given product category and half-year.
Weight	The total weight in tons imported by a firm from a foreign country in a given product category and half-year.
Value	The estimated dollar value of goods in thousand USD imported by a firm from a foreign country in a given product category and half-year.
Countries	The total number of foreign countries from which a firm imports in a given product category and half-year.
Suppliers	The total number of unique suppliers used by the firm in a given product category and half-year.
New Countries	The number of newly added importing countries for a given firm, product category and half-year. Newly added countries are those that the firm has not traded with in the previous two calendar years in a given product category.
New Suppliers	The number of newly added suppliers for a given firm, product category and half-year. Newly added supplier are those that the firm has not traded with in the previous two calendar years in a given product category.
<i>Main independent variables</i>	
Distance increase	Indicator equal to one if the change in the ideological distance between the firm's CEO and the foreign country, as defined in equation (1), is non-negative, and zero otherwise.
Post	Indicator equal to one if the time period falls after a given election ($\tau = 0$ to $\tau = +4$), and zero otherwise.
<i>Other variables</i>	
No. of 6-Digit HS Per Product-Ctry.	The number of 6-digit HS products in a 2-digit HS code product-country pair and half-year.

Internet Appendix to
“The Political Economy of Firm Networks:
CEO Ideology and Global Trade”

This internet appendix presents additional results to accompany the paper “The Political Economy of Firm Networks: CEO Ideology and Global Trade.” The contents are as follows:

Internet Appendix IA.A describes in more detail the S&P Panjiva data and the U.S. voter registration data, as well as the approach used to construct our main sample.

Internet Appendix IA.B provides additional descriptive information.

Internet Appendix IA.C provides additional analyses.

IA.A Data Cleaning and Sample Construction

This section provides additional information about the cleaning and processing of our main data sources. Section IA.A.1 describes the approach used to clean the S&P Panjiva data, Section IA.A.2 describes the approach used to match CEOs to voter registration data, and Section IA.A.3 describes how our sample size changes as we match S&P Panjiva with other information.

IA.A.1 Cleaning the S&P Panjiva Data

We clean the import and export data files from S&P Panjiva separately. For cleaning the import data, we mainly follow Smirnyagin and Tsyvinski (2022) with the following steps:

1. We start with the universe of shipments imported by U.S. firms (i.e., consignees) between 2007 and 2021. We remove observations with a missing firm identifier (*conpanjivaid*).
2. We exclude observations with missing shipper information (*shppanjivaid*) or shipper country (*shpcountry*), and those where the shipper country is the United States.
3. We then use the cross-reference table, provided by Panjiva, to match each *conpanjivaid* with its corresponding firm identifier in S&P Capital IQ (*companyid*). We drop observations where *companyid* is missing.
4. We use the concordance file, provided by Panjiva, to match each firm (*companyid*) with its ultimate parent company (*ultimateparentcompanyid*), and drop observations where the *ultimateparentcompanyid* is missing.
5. We obtain the *gvkey* for parent firms by referencing the crosswalk file from WRDS, which provides the starting and ending dates for every *companyid-gvkey* pair. We attach the corresponding *gvkey* only if the observation falls within the specified time frame; otherwise, we remove the observations. All shipments associated with the same *gvkey* are considered to have been executed by the same firm.
6. Panjiva provides a series of HS code (*hscode*) based on the product descriptions for each shipment. We then extract the first two digits of each HS code to designate the product category, referred to as “product” for brevity. If a shipment contains multiple product categories, we allocate the volume, weight, and the value of goods of the shipment equally across these categories.

7. We then aggregate the cleaned import data at the firm $\times$ product $\times$ foreign country $\times$ half-year level and firm $\times$ product $\times$ foreign supplier $\times$ half-year level, respectively.

For export data, we perform analogous steps:

1. We begin with the universe of shipments exported by U.S. shippers between 2007 and 2021 and remove observations with a missing shipper identifier (*shppanjid*).
2. We exclude observations with missing buyer country information (*shpmtdestination*) or where the buyer country is the United States.
3. We then apply the procedure described in steps 3 to 5 above to match each *shppanjid* to a *gvkey* to identify the ultimate parent company of a U.S. shipper. Observations that cannot be linked to a *gvkey* are dropped.
4. We repeat the above step 6 and aggregate the exporting data at the firm $\times$ product $\times$ foreign country $\times$ half-year level.

IA.A.2 Matching CEOs to Voter Registration Data

We assign U.S. CEOs' a party affiliation as follows. We begin with all CEOs covered in the ExecuComp database between 2008 and 2018, after restricting the sample to firms headquartered in the United States. We obtain information on headquarter locations from the header section of the firm's 10-K/Q filings, as provided in the University of Notre Dame's Software Repository for Accounting and Finance at <https://sraf.nd.edu/data/augmented-10-x-header-data/>. When location data from historical filings are unavailable, we use address information from Compustat.

To obtain a proxy for the location of a given CEO's residence, we use location information (state and zip code) from the Infutor database, which tracks residence histories for more than 160 million U.S. residents. We merge our sample of executives with Infutor using the matching algorithm described in Bernstein, Diamond, McQuade, and Pousada (2019). Moreover, because first names in Execucomp may reflect a nickname or preferred name, we identify all possible first names corresponding to a given nickname before matching with voter registration data using the GitHub repository https://github.com/onyxrev/common_nickname_csv.

We then use the following method to match each CEO with a unique voter in a given state. In a first step, we merge CEOs with the voter data using first name, middle initial, last name, and state, and remove all matches with an age difference in excess of three years. In case of multiple matches, we apply the following criteria to determine the correct unique match. First, we check whether the zip code of the executive's residence or work location matches exactly that of one of the possible voters. If a unique exact zip code match is not found, we use the distance between the voter's most recent residence and the executive's residence/office location as an additional criterion. Specifically, we define a voter as a valid unique match if the voter lives within a 42-mile radius of the executive's location and there is no other possible voter match within this range.¹ Finally, if the CEO continues to match to multiple voters but they always have the same party affiliation, we select one voter at random.

If a CEO is matched to a unique voter in multiple states, we give preference to the executive's most recent location in the Infutor or Compustat databases. If the state of residence provided by Infutor differs from the office location and the executive is matched to a unique voter in both states, we prioritize the Infutor match. For CEOs who are located in a tri-state area (e.g., Connecticut / New Jersey / New York or D.C. / Maryland / Virginia) and do not match to any voter in their state of residence or work location, we

¹42 miles corresponds to twice the average daily commute in the U.S., according to <https://www.axios.com/2024/03/24/average-commute-distance-us-map>.

attempt another merge using the combined voter data of the tri-state area.

In a second step, we perform another merge for remaining unmatched CEOs using first and last name only, and drop matches with conflicting middle names. All other steps described above remain the same.

Using the above procedure, we are able to match 3,182 of the total 4,383 CEOs in ExecuComp between 2008 and 2018 to a unique voter record, resulting in a match rate of 72.6%.

IA.A.3 Overview of Sample Construction Process

We outline how our sample size changes as we match U.S. firms from S&P Panjiva with information on foreign elections and CEO party affiliations. Column (1) includes all foreign elections and column (2) restricts to close foreign elections.

Step	Description	No. of Firms	
		All Elections (1)	Close Elections (2)
1	Link U.S. firms in S&P Panjiva Import Records to GVKEYs.		9,085
2	Require the firm to have imported at least once from a foreign country within a four-year window around elections covered in the Manifesto Project Database. The foreign country must be among the firm's top five importing partners during our sample period.	6,497	4,350
3	Require the firm to be covered in the S&P Execu-Comp database.	1,280	1,054
4	Require the firm to be led by a Republican or Democratic CEO. Require CEOs to have non-missing <i>Distance Increase</i> measure.	759	577

IA.B Additional Descriptive Information

Table IA.1: **List of Top 15 Product Categories**

The table reports the top 15 product categories in our sample around elections by two-digit HS code (Panel A) and six-digit HS code (Panel B), respectively. Product codes are ranked by their average aggregate trading volume (in TEU) during the four-year period around foreign elections.

Panel A: Two-Digit HS Code Product Category

Two-Digit HS Code (1)	Product Category Description (2)
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
40	Rubber and articles thereof
39	Plastics and articles thereof
44	Wood and articles of wood; wood charcoal
9	Coffee, tea, maté and spices
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof
68	Articles of stone, plaster, cement, asbestos, mica or similar materials
69	Ceramic products
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof
2	Meat and edible meat offal
24	Tobacco and manufactured tobacco substitutes
95	Toys, games and sports requisites; parts and accessories thereof
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard
30	Pharmaceutical products
76	Aluminium and articles thereof

Panel B: Six-Digit HS Code Product Category

Six-Digit HS Code (1)	Product Category Description (2)
480452	Kraft paper and paperboard; uncoated, weight 225g/m ² or more, bleached uniformly throughout, more than 95% of total fibre content consists of chemically processed wood fibres, in rolls or sheets
440711	Wood; coniferous species, of pine (<i>Pinus</i> spp.), sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding 6mm
390140	Ethylene polymers; in primary forms, ethylene-alpha-olefin copolymers, having a specific gravity of less than 0.94
391211	Cellulose acetates; non-plasticised, in primary forms
090112	Coffee; decaffeinated, not roasted
842959	Mechanical shovels, excavators and shovel loaders; n.e.c. in item no. 8429.50
400270	Rubber; synthetic, ethylene-propylene-non-conjugated diene rubber (EPDM), in primary forms or in plates, sheets or strip
401110	Rubber; new pneumatic tyres, of a kind used on motor cars (including station wagons and racing cars)
470200	Wood pulp; chemical wood pulp, dissolving grades
441239	Plywood; consisting only of sheets of wood (not bamboo), each ply 6mm or thinner, with both outer plies of coniferous wood
390190	Ethylene polymers; in primary forms, n.e.c. in heading no. 3901
090111	Coffee; not roasted or decaffeinated
690890	Ceramic flags and pavings; glazed
722012	Steel, stainless; flat-rolled, width less than 600mm, hot-rolled, of a thickness of less than 4.75mm
901831	Medical, surgical instruments and appliances; syringes, with or without needles

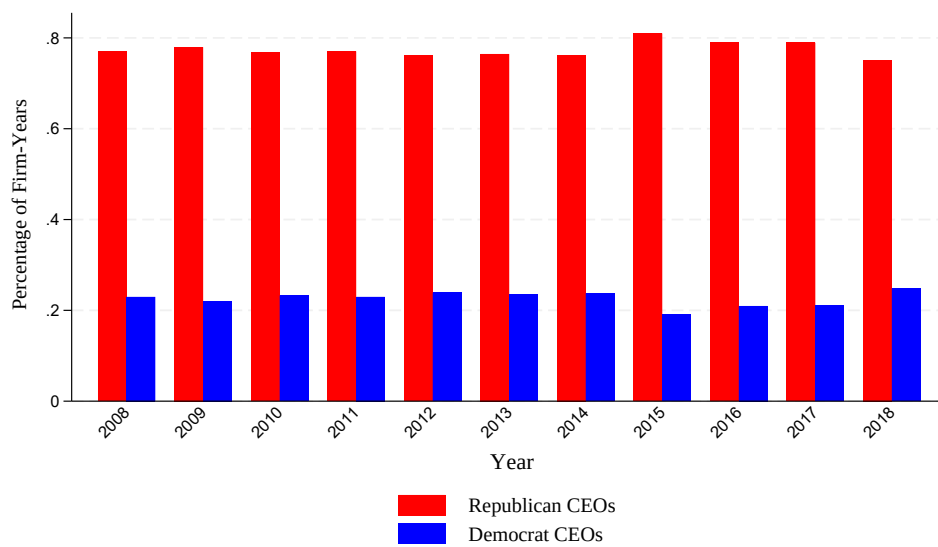
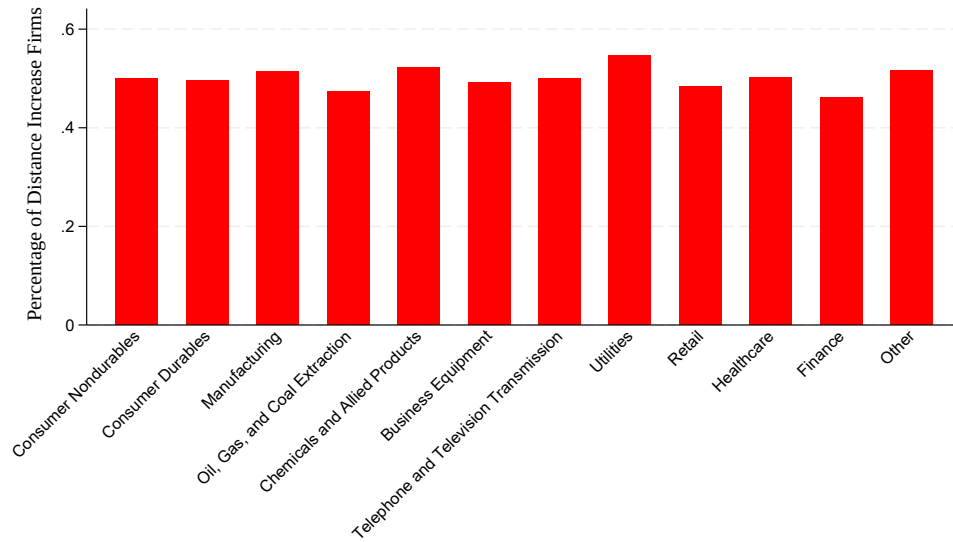
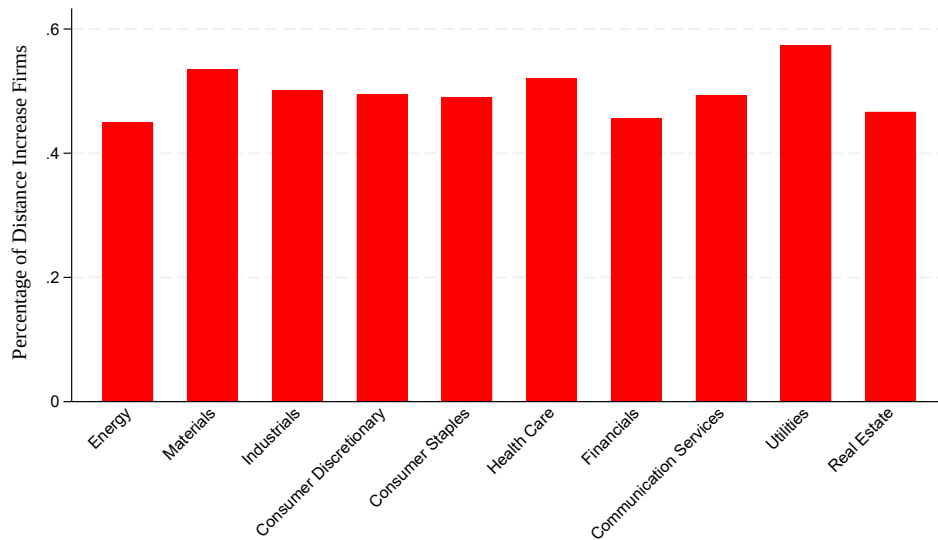


Figure IA.1: **Distribution of CEO Party Affiliation by Year**

The figure reports the percentage of sample firms led by Republican and Democratic CEOs by calendar year.



A. Fama-French 12 Industry



B. 2-Digit GICS

Figure IA.2: **Distribution of Distance Increase Firms By Industry or Sector**

The figure reports the percentage of sample firms that experience an increase in distance around a given election by industry.

Table IA.2: **Example: Changes in Ideological Distance**

The table reports the ideology scores of the winning party (“Winner”) and the winning party in the previous election (“Previous Winner”) for the 2013 Italian election (Panel A) and the 2012 French election (Panel B). Both elections are close elections with the vote share difference below 5%. It also reports the ideology score and the change in ideological distance (Δ Dist.) for the U.S. Republican Party and the U.S. Democratic Party around the respective election. Δ Dist. is computed according to equation (1) in the main paper.

Panel A: Italian Election in 2013

Winner			Previous Winner		Democrats		Republicans	
Party		Ideology	Party	Ideology	Ideology	Δ Dist.	Ideology	Δ Dist.
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)
Italy.	Common	-0.26	Centre-right coalition	0.49	-0.20	-0.63	0.95	0.75
Good								

Panel B: French Election in 2012

Winner			Previous Winner		Democrats		Republicans	
Party		Ideology	Party	Ideology	Ideology	Δ Dist.	Ideology	Δ Dist.
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)
Socialist Party		-1.11	Union for a Popular Movement	-0.47	0.35	0.64	0.93	0.64

Table IA.3: **Manifesto Project: Policy Categories**

The table reports the policy categories classified as right versus left by the Manifesto Project.

“Left” Position	“Right” Position
Market Regulation: Positive	Free Market Economy
Economic Planning: Positive	Economic Orthodoxy: Positive
Controlled Economy: Positive	Incentives: Positive
Protectionism: Positive	Protectionism: Negative
Welfare State Expansion: Positive	Welfare State Limitation: Positive
Nationalisation: Positive	Civic Mindedness: Positive
Education Expansion: Positive	Law and Order: Positive
Labour Groups: Positive	Traditional Morality: Positive
Military: Negative	Military: Positive
Anti-Imperialism: Anti-Colonialism	Constitutionalism: Positive
Peace: Positive	Political Authority: Positive
Internationalism: Positive	Freedom and Human Rights: Positive
Democracy: Positive	National Way of Life: Positive

IA.C Additional Analyses

Table IA.4: **CEO Ideological Distance and Exports**

The table repeats Panel A of Table 2, using an indicator for exports. Panel A examines all foreign elections and Panel B close elections only. We restrict to top 5 exporting countries by total trading volume over the full time period, measured for a given firm and product category. t -statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Panel A: All Elections

Dependent Variable:	Export Indicator		
	(1)	(2)	(3)
Distance Increase $\times$ Post	-0.008 (-0.29)	-0.012 (-0.45)	-0.016 (-0.54)
Election $\times$ Time FE	Yes	Yes	Yes
Firm $\times$ Election FE	No	Yes	Yes
Product $\times$ Time FE	No	No	Yes
R^2	0.082	0.211	0.288
N	34,840	34,589	34,427

Panel B: Close Elections

Dependent Variable:	Export Indicator		
	(1)	(2)	(3)
Distance Increase $\times$ Post	-0.080* (-1.66)	-0.129*** (-3.46)	-0.105** (-2.20)
Election $\times$ Time FE	Yes	Yes	Yes
Firm $\times$ Election FE	No	Yes	Yes
Product $\times$ Time FE	No	No	Yes
R^2	0.080	0.216	0.388
N	8,556	8,488	8,090

Table IA.5: **CEO Ideological Distance and Foreign Trade: Close Elections**

The table repeats Panel A of Table 2 after restricting to close elections, defined as those in which the vote share difference between the winning party and the runner-up is less than five percentage points. t -statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Import Indicator		
	(1)	(2)	(3)
Distance Increase $\times$ Post	-0.059** (-2.30)	-0.061** (-2.34)	-0.062** (-2.32)
Election $\times$ Time FE	Yes	Yes	Yes
Firm $\times$ Election FE	No	Yes	Yes
Product $\times$ Time FE	No	No	Yes
R^2	0.029	0.219	0.293
N	24,902	24,675	24,197

Table IA.6: **CEO Ideological Distance and Foreign Trade: Alternative Specifications**

The table reports alternative specifications for our baseline regression in column (3) of Panel A, Table 2 in the main paper. Panel A uses more stringent fixed effects. Panel B defines product category based on six-digit HS code. Panel C restricts the sample to elections in which the ruling party changes. Panel D applies alternative clustering of standard errors.

	Coefficient	<i>t</i> -stat	<i>N</i>
	(1)	(2)	(3)
Baseline	-0.045	-3.11	100,345
<i>Panel A: Alternative sets of fixed effects</i>			
Election $\times$ Product $\times$ Time and Firm $\times$ Election FE	-0.041	-2.41	86,162
Election $\times$ Time and Firm $\times$ Product $\times$ Election FE	-0.042	-2.84	97,816
Election $\times$ Product $\times$ Time and Firm $\times$ Product $\times$ Election FE	-0.037	-2.16	83,648
<i>Panel B: Alternative definition of product categories</i>			
6-Digit Product Category	-0.031	-2.56	253,602
<i>Panel C: Subsamples</i>			
Party-Changing Elections	-0.051	-2.08	33,679
<i>Panel D: Alternative clustering of standard errors</i>			
By Election $\times$ CEO Party	-0.045	-4.56	100,345
By Firm $\times$ Country and Time	-0.045	-3.41	100,345
By Product $\times$ Country	-0.045	-3.71	100,345
By Firm and Country	-0.045	-4.68	100,345
By Firm	-0.045	-3.39	100,345

Table IA.7: **Heterogeneity by CEO Visibility**

The table augments our baseline specification reported in column (3) of Table 2, Panel B, by interacting the independent variables with indicators for highly visible CEOs. To measure CEO visibility, we use two proxies: one based on the CEO's prominence and the other based on firm size. In column (1), the indicator *High Visibility* is equal to one if the CEO is listed on the Notable Names Database website, and zero otherwise. In column (2), it is equal to one if the firm's total market value of equity one year prior to the election is above the sample median, and zero otherwise. *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Import Indicator	
CEO Political Visibility:	CEO Prominence	Firm Size
	(1)	(2)
Distance Increase $\times$ Post $\times$ High Visibility	0.008 (0.38)	-0.019 (-0.99)
Distance Increase $\times$ Post	-0.045*** (-2.75)	-0.034* (-1.77)
Post $\times$ High Visibility	0.000 (0.00)	0.016 (1.20)
Election $\times$ Time FE	Yes	Yes
Firm $\times$ Election FE	Yes	Yes
Product $\times$ Time FE	Yes	Yes
R^2	0.244	0.245
N	97,812	98,779

Table IA.8: CEO Ideological Distance and Product-Level Importing Quantities and Value

The table repeats Table 5 in the main paper while using measures of a firm's total imports in a given product category and half-year as the dependent variable. Import activity is measured based on the number of shipments (column (1)), the trading volume in twenty-foot equivalent units (TEU) (column (2)), cargo weight in tons (column (3)), and the estimated dollar value of goods (column (4)), respectively. We use the inverse hyperbolic sine transformation of the dependent variables. All other specifications remain the same as in Table 5. *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ product level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Shipments (1)	Quantity (2)	Weight (3)	Value (4)
Distance Increase $\times$ Post	-0.049* (-1.90)	-0.057* (-1.72)	-0.040 (-0.95)	-0.031 (-1.46)
Election $\times$ Time FE	Yes	Yes	Yes	Yes
Firm $\times$ Election FE	Yes	Yes	Yes	Yes
Product $\times$ Time FE	Yes	Yes	Yes	Yes
R^2	0.494	0.476	0.505	0.516
N	100,345	100,345	100,345	100,343

Table IA.9: **Party Alignment with the U.S. President**

The table augments the main specification with an interaction term between *Post* and an indicator variable *Alignment* that is equal to one if the CEO shares the same party affiliation as the U.S. president, and zero otherwise. *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Import Indicator	
	(1)	(2)
Distance Increase $\times$ Post	-0.043*** (-2.90)	-0.037 (-1.62)
Alignment $\times$ Post	0.009 (0.72)	0.015 (0.80)
Distance Increase $\times$ Post $\times$ Alignment		-0.013 (-0.37)
Controls	No	No
Election $\times$ Time FE	Yes	Yes
Firm $\times$ Election FE	Yes	Yes
Product $\times$ Time FE	Yes	Yes
R^2	.245	.245
N	100,345	100,345

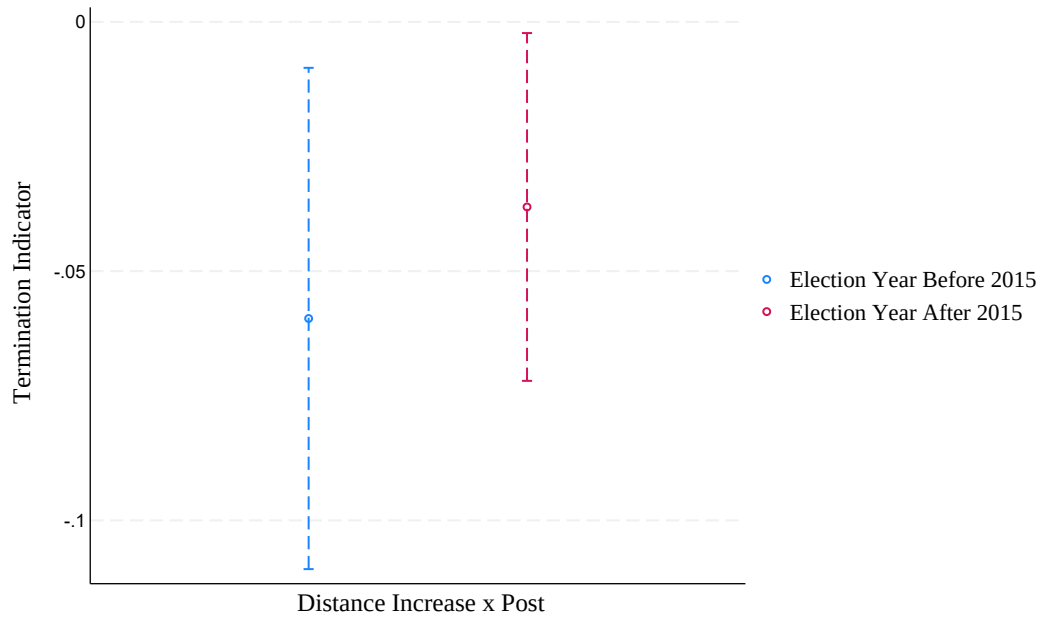
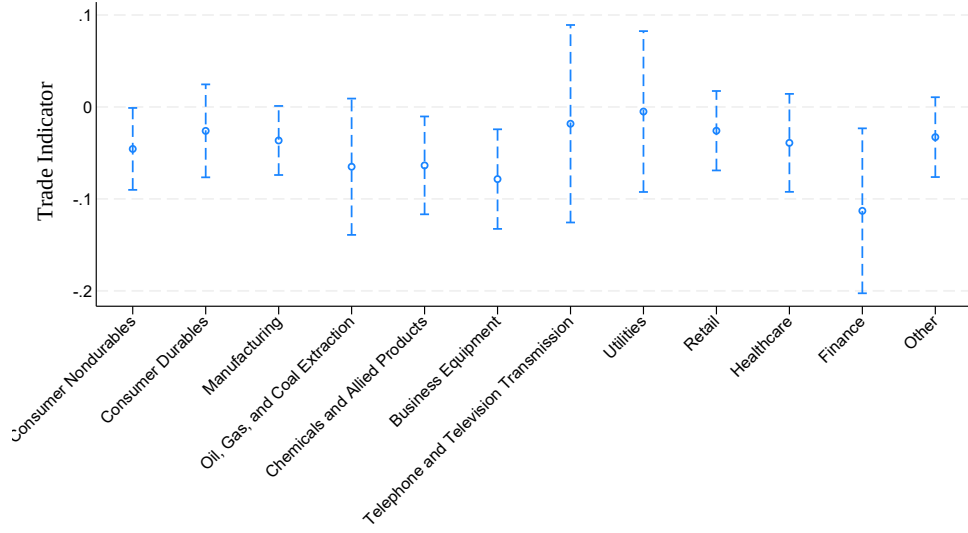
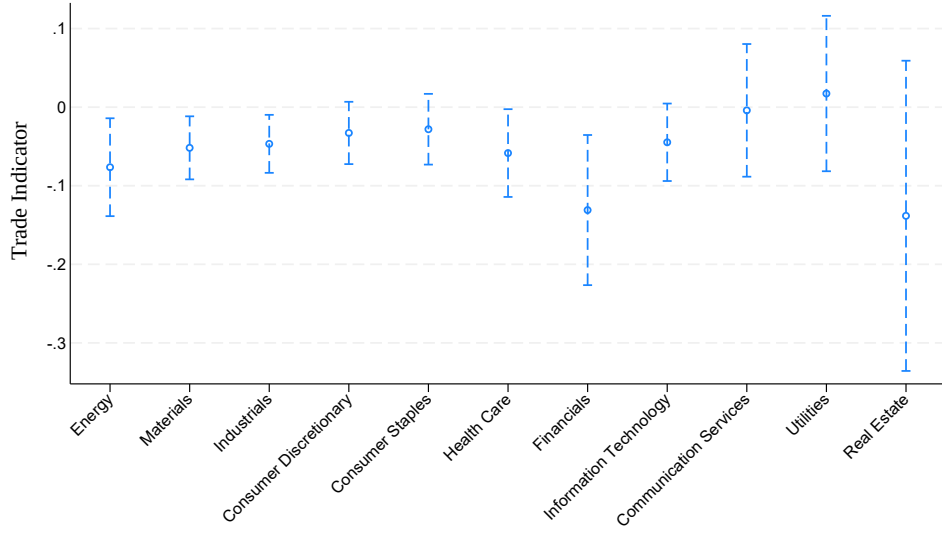


Figure IA.3: **CEO Ideological Distance and Foreign Trade Over Time**

The figure plots the coefficients of β from equation (2) for elections before 2015 (not including 2015) and elections after 2015. The corresponding 95% confidence intervals are based on standard errors that are clustered at the firm $\times$ country level.



A. Fama-French 12 Industry



B. 2-Digit GICS

Figure IA.4: **CEO Ideological Distance and Foreign Trade: By Industry or Sector**

The figure plots the coefficients of β_k from the following equation

$$Import_{fecpt} = \alpha_{ect} + \alpha_{fec} + \alpha_{pt} + \sum \beta_k Distance Increase_{fec,k} \times Post_{ect} + \epsilon_{fecpt},$$

We decompose $Distance Increase_{fec}$ into industry-specific components $Distance Increase_{fec,k} = Distance Increase_{fec} \times D_k$, where D_k indicates whether the firm belongs to a given industry, defined based on Fama-French 12 industry classification or GICS 2-digit sector classification. The corresponding 95% confidence intervals are based on standard errors that are clustered at the firm $\times$ country level.

Table IA.10: **Policy Positions vs In-Group Preference**

The table augments the main specification with an interaction term between *Post* and an alternative *Distance Increase* indicator defined based on a broader categorization. *Left-Right Indicator* classifies parties as left versus right using an ideology-score threshold of zero, and defines *Distance Increase* based on this broad left-right indicator. *GPS Party Value* uses the *Type Values* variable from the Global Party Survey (GPS) Database, which labels political parties as “left-liberal,” “left-conservative,” “right-liberal,” or “right-conservative” based on expert surveys. *Distance Increase* is then defined based on this categorization. *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Trade Indicator	
Group Based on:	Left-Right Indicator	GPS Party Value
	(1)	(2)
Distance Increase $\times$ Post	-0.052*** (-3.01)	-0.043*** (-2.84)
In-Group Distance Increase $\times$ Post	0.022 (0.86)	-0.003 (-0.13)
Election $\times$ Time FE	Yes	Yes
Firm $\times$ Election FE	Yes	Yes
Product $\times$ Time FE	Yes	Yes
R^2	0.245	0.244
N	100,345	99,053

Table IA.11: **Policy Positions vs In-Group Preference: Over Time**

The table repeats column 1 of Table IA.10 for elections before 2015 and after 2015 (including 2015). *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Trade Indicator	
Group Based on:	Left-Right Indicator	
Election Year:	Before 2015	After 2015 (Incl)
	(1)	(2)
Distance Increase $\times$ Post	-0.028 (-0.99)	-0.048** (-2.32)
In-Group Distance Increase $\times$ Post	-0.116** (-2.01)	0.038 (1.41)
Election $\times$ Time FE	Yes	Yes
Firm $\times$ Election FE	Yes	Yes
Product $\times$ Time FE	Yes	Yes
R^2	0.253	0.238
N	52,070	53,575

Table IA.12: **CEO Ideological Distance and Foreign Trade: Active Country**

The table augments the specification in Table 2 in the main paper by interacting the independent variables with an indicator equal to one if the firm has imported from the country in the two years prior to the election, and zero otherwise. t -statistics, reported in parentheses, are based on standard errors that are clustered at the firm $\times$ country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Import Indicator	Shipments	Quantity	Weight	Value
	(1)	(2)	(3)	(4)	(5)
Distance Increase $\times$ Post $\times$ Active Country	0.029* (1.69)	0.096** (2.13)	0.083 (1.51)	0.169* (1.94)	0.011 (0.44)
Distance Increase $\times$ Post	-0.058*** (-3.17)	-0.152*** (-3.25)	-0.140** (-2.41)	-0.233** (-2.57)	-0.032 (-1.36)
Post $\times$ Active Country	-0.523*** (-41.55)	-0.744*** (-23.08)	-0.850*** (-22.28)	-1.608*** (-24.94)	-0.155*** (-8.10)
Election $\times$ Time FE	Yes	Yes	Yes	Yes	Yes
Firm $\times$ Election FE	Yes	Yes	Yes	Yes	Yes
Product $\times$ Time FE	Yes	Yes	Yes	Yes	Yes
R^2	0.267	0.355	0.357	0.364	0.360
N	100,345	100,345	99,588	100,315	100,309

Table IA.13: **Differences in Firm Characteristics: Distance Increase vs. Distance Decrease**

The table reports the results from a linear probability model that regresses the indicator *Distance Increase* on observable firm and CEO characteristics. The unit of observation is a firm $\times$ election and all characteristics are measured one year prior to the election. We example all elections in columns (1) to (3), and in close elections in column (4). *Log Quantity* is the logarithm of firm's total annual import volume. *Log No. of Countries* is the logarithm of the total number of unique countries from which the firm imports in the given year. *Log No. of Products* is the logarithm of the total number of unique product categories the firm imports in that year. *Firm size* is the logarithm of the firm's market value of equity. *Firm leverage* is the ratio of the firm's total debt (current plus long-term) to total assets. *Firm ROE* is the firm's return on equity. *Log CEO Age* is the logarithm of the CEO's age in the year. *Chairman CEO* is an indicator equal to one if the CEO serves as chairman on the board, and zero otherwise. *Prominent CEO* is an indicator equal to one if the CEO is classified as prominent (as defined as in Table IA.7), and zero otherwise. *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Distance Increase			
		All Elections		Close Elections
	(1)	(2)	(3)	(4)
Log Quantity	-0.005 (-1.28)	-0.005 (-1.37)	-0.006 (-1.48)	-0.004 (-0.50)
Log No. of Countries	0.017 (1.30)	0.015 (1.07)	0.017 (1.19)	0.029 (1.21)
Log No. of Products	-0.007 (-0.55)	-0.003 (-0.21)	-0.006 (-0.42)	-0.022 (-0.91)
Firm Size		-0.003 (-1.08)	-0.000 (-0.05)	-0.009 (-1.43)
Firm ROE		0.010 (0.56)	0.002 (0.14)	0.009 (0.32)
Firm Leverage		0.030 (0.88)	0.031 (0.87)	0.063 (1.03)
Log CEO Age			0.031 (0.64)	0.052 (0.66)
Chairman CEO			0.011 (0.98)	0.008 (0.40)
Prominent CEO			-0.023* (-1.89)	-0.015 (-0.67)
Year FE	Yes	Yes	Yes	Yes
R^2	0.093	0.091	0.088	0.231
N	7,889	7,514	7,164	2,025