The Political Economy of Firm Networks: CEO Ideology and Global Trade *

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Abstract

We examine how the political ideology of corporate leaders shapes cross-border firm networks. Exploiting changes in ideological alignment between U.S. firm CEOs and foreign governments around close foreign elections, we show that U.S. firms are more likely to terminate trade relationships with countries led by governments whose ideology becomes more distant from that of their CEOs. The impact is concentrated in shorter trade relationships, suggesting that ideological alignment is more relevant in more flexible and substitutable connections. We also find that ideological misalignment leads to economic costs for firms with high foreign trade exposure. Our findings highlight the role of ideology in shaping the formation and persistence of international firm networks.

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

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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 the formation and persistence of firms' global trade relationships. Identifying the causal effect of such alignment presents two main challenges. First, ideological similarity often coincides with other factors, such as geographic, linguistic, or cultural proximity. Second, changes in ideological distance may occur alongside shifts in trade policy, further complicating causal inference.

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 close 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 reveal that CEOs' political ideology significantly shapes firms' global trade networks. Specifically, firms whose CEO experiences an increase in ideological distance after a foreign election are about six percentage points less likely to maintain trade ties with that country, compared to firms whose CEO sees a decrease in ideological distance. Importantly, the effect persists with similar economic magnitude when we compare U.S. firms trading the same product category, indicating that neither shifts in product demand nor product-specific policies drive the result. The relative decline in trade begins in the election half-year and persists for at least two years, with no evidence of pre-trends—consistent with the unexpected nature of close elections. The effect is strongest for shorter, more easily substitutable relationships, suggesting that firms sever ties more readily when switching costs are low.

Additional analyses support the interpretation that these patterns reflect ideologically motivated decisions by U.S. CEOs rather than confounding factors. A within-supplier test rules out the possibility that foreign trade partners initiate the adjustment. The results are also robust for both small and large firms and for CEOs of varying public visibility, suggesting that foreign governments or trade partners are unlikely to selectively target U.S. firms based on CEO politics. Taken together, the evidence points to CEO ideology itself—rather than external discrimination or unobserved heterogeneity among trade partners—as the primary driver of the observed trade response.

Finally, we examine how U.S. firms adjust their trade networks in response to shifts in ideological alignment. Rather than redirecting trade to alternative foreign partners, firms whose CEOs experience increased ideological distance reduce the overall number of foreign trade 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)). Consistent with economic costs, we also document an increase in the cost-of-goods-sold-to-revenue ratio and a decline in revenue following increases in CEO ideological distance, indicating that severing trade ties due to ideological misalignment can be financially detrimental to the firm.

Taken together, our findings reveal that CEOs' political ideology has a meaningful impact on the structure and resilience of global firm networks. Ideological misalignment with foreign governments leads U.S. firms to sever trade ties, contract the breadth of their international supplier and customer base, and ultimately incur economic costs. 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 and explores potential effects on cost margins and revenue. 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 economic effects of trade frictions. 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).[1] More recently, studies have analyzed the increase in protectionism, including the U.S.-China trade war (e.g., Fajgelbaum and Khandelwal (2022); Amiti, Redding, and Weinstein (2019); Canayaz, Erel, Gurun, and Wu (2024); Cen, Cohen, Wu, and Zhang (2024)). By examining how corporate leaders' political ideology shapes international economic exchange, our paper relates more closely to the emerging literature on "private sanctions" (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.[2] We address this gap by analyzing how CEOs' political ideology influences the structure of firms' global trade networks.

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

[1] Beyond the effect of government-imposed interventions, the literature has established other non-government policy-related determinants in the decision to establish or terminate trade relationships, such as natural disasters (Barrot and Sauvagnat (2016); Boehm, Flaaen, and Pandalai-Nayar (2019); Carvalho, Nirei, Saito, and Tahbaz-Salehi (2021)), ESG incidents (e.g., Koenig and Poncet (2022), Bisetti, She, and Zaldokas (2024)), terrorist attacks (Tan, Wang, and Zhang (2024)), equity ownership by trade partners (Fee, Hadlock, and Thomas (2006)), and CEO turnovers (Intintoli, Serfling, and Shaikh (2017)).

[2] One 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 find that greater ideological distance between a firm and a foreign country leads to reduced imports from that country. A key difference between their study and ours is that Charoenwong, Peng, and Wu (2025) do not exploit close elections and find that the decline in imports begins six months prior to the election. In contrast, our analysis takes advantage of quasi-exogenous variation in ideological alignment induced by close elections and isolates the causal effect of CEO ideology on trade relationships.

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 thus 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 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 quantities imported or exported (measured in twenty-foot equivalent units, TEUs). For import records, Panjiva also 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.

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 four- or six-digit HS codes.

We aggregate shipments at the U.S. firm × product × foreign country × half-year level. To focus on the most relevant countries in a firm's global trade network, we restrict the sample to the top five import and export countries for a given firm-product pair, defined based on the total import and export volume during the entire sample period, respectively. 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.[3] The information provided by the MPD includes the election date and the 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.[4] 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 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.

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

[4]To 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/`.

Thus, the set of foreign countries that we are able to study encompasses the clear majority of U.S. foreign trade, highlighting the broad economic relevance of our findings.

Because 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 137 foreign elections in 49 countries. About 58 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 11.0 (8.2) 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).[5] 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-learning policy categories. Specifically, the ideology score for party p is calculated as $Ideology_p = Ln(\frac{R_p+0.5}{L_p+0.5})$, 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.

In our robustness tests, discussed in Section 5.2 below, we show that our main findings are robust to alternative measures of party ideology. For instance, following the approach suggested by the Manifesto Project, we classify parties as left or right using a zero-threshold

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

rule and define CEO ideological alignment based on these two broad categories only. In addition, we use party classifications from the Global Party Survey (GPS) Database,[6] which provides expert-coded ideological positions of political parties worldwide based on cross-national expert surveys. These alternative measures yield similar results.

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.

[6]See `https://www.globalpartysurvey.org/`.

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 trade 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 main analysis focuses on 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).[7] Our final all-elections sample covers 766 U.S. firms, which are run by 937 partisan CEOs and trade with 49 foreign countries around 137 foreign elections. When we restrict to close elections, the sample shrinks to 590 U.S. firms.

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 all-election sample in Panel A and for our close-election sample in Panel B. The average firm exchanges approximately six shipments with a given foreign country in a given product category and half-year, with a combined volume of 16.2 TEUs. It trades with about 5.6 countries in the same product category

[7] In our robustness tests, discussed in Section 5.2 below, we show that we find similar results when using alternative definitions of close elections, such as those with a vote share difference of less than three percentage points or with a vote share difference in the bottom quartile across all elections in MPD.

and imports from 7.9 suppliers. For the average firm, the likelihood of exchanging at least one shipment during a given half-year is 52%. Within each two-digit product category and partner country, firms trade only a few finer product codes: on average 1.6 distinct four-digit HS codes and 2.0 distinct six-digit HS codes.

4 Empirical Strategy

This section describes the empirical framework used to identify the effect of CEO ideological alignment with foreign governments on firms' international trade relationships. We hypothesize that firms led by CEOs who are ideologically more distant to the party in power in a foreign country are less likely to maintain a trade relationship 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.[8] Second, the profitability of trade relationships with a foreign country may be directly affected by political events, such as elections or 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. Third, 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 trading in the same product category

[8]For example, see `https://www.pewresearch.org/politics/2024/04/09/partisanship-by-race-ethnicity-and-education/`.

around the same foreign election. Consider the following thought experiment: Two U.S. firms—one led by a Republican CEO and the other by a Democratic CEO—trade with partners 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 maintaining a trade relationship with 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 focusing on close elections, we minimize concerns about selection effects due to anticipated election outcomes, and by comparing firms within the same product category, we can control for differences in exposure to macro-economic shocks or 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:

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

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.[9]

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 43% of the close elections in our sample provide such identifying variation, and we report the full list of these elections in Internet Appendix Table IA.3.

We then estimate the following regression:

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

where $Trade_{fecpt}$ is an indicator equal to one if firm f has imported or exported at least one shipment with 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 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

[9]Due to the very small number of observations with exact-zero distance changes, 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'Haultfœuille (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.

and Sant'Anna (2021), and Baker, Larcker, and Wang (2022). Due to some overlapping event windows, the unit of observation is a firm × election × product × half-year rather than a firm × country × product × half-year. We remove half-years in which a firm does not trade with any foreign country in a given product category, and we cluster standard errors at the firm × country level. We estimate equation (2) using a linear probability model.

By including election × time fixed effects (α_{ect}), which subsume country × 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 × election fixed effects (α_{fec}), which subsume firm × 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 × time fixed effects (α_{pt}) to control for time-varying, product-specific policy changes or demand shocks.

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

$$Trade_{fecpt} = \alpha_{ect} + \alpha_{fec} + \alpha_{pt} + \sum_{\tau=-3}^{\tau=+4} \beta_\tau Distance\,Increase_{fec} \times D^\tau_{ect} + \epsilon_{fecpt}, \qquad (3)$$

where D^τ_{ect} 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 relationships. 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 maintain an active trade relationship with that country, relative to firms whose CEO experiences a decrease in ideological distance.

Table 2 presents the results from the estimation of equation (2) for all foreign elections in Panel A and for close elections in Panel B. The coefficient of interest, $Distance\,Increase \times Post$, captures the effect of an increase in the CEO's ideological distance on the likelihood of trading with a foreign country, relative to firms with a decrease in the CEO's ideological distance. The estimates obtained for our preferred sample of close elections, reported in Panel B, suggest that firms whose CEO experiences an increase in ideological distance are about six percentage points (pp) less likely to trade with the foreign country following the election, relative to firms whose CEO experiences a decrease in the ideological distance. This effect corresponds to a 12.0% (=-0.061/0.51) to 13.3% (=-0.068/0.51) decline relative to the unconditional probability of trading (see Table 1, Panel B), depending on the exact specification used.

To put this economic magnitude into perspective, we can compare it against firm responses to noneconomic shocks documented in the literature. For example, U.S. firms are about 4.5 pp more likely to terminate a supplier relationship when their partner experiences an environmental or social (ES) incident (Bisetti, She, and Zaldokas (2024)), and about 2.9 pp to do so after a terrorist attack in the supplier's region (Tan, Wang, and Zhang (2024)). Thus, our estimated effect is comparable to or larger than previously documented trade responses to noneconomic shocks.

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 × 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 trading with the country; (ii) firm × election fixed effects eliminate persistent firm-country preferences—for example, a firm that systematically trades more with culturally proximate nations; and (iii) product × time fixed effects control for product-specific demand shifts or policy changes (e.g., tariffs on a particular good).

To shed light on the timing of the effect, Figure 1 plots the coefficients β_τ from equation (3) for all elections in Panel A and for close elections in Panel B. The omitted period is $\tau = -4$, meaning that all subsequent differences are measured relative to the difference at $\tau = -4$. The figure in Panel B 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 three half-years. Importantly, there is no evidence of pre-trends in the period before the election.

Although we prefer the close-election sample for identification—especially because it mitigates concerns that election outcomes are anticipated—we obtain qualitatively similar results when using the full sample of foreign elections covered by MPD (see Panel A of Table 2 and Panel A of Figure 1). This similarity substantially alleviates potential concerns about the external validity of the smaller close-election sample.

5.2 Alternative Specifications

In Internet Appendix Table IA.5, we report the results of alternative specifications for our preferred specification reported in column (3) of Table 2, Panel B. In Panel A, we show that our results are not sensitive to the exact definition of close elections used. In Panel B, we include even more granular fixed effects, such as election × product × time or (and) firm × product × election fixed effects, to address the concern that elections may lead to heterogeneous policy effects across different product categories and CEO ideology being

correlated with the type of products firms trade. 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 very stable.

In Panel C, we adopt finer product definitions based on four- or six-digit HS codes, and obtain very similar estimates. Panel D separates the import and export margins: The ideological distance reduces the likelihood of both importing and exporting, although the export effect is not statistically significant on its own.

In Panel E, we restrict the sample to elections in which the ruling party changes and find economically larger effects, consistent with such elections inducing greater shifts in ideological distance.[10] In Panel F, we test the robustness of our results to alternative measures of party ideology. For example, the findings hold when using coarser classifications, such as a left-right split based on an MPD-ideology-score threshold of zero, or the broad typology from the Global Party Survey (GPS) Database that groups parties into "left-liberal," "left-conservative," "right-liberal," or "right-conservative" based on assessments by experts. Similar results also emerge when we use the average ideological position of party voters on a left–right scale (1 to 10), as provided by the GPS Database based on the World Value Survey Database.

Finally, our results remain robust when standard errors are clustered by firm × country and time, by product × country, by firm and time, by firm and country, and by firm alone(see Panel G).

Although CEOs may primarily weigh a party's economic platform, they may also factor in social issues, such as human-rights stances, when making trade decisions (e.g., Bisetti, She, and Zaldokas (2024)). To gauge which dimensions matter most, we decompose our left-right ideology score into economic, social, and other policy components. Following

[10]In two elections on our close-election list in Internet Appendix Table IA.3—Belgium 2010 and Latvia 2014—the party with the largest vote share did not lead the governing coalition that was ultimately formed. Dropping these elections from our sample leaves the main coefficient on *Distance Increase* × *Post* virtually unchanged (-0.063, t=–2.70). Hence, our results are not driven by cases in which the party with the largest vote share fails to enter the government.

Girardi (2020), we classify policies as economic based on the party's stance on planned versus market economies. We use the MPD variables *planeco* and *markeco*, which reflect the relative positions on support for market regulation, economic planning, and government intervention versus support for free markets and minimal state intervention. Following Benoit and Laver (2007), we classify policies on issues such as human rights, democracy, national identity, and traditional morality as social policies. All other policies, including state-provided services (e.g., education) and protectionism, fall under "other policies." A full list of policy categories is available in Internet Appendix Table IA.4.

Table 3 shows that both economic and social policy dimensions drive the trade effect, consistent with the evidence in Kempf, Luo, Schäfer, and Tsoutsoura (2023) for cross-border capital allocation by U.S. institutional investors.

5.3 Heterogeneity by Relationship Tenure

Long-standing trade ties may be more resilient to ideological shocks than newly formed ones. We test this hypothesis by interacting our baseline specification (equation (2)) with an indicator for short-tenure relationships; i.e., those that were active in relatively fewer pre-election periods.

Relationship tenure is measured as the share of half-years, prior to the foreign election, in which a firm traded a given product with a given country. We divide the number of pre-election half-years with active trade by the total number of half-years in which the firm traded that product anywhere. A relationship is classified as short if this share is below either (i) the median within a given election or (ii) 0.5. We define an indicator equal to one for short ties and zero otherwise.

Table 4 shows that ideological misalignment matters most for short-tenure relationships: firms in this group are significantly more likely to terminate trade after the election. In contrast, there is no significant effect for established relationships, as can be seen from the insignificant coefficient on $Distance \times Post$.

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 expected profitability of trade or may 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 examining whether the strength of the effect varies with the intensity of CEOs' political engagement. If CEO ideology is indeed the source of the response, we would expect more political CEOs to exhibit stronger effects. To test this, we proxy for political engagement using voter turnout: we compute the average number of quarters between U.S. elections in which a CEO has voted up until one year prior to the foreign election. CEOs are classified as exhibiting "High Engagement" if this average is below the median (i.e., they vote more frequently).

Table 5 reports the results. In column (1), we augment our baseline specification (equation (2)) by interacting the distance increase variable with the *High Engagement* indicator. In column (2), we instead use the inverse of the average number of quarters between votes (so that higher values indicate more frequent voting), standardized to have mean zero and unit variance.

The results confirm that politically engaged CEOs respond more strongly to changes in ideological distance. In column (2), a one-standard-deviation higher voting frequency is

associated with a 51% (=0.027/0.053) larger reduction in the propensity to trade with a foreign country due to ideological misalignment.

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 remaining alternative explanation is that the observed trade response may originate not from U.S. firms, but from their foreign trade partners. For example, foreign firms may choose to disengage from 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 use two proxies for CEO visibility. The first is based on CEO prominence, defined by 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.

The second proxy is based on firm size, under the assumption that the CEOs of larger firms are more likely to attract public attention, making their political affiliation more salient. We define an indicator equal to one if the firm's total assets one year prior to the election are above the median value, and zero otherwise. As before, we augment

our baseline specification in equation (2) by interacting the treatment variable with each visibility proxy. The results are reported in Table 6.

Across both specifications, we find no evidence that the effects differ in a meaningful way between highly visible and less visible CEOs. This suggests that foreign trade partners are unlikely to discriminate based on U.S. CEOs' political ideology.

Another potential explanation is that the results reflect 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. 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. 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. Due to data limitations, we focus on import relationships.

As shown in Table 7, the within-supplier results are very similar to those in our baseline specification, suggesting that unobserved heterogeneity in foreign trade partners is unlikely to explain our main findings.

7 Economic Implications

We next examine how firms restructure their global trade networks in response to shifts in political alignment with foreign governments and how these adjustments affect firm-level outcomes such as revenue and costs. A natural question is whether firms respond to ideological misalignment by creating new trade relationships in other countries or instead

by consolidating trade with existing partners. To assess which effect dominates, we apply our difference-in-differences framework to outcomes that capture the scope and composition of firms' trade networks—specifically, the total number of foreign trade partners and the formation of new relationships.

Specifically, we measure the number of countries with which a firm trades for a given product, as well as the number of new countries added relative to the previous half-year. Since these dependent variables are non-negative count outcomes, we follow Cohn, Liu, and Wardlaw (2022) and estimate Poisson regressions. Moreover, because the outcomes do not vary within firm-product pairs in a given half-year, we cluster standard errors at the firm level.

The results, reported in Table 8, indicate that an increase in ideological distance leads firms to contract their global trade networks. Specifically, firms reduce the number of countries with whom they trade in a given product category by 5.5% (=1–exp(-0.057)) (column (1)). The decline in the propensity to establish new trade relationships is of similar economic magnitude, amounting to 5.1% (=1–exp(-0.052)) (column (2)).

In Internet Appendix Table IA.6, we further explore the effect on trade network concentration. We measure concentration using a Herfindahl-Hirschman Index (HHI) based on country-level trade shares, calculated using shipment volume, weight, or estimated value, respectively, within each firm × product × half-year cell. We find that HHI increases by about 1.1 to 1.6 pp, although the effect is never statistically significant.

Together, these patterns 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 important risks, including heightened exposure to country-specific shocks and increased vulnerability to future supply-chain disruptions.

An important remaining question is whether ideologically driven trade disruptions impose economic costs on firms. To address this, we examine the dynamics of costs and

revenues around close foreign elections that shift CEOs' ideological alignment. We first aggregate quarterly data on cost of goods sold (COGS) and revenue from Compustat to a semi-annual frequency to match our main panel. Next, for each firm we calculate the pre-election ratio of imported-goods value to COGS and exported-goods value to revenue. Firms above the median on the import ratio are classified as high-import exposure, and those above the median on the export ratio as high-export exposure. Because the outcome variables are firm-level, we conduct the analysis at the firm $\times$ election $\times$ half-year level, include election $\times$ time and firm $\times$ election fixed effects, and cluster standard errors by firm. Table 9 presents the results.

Among high-import-exposure firms, an increase in ideological distance raises the COGS-to-revenue ratio by 70 basis points (column (1))—about a one percent increase relative to the unconditional mean of 64%—and reduces revenue by 5.2% (column (2)). For high-export-exposure firms, revenue falls by a similar magnitude, but the cost ratio is unaffected (columns (3) to (4)). This asymmetric pattern aligns well with our proposed mechanism: ideological misalignment raises input costs when imports are disrupted, increasing the COGS-to-revenue ratio for import-oriented firms, whereas for exporters the primary channel is lost revenue, leaving the cost ratio unchanged. The increase in costs among import-heavy firms aligns with Barrot and Sauvagnat (2016), who document that intermediate inputs exhibit low substitutability, making firms vulnerable to disruptions in their supplier networks.

In sum, disruptions in trade relationships caused by CEO ideological misalignment can raise production costs and lower revenue, thus imposing meaningful economic costs on U.S. firms.

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 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 firm relationships. Exploiting changes in ideological alignment between U.S. firm CEOs and foreign governments around close foreign elections, we show that U.S. firms are more likely to terminate trade relationships with countries led by governments whose political ideology grows more distant from that of their CEOs. The effect is particularly pronounced among CEOs who are more politically engaged, indicating that CEO ideology shapes these decisions. Our findings highlight the role of ideology in shaping international firm networks.

We also find that firms experiencing an increase in ideological distance reduce the total number of foreign trade partners and are less likely to form new relationships, thereby narrowing the scope of their global supply chains. This decline in diversification may heighten firms' exposure to country-specific shocks and future supply-chain disruptions. Consistent with these trade relationship terminations being economically costly, we observe a decline in revenue and an increase in cost margins among firms that are more reliant on foreign imports.

Overall, this study underscores the significant impact of political ideology on firms' trade relationships, emphasizing the importance of considering ideological factors in addition to economic and policy considerations when analyzing global trade dynamics.

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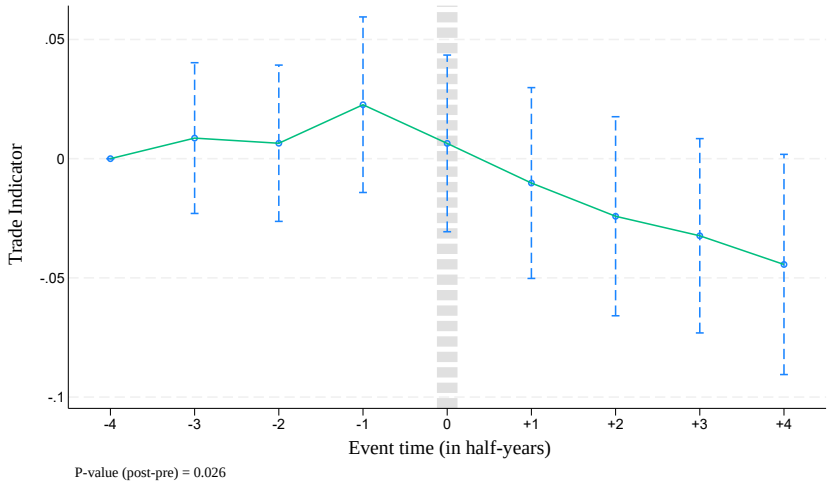
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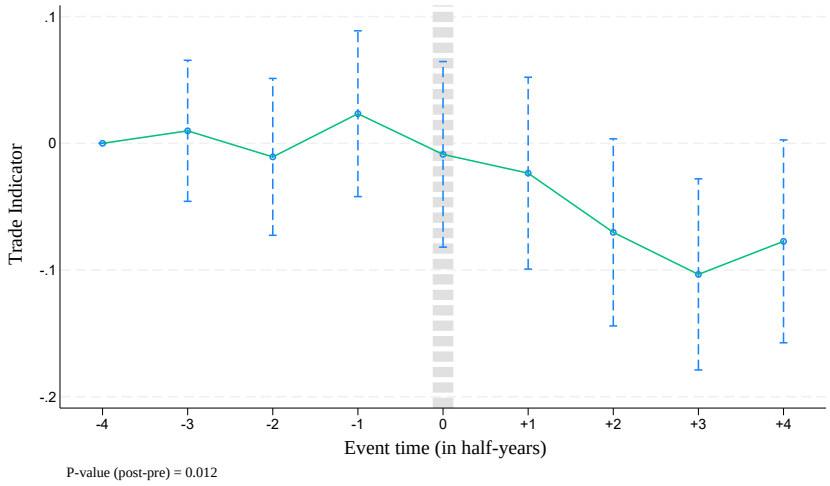
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A. All Elections



B. Close Elections

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

The figure plots the difference in the propensity to trade with a given foreign country between U.S. firms whose CEO experiences an increase versus decrease in ideological distance around an election. Panel A shows all foreign elections and Panel B restricts to close elections. 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 trades 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.

Table 1: **Summary Statistics**

The table reports summary statistics for our sample of all elections (Panel A) and close elections (Panel B), respectively. The unit of observation is a U.S. firm × foreign election × product category × half-year. All variables are defined in Appendix A.1.

Panel A: All Elections

	Count	Mean	SD	P25	Median	P75
	(1)	(2)	(3)	(4)	(5)	(6)
No. of Shipments	141,806	6.20	36.83	0.00	1.00	2.00
Quantity (TEU)	140,119	16.16	151.21	0.00	0.04	3.00
No. of New Trading Countries	141,806	2.12	2.60	1.00	1.00	3.00
No. of Trading Countries	141,806	5.63	8.35	1.00	3.00	6.00
No. of Suppliers	124,013	7.79	19.11	1.00	2.00	6.00
Distance Increase	141,806	0.51	0.50	0.00	1.00	1.00
Trade Indicator	141,806	0.52	0.50	0.00	1.00	1.00
Import Indicator	110,188	0.50	0.50	0.00	0.00	1.00
Export Indicator	41,739	0.53	0.50	0.00	1.00	1.00
No. of 4-Digit HS Per Product-Ctry.	71,693	1.58	1.61	1.00	1.00	2.00
No. of 6-Digit HS Per Product-Ctry.	71,693	1.95	2.80	1.00	1.00	2.00

Panel B: Close Elections

	Count	Mean	SD	P25	Median	P75
	(1)	(2)	(3)	(4)	(5)	(6)
No. of Shipments	34,786	6.36	43.18	0.00	1.00	2.00
Quantity (TEU)	34,322	17.75	198.63	0.00	0.02	3.00
No. of New Trading Countries	34,786	2.09	2.52	1.00	1.00	3.00
No. of Trading Countries	34,786	5.50	7.95	1.00	3.00	6.00
No. of Suppliers	30,620	7.51	17.73	1.00	3.00	6.00
Distance Increase	34,786	0.60	0.49	0.00	1.00	1.00
Trade Indicator	34,786	0.51	0.50	0.00	1.00	1.00
Import Indicator	27,165	0.48	0.50	0.00	0.00	1.00
Export Indicator	10,081	0.54	0.50	0.00	1.00	1.00
No. of 4-Digit HS Per Product-Ctry.	17,365	1.56	1.59	1.00	1.00	2.00
No. of 6-Digit HS Per Product-Ctry.	17,365	1.93	2.72	1.00	1.00	2.00

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

The table reports differences in the propensity to trade by U.S. firms whose CEO experiences an increase versus decrease in ideological distance around foreign elections, estimated using a linear probability model. Panel A examines all foreign elections and Panel B close elections only. The unit of observation is a U.S. firms × foreign election × product × 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 × country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level, respectively.

Panel A: All Elections

Dependent Variable:	Trade Indicator		
	(1)	(2)	(3)
Distance Increase × Post	-0.030**	-0.031**	-0.030**
	(-2.40)	(-2.52)	(-2.46)
Election × Time FE	Yes	Yes	Yes
Firm × Election FE	No	Yes	Yes
Product × Time FE	No	No	Yes
R^2	0.027	0.190	0.214
N	141,736	140,784	140,655

Panel B: Close Elections

Dependent Variable:	Trade Indicator		
	(1)	(2)	(3)
Distance Increase × Post	-0.062***	-0.068***	-0.061***
	(-2.61)	(-3.13)	(-2.66)
Election × Time FE	Yes	Yes	Yes
Firm × Election FE	No	Yes	Yes
Product × Time FE	No	No	Yes
R^2	0.031	0.195	0.256
N	34,764	34,512	34,178

Table 3: **CEO Ideological Distance and Foreign Trade by Policy Dimension**

The table repeats our baseline specification reported in column (3) of Table 2, Panel B, after defining *Distance Increase* separately for positions on economic, social, and other policies, respectively. The list of policy positions used to define ideology on economic, social, and other issues is presented in Internet Appendix Table IA.4. In column (4), all three measures are included simultaneously. t-statistics, reported in parentheses, are based on standard errors that are clustered at the firm × country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Trade Indicator			
	(1)	(2)	(3)	(4)
Distance Increase Econ. Policy × Post	-0.058**			-0.040
	(-2.26)			(-1.43)
Distance Increase Social Policy × Post		-0.065**		-0.045
		(-2.40)		(-1.50)
Distance Increase Other Policy × Post			-0.004	-0.010
			(-0.12)	(-0.38)
Election × Time FE	Yes	Yes	Yes	Yes
Firm × Election FE	Yes	Yes	Yes	Yes
Product × Time FE	Yes	Yes	Yes	Yes
R^2	0.256	0.256	0.256	0.256
N	34,178	34,178	34,178	34,178

Table 4: **Heterogeneity by Relationship Tenure**

The table augments our baseline specification reported in column (3) of Table 2, Panel B, by interacting the independent variables with an indicator equal to one if the tenure of the firm's trade relationship with the foreign country prior to the election is relatively short, and zero otherwise. Relationship tenure is measured as the share of active trading periods within a given firm and product category prior to the election. Specifically, we divide the number of half-years in which the firm has traded a given product with the foreign country by the total number of half-years in which the firm has traded the same product with any foreign country. The indicator "Short Relationship" is then equal to one if the share of active trading periods is below the median within a given election (column (1)), or below 0.5 (column (2)), and zero otherwise. t-statistics, reported in parentheses, are based on standard errors that are clustered at the firm × country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Trade Indicator	
Share of Active Trading Periods:	Below Median	Below 0.5
	(1)	(2)
Distance Increase × Post × Short Relationship	-0.068**	-0.098***
	(-2.49)	(-3.26)
Distance Increase × Post	-0.024	0.007
	(-0.74)	(0.22)
Post × Short Relationship	0.359***	0.295***
	(15.96)	(12.66)
Distance Increase × Short Relationship	0.024	0.045
	(0.98)	(1.55)
Short Relationship	-0.529***	-0.533***
	(-25.97)	(-22.13)
Election × Time FE	Yes	Yes
Firm × Election FE	Yes	Yes
Product × Time FE	Yes	Yes
R^2	0.331	0.323
N	33,411	33,411

Table 5: **Heterogeneity by CEO Political Engagement**

The table augments our baseline specification reported in column (3) of Table 2, Panel B, by interacting the independent variables with a measure of CEOs' political engagement based on their voter turnout. We compute the average number of quarters between elections in which a CEO has voted up until a year prior to the election. In column (1), we classify CEOs as *High Engagement* if their average is below the median (i.e., they vote frequently), and *Low Engagement* otherwise. In column (2), we take the inverse of the average number of quarters between elections so that higher values indicate more frequent voting by the CEO. We then standardize this variable to have a mean of zero and a standard deviation of one. *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm × country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Trade Indicator	
Political Engagement:	Indicator	Std. Voting Frequency
	(1)	(2)
Distance Increase × Post × Political Engagement	-0.061**	-0.027**
	(-1.98)	(-2.10)
Distance Increase × Post	-0.019	-0.053**
	(-0.68)	(-2.36)
Post × Political Engagement	0.056**	0.023**
	(2.45)	(2.28)
Election × Time FE	Yes	Yes
Firm × Election FE	Yes	Yes
Product × Time FE	Yes	Yes
R^2	0.256	0.256
N	33,559	33,559

Table 6: **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 book assets 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 × country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Trade Indicator	
CEO Political Visibility:	CEO Prominence	Firm Size
	(1)	(2)
Distance Increase × Post × High Visibility	0.010	0.009
	(0.31)	(0.28)
Distance Increase × Post	-0.065**	-0.065**
	(-2.48)	(-2.35)
Post × High Visibility	0.000	-0.011
	(0.01)	(-0.50)
Election × Time FE	Yes	Yes
Firm × Election FE	Yes	Yes
Product × Time FE	Yes	Yes
R^2	0.256	0.256
N	34,178	34,162

Table 7: **CEO Ideological Distance and Foreign Trade at the Supplier Level**

The table examines differences in the propensity to trade by U.S. firms whose CEO experiences an increase versus decrease in ideological distance around foreign close elections, exploiting within-supplier variation. The unit of observation is a firm × foreign election × product × supplier × half-year. The independent variable is an indicator equal to one if the firm imports a shipment from a given supplier in a given product category and half-year, and zero otherwise. *t*-statistics, reported in parentheses, are based on standard errors that are clustered at the firm × country level. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Dependent Variable:	Import Indicator		
	(1)	(2)	(3)
Distance Increase × Post	-0.047***	-0.047***	-0.049***
	(-2.74)	(-2.74)	(-2.92)
Election × Supplier × Time FE	Yes	Yes	Yes
Firm × Supplier × Election FE	No	Yes	Yes
Product × Time FE	No	No	Yes
R^2	0.474	0.505	0.537
N	81,611	81,609	81,232

Table 8: **CEO Ideological Distance and the Scope of Firms' Foreign Trade Networks**

The table examines changes in the scope of firms' foreign trade networks as a function of whether their CEO experiences an increase versus decrease in ideological distance around a close foreign election, estimated using Poisson regressions. The dependent variable captures the number of countries a firm engages with for a given product category in column (1) and the number of newly added trading countries in column (2). 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:	No. of Countries	No. of New Countries
	(1)	(2)
Distance Increase × Post	-0.057**	-0.052*
	(-2.27)	(-1.79)
Election × Time FE	Yes	Yes
Firm × Election FE	Yes	Yes
Product × Time FE	Yes	Yes
Pseudo R^2	0.493	0.285
N	34,178	34,038

Table 9: **CEO Ideological Distance and Economic Costs**

The table examines changes in firms' cost ratio (COGS/Revenue) and total revenue as a function of whether their CEO experiences an increase versus decrease in ideological distance around a close foreign election. The unit of observation is a firm × foreign election × half-year. The dependent variable is the firm's COGS-to-revenue ratio in columns (1) and (3), and the logarithm of total revenue in columns (2) and (4). Columns (1) and (2) focus on firms with high import exposure; i.e., firms with an above-median ratio of the value of imported goods to COGS in the period prior to the election. Columns (3) and (4) focus on firms with high export exposure; i.e., firms with an above-median ratio of value of exported goods to revenue in the pre-election period. All other specifications remain the same as in Table 2. *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.

Firms with	High Import Exposure		High Export Exposure	
Dependent Variable:	COGS/Revenue	Log(Revenue)	COGS/Revenue	Log(Revenue)
	(1)	(2)	(3)	(4)
Distance Increase × Post	0.007**	-0.052**	0.001	-0.046**
	(2.00)	(-2.22)	(0.30)	(-1.98)
Election × Time FE	Yes	Yes	Yes	Yes
Firm × Election FE	Yes	Yes	Yes	Yes
R^2	0.966	0.988	0.951	0.986
N	7,595	7,595	4,908	4,908

A Appendix

A.1 Variable Definitions

Variable	Description
Dependent variables	
Trade Indicator	Indicator equal to one if the U.S. firm has any trading activity with a foreign country in a given product category and half-year, and zero otherwise.
Import Indicator	Indicator equal to one if the U.S. firm imports from a given foreign supplier in a given product category and half-year, and zero otherwise.
No. of Countries	The total number of foreign countries a firm trades with in a given product category and half-year.
No. of New Countries	The number of newly added foreign countries a firm trades with in a given product category and half-year, relative to the previous half-year.
Main independent variables	
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.
Other variables	
Short Relationship	Indicator equal to one if the U.S. firm has a less established relationship with the foreign country in terms of trading a given product. Relationship tenure is measured as the share of active trading periods for a given product with the foreign country prior to the election. For a given product, we divide the number of half-years in which the firm has traded with the foreign country by the total number of half-years in which the firm has traded with any foreign countries prior to the election. The indicator "Short Relationship" is then equal to one if the share of active trading periods is below the median for each election or below 0.5, and zero otherwise.
Political Engagement	Political engagement is measured based on the CEO's voting frequency. We compute the average number of quarters between U.S. elections in which a CEO has voted up until one year prior to the election. We then classify CEOs as "High Engagement" if their average voting gap is below the median (i.e., they vote frequently), and "Low Engagement" otherwise. We also use the inverse of the average number of quarters between votes (so that higher values indicate more frequent voting), standardized to have mean zero and unit variance.

Continued on next page

Table A.1 – continued

Variable	Description
High Visibility	Indicator equal to one if the CEO is highly politically visible, and zero otherwise. We use two proxies for CEOs' political visibility: one based on the CEO's prominence and the other on firm size, measured by total assets. The indicator "High Visibility" is equal to one if the CEO is included in `http://www.nndb.com` (i.e., a prominent CEO) and zero otherwise, or is equal to one if the firm size at one year prior to the election is above the sample median and zero otherwise.
No. of Shipments	The total number of shipments recorded in Panjiva for a given firm, country, product category, and half-year.
Quantity (TEU)	The total number of Twenty-Foot Equivalent Units (TEUs) a firm trades with a foreign country for a given product category and half-year.
No. of Suppliers	The total number of foreign suppliers a firm engages with in a given product category and half-year.
No. of 4-Digit HS Per Product-Ctry.	The number of 4-digit HS products in a given 2-digit HS code product-country pair and half-year.
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, and Section IA.A.2 describes the approach used to match CEOs to voter registration data.

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 staring 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 (*shppanjivaid*).

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 *shppanjivaid* 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

[1] 42 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	Close Elections
		(1)	(2)
1	Link U.S. firms in S&P Panjiva to GVKEYs.	9,260	
2	Require the firm to have traded at least once with 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 or exporting partners during our sample period.	6,575	4,437
3	Require the firm to be covered in the S&P Execu-Comp database.	1,285	1,064
4	Require the firm to be led by a Republican or Democratic CEO.	766	590

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 by two-digit HS code (Panel A), four-digit HS code (Panel B), and six-digit HS code (Panel C), respectively. Product codes are ranked by their average aggregate trading volume during the four-year period around foreign elections.

Panel A: Two-Digit HS Code Product Category

Two-Digit HS Code	Product Category Description
(1)	(2)
39	Plastics and articles thereof
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard
40	Rubber and articles thereof
44	Wood and articles of wood; wood charcoal
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof
9	Coffee, tea, maté and spices
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
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles

Panel B: Four-Digit HS Code Product Category

Four-Digit HS Code (1)	Product Category Description (2)
4804	Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading no. 4802 or 4803
4703	Chemical wood pulp, soda or sulphate, other than dissolving grades
3901	Polymers of ethylene, in primary forms
4702	Chemical wood pulp, dissolving grades
0901	Coffee, whether or not roasted or decaffeinated; husks and skins; coffee substitutes containing coffee in any proportion
2613	Molybdenum ores and concentrates
4011	New pneumatic tyres, of rubber
8708	Motor vehicles; parts and accessories, of heading no. 8701 to 8705
8429	Bulldozers, graders, levellers, scrapers, angledozers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers, self-propelled
4002	Synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip; mixtures of heading no. 4001 and 4002, in primary forms or in plates, sheets or strip
4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding 6mm
6908	Ceramic flags and paving, hearth or wall tiles, glazed; glazed ceramic mosaic cubes and the like, whether or not on a backing
6802	Monumental or building stone, worked (except slate) and articles thereof (not of heading no. 6801) mosaic cubes etc., of natural stone including slate; artificially coloured granules of natural stone
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electro-medical apparatus and sight testing instruments
8431	Machinery parts; used solely or principally with the machinery of heading no. 8425 to 8430

Panel C: Six-Digit HS Code Product Category

Six-Digit HS Code (1)	Product Category Description (2)
480411	Kraft paper and paperboard; kraftliner, uncoated, unbleached, in rolls or sheets, other than that of heading no. 4802 or 4803
470321	Wood pulp; chemical wood pulp, soda or sulphate, (other than dissolving grades), semi-bleached or bleached, of coniferous wood
480452	Kraft paper and paperboard; uncoated, weight 225g/m2 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 (Pinus 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
400270	Rubber; synthetic, ethylene-propylene-non-conjugated diene rubber (EPDM), in primary forms or in plates, sheets or strip
090112	Coffee; decaffeinated, not roasted
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
401110	Rubber; new pneumatic tyres, of a kind used on motor cars (including station wagons and racing cars)
252220	Slaked lime; excluding calcium oxide and hydroxide of heading no. 2825
842959	Mechanical shovels, excavators and shovel loaders; n.e.c. in item no. 8429.50
390190	Ethylene polymers; in primary forms, n.e.c. in heading no. 3901
271119	Petroleum gases and other gaseous hydrocarbons; liquefied, n.e.c. in heading no. 2711

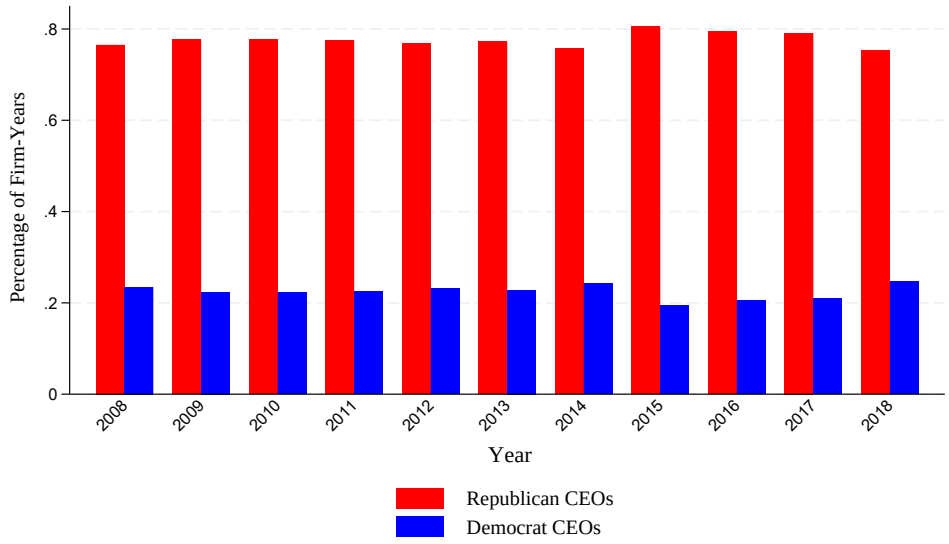


Figure IA.1: **Distribution of CEO Party Affiliation by Year**

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

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 (ΔDist.) for the U.S. Republican Party and the U.S. Democratic Party around the respective election. ΔDist. 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	ΔDist.	Ideology	ΔDist.
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)
Italy. Good	Common	-0.26	Centre-right coalition	0.49	-0.20	-0.63	0.95	0.75

Panel B: French Election in 2012

Winner		Previous Winner		Democrats		Republicans	
Party	Ideology	Party	Ideology	Ideology	ΔDist.	Ideology	ΔDist.
(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: **List of Close Elections**

The table reports the close foreign elections in our sample for which the change in ideological distance has opposite signs for the Democratic and Republican parties. Columns (1) and (2) list the countries with the corresponding election date. Columns (3) and (4) indicate whether the Republican (Rep) or the Democratic (Dem) Party experiences an increase in ideological distance as a result of the election outcome. Column (5) reports the percentage of observations represented by each election. Columns (6) and (7) indicate the winning party ("Winner") and the winning party in the previous election ("Previous Winner"), respectively.

Country Name	Election Date	Distance Increase	Distance Decrease	Obs%	Winner	Previous Winner
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Austria	15-OCT-2017	Dem	Rep	2.19	Austrian People's Party	Austrian Social Democratic Party
Belgium	13-JUN-2010	Dem	Rep	5.86	New Flemish Alliance	Christian Democratic And Flemish
Belgium	26-MAY-2019	Rep	Dem	11.12	New Flemish Alliance	New Flemish Alliance
Bulgaria	12-MAY-2013	Rep	Dem	0.16	Citizens For European Development Of Bulgaria	Citizens For European Development Of Bulgaria
Croatia	11-SEP-2016	Rep	Dem	0.08	HDZ Coalition	Patriotic Coalition
Denmark	05-JUN-2019	Rep	Dem	1.77	Social Democratic Party	Social Democratic Party
Estonia	01-MAR-2015	Rep	Dem	0.30	Estonian Reform Party	Estonian Reform Party
Finland	19-APR-2015	Rep	Dem	1.20	Finnish Centre	National Coalition
Finland	14-APR-2019	Rep	Dem	0.86	Finnish Social Democrats	Finnish Centre
Iceland	27-APR-2013	Dem	Rep	0.32	Independence Party	The Alliance
Italy	24-FEB-2013	Rep	Dem	15.28	Italy. Common Good	Centre-right coalition
Italy	04-MAR-2018	Dem	Rep	16.02	Centre-right coalition	Italy. Common Good
Latvia	04-OCT-2014	Dem	Rep	0.19	Social Democartic Party Harmony	Concord Centre
Netherlands	09-JUN-2010	Dem	Rep	8.15	People's Party For Freedom And Democracy	Christian Democratic Appeal
Netherlands	12-SEP-2012	Dem	Rep	12.67	People's Party For Freedom And Democracy	People's Party For Freedom And Democracy
Ukraine	26-OCT-2014	Dem	Rep	0.21	People's Front	Party Of Regions
UK	08-JUN-2017	Rep	Dem	23.61	Conservative Party	Conservative Party

Table IA.4: **Manifesto Project: Policy Categories**

The table reports the policy categories classified as right versus left by the Manifesto Project. E, S and O indicate the corresponding categories that we use to define economic, social, and other policies, respectively.

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

IA.C Additional Analyses

Table IA.5: **CEO Ideological Distance and Foreign Trade: Alternative Specifications**

The table reports alternative specifications for our baseline regression in column (3) of Panel B, Table 2 in the main paper. In Panel A, we define close elections as the ones with vote share difference below 3% instead of 5%, or below the bottom quartile over all elections in Manifesto database. Panel B uses more stringent fixed effects. Panel C defines product category based on four-digit HS code or six-digit HS code. Panel D uses alternative dependent variables. Panel E restricts the sample to elections in which the ruling party changes. Panel F constructs alternatives measures of changes in ideological distance. *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. *GPS-WVS Party Voter Positions* uses the *WVS LR PartyVoter* variable from GPS database, which relies on the World Value Survey database to represent the mean position of party voters on a left-right value scale (from 1 to 10). We then define $Distance\,Increase$ based on this variable. Panel G applies alternative clustering of standard errors.

	Coefficient	t-stat	N
	(1)	(2)	(3)
Baseline	-0.061	-2.66	34,178
Panel A: Alternative definitions of close elections			
Vote share difference below 3%	–0.066	–2.37	22,278
Vote share difference below bottom quartile	–0.066	–2.37	22,299
Panel B: Alternative sets of fixed effects			
Election × Product × Time and Firm × Election FE	-0.062	-2.42	29,903
Election × Time and Firm × Product × Election FE	-0.066	-3.00	33,709
Election × Product × Time and Firm × Product × Election FE	-0.063	-2.54	29,136
Panel C: Alternative definitions of product categories			
4-Digit Product Category	-0.059	-2.10	66,798
6-Digit Product Category	-0.074	-2.62	80,151
Panel D: Alternative dependent variables			
Import Indicator	-0.058	-2.24	26,428
Export Indicator	-0.073	-1.54	9,579
Panel E: Subsamples			
Party-Changing Elections	-0.082	-2.41	14,437
Panel F: Alternative classifications of party ideology			
Left-Right Indicator	–0.078	–2.21	34,178
GPS Party Value	–0.056	–1.77	33,531
GPS-WVS Party Voter Positions	–0.088	–2.71	21,827
Panel G: Alternative clustering of standard errors			
By Firm × Country and Time	-0.061	-2.77	34,178
By Product × Country	-0.061	-3.53	34,178
By Firm and Country	-0.061	-3.46	34,178
By Firm	-0.061	-2.68	34,178

Table IA.6: **CEO Ideological Distance and the Concentration of Firms' Foreign Trade Networks**

The table repeats Table 8 in the main paper, using measures of trade network concentration as the dependent variable. The dependent variable is the Herfindahl-Hirschman Index (HHI), calculated as the sum of squared shares of a firm's trading activities in each product and trading country. Trading activities are measured based on the trading quantities in twenty-foot equivalent units (TEU) (column (1)), cargo weight (column (2)), or the estimated value of goods (column (3)), respectively. All other specifications remain the same as in Table 8. 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: HHI based on	Quantity	Weight	Value
	(1)	(2)	(3)
Distance Increase × Post	0.011	0.011	0.016
	(1.17)	(1.15)	(1.59)
Election × Time FE	Yes	Yes	Yes
Firm × Election FE	Yes	Yes	Yes
Product × Time FE	Yes	Yes	Yes
R^2	0.509	0.501	0.495
N	34,178	34,121	34,114