Polls, Politics, and SBA Disaster Loans

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Abstract

This paper investigates the relationship between presidential popularity and the generosity of U.S. Small Business Administration (SBA) disaster loans. Using data from 1996 to 2020, we find that lower presidential job approval ratings prior to a major natural disaster are associated with higher SBA loan amounts relative to verified uninsured losses. This negative relationship remains robust across alternative measures of presidential popularity Further analysis reveals that the effect of presidential popularity is conditioned by political context on the national level, for example, presidential term. We also find that disaster aid generosity is responsive to congressional representation on SBA oversight committees. We also highlight the critical role the media plays in moderating the influence of popularity on SBA loans using two different media coverage indices. We run several robustness checks. These findings provide new evidence on the political economy of federal disaster relief, highlighting how strategic considerations and institutional factors shape the allocation of aid.

JEL Codes: G21, G32, and Q54

Keywords: Disaster loan program, US President, public opinion, presidential popularity, natural disasters

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1. Introduction

This paper investigates how politics can affect the economics of disaster aid in the US. We consider the effects of presidential popularity and other measures of political incentives on SBA disaster loans. Our paper contributes to the growing literature on politics and finance. The classical case for government intervention involves externalities. In the presence of positive or negative externalities, the socially optimal investment levels may deviate from the privately optimal investment levels. In such cases, the government can design institutions (in the form of laws, regulation, and taxes) such that the privately optimal investment choices stay close to the socially optimal levels (See, e.g., Gande, John, Nair and Senbet ,2020)[1]. However, recently much work has focused on many other effects of political forces on economic decisions.

In this paper we focus on presidential politics and disaster loans. Natural disasters are often followed by a declaration of disaster by the relevant state governor, and allocation of state funds to handle the emergency. In more extreme cases, for example, the Texas flood of 2025, a presidential declaration may occur. We focus on these latter cases. Part of the disaster aid process involves loans from the SBA, an agency headed by a cabinet level official. For major disasters, and/or ones that involve several states, the Stafford Act of 1988 explicitly allows the president to act by (1) authorizing federal disaster relief assistance (Electronic U.S. Code (42 U.S.C. 5170 and 5191), (2) coordinating all the disaster assistance (Electronic U.S. Code (42 U.S.C 5170, 5192), and (3) directing any United States government agency to participate in the disaster response and recovery efforts (Electronic U.S. Code (42 U.S.C 5192) before, during or in the aftermath of a natural disaster. An important provision of the Stafford Act is that the president is not required to provide specific justification for his decisions[2]. This setting provides a good opportunity for examining whether there are political motives at play in the allocation of federal disaster relief. The SBA does follow a set of rules, however, the SBA administrator is appointed directly by the president. Many SBA administrators had short tenure and were replaced. No administrator in our sample served for more than 5 years. Acting

[1] Design of institutions and regulation can also be aimed at protecting minority shareholders (see e.g., La Porta et al., 1998, 2000; Shleifer and Wolfenzon, 2002; Djankov et al., 2008), protecting creditors (see e.g., Djankov, Mcliesh, and Shleifer, 2007; Djankov et al. 2008), enforcing contracts (Djankov et al., 2003), and restricting takeovers (Holmstrom and Kaplan, 2001). When not limited by incomplete contracts and/or asymmetric information, the government may also directly intervene by passing mandatory laws as required. Examples include those that prevent takeovers (Hellwig, 2000) and privatizations (see e.g., Boubakri and Cosset, 2002; Fluck et al.,2007, Boubakri, Cosset, and Saffer, 2013). Laws may also be used to cure the failures of the credit and financial markets (Atkinson and Stiglitz, 2015), such as by nationalization of banks (see e.g., La Porta et al., 2002; Sapienza, 2004).

[2] See Neumayer, Plümper, and Barthel (2014) and Cohen and Werker (2008) for an excellent review about the politicization of disaster relief. A conversation with several previous high level SBA officials suggests that the SBA process follows specific rules, but obviously local officials have some discretion in applying the rules to a specific disaster.

directors (and there are 11 of them in our sample period) typically serve for less than a year. Former SBA officials told us that presidents generally favored providing aid and the declaration of a disaster by the president was viewed as a signal for local officials that the president wishes them to work harder to help affected areas. We will see that this indeed seems to be the case, but that media attention or other forms of oversight may temper this tendency.

We formulate our testable hypotheses based on three views on how current voter sentiment can affect SBA aid. The null hypothesis is simply that the amount of money (loans) provided is based on economic need (i.e. the amount of uninsured losses) and that presidential popularity (as measured by polls) should not affect the decision to provide relief or the amounts provided.

The second view is the "people's presidency" view that implies a positive relationship between the level of president's job approval before the major natural disaster and the generosity of federal response to a major natural disaster. The public may feel positive about the president if the president is paying attention to matters that are important to them such as having secure jobs, peace, and prosperity (Druckman and Jacobs, 2009). A major natural disaster may put many households and small businesses in severe hardship through jobs or income losses (Kirchberger, 2017). If a president appears attuned to the needs of the public, the disaster relief should be part of the package. It may also be that a president whose views agree with the public sentiment will appoint officials who are more responsive and have a more hands-on approach to what is happening on the ground.

The third view is the political opportunity view. In that view, a negative sentiment about the president before a major natural disaster (as reflected in a low job approval ratings) can lead to a more generous SBA loan response. In other words, if a president provides generous federal relief to disaster affected regions, he (we only have male presidents in our sample) will be viewed more favorably going forward. Local officials and SBA officials appointed by the president may want to work harder to help the president win popular support. We find that there is an inverse relationship between the level of presidential job approval at the time of the disaster and the generosity of the disaster relief, everything else equal supporting the political opportunity approach. Our metric for the generosity of disaster relief is the percentage of loans granted, relative to uninsured losses. In other words, low presidential popularity is associated with SBA approval of a higher percentage of the requested disaster loans relative to the uninsured losses. The main finding of this paper is robust after considering alternative measures of the public perception about the president and various estimation methodologies.

We delve further into the interpretation of the inverse relationship between popularity and loan generosity and test possible additional channels[3]. One possibility is that the president is unpopular because of specific policies or actual failures. By providing aid, public attention may be (temporarily) diverted away from unpopular government policies. This is plausible since major natural disasters have become politically charged media events (e.g. Pantti, Wahl-Jorgensen, and Cottle, 2012; Cottle, 2014).

The other channel which may be at work is the bureaucratic scrutiny channel. The idea here is that unpopular policies may lead the press, Congress and watchdog groups to put the entire administration under the microscope. Agencies may then provide more aid to avoid complaints and lawsuits which can exacerbate the delicate situation. [4] We find strong support for the media diversion hypothesis. We then also consider media attention to natural disasters specifically, and there we also find support for the moderating role of the media.

We further explore the politics of disaster relief by examining how the relationship between presidential job approval and SBA loan generosity varies across key political contexts. We find that the president's political affiliation, term in office, and re-election status meaningfully shape this relationship. Specifically, the negative association between presidential popularity and disaster aid is more pronounced for Democratic presidents and for those in their final term, suggesting that less popular presidents may increase aid disbursements to reinforce their legacy or offset declining support. Additionally, we find that during re-election years, presidents with higher approval ratings tend to approve more generous SBA loans, indicating a strategic use of disaster aid to solidify voter support. In contrast, local political channels—measured by county-level alignment with the president, swing status, or voter turnout—do not significantly moderate the effect of popularity on aid allocation. Together, these findings suggest that the political calculus behind disaster aid is primarily driven by national-level incentives, rather than the electoral relevance of disaster-hit areas. This is also supported by additional analysis. Finally, we also provide several robustness checks.

To our knowledge, we are the first to document empirically the relationship between the amount of the SBA disaster loans and the public perception of the president's job approval before a major natural disaster. However, in recent years interest in the intersection of politics, finance and governance has grown. Recent work focuses on the "indirect" effect of politics on financial decisions which may or may not be beneficial. For example, Krause and Sevilir (2023) suggest that the election of a female mayor increases the number of

[3] We thank a referee for pointing us in this direction.

[4] The Small Business Act of 1953 formally established the Small Business Administration with the main objective to provide aid, assistance, and counseling to small businesses necessary for small businesses to reach their full potential (Small Business Act Public Law 85-536 (§2), 1953). The predecessor of the SBA was the Reconstruction Finance Corporation (Davis, Hansen, and Husted, 2018).

female-led start-ups in that city. Kalmnovitz (2023) studies the revolving door between government and the private sector. Other papers consider more directly influences of politics on financial decisions. For example, Buttler, Fauver, and Mortal (2009) show how corruption affects the municipal bonds market. Ahern (2018) examines the effect of terrorist attacks on economic activity. Bebchuk and Neeman, (2010) examine the effect of lobbying on investor protection Fahlenbrach et al. (2025) consider the effects of the political climate and related regulation on bank payout policies. Kempf et al. (2026) show that the ideological alignment between U.S. corporate leaders and foreign governments influences firms' decisions to import from the affected countries. Finally, our work is most closely related to studies of the role of politics in the allocation of "emergency" government aid (e.g., Duchin and Sosyura (2012) and Duchin and Hackney (2021)). Other papers discuss the motivation for disaster loans as an attempt on the part of the government to correct market failures either by providing federal disaster relief or by pro-actively increasing the disaster resilience of local regions (see e.g., Cohen and Werker, 2008; Neumayer, Plümper, and Barthel, 2014). Begley et al. (2024) consider specifically SBA disaster loans and conclude that the risk insensitivity of the program excludes marginal borrowers affecting mainly minority and low income communities. They suggest that since "the interest rates on SBA loans are determined by a statutory formula based on the government's cost of borrowing "(ibid p. 11) interest rates cannot be part of the political equation, which is consistent with our focus on loan amounts as the dependent variable. In other words, while the SBA loans are subsidized, there is no discretion in providing better interest rates for favored borrowers. Begley et al. (2024) show that this leads to excluding some types of borrowers from receiving aid altogether. Our paper complements this finding by showing that loan amounts vary in a political context.

We organize the remainder of this article as follows. Section 2 describes our data and the sample selection procedure. Section 3 presents our empirical estimation strategy. This Section also describes the sample. Section 4 presents the empirical results of this paper. Section 5 concludes.

2. Data and sample selection procedure

Our sampling procedure starts with a declaration of a natural disaster by the president. The president can then authorize the SBA to allocate federal disaster relief to areas hit by major natural disasters. The SBA is a federal government agency and the president nominates the SBA administrator (15 U.S. Code § 633, 2020). The disaster loan program of the SBA makes low-interest natural disaster loans that help small businesses, private nonprofit organizations, and homeowners to recover from declared natural disasters[5].

[5] The Small Business Act of 1953 formally established the Small Business Administration with the main objective to provide aid, assistance, and counseling to small businesses necessary for small businesses to reach their full potential

The SBA makes physical real-estate and content disaster loans. These types of loans are only for rebuilding or replacing the uninsured part of disaster damaged property. Small businesses can also apply for economic injury disaster loans (hereafter EIDL) which do not require reporting of any natural disaster related losses (SBA-Office of Disaster Assistance, 2012; U.S. Small Business Administration Disaster Loans – Fact Sheet, 2020). The SBA can authorize physical real-estate and content disaster loans to households, private nonprofit organizations, and small businesses.[6].

We collect data on all the loans made to disaster affected households, businesses, and private nonprofit organizations by the SBA from 1992 until 2020 through a Freedom of Information Act (FOIA) request. The SBA data covers the period 1992 until 2020 since verified loss information for disaster affected households, businesses, and private nonprofit organizations was not available for fiscal years 1980 to 1991.

The initial sample covers 1,760,165 individual loan requests made for an SBA disaster loan. 78% of the requests for an SBA disaster loan are made by households. Within each SBA disaster loan program, we collect data on each approved loan for businesses, private nonprofit organizations, and households. 41% of individual applicants were not approved, in which case the amount in the database is zero.

We next apply three filters to the SBA individual loan data. First, we remove loans following dam/levee breaks, human cause, terrorist attacks, two major man-made disasters (Riots, fires, and civil disorder in Los Angeles on April 29, 1992; and the September 11 attacks in NYC in 2001), and other incident types from the sample since the focus of the study is on natural disasters. Second, we only keep presidential declared natural disasters (FEMA disasters). The incumbent President is not directly involved in "local" (more minor) natural disasters and disasters declared by the Secretary of Agriculture[7]. Third, we remove physical damage disaster loans (SBA real estate and content disaster loans) when data about verified losses for these physical damage loans are missing. We aggregate the individual SBA loan data at the ZIP code level by presidential declared disaster.

We collect data about the national presidential job approval rating from the American Presidency Project. The American Presidency Project at the University of California Santa Barbara makes the Gallup Poll data available on their own website. Gallup has a long tradition of conducting public opinion polls about the incumbent President which goes back to period of President Franklin D. Roosevelt. They ask their

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(Small Business Act Public Law 85-536 (§2), 1953). The predecessor of the SBA was the Reconstruction Finance Corporation (Davis, Hansen, and Husted, 2018).

[6] Businesses and private nonprofit organizations with damage to their equipment, fixtures, inventory, leaseholds, or machinery will apply for business physical content disaster loans (Lindsay, 2020).

[7] The Secretary of Agriculture can authorize the SBA disaster loan program to activate it disaster loan program for agriculture-related disasters (United States Department of Agriculture, 2017).

respondents to answer the following question poll: “Do you approve or disapprove of the way [enter President name] is handling his job as President?” (American Presidency Project, 2020).

Gallup uses a representative sample of adults (individuals who are 18 or older) living in the United States. The typical sample size is 1,000 respondents. Between 1986 and 2008 Gallup conducted their national public opinion polls via landline telephones. Since 2008 Gallup has also started to call cell phones. Gallup uses a computer to randomly generate the phone numbers of candidates for their public opinion polls. Before releasing their survey data, Gallup uses U.S. Census Bureau data (i.e., gender, race, age, education, and region) to weight the processed public opinion survey data (Gallup, 2021). For our empirical analysis, we use all presidential job approval ratings except the ratings in the final January of a presidential term since it is a transition month.

Our job approval rating variable is taken from the poll with a closing end date of at least one day before the calendar date of the natural disaster. Presidents can also commit disaster loans to lessen the impact of an impending natural disaster (The Stafford Act Section 102 (1)). The sample does not include any such requests.

We collect data on members of the U.S. Senate Committee on Small Business and Entrepreneurship from *Congress.gov*. Because congressional reports identifying committee members are only available beginning with the 104th Congress (1995–1996), our sample period begins in 1996, as we measure committee membership at the start of each calendar year. We obtain information on members of the U.S. House Committee on Small Business from the *History, Art & Archives* of the U.S. House of Representatives.

We next collect data about the U.S. State presidential election results from two sources: Dave Leip's Atlas of Presidential Elections (1988-1996) and the MIT Election Data and Science Lab (2000-2016). We use the same two data sources to collect information about whether the incumbent President is up for her reelection. We also use information from these two sources to classify a county as a swing county or as a county that voted in favor for the incumbent President in the recent presidential election.

We use data from Kaplan (2020) to construct our measures of party favoritism. Kaplan (2020) constructs an extensive database about governors from U.S. States that covers the period from 1991 until 2020. We manually update the missing U.S. State-governors in Kaplan (2020) database by collecting data about missing U.S. State governors from the National Governors Association website (https://www.nga.org/cms/home).

Finally, we collect local socio-economic indicators from federal sources. Annual state-level Gross Domestic Product (GDP) and county-level per capita income and population are obtained from the Bureau of

Economic Analysis. Annual county-level unemployment rates are drawn from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program.

We correct for extreme values of the variables by winsorizing all continuous variables at their 1st and 99th percentile.

After cleaning up the data, we aggregate our variables at the zip code-disaster level. As a result, we obtain a final sample of 42,246 zip code-disaster observations for the period between 1996 and 2020. The sample includes 599 major presidential-declared natural disasters, classified by FEMA into 12 different types. Here are the types, ranked by increasing incidence: volcano (1), snow (1), muds/landslides (2), coastal storms (4), severe ice storms (7), typhoons (9), earthquakes (8), fires (20), tornados (21), flood (80), hurricanes (92), and severe storms (354).

Table 1 of Appendix A provides an overview of natural disasters as classified by FEMA. We observe that there is a high degree of heterogeneity across U.S. States. The state with the highest number of presidential declared natural disasters in the sample is Florida (31). The lowest number of presidential declared natural disasters for a state in the sample is 2 (for Alaska, Montana, North Dakota, Rhode Island, South Carolina, Utah, and Wyoming).

3. Empirical estimation

Our null hypothesis - H_0 – is that there should be no association between presidential popularity polls and disaster relief. The latter should be determined by economic considerations alone. We test this simple view against two other hypotheses.

H_{1a} is the "people's presidency" view which suggests that a popular president will provide more aid to disaster affected regions.

H_{1b} is the political-opportunity view- low presidential poll numbers will be associated with more aid to disaster affected regions.

Because of the large number of zeros in our dependent variable, we use a Tobit regression model with a dependent variable that is left-censored at zero.

We define all variables and their corresponding data sources in Appendix C. The dependent variable is the SBA disaster loan-loss ratio, measured at the ZIP code level for each presidentially declared disaster. To construct this measure we first compute, for each approved loan, the ratio of the total SBA-approved disaster loan amount to the total verified uninsured losses. The total approved loan amount includes the sum of real estate, content, and business economic injury disaster loans. The total verified uninsured losses comprise

both real estate and content losses. Businesses are not required to document disaster-related losses when requesting economic injury disaster loans (Electronic Code of Federal Regulations (13 CFR §123.202), 2020), which can result in loan amounts that exceed verified losses. We then calculate the average of these loan-level ratios within each ZIP code and disaster event. Because business applicants are not required to document losses when requesting working capital loans, the value of this ratio can exceed one. To mitigate the influence of extreme values, we apply a natural logarithmic transformation to one plus the calculated loan-loss ratio. Table 1 reports the sample means, median, minimum, maximum, and the standard deviation of the variables used in the baseline regression model across all observations in the sample. The mean (median) SBA disaster approved amount loan-loss ratio is 0.31. The range is 0.81.

The SBA disaster loan-loss ratio is equal to zero when no disaster loans were approved within a ZIP code for a given presidentially declared disaster. In our sample, 23% of ZIP codes affected by a declared disaster did not receive any SBA disaster loan aid. The substantial proportion of zero observations in the dependent variable motivates the use of a Tobit regression model, where the loan-loss ratio is left-censored at zero.

We observe substantial variation in the presidential approval ratings. The mean (median) national presidential job approval rating based on one poll is 0.49 (0.49). The minimum (maximum) value of the national presidential job approval rating based on one poll is 0.28 (0.76).

Table 1 of Appendix B provides an overview of the summary statistics of the Gallup Poll Data for the five different Presidents from 1996 until 2020. We observe considerable variation in the number and duration of the sample period. The number of polls in our sample period varies from 53 in 2012 to nineteen polls both in 1997 and 2020. The maximum (minimum) means duration of public opinion poll conducted during a calendar year across the sample period is 1.65 (13.47) days in 1998 (2020).

We measure the control variables at the start of each calendar year, except for the fixed effects. We expect the incentives of the president and all political nominees to be different for the first and second term, when a president cannot get re-elected. Table 1 shows that 42% of the observations had a second term president.

The effect of the Democratic president on the SBA disaster approved amount loan-loss ratio is unclear ex-ante. Democratic (Republican) presidents favor a stronger central (state) government involvement in disaster management (Sylves and Búzás, 2007). On the other hand, the Republican Party is more favorable towards small businesses and businesses are more likely to donate to candidates from the Republican Party (Dunlap and Gale, 1974; Miller and Schofield, 2008). In Table 1, we observe that 56% of the zip-disaster observations were during the tenure of a Democratic President providing an almost even split between presidents from the two parties.

We also include three variables that control for the impact of potential vote-seeking behavior. The first is re-election year (Healy and Malhotra, 2009). Table 1 shows that this includes 13% of the observations.

The second determinant of vote-seeking behavior is whether the county is friendly to the elected president. The theory on regional and partisan favoritism argues that the distributive policies of the government targets regions that are either friendly or preferential to the government (see e.g., Cox and McCubbins, 1986; Anderson and Tollison, 1991; Couch and Shugart, 1998; Larcinese, Rizzo, and Testa, 2005; Hodler and Raschky, 2014). In Table 1, we observe that 45% of the observations are in counties that voted in favor of the president during the recent presidential election.

The third and final determinant of potential vote-seeking behavior is being a swing county during the recent presidential election which includes 14% of the county/parish-disaster observations.

We also run a dummy variable for the case in which the incumbent president and the incumbent U.S. State governor have the same political party affiliation which is the case in 52% of our observations.

We control for the impact of regional variation in the county-level voter turnout share during the recent presidential elections. The expectation is that more federal dollars would be allocated to counties with a higher voter turnout during the recent presidential election, i.e. a more influential electorate (Kriner and Reeves, 2015). Table 1 shows that the mean (median) county-level voter turnout share during a presidential election is 0.04 (0.02).

We also control for the relative economic importance of an U.S. States- clearly one would expect higher economic damages to stronger economies. The mean (median) relative economic importance of an U.S. State is 0.04 (0.03). This is the state GDP scaled by US GDP.

Other control variables proxy for the impact of different county-level socio-economic indicators on the SBA disaster loan-loss ratio. First, we use the county-level per capita income as a proxy for local wealth. Wealthier counties may exhibit greater demand for disaster loans, as higher-value properties are more likely to generate larger loan requests following disaster-related damage. We use the natural logarithmic transformation of the county-level per capita income. In Table 1, the mean logged per capita income is 10.33, with values ranging from 9.63 to 11.16, indicating substantial cross-county variation. Second, we also control for county population to account for differences in the scale of exposure to natural disasters. More populous counties may receive more disaster loans simply due to a larger number of affected residents and businesses, increasing the aggregate demand for assistance. The ZIP codes in our sample are in counties with a mean (median) natural log transformed population of 11.96 (11.91), indicating a relatively balanced distribution. As shown in Table 1, there is substantial variation in the county population, with a range of 7.56 in the natural log-transformed values. Third, we also control for the county-level unemployment rate to capture local economic conditions at the time of the disaster. Higher unemployment may increase reliance on federal disaster assistance, as financially constrained households and businesses are less able to absorb

recovery costs on their own. Table 1 shows that ZIP codes in our sample are in counties with a mean (median) unemployment rate of 6%. The county-level unemployment rate ranges from 2% to 14%, reflecting considerable variation in local labor market conditions.

We finally control for the impact of local political representatives sitting on important committees that can affect the Small Business Administration in either the U.S. Senate or U.S. House of Representatives. We have the U.S. Senate Committee on Small Business and Entrepreneurship and the U.S. House Committee on Small Business. These two committees have oversight over the SBA. We include an indicator for whether a U.S. senator serves on the Senate Committee on Small Business and Entrepreneurship. Senators on this committee may exert greater influence over the allocation of SBA disaster assistance, potentially increasing their constituents' access to federal loan programs. Garrett and Sobel (2003) find that congressional representation on the FEMA oversight board is important for receiving disaster funds. In Table 1, we report summary statistics for the two committee variables, each defined as a binary indicator. The House committee variable has a mean of 0.19, while the Senate committee variable has a mean of 0.15 in Table 1.

We include three sets of fixed effects to address potential omitted variable bias. First, presidential fixed effects control for time-varying factors common to all areas under a given administration, capturing heterogeneity in disaster response across presidents. Second, we include FEMA disaster-type fixed effects to account for variation across disaster categories. Third, we use county fixed effects—rather than ZIP code fixed effects—due to computational constraints, as the inclusion of ZIP-level dummies substantially increases matrix size. Standard errors are heteroskedasticity-robust and clustered at the ZIP code level. We report t-statistics below the estimated coefficients.

[Insert Table 1 about here]

4. Empirical results

4.1 Presidential perception and SBA disaster loans – Main Analysis

This section presents our main empirical analysis. Table 2 presents estimates from the baseline regression specification examining the relationship between presidential job approval and the generosity of disaster relief, measured by the log of one plus the SBA disaster approved loan-loss ratio. Consistent with **Hypothesis 1b**, we find that presidential job approval is negatively and significantly associated with SBA disaster assistance. In Column (1), the coefficient on the approval rating from a single poll is –0.0930 (t = –3.38); the result remains robust when using the average of two polls in Column (2) (–0.0937; t = –3.40) and three polls in Column (3) (–0.1008; t = –3.63). The results also remain robust when using alternative measures of presidential job approval rating such as the presidential majority approval, presidential net job approval rating, and presidential job approval rating own political party members in Table 3. These findings

support the political opportunity view: When presidents have lower public approval ratings SBA loans seem to become more generous.

Turning to the control variables, we identify four statistically significant predictors of SBA disaster generosity.

First, as expected, the coefficient on the Per Capita Income is positive and highly significant at the 1% level across all models (e.g., 0.1907; t = 7.18 in Model 1). This result suggests that wealthier counties, which often suffer more costly damage due to higher property values, may qualify for larger SBA disaster loans. It is also possible that these counties have stronger administrative capacity to apply for and secure SBA assistance (consistent with Begley et al. 2024).

Second, the coefficient of the County Population variable is positive and significant at the 1% level (e.g., 0.0699; t = 3.07 in Model 1), indicating that more populous counties tend to receive more generous disaster loans. This may reflect both the scale of aggregate disaster impact in larger areas and the relative administrative resources available to pursue SBA funding.

Third, the Unemployment Rate is negatively associated with the SBA loan approval ratio and statistically significant at the 1% level (e.g., –1.1901; t = –6.14 in Model 1). This is the mirror image of the first result and suggests that economically distressed counties receive less generous SBA loans, potentially due to concerns over repayment risk, fewer losses or weaker local administrative capacity in navigating the SBA loan process.

Finally, the coefficient on the Friendly County indicator is negative and significant at the 5% level across all specifications (e.g., –0.0092; t = –2.39 in Model 1), suggesting that counties politically aligned with the president receive less generous loan outcomes. This counterintuitive result may imply that the SBA allocates more disaster aid to politically unaligned counties as a strategic effort to broaden electoral appeal rather than reward loyal constituencies.

Other controls—including political variables such as Democratic president, presidential re-election year, and shared party affiliation between the president and state governor—do not yield statistically significant effects in these baseline models. Additionally, we find no significant association between SBA generosity and congressional committee representation. We explore these political variables further below.

[Insert Tables 2-3 about here]

4.2. Main Analysis with additional channels

4.2.1. Possible Channels and Hypotheses

The negative relationship between presidential job approval and SBA disaster loan generosity can be just a behavioral approach by an agency trying to help an unpopular president, but it can also be moderated through several political-economy mechanisms.

A.1. Media Diversion proxy 1- political uncertainty

Prior research shows that voters reward disaster response and relief spending, providing incentives for politicians to deploy disaster aid to improve public perceptions (Besley and Burgess, 2002; Healy and Malhotra, 2009). In finance settings, discretionary government resources have also been shown to respond to political incentives (Begley et al. 2024, Duchin and Sosyura, 2012).

The negative correlation between presidential popularity and disaster aid is the key implication of this idea, but we may also expect that such behavior should intensify during periods of heightened presidential uncertainty or risk. In other words, we can expect that during periods of political uncertainty, as reflected in the media, loans may be more generous.

A.2. Media Diversion proxy 2- media scrutiny

An alternative proxy for attention to presidential policies, emphasizes the role of a media focus on unpopular policies as a trigger for more generous loans. Disaster relief is highly visible, and a large literature shows that media coverage disciplines political actors by increasing transparency and accountability (Snyder and Strömberg, 2010; Dyck, Moss, and Zingales, 2013). When the media is focused specifically on unpopular policies such as war, taxes etc. a highly visible positive coverage of disaster aid can divert media attention and help presidential popularity.

A.3 Bureaucratic Scrutiny Hypothesis

A third possibility is that the observed relationship between presidential popularity and disaster loans reflects bureaucratic rather than presidential incentives. When a president is unpopular, executive agencies may anticipate increased oversight from Congress, inspectors general, or the press. Empirically, institutional behavior has been shown to change around periods of political pressure and leadership transitions (Sapienza, 2004; Bertrand et al., 2020).

Thus, disaster generosity may be systematically related to periods of bureaucratic vulnerability. As discussed, we may expect more generous aid when presidents are unpopular, but strict adherence to rules enforced by attention to the bureaucracy in question may lead to lower observed amounts being loaned out.

4.2.2 Measurement of Channels

As discussed, we use two proxies for potentially damaging media attention which may be attenuated by positive news on disaster aid. The first measure considers directly whether the media associates the president with risky and uncertain policies. For this we use the Presidential Uncertainty and Risk (PUR) index developed by Chan and Smales (2025). The PUR index is constructed through textual analysis of U.S. newspaper coverage and captures the frequency of words related to *risk* and *uncertainty* appearing within close proximity to references to the sitting U.S. president. The index is standardized by total article volume, ensuring that it reflects changes in the intensity of presidential risk-related coverage rather than fluctuations in overall news production.

The PUR index is designed to capture periods in which presidential actions are especially politically consequential, contested, or uncertain. In the original study, the index exhibits pronounced and systematic increases around major political events such as presidential elections, debates, military conflicts, and major policy announcements, and displays similar dynamics across administrations and political parties. Chan and Smales (2025) further show that elevated PUR is associated with economically meaningful declines in abnormal stock returns, indicating that the index captures salient presidential political risk rather than generic macroeconomic or policy uncertainty. In our context, the PUR index therefore provides a direct measure of the political salience and uncertainty surrounding presidential actions. We call this index the political uncertainty index.

Our second proxy attempts to capture specific attention to economic policies which may be unpopular, and in fact, may be the reason for the presidential lack of popularity We use the U.S. Monthly Economic Policy Uncertainty (EPU) Index, which aggregates policy-related uncertainty coverage across major U.S. newspapers (This index was created by Baker, Bloom, and Davis, 2016). Higher EPU values reflect a more information-rich and closely scrutinized environment in which discretionary political behavior is constrained.

The modern portion of the index (1985–present) is constructed using monthly searches of ten leading newspapers (*USA Today, Miami Herald, Chicago Tribune, Washington Post, Los Angeles Times, Boston Globe, San Francisco Chronicle, Dallas Morning News, Houston Chronicle,* and *Wall Street Journal*). Articles are classified as policy-uncertainty related if they contain (i) the terms “uncertainty” or “uncertain,” (ii) references to “economic” or “economy,” and (iii) at least one policy-related term such as “Congress,” “legislation,” “White House,” “regulation,” “Federal Reserve,” or “deficit.” Raw counts are scaled by total article volume in each newspaper-month and normalized to ensure comparability across outlets and over time.

The index is extended back to 1900 using a consistent methodology applied to six major newspapers, with broader economic descriptors and policy terms to reflect historical language usage. Counts are scaled by the number of economy-related articles to maintain consistency over time. In our context, the EPU index provides a comprehensive measure of the media environment and the intensity of public scrutiny surrounding economic policy. We call this the media scrutiny index.

Bureaucratic scrutiny is harder to proxy, but we choose a simple path- a dummy variable which takes a value of 1 in years when the SBA administrator is replaced, which should capture times when the agency is under more scrutiny by the public and the bureaucratic structure may be changing.

4.2.3 Empirical Strategy

We will test the additional channels above by interacting presidential job approval ratings with each channel-specific measure in a unified regression framework. We use three alternative measures of presidential job approval (based on one, two, and three polls). This allows us to assess whether the conditioning role of each channel is robust to measurement errors in approval ratings and to rule out spurious interaction effects.

All specifications include president fixed effects, FEMA disaster-type fixed effects, county fixed effects, and a comprehensive set of economic and political controls. This design exploits within-president variation in approval and media conditions while holding constant time-invariant presidential characteristics and disaster-specific factors.

4.2.4 Empirical Analysis of Results

Table 4 reports the results from our baseline Tobit specifications that jointly evaluate the media diversion (media scrutiny), political uncertainty, and bureaucratic scrutiny channels linking presidential job approval to SBA disaster loan generosity.

Presidential job approval remains negative, and it is highly statistically significant in all columns confirming our baseline findings that higher presidential popularity prior to a disaster is associated with less generous SBA disaster lending relative to verified uninsured losses. Across all three specifications, using one-, two-, and three-poll measures of presidential approval, the estimates are highly stable in sign, magnitude, and statistical significance, indicating that the findings are not sensitive to how presidential approval is measured.

The media diversion (media scrutiny) channel provides the strongest and most consistent evidence. The main effect of media scrutiny is negative and statistically significant across specifications, indicating that periods of heightened policy-related media attention are associated with lower average loan generosity, perhaps because everything else equal, more scrutiny may lead to closer adherence to rules rather than a

generous interpretation of fuzzier loan applications, for example, for economic injury. More importantly, the interaction between presidential job approval and media scrutiny is positive and highly statistically significant in all three columns. This pattern implies that media scrutiny systematically attenuates the effect of presidential popularity- in other words, that the two channels are substitutes. If the president is popular and the loans are not overly generous then the media scrutiny will not be necessary to constrain them further.

The bureaucratic scrutiny channel seems to be working in the expected direction as well- in other words, during periods when the public is focused on the SBA because of changes in that administration, loans are less generous. Changes in the SBA Administrator are associated with lower average loan generosity in most specifications, consistent with increased organizational caution or disruption during leadership transitions. However, the interaction between presidential job approval and bureaucratic scrutiny is only marginally significant and does not display consistent magnitude or statistical strength across specifications. This suggests that while leadership changes may affect overall lending behavior, they do not reliably condition how presidential popularity translates into disaster aid outcomes.

The coefficients of the control variables are economically intuitive and consistent with our previous results.

The joint significance tests reported in the final row of Table 4 strongly reject the null that presidential job approval and its associated interaction terms are jointly equal to zero, and the average marginal effects of presidential approval remain negative and highly statistically significant across all specifications. Taken together, these results indicate that presidential popularity matters for SBA disaster lending on average, but that its influence is meaningfully shaped by the media environment.

[Insert Table 4 about here]

4.3 Media attention to natural disasters

In the previous section we considered media attention as part of the political environment moderating the impact of presidential popularity on SBA loan generosity. Since media attention seems to be an important channel, we further explore this channel considering specific media attention to natural disasters. To consider this idea further, we incorporate a measure of natural disaster-related media attention using daily topic frequency data from approximately 800,000 Wall Street Journal articles spanning 1984 to 2017, as compiled by Leland et al. (2021). We aggregate the data to the month-year level and lag the variable by one month prior to the disaster event to minimize endogeneity concerns.

We augment our baseline regression model by including an interaction between presidential job approval and media attention to natural disasters. Table 5 presents the results. Across all specifications, the coefficient on presidential job approval remains negative and statistically significant at the 1% level, reaffirming our main finding that presidents with higher popularity ratings tend to approve smaller disaster loans relative to

uninsured losses. The coefficient of media attention is also negative and statistically significant at the 5% level, indicating that greater media coverage is independently associated with less generous SBA loan allocations. Our interpretation is similar to the interpretation of the previous press index, i.e. that increased media scrutiny leads to more cautious or bureaucratic decision-making within federal agencies.

The interaction term between presidential approval and media attention is positive and statistically significant in all models ($p < 0.05$), indicating that the negative effect of presidential popularity on disaster loan generosity is attenuated when media attention is high, similar to our findings in the previous section. In other words, when the media extensively covers a natural disaster, the president may face greater public pressure to respond generously, even if their popularity would otherwise permit a more restrained approach. Thus, media attention acts as a moderating force that mitigates the strategic use of disaster assistance tied to presidential approval levels.

Moreover, the average marginal effects of presidential job approval remain negative and statistically significant at the 1% level across all specifications, reinforcing the robustness of the core relationship. F-tests confirm that presidential approval, media attention, and their interaction are jointly significant ($p < 0.01$).

Our conclusions so far highlight the seeming impact of politics on natural disaster aid, and the very important role of the media in affecting the outcomes. In a period where the media comes under attack from both sides of the political spectrum, this paper supports the important role of the media and the first amendment to the constitution.

[Insert Table 5 about here]

In order to further consider the politics of disaster relief we consider several interaction terms between the approval ratings, including the political affiliation of the president, the term of the president (first or second), presidential re-election and the local political importance of disaster hit regions.

4.4A Further Discussion of Political Issues

4.4.1Political Motive 1: Political Affiliation of the President

To examine whether the relationship between presidential job approval and SBA disaster loan generosity varies by political party, we augment our baseline regression with an interaction between the presidential job approval rating and a dummy variable indicating whether the president is a Democrat. The results are presented in Table 6.

Across all three model specifications, the main effect of presidential job approval remains negative, with coefficients ranging from –0.0491 to –0.0610. These coefficients are statistically significant at the 10% level in Models 1 and 2, but become insignificant in Model 3. The interaction term between presidential job approval and Democratic president is negative in all models but achieves statistical significance only in

Model 3 (–0.1726; t = –2.38), suggesting that the negative relationship between popularity and disaster loan generosity is more pronounced under Democratic administrations—but this pattern is statistically discernible only in Model 3.

The estimated coefficients on the Democratic president dummy itself are negative but not statistically significant across all models, implying that presidential party affiliation alone does not have a direct impact on SBA disaster loan outcomes.

The average marginal effects of presidential job approval—reported in the penultimate row of Table 7—are large, negative, and statistically significant at the 1% level in all models (ranging from –0.1196 to –0.1465). These results confirm that, on average, higher presidential approval correlates with less generous SBA disaster assistance. Furthermore, the F-statistics for the joint significance of the presidential approval rating, Democratic president dummy, and their interaction range from 5.26 to 7.16, with p-values below 0.01, supporting the relevance of these variables in explaining SBA loan outcomes.

Taken together, the evidence suggests that the political variables behind disaster aid allocation is nuanced. We find that party affiliation alone does not seem to drive aid generosity. This is not surprising as the implications of party ideology for disaster aid to small businesses is not straightforward.

[Insert Table 6 about here]

4.4.2 Political Motive 2: Presidential Term

In Table 7, we assess whether the relationship between presidential job approval and SBA disaster loan generosity depends on whether the president is serving a second (final) term. We extend the baseline model by including an interaction term between the presidential job approval rating and a dummy variable indicating whether the president is in their second term.

Across all three model specifications, we find that the second-term president dummy is positive and highly statistically significant at the 1% level (e.g., 0.0669; t = 3.16 in Model 1), suggesting that presidents in their final term tend to approve more generous SBA disaster loans. This pattern is consistent with the hypothesis that second-term presidents may be more focused on securing their legacy and are therefore more inclined to use disaster relief as a tool to support constituents.

There are numerous examples of important projects which second term presidents undertook presumably for their legacy. Upon the signing of the Iran deal by President Obama in 2015, the Washington Post headlined its coverage as follows : "Its bumper-sticker simplicity makes the Iran deal the perfect vehicle to live in perpetuity as central part of Obama's foreign policy legacy" https://www.washingtonpost.com/news/the-fix/wp/2015/07/31/why-the-iran-deal-is-huge-for-obamas-legacy/ Similarly, the arms control agreement with the USSR signed during President Reagan's second term was defined by the media as "central to his legacy".

Importantly, the interaction term between presidential job approval rating and second-term president is negative and statistically significant at the 1% level in all models (e.g., –0.1247; t = –2.98 in Model 1), indicating that the positive effect of being in a second term is diminished when presidents are more popular. This suggests that less popular second-term presidents may be more inclined to provide generous disaster assistance—possibly as a means of reinforcing their legacy or public image which may be suffering from a perception of unpopular policies.

The main effect of presidential job approval rating alone is negative but statistically insignificant across all specifications, suggesting that the effect of popularity on disaster aid is more salient in the second term.

The findings are consistent with legacy building- directly and through the popularity channel we have been discussing throughout this paper.

The average marginal effects of presidential job approval ratings are negative and statistically significant in all three models (ranging from –0.0713 to –0.0765, with p-values below 0.05), reinforcing the conclusion that higher job approval ratings are generally associated with less generous SBA disaster loan outcomes, particularly during second terms.

Finally, the joint F-tests for the interaction terms and their components confirm that these variables are jointly significant at the 1% level in all models (F-statistics range from 7.97 to 9.66), underscoring the relevance of presidential term dynamics in shaping federal disaster aid.

Taken together, these results highlight the importance of the second term in a more complex in an interesting way.

[Insert Table 7 about here]

4.4.3 Political Motive 3: Presidential Re-election Year

In Table 8, we examine whether the relationship between presidential job approval and SBA disaster loan generosity varies in presidential re-election years. We extend our baseline model by including a re-election year dummy and its interaction with the presidential job approval rating.

The coefficient on the presidential re-election year dummy is negative and statistically significant in all three model specifications, though at varying levels of significance (e.g., –0.0897; t = –2.59 in Model 1, significant at the 1% level; -0.0681; t = -1.83 in column 2, significant at the 10% level; –0.0686; t = –1.80 in Column 3, significant at the 10% level). This suggests that, smaller SBA loans are approved during re-election years. One possible explanation is that there is higher level of scrutiny during re-election years.

Our results on the impact of the media suggest that presidents (and in particular, unpopular presidents) tend to encourage generous aid, but media scrutiny may limit this generosity and mandate adherence to strict

rules. Here we see that re-election may serve the same purpose. The SBA prefers to adhere to strict rules rather than provide overly generous aid.

More importantly, the interaction term between presidential job approval and re-election year is consistently positive and statistically significant (e.g., 0.2119; t = 2.97 in Model 1), indicating that the negative association between higher job approval ratings and aid is moderated in the context of re-election campaigns.

The average marginal effects of presidential job approval are negative and statistically significant in all models (ranging from –0.0792 to –0.0881), suggesting that, overall, the negative association between approval ratings and SBA loan generosity persists. However, this effect is conditional: it is attenuated or reversed during re-election years when approval ratings are high.

Joint F-tests for the re-election dummy, job approval rating, and their interaction confirm their combined significance at the 1% level in all models (F-statistics: 7.36 to 8.58), underscoring the importance of electoral incentives and political context in shaping disaster relief.

[Insert Table 8 about here]

4.4.4 Political Motive 4: The Local Political Importance of Affected Regions.

Table 9 examines whether the local political importance of disaster-affected counties moderates the relationship between presidential job approval ratings and the generosity of SBA disaster loans. We focus on three proxies for political importance: counties aligned with the president's party (Panel A), swing counties (Panel B), and counties with higher voter turnout in presidential elections (Panel C).

Across all three panels, the main effect of presidential job approval rating remains negative and largely highly statistically significant at the 1% level, with average marginal effects ranging from –0.0892 to –0.1009. This reinforces our central finding that lower presidential popularity is associated with more generous SBA disaster aid.

In Panel A, we examine whether the effect of job approval varies in counties politically aligned with the president. While the coefficient on the *friendly county* dummy is small and statistically insignificant, the interaction term between job approval and friendly county is also insignificant across all models. This suggests that the baseline negative effect of presidential popularity does not differ meaningfully between politically friendly and non-friendly counties.

Panel B turns to *swing counties*. Again, neither the swing county indicator nor its interaction with job approval reaches statistical significance. The average marginal effect of job approval remains strongly negative, suggesting that even in politically competitive areas, the strategic use of disaster aid does not appear to intensify.

Panel C considers *counties with high voter turnout*, potentially politically engaged regions. The voter turnout measure and its interaction with job approval are statistically insignificant, and again, the main relationship between presidential approval and loan generosity holds.

Taken together, these results suggest that while disaster loan allocations respond to presidential popularity, they do not appear to be strategically targeted based on the political importance of affected counties as measured by party alignment, swing status, or voter engagement. These findings are also consistent with the fact that the decisions we analyze are all on the federal level and the media attention is national rather than just regional. We test this idea further in the next section.

[Insert Table 9 about here]

4.4.5 Political Motive 5: Congressional Representation on SBA Committees

In Table 10, we examine whether the relationship between presidential job approval and SBA disaster loan generosity is moderated by congressional representation on the U.S. Senate and House Committees on Small Business. These committees oversee disaster loan programs, making representation potentially influential in resource allocation.

We include interaction terms between presidential job approval ratings and indicators for whether a disaster-affected ZIP code lies in a congressional district or state represented by a member of either the Senate or House Small Business Committee.

We find that Senate Committee representation is associated with more generous disaster loan approvals (e.g., 0.0446; t = 1.93 in Model 1), consistent with the idea that senators on this influential committee may use their position to channel aid toward their constituencies. However, the interaction between Senate committee representation and presidential job approval is negative and statistically significant (e.g., –0.1019; t = –2.04 in Model 1), suggesting that this positive effect weakens when the president is more popular. One possible explanation is that when presidents enjoy high public support, they may feel less pressure to accommodate political allies, relying instead on their broader appeal. Conversely, when popularity is low, the president may be more responsive to institutional stakeholders such as committee members to build political goodwill.

In contrast, House Committee representation is associated with lower disaster loan generosity (e.g., –0.0492; t = –2.07 in Model 1), which may reflect the broader and more fragmented representation in the House or potentially weaker individual influence. However, the interaction between House committee representation and presidential approval is positive and significant at the 10% level across the majority of the models (e.g., 0.0873; t = 1.84), indicating that the negative effect of presidential popularity on disaster aid is partially offset in these districts. This pattern suggests that presidents may selectively respond to House committee

representation when their approval is high, perhaps to reinforce legislative cooperation or maintain visibility in diverse constituencies.

The main effect of presidential job approval remains consistently negative and highly significant across all specifications, supporting the broader finding that popular presidents tend to approve smaller disaster loans relative to uninsured losses.

Finally, joint F-tests indicate that the presidential job approval ratings, committee indicators, and their interactions are jointly statistically significant at the 1% level in all models.

Taken together, the results in Table 9 and 10 underscore the fact that the political game we document is played on a national rather than a local level. As we have seen earlier, local political variables do not matter, but here we seem to show that political interplay in the US Congress seems to matter for the outcome on the ground.

[Insert Table 10 about here]

4.5 Robustness Tests-

4.5.1 Nonlinearity of Presidential Approval Effects.

In all the previous tests we have assumed that the effects of presidential popularity on disaster loans is linear. It is possible that the effect is non-linear. For example, the incentives to provide generous aid may operate more strongly at low approval levels. In other words, the effect may be much more pronounced for highly unpopular presidents.

To evaluate this possibility, we extend our baseline Tobit specification by including a quadratic term in presidential job approval. Table 11 reports the results of this estimation using alternative measures of approval based on one, two, and three polls

The evidence for nonlinearity is limited. While the squared approval term is weakly statistically significant in the specification based on a single poll, it is not statistically significant in the specifications using two- or three-poll averages, and joint significance tests fail to reject linearity in these latter cases. These findings suggest that the data provides at best weak support for strong asymmetry in the approval–aid relationship. Importantly, the average marginal effect of presidential approval remains negative and statistically significant across all specifications, indicating that our main result is not driven by extreme approval values or by a small subset of unpopular presidencies. We can interpret the approval effect primarily as a reduced-form, approximately linear relationship over the observed range of approval ratings.

[Insert Table 11 about here]

4.5. 2 Intensive vs. extensive margin.

Our final table considers another robustness check, i.e. whether the effect we find is on the extensive or the intensive margin.

Below, we conduct a complementary analysis to all the previous tests, using logistic regression models, where the dependent variable is an indicator equal to one if a ZIP code receives any SBA disaster lending following a disaster and zero otherwise. This approach directly addresses the extensive margin decision while allowing us to maintain the same empirical structure used in the Tobit specifications. As in the baseline analysis, we jointly test the three proposed mechanisms—the two media diversion proxies, and bureaucratic scrutiny—by interacting presidential job approval with proxies for each channel. All specifications include president fixed effects, FEMA disaster-type fixed effects, county fixed effects, and the full set of control variables, and standard errors are clustered at the ZIP code level.

The results, reported in Table 12, closely mirror the findings from the Tobit models in Table 2. Presidential job approval is negatively and highly statistically significant across all polling constructions, indicating that higher presidential popularity is associated with a lower probability of receiving any SBA disaster loan. Importantly, this baseline effect is systematically conditioned by the same channels identified in the intensive-margin analysis. The interaction between presidential job approval and the media diversion (media scrutiny) channel is positive and highly statistically significant across all specifications, whereas the interactions involving the other media proxy as well as bureaucratic scrutiny are weaker and less stable, and do not exhibit consistent or theoretically coherent patterns.

Taken together, these results demonstrate that our main findings are not limited to the intensive margin and but also hold in the extensive margin. In other words, when the president is less popular, not only are loan amounts greater, but the probability of receiving any loan goes up as well. All other effects seem very similar.

[Insert Table 12 about here]

5. **Conclusion**

This paper investigates whether presidential job approval ratings prior to major natural disasters influence the allocation of federal disaster assistance. The null hypothesis posits no effect of presidential popularity on disaster aid distribution. Using a rich dataset of SBA disaster loan activity from 1996 to 2020, we reject

the null and document a robust, negative relationship between presidential job approval ratings and the generosity of SBA disaster loans, measured as the ratio of approved loan amounts to verified uninsured losses. This pattern is consistent with the political opportunity view which suggests that when presidential popularity is low, aid to disaster-stricken areas increases.

We further explore how this relationship is moderated by key political conditions. Our interaction analyses show that the negative effect of presidential popularity on disaster loan generosity is especially pronounced when the president is in a reelection year or serving a second term, suggesting strategic behavior motivated by electoral or legacy concerns.

Perhaps equally important, however, is the finding that the media makes a significant difference in this equation. We consider two channels, media attention to political issues in general and media attention to natural disasters. As expected, both channels operate in the same direction, where more media scrutiny leads to less generous loans. Also, if the media pays attention, the impact of popularity is attenuated. We further find that the influence of congressional representation on SBA oversight committees interacts with presidential approval in shaping aid distribution: Senate committee representation amplifies generosity when presidents are unpopular, while House committee representation offsets aid reductions under popular presidents.

These findings, together with the findings that local politics seems to have no impact on loan generosity, suggest that we are documenting a game played on the national rather than the local level. As SBA administrators told us, it seems that presidents do tend to encourage generous help for disasters- we find that this is especially the case for unpopular presidents. These seemingly overly generous loans are moderated when there is media scrutiny or when the president is facing re-election.

Collectively, our results highlight the notion that disaster aid allocation does not just follow blindly a set of rules, but it is shaped by the interplay of public opinion, electoral incentives, institutional politics, and media pressure. Our results are consistent with the notion that politically appointed federal and local officials adjust their behavior in response to prevailing political incentives. The deviation from purely economic criteria is also consistent with Begley et al. (2024), Duchin and Hackney (2021) as well as other work. The study contributes novel empirical evidence to the literature on political economy and public finance and raises important normative questions about fairness and efficiency in the provision of disaster relief.

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Table 1: Summary statistics of the full sample

This Table shows the summary statistics of the full sample. The sample period is 1996-2020. Variables are defined in Appendix C of this paper.

Variable	Nobs	Mean	St. dev	Min	Median	Max
Ln(1 + mean SBA disaster approved amount loan-loss ratio)	42,246	0.31	0.23	0.00	0.31	0.81
Presidential job approval rating (One poll)	42,246	0.49	0.11	0.28	0.49	0.76
Presidential job approval rating (Two polls)	42,246	0.49	0.10	0.29	0.49	0.76
Presidential job approval rating (Three polls)	42,246	0.49	0.10	0.28	0.49	0.76
Democratic President	42,246	0.56	0.50	0.00	1.00	1.00
Second term President	42,246	0.42	0.49	0.00	0.00	1.00
Presidential re-election year	42,246	0.13	0.33	0.00	0.00	1.00
Friendly county	42,246	0.45	0.50	0.00	0.00	1.00
Swing county	42,246	0.14	0.35	0.00	0.00	1.00
County-level voter turnout share during a presidential election	42,246	0.04	0.07	0.00	0.02	0.39
President and U.S. State governor have same party	42,246	0.52	0.50	0.00	1.00	1.00
The relative economic importance of an U.S. State	42,246	0.04	0.03	0.00	0.03	0.13
Per capita income	42,246	10.33	0.34	9.63	10.32	11.16
Population of county	42,246	11.96	1.71	8.47	11.91	16.03
Unemployment rate	42,246	0.06	0.02	0.02	0.06	0.14
Member of U.S Senate Committee on Small Business and Entrepreneurship	42,246	0.15	0.35	0.00	0.00	1.00
Member of U.S. House Committee on Small Business	42,246	0.19	0.39	0.00	0.00	1.00
Assassination or capturing of an important adversary of the United States	42,246	0.04	0.20	0.00	0.00	1.00

Table 2: The impact of presidential job approval rating on the mean SBA disaster approved amount loan-loss ratio

This Table shows the results of the baseline Tobit regression model with left censoring at zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. We report t-statistics below the estimated coefficient. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. For brevity, we do not report the estimated coefficient and the corresponding t-statistics of the president fixed effects, FEMA natural disaster type fixed effects, and zip code fixed effects. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Ln(1+ mean loan-loss ratio)	Ln(1+ mean loan-loss ratio)	Ln(1+ mean loan-loss ratio)
	(1)	(2)	(3)
Presidential job approval rating (One poll)	**-0.0930*** **		
	(-3.38)		
Presidential job approval rating (Two polls)		**-0.0937*** **	
		(-3.40)	
Presidential job approval rating (Three polls)			**-0.1008*** **
			(-3.63)
Democratic President	-0.0927	-0.0914	-0.0922
	(-1.14)	(-1.12)	(-1.13)
Second term President	0.0045	0.0043	0.0038
	(0.79)	(0.75)	(0.66)
Presidential re-election year	0.0122*	0.0133**	0.0133**
	(1.92)	(2.10)	(2.11)
Friendly county	-0.0092**	-0.0092**	-0.0091**
	(-2.39)	(-2.39)	(-2.38)
Swing county	0.0002	0.0004	0.0004
	(0.02)	(0.06)	(0.06)
County-level voter turnout share during a presidential election	-0.0374	-0.0381	-0.0330
	(-0.90)	(-0.92)	(-0.80)
President and U.S. State governor have same party	0.0067	0.0064	0.0063
	(1.64)	(1.56)	(1.55)

The relative economic importance of an U.S. State	-0.7365 (-0.86)	-0.6843 (-0.80)	-0.6159 (-0.72)
Per capita income	0.1907*** (7.18)	0.1912*** (7.21)	0.1876*** (7.06)
Population of county	0.0699*** (3.07)	0.0695*** (3.05)	0.0698*** (3.06)
Unemployment rate	-1.1901*** (-6.14)	-1.1820*** (-6.13)	-1.1956*** (-6.22)
Member of U.S Senate Committee on Small Business and Entrepreneurship	-0.0032 (-0.58)	-0.0028 (-0.51)	-0.0026 (-0.48)
Member of U.S. House Committee on Small Business	-0.0049 (-0.87)	-0.0052 (-0.91)	-0.0055 (-0.96)
Intercept	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17

Table 3: Alternative measures of presidential job approval ratings

This Table shows the estimation results of the baseline Tobit regression model with left censoring at zero by using alternative measures of presidential job approval ratings: presidential majority approval, the presidential net job approval rating, and the presidential job approval rating own political party members. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. We only report the estimated coefficient of the alternative measures of presidential job approval rating. We also report t-statistics below the estimated coefficient. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Presidential majority approval (One poll)	-0.0204***								
	(-3.83)								
Presidential majority approval (Two polls)		-0.0214***							
		(-4.28)							
Presidential majority approval (Three polls)			-0.0235***						
			(-5.14)						
Presidential net job approval rating (One poll)				-0.0436***					
				(-3.17)					
Presidential net job approval rating (Two polls)					-0.0447***				
					(-3.22)				
Presidential net job approval rating (Three polls)						-0.0488***			
						(-3.51)			
Presidential job approval rating own political party members (One poll)							-0.1206***		
							(-3.60)		
Presidential job approval rating own political party members (Two polls)								-0.0893***	
								(-2.77)	
Presidential job approval rating own political party members (Three polls)									-0.0810**
									(-2.43)
Intercept and control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

President FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
County code FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Left censored observations	9,787	9,787	9,787	9,787	9,787	9,787	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246	42,246	42,246	42,246	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17

Table 4. The Impact of Presidential Job Approval on SBA Disaster Loan Generosity

This table reports estimates from Tobit regressions examining the relationship between presidential job approval ratings and the generosity of SBA disaster lending, measured by the mean approved loan-loss ratio. The table jointly tests three mechanisms—media scrutiny, political opportunity, and bureaucratic scrutiny—by interacting presidential job approval with proxies for each channel. The Tobit model accounts for left censoring at zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. Presidential job approval is measured using alternative polling constructions across columns. All specifications include president fixed effects, FEMA disaster-type fixed effects, and county fixed effects. t-statistics are reported in parentheses below coefficient estimates. Standard errors are robust to heteroskedasticity and clustered at the ZIP code level. For brevity, coefficient estimates for intercept and fixed effects are not reported. The penultimate row reports the average marginal effect of presidential job approval, evaluated at the sample means of the covariates, with t-statistics constructed using delta-method standard errors. The final row reports the F-statistic from a joint test of whether the coefficients on presidential job approval and its interaction terms are jointly equal to zero. Variable definitions are provided in Appendix C. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.4029***		
	(-3.61)		
Presidential job approval rating (Two polls)		-0.4028***	
		(-3.59)	
Presidential job approval rating (Three polls)			-0.4181***
			(-3.62)
Media scrutiny channel	-0.0009***	-0.0009***	-0.0010***
	(-3.81)	(-3.79)	(-4.20)
Presidential job approval rating x media scrutiny channel	**0.0023*** (4.16)**	**0.0023*** (4.15)**	**0.0025*** (4.55)**
Political uncertainty channel	0.0053	0.0055	0.0094
	(0.42)	(0.43)	(0.72)
	-0.0018	**-0.0013**	**-0.0080**

Presidential job approval rating x political uncertainty channel	**(-0.07)**	**(-0.05)**	**(-0.30)**
Bureaucratic scrutiny channel	**-0.0470****	**-0.0374***	**-0.0441****
	(-2.13)	(-1.68)	(-1.99)
Presidential job approval rating x bureaucratic scrutiny channel	**0.0753***	**0.0546**	**0.0688**
	(1.68)	**(1.21)**	**(1.52)**
Democratic President	-0.0663	-0.0660	-0.0670
	(-0.83)	(-0.82)	(-0.83)
Second term President	0.0039	0.0043	0.0032
	(0.66)	(0.73)	(0.54)
Presidential re-election year	0.0169**	0.0204***	0.0214***
	(2.50)	(3.02)	(3.16)
Friendly county	-0.0083**	-0.0080**	-0.0080**
	(-2.14)	(-2.08)	(-2.08)
Swing county	-0.0015	-0.0013	-0.0016
	(-0.25)	(-0.22)	(-0.26)
County-level voter turnout share during a presidential election	-0.0395	-0.0429	-0.0324
	(-0.95)	(-1.03)	(-0.78)
President and U.S. State governor have same party	0.0067	0.0062	0.0063
	(1.63)	(1.50)	(1.52)
The relative economic importance of an U.S. State	-0.4877	-0.4289	-0.2124
	(-0.55)	(-0.48)	(-0.24)
Per capita income	0.2010***	0.1981***	0.1934***
	(7.46)	(7.34)	(7.15)
Population of county	0.0660***	0.0648***	0.0655***
	(2.89)	(2.84)	(2.87)
Unemployment rate	-1.1971***	-1.1846***	-1.1972***
	(-6.11)	(-6.07)	(-6.15)
Member of U.S Senate Committee on Small Business and Entrepreneurship	-0.0034	-0.0034	-0.0035
	(-0.62)	(-0.62)	(-0.63)
Member of U.S. House Committee on Small Business	-0.0035	-0.0039	-0.0045
	(-0.60)	(-0.67)	(-0.78)
Intercept	Yes	Yes	Yes

President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,774	9,774	9,774
Number of observations	42,209	42,209	42,209
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.1379*** (-4.38)	-0.1368*** (-4.40)	-0.1522*** (-4.80)
Joint significance of interacted terms and interaction terms	6.22***	6.34***	7.12***

Table 5: Media attention to natural disasters

This Table shows the effect of the presidential job approval rating conditional on media attention to natural disasters. For brevity, we only report the estimated coefficients and the corresponding t-statistics of the presidential job approval rating, media attention to natural disasters, *media attention to natural disasters x presidential job approval rating*. In the row before the final row, we report the average marginal effect of the presidential job approval rating (other variables at their sample mean). We use delta method computed standard errors to construct the t-statistic corresponding the average marginal effect of the presidential job approval rating. In the final row, we report the F-test statistic of the test whether the presidential job approval rating, media attention to natural disasters, *media attention to natural disasters x presidential job approval rating* are jointly statistically significantly different from zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.2625***		
	(-4.01)		
Presidential job approval rating (Two polls)		-0.2502***	
		(-3.83)	
Presidential job approval rating (Three polls)			-0.2637***
			(-3.96)
Media attention to natural disasters	-10.9005**	-9.5180**	-10.0390**
	(-2.20)	(-1.99)	(-2.02)
Presidential job approval rating x media attention to natural disasters	**26.5240****	**23.0343***	**23.9150****
	(2.19)	**(1.96)**	**(1.98)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.1077***	-0.1159***	-0.1241***
	(-3.19)	(-3.39)	(-3.61)
Joint significance of interacted terms and interaction terms	8.31***	7.80***	8.66***

Table 6: Political motive 1: Political affiliation

This Table shows the effect of the presidential job approval rating conditional on whether the president is from the Democratic Party. For brevity, we only report the estimated coefficients and the corresponding t-statistics of the presidential job approval rating, Democratic president, *Democratic president x presidential job approval rating*. In the row before the final row, we report the average marginal effect of the presidential job approval rating (other variables at their sample mean). We use delta method computed standard errors to construct the t-statistic corresponding the average marginal effect of the presidential job approval rating. In the final row, we report the F-test statistic of the test whether the presidential job approval rating, Democratic president, *Democratic president x presidential job approval rating* are jointly statistically significantly different from zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.0603* (-1.70)		
Presidential job approval rating (Two polls)		-0.0610* (-1.67)	
Presidential job approval rating (Three polls)			-0.0491 (-1.35)
Democratic president	-0.0476 (-0.54)	-0.0486 (-0.55)	-0.0218 (-0.25)
Presidential job approval rating x Democratic president	**-0.1106** **(-1.58)**	**-0.1038** **(-1.47)**	**-0.1726**** **(-2.38)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.1227*** (-3.79)	-0.1196*** (-3.78)	-0.1465*** (-4.50)
Joint significance of interacted terms and interaction terms	5.31***	5.26***	7.16***

Table 7: Political motive 2: The presidential term

This Table shows the effect of the presidential job approval rating conditional on whether the president is her second term as the president of the United States. For brevity, we only report the estimated coefficients and the corresponding t-statistics of the presidential job approval rating, second-term president, *second-term president x presidential job approval rating*. In the row before the final row, we report the average marginal effect of the presidential job approval rating (other variables at their sample mean). We use delta method computed standard errors to construct the t-statistic corresponding the average marginal effect of the presidential job approval rating. In the final row, we report the F-test statistic of the test whether the presidential job approval rating, second-term president, *second term president x presidential job approval rating* are jointly statistically significantly different from zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.0205 (-0.55)		
Presidential job approval rating (Two polls)		-0.0084 (-0.22)	
Presidential job approval rating (Three polls)			-0.0123 (-0.32)
Second term president	0.0669*** (3.16)	0.0781*** (3.59)	0.0791*** (3.56)
Presidential job approval rating x second term president	**-0.1247***** **(-2.98)**	**-0.1484***** **(-3.43)**	**-0.1514***** **(-3.42)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.0733** (-2.57)	-0.0713** (-2.50)	-0.0765*** (-2.65)
Joint significance of interacted terms and interaction terms	7.97***	9.15***	9.66***

Table 8: Political motive 3: The presidential re-election year

This Table shows the effect of the presidential job approval rating conditional on whether the president is her re-election year as the president of the United States. For brevity, we only report the estimated coefficients and the corresponding t-statistics of the presidential job approval rating, presidential re-election year, *presidential re-election year x presidential job approval rating*. In the row before the final row, we report the average marginal effect of the presidential job approval rating (other variables at their sample mean). We use delta method computed standard errors to construct the t-statistic corresponding the average marginal effect of the presidential job approval rating. In the final row, we report the F-test statistic of the test whether the presidential job approval rating, presidential re-election year, *presidential re-election year x presidential job approval rating* are jointly statistically significantly different from zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.1058***		
	(-3.79)		
Presidential job approval rating (Two polls)		-0.1019***	
		(-3.66)	
Presidential job approval rating (Three polls)			-0.1088***
			(-3.88)
Presidential re-election year	-0.0897***	-0.0681*	-0.0686*
	(-2.59)	(-1.83)	(-1.80)
Presidential job approval rating x presidential re-election year	**0.2119*** **	**0.1656** **	**0.1648** **
	(2.97)	**(2.20)**	**(2.16)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.0792***	-0.0812***	-0.0881***
	(-2.84)	(-2.89)	(-3.11)
Joint significance of interacted terms and interaction terms	8.58***	7.36***	7.82***

Table 9: Political motive 4: The local political importance of affected cities

This Table shows the effect of the presidential job approval rating conditional on the local political importance of the natural disaster hit city. The measures of local political importance of the natural disaster hit city are friendly county (Panel A), swing county (Panel B), and a county that has a relatively higher voter turnout (Panel C). For brevity, we only report the estimated coefficients and the corresponding t-statistics of the presidential job approval rating, the measure of local political importance of the natural disaster hit city, *the measure of local political importance of the natural disaster hit city x presidential job approval rating one poll*. In the row before the final row, we report the average marginal effect of the presidential job approval rating (other variables at their sample mean). We use delta method computed standard errors to construct the t-statistic corresponding the average marginal effect of the presidential job approval rating. In the final row, we report the F-test statistic of the test whether the presidential job approval rating, the measure of local political importance of the natural disaster hit city, *the measure of local political importance of the natural disaster hit city x presidential job approval rating* are jointly statistically significantly different from zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Panel A: A friendly county

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.0825**		
	(-2.29)		
Presidential job approval rating (Two polls)		-0.0749**	
		(-2.12)	
Presidential job approval rating (Three polls)			-0.0864**
			(-2.41)
Friendly county	-0.0011	0.0059	0.0023
	(-0.06)	(0.34)	(0.13)
Presidential job approval rating x friendly county	**-0.0167**	**-0.0315**	**-0.0237**
	(-0.45)	**(-0.85)**	**(-0.63)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.0901***	-0.0892***	-0.0972***
	(-3.18)	(-3.18)	(-3.43)

Joint significance of interacted terms and interaction terms	5.89***	6.03***	6.51***

Panel B: A swing county

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.0897***		
	(-3.18)		
Presidential job approval rating (Two polls)		-0.0910***	
		(-3.21)	
Presidential job approval rating (Three polls)			-0.0979***
			(-3.42)
Swing county	0.0110	0.0089	0.0092
	(0.43)	(0.35)	(0.36)
Presidential job approval rating x swing county	**-0.0219**	**-0.0172**	**-0.0178**
	(-0.43)	**(-0.34)**	**(-0.34)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.0929***	-0.0935***	-0.1005***
	(-3.37)	(-3.39)	(-3.62)
Joint significance of interacted terms and interaction terms	3.83***	3.87***	4.41***

Panel C: A county with a relatively higher voter turnout

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.1060*** (-3.50)		
Presidential job approval rating (Two polls)		-0.0973*** (-3.20)	
Presidential job approval rating (Three polls)			-0.1029*** (-3.36)
County-level voter turnout share during a presidential election	-0.1637 (-1.30)	-0.0737 (-0.58)	-0.0536 (-0.41)
Presidential job approval rating x county-level voter turnout share during a presidential election	**0.2696** **(1.06)**	**0.0759** **(0.30)**	**0.0438** **(0.17)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.0939*** (-3.41)	-0.0939*** (-3.40)	-0.1009*** (-3.63)
Joint significance of interacted terms and interaction terms	4.54***	4.25***	4.78***

Table 10: Political Motive 5: Congressional Representation on SBA Committees

This Table shows the effect of the presidential job approval rating conditional on the Member of U.S Senate Committee on Small Business and Entrepreneurship and Member of U.S. House Committee on Small Business. For brevity, we only report the estimated coefficients and the corresponding t-statistics of the presidential job approval rating, the member to the U.S. House or U.S. Senate commission, *the member to the U.S. House or U.S. Senate commission x presidential job approval rating one poll*. In the row before the final row, we report the average marginal effect of the presidential job approval rating (other variables at their sample mean). We use delta method computed standard errors to construct the t-statistic corresponding the average marginal effect of the presidential job approval rating. In the final row, we report the F-test statistic of the test whether the presidential job approval rating, the measure of local political importance of the natural disaster hit city, *the membership to either the U.S. Senate or U.S. House committee x presidential job approval rating* are jointly statistically significantly different from zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. Standard errors are robust for heteroskedasticity and clustered at the ZIP code level. We define the variables in Appendix C of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.0966***		
	(-3.26)		
Presidential job approval rating (Two polls)		-0.0974***	
		(-3.25)	
Presidential job approval rating (Three polls)			-0.1056***
			(-3.48)
Member of U.S Senate Committee on Small	0.0446*	0.0393*	0.0342
Business and Entrepreneurship	(1.93)	(1.71)	(1.49)
Presidential job approval rating x Member of U.S Senate Committee on Small Business and Entrepreneurship	**-0.1019****	**-0.0897***	**-0.0776**
	(-2.04)	**(-1.81)**	**(-1.58)**
Member of U.S. House Committee on Small	-0.0492**	-0.0454*	-0.0450*
Business	(-2.07)	(-1.91)	(-1.88)
Presidential job approval rating x Member of U.S. House Committee on Small Business	**0.0873***	**0.0795***	**0.0784**
	(1.84)	**(1.66)**	**(1.63)**
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787

Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.0948*** (-3.44)	-0.0953*** (-3.46)	0.1019*** (-3.67)
Joint significance of interacted terms and interaction terms	4.09***	3.76***	3.87***

Table 11: Test for nonlinear effect of presidential job approval rating

This table examines whether the effect of presidential job approval is nonlinear on SBA disaster loan generosity. We extend the baseline Tobit regression model by introducing two-way interaction terms between presidential job approval. The Tobit specification accounts for left censoring of the dependent variable at zero. The dependent variable is the natural logarithm of one plus the mean SBA disaster-approved loan-loss ratio. All specifications include president fixed effects, FEMA disaster-type fixed effects, and county fixed effects, along with the full set of control variables used in earlier tables. t-statistics are reported in parentheses below coefficient estimates. Standard errors are robust to heteroskedasticity and clustered at the ZIP code level. For brevity, coefficient estimates for the intercept, control variables, two-way interactions, and fixed effects are not reported. The penultimate row reports the average marginal effect of presidential job approval, evaluated at the sample means of the covariates, with t-statistics constructed using delta-method standard errors. The final row reports the F-statistic from a joint test of whether the coefficients on presidential job approval and squared presidential job approval are jointly equal to zero. Variable definitions are provided in Appendix C. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	Ln(1 + Mean SBA disaster approved amount loan-loss ratio)		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-0.4145**		
	(-2.26)		
[Presidential job approval rating (One poll)]^2	0.3181*		
	(1.74)		
Presidential job approval rating (Two polls)		-0.3694*	
		(-1.87)	
[Presidential job approval rating (Two polls)]^2		0.2762	
		(1.39)	
Presidential job approval rating (Three polls)			-0.2541
			(-1.28)
[Presidential job approval rating (Three polls)]^2			0.1529
			(0.77)
Intercept and control variables	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Left-censored observations	9,787	9,787	9,787
Number of observations	42,246	42,246	42,246
Pseudo R2	0.17	0.17	0.17
Average marginal effect of job approval rating	-0.1052***	-0.1012***	-0.1052***
	(-3.80)	(-3.68)	(-3.79)

Joint significance of job approval rating and squared term of the job approval rating	5.09**	3.49*	1.63

Table 12. The Impact of Presidential Job Approval on the likelihood of receiving SBA Disaster Loans

This table reports estimates from logistic regressions examining the relationship between presidential job approval ratings and the likelihood of SBA disaster lending. The table jointly tests three mechanisms—media diversion (media scrutiny), political opportunity, and bureaucratic scrutiny—by interacting presidential job approval with proxies for each channel. The Tobit model accounts for left censoring at zero. The dependent variable is the likelihood of SBA disaster lending, measured by a dummy variable that is one if the zip code receives disaster lending, else zero. Presidential job approval is measured using alternative polling constructions across columns. All specifications include president fixed effects, FEMA disaster-type fixed effects, and county fixed effects. t-statistics are reported in parentheses below coefficient estimates. Standard errors are robust to heteroskedasticity and clustered at the ZIP code level. For brevity, coefficient estimates for intercept and fixed effects are not reported. The penultimate row reports the average marginal effect of presidential job approval, evaluated at the sample means of the covariates, with z-statistics constructed using delta-method standard errors. The final row reports the Chi2-statistic from a joint test of whether the coefficients on presidential job approval and its interaction terms are jointly equal to zero. Variable definitions are provided in Appendix C. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	Dummy variable which takes the value of 1 if aid is provided.		
	(1)	(2)	(3)
Presidential job approval rating (One poll)	-3.6738***		
	(-4.13)		
Presidential job approval rating (Two polls)		-4.0843***	
		(-4.52)	
Presidential job approval rating (Three polls)			-4.6505***
			(-4.98)
Media diversion channel	-0.0082***	-0.0083***	-0.0089***
	(-4.18)	(-4.11)	(-4.40)
Presidential job approval rating x media diversion channel	**0.0212*** (4.87)**	**0.0215*** (4.83)**	**0.0228*** (5.10)**
Political uncertainty channel	0.2271**	0.2153**	0.2029*
	(2.23)	(2.05)	(1.90)
Presidential job approval rating x political uncertainty channel	**-0.4116** (-2.02)**	**-0.3589* (-1.73)**	**-0.3166 (-1.50)**
Bureaucratic scrutiny channel	-0.7055***	-0.6308***	-0.7056***
	(-3.74)	(-3.32)	(-3.72)
Presidential job approval rating x bureaucratic scrutiny channel	**1.1326*** (3.11)**	**0.9564*** (2.61)**	**1.0954*** (2.99)**
Democratic President	-1.1813	-1.1286	-1.1415
	(-1.41)	(-1.36)	(-1.37)
Second term President	-0.0422	-0.0497	-0.0640
	(-0.82)	(-0.97)	(-1.24)

Presidential re-election year	0.2487***	0.3112***	0.3296***
	(4.10)	(5.16)	(5.47)
Friendly county	-0.0467	-0.0465	-0.0463
	(-1.39)	(-1.39)	(-1.38)
Swing county	-0.0101	-0.0004	-0.0026
	(-0.20)	(-0.01)	(-0.05)
County-level voter turnout share during a presidential election	-1.2928***	-1.3069***	-1.1389**
	(-2.77)	(-2.80)	(-2.44)
President and U.S. State governor have same party	0.1263***	0.1125***	0.1115***
	(3.55)	(3.15)	(3.13)
The relative economic importance of an U.S. State	-15.8224**	-13.4114*	-9.2869
	(-2.13)	(-1.81)	(-1.25)
Per capita income	1.0458***	0.9649***	0.8911***
	(4.25)	(3.94)	(3.63)
Population of county	0.6394***	0.5966***	0.5897***
	(2.96)	(2.77)	(2.74)
Unemployment rate	-10.0997***	-10.2358***	-10.3211***
	(-6.24)	(-6.35)	(-6.43)
Member of U.S Senate Committee on Small Business and Entrepreneurship	-0.0611	-0.0563	-0.0481
	(-1.17)	(-1.08)	(-0.92)
Member of U.S. House Committee on Small Business	0.0752	0.0719	0.0648
	(1.49)	(1.42)	(1.29)
Intercept	Yes	Yes	Yes
President FE	Yes	Yes	Yes
FEMA disaster type FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes
Number of observations	40,309	40,309	40,309
Pseudo R2	0.10	0.09	0.09
Average marginal effect of job approval rating	-0.4701***	-0.5009***	-0.5340***
	(-11.27)	(-12.07)	(-12.58)
Joint significance of interacted terms and interaction terms	197.63***	212.62***	227.15***

Appendix A

Appendix A shows frequency of the different type of FEMA classified natural disaster types by U.S. states and the total number of presidential declared disasters by U.S. State.

Table A.1: Overview of different type of FEMA classified presidential natural disasters by U.S. State

U.S. State	U.S. State name	Coastal Storm	Earthquake	Fire	Flood	Hurricane	Mud/Landslide	Severe Ice Storm	Severe Storm	Snow	Tornado	Typhoon	Volcano	Total Presidential Declared disasters
AK	Alaska	0	0	0	0	0	0	0	2	0	0	0	0	2
AL	Alabama	0	0	0	5	6	0	3	13	0	1	0	0	28
AR	Arkansas	0	0	0	3	1	0	1	14	0	0	0	0	19
AZ	Arizona	0	0	0	1	1	0	0	1	0	0	0	0	3
CA	California	0	0	0	3	3	0	0	14	0	1	1	0	22
CO	Colorado	0	0	1	0	0	0	0	3	0	1	0	0	5
DE	Delaware	0	0	0	1	2	0	0	2	0	0	0	0	5
FL	Florida	1	1	0	2	13	0	0	11	1	1	1	0	31
GA	Georgia	0	1	0	2	2	0	0	6	0	3	0	0	14
HI	Hawai	0	0	0	1	0	0	0	4	0	0	0	1	6
IA	Iowa	0	0	1	2	1	0	0	7	0	0	0	0	11
ID	Idaho	0	1	0	1	0	0	0	3	0	0	0	0	5
IL	Illinois	0	0	0	5	0	1	0	14	0	2	0	0	22
IN	Indiana	1	1	0	0	3	0	0	11	0	1	0	0	17
KS	Kansas	0	0	1	1	0	1	1	5	0	1	0	0	10
KY	Kentucky	0	1	3	4	1	0	0	17	0	0	0	0	26
LA	Louisiana	0	0	0	1	7	0	0	5	0	0	0	0	13
MA	Massachusetts	0	0	1	2	0	0	0	7	0	0	0	0	10
MD	Maryland	0	0	0	1	1	0	0	4	0	0	0	0	6
ME	Maine	0	0	0	2	1	0	0	5	0	0	0	0	8
MI	Michigan	0	1	0	1	0	0	0	3	0	0	0	0	5
MN	Minnesota	0	0	0	3	2	0	0	9	0	2	0	0	16
MO	Missouri	0	0	2	3	1	0	0	14	0	0	0	0	20
MS	Mississippi	0	1	0	7	3	0	0	15	0	1	0	0	27
MT	Montana	0	0	1	1	0	0	0	0	0	0	0	0	2
NC	North Carolina	0	0	0	2	7	0	0	5	0	2	1	0	17
ND	North Dakota	0	0	0	1	0	0	0	1	0	0	0	0	2

NE	Nebraska	0	0	0	0	2	0	0	3	0	0	0	0	5
NH	New Hampshire	0	0	0	0	1	0	0	5	0	1	0	0	7
NJ	New Jersey	1	0	0	0	4	0	0	10	0	0	1	0	16
NM	New Mexico	0	0	0	0	0	0	0	3	0	0	0	0	3
NV	Nevada	0	0	0	0	0	0	0	3	0	0	0	0	3
NY	New York	0	0	0	1	7	0	0	15	0	1	0	0	24
OH	Ohio	0	0	1	1	2	0	0	13	0	0	2	0	19
OK	Oklahoma	0	0	1	3	1	0	2	12	0	1	0	0	20
OR	Oregon	0	0	1	1	0	0	0	3	0	0	0	0	5
PA	Pennsylvania	0	0	2	0	5	0	0	7	0	0	0	0	14
RI	Rhode Island	0	0	0	0	1	0	0	1	0	0	0	0	2
SC	South Carolina	0	0	0	0	1	0	0	1	0	0	0	0	2
SD	South Dakota	0	0	0	2	0	0	0	4	0	0	0	0	6
TN	Tennessee	0	0	0	3	0	0	0	14	0	1	0	0	18
TX	Texas	0	1	2	4	3	0	0	17	0	0	1	0	28
UT	Utah	0	0	0	0	0	0	0	2	0	0	0	0	2
VA	Virginia	1	0	1	1	5	0	0	10	0	0	0	0	18
VT	Vermont	0	0	0	0	1	0	0	5	0	1	0	0	7
WA	Washington	0	0	0	3	0	0	0	9	0	0	0	0	12
WI	Wisconsin	0	0	1	2	0	0	0	8	0	0	1	0	12
WV	West Virginia	0	0	1	4	3	0	0	14	0	0	0	0	22
WY	Wyoming	0	0	0	0	1	0	0	0	0	0	1	0	2
Total		4	8	20	80	92	2	7	354	1	21	9	1	599

Appendix B

This Table shows detailed summary statistics of the Gallup Polls by President over the period from 1996 to 2020. We do not include the Gallup Polls conducted in the month January when the incumbent President left her office. This is the case for President Clinton in January 2001; President W. Bush in January 2009; and President Obama in January 2017.

Table B.1: Summary statistics of public opinion polls and presidential job approval rating

Calendar year	President	Mean days of opinion poll	Frequency of opinion poll	Mean Job Approval Rating (One poll)
1996	William J. Clinton	2.17	24	54.54
1997	William J. Clinton	2.21	19	58.26
1998	William J. Clinton	1.65	31	63.77
1999	William J. Clinton	2.00	34	61.21
2000	William J. Clinton	2.21	28	59.89
2001	George W. Bush	2.29	31	66.42
2002	George W. Bush	2.22	45	72.18
2003	George W. Bush	1.88	41	60.49
2004	George W. Bush	2.26	35	50.77
2005	George W. Bush	2.40	42	46.05
2006	George W. Bush	2.43	30	38.03
2007	George W. Bush	2.37	27	33.63
2008	George W. Bush	2.50	30	29.97
2009	Barack Obama	6.00	49	57.65
2010	Barack Obama	6.00	52	46.87
2011	Barack Obama	6.00	52	44.79
2012	Barack Obama	6.00	53	47.68
2013	Barack Obama	5.98	52	46.52
2014	Barack Obama	5.94	52	42.37
2015	Barack Obama	6.00	52	46.33
2016	Barack Obama	6.00	52	51.46
2017	Donald Trump	6.06	49	38.51
2018	Donald Trump	6.00	51	40.33
2019	Donald Trump	12.14	21	41.62
2020	Donald Trump	13.47	19	44.32

Appendix C

This Table shows the definition and data source for each variable used in the regression analysis of this paper.

Table C.1: Variable definitions and data sources

Variable	Definition and data source
Mean SBA disaster approved amount loan-loss ratio	Mean ratio of total approved SBA disaster loans to total verified SBA disaster loans for each ZIP code by presidential declared disaster. We first calculate the loan-loss ratio for each individual disaster application. Disaster approved amount loan is the sum of the approved real estate and approved content loan for each individual disaster loan application. Disaster loss amount is the sum of the verified real estate disaster related losses and verified content disaster related losses for each disaster loan application. We take the mean of all these ratios for each ZIP code by presidential declared disaster. We consider individual consumer and business disaster loan applications. (Data source: SBA)
Ln (1 + mean SBA disaster approved amount loan-loss ratio)	Natural logarithm of the sum of one and the mean SBA disaster approved amount loan-loss ratio. (Data source: SBA)
Presidential job approval rating (One poll)	The final presidential job approval rating before the natural disaster. I scale this variable by dividing it by 100. (Data source: The American Presidency Project).
Presidential job approval rating (Two polls)	Average of the final two presidential job approval ratings before the natural disaster. We scale this variable by dividing it by 100. (Data source: The American Presidency Project).
Presidential job approval rating (Three polls)	Average of the final three presidential job approval ratings before the natural disaster. We scale this variable by dividing it by 100. (Data source: The American Presidency Project).
Presidential net job approval rating (One poll)	The difference between the presidential job approval rating (One poll) and the presidential disapproval rating (One poll). We scale this variable by dividing it by 100 (Data source: Gallup). We calculate in the same way the presidential approval min disapproval (Two and three polls). (Data source: Gallup).
Presidential majority approval rating dummy (One poll)	Dummy (0,1) with one if the presidential job approval rate (One poll) is more than 50%, else zero. We calculate in the same way the Presidential majority approval rating dummy (Two and three polls). (Data source: Gallup).
Presidential job approval rating own political party members (One poll)	Final presidential job approval rating based on followers from the political party of the incumbent President before the natural disaster. The data is unavailable for President H.W. Bush. We scale this variable by dividing it by 100. (Data source: Gallup).

Second term president	Dummy (0,1) with one if the incumbent President is a second-term President, else zero. (Data source: The American Presidency Project)
Democratic president	Dummy (0,1) with one if the political party of the incumbent President is the democratic president, else zero. (Data source: The American Presidency Project)
Presidential re-election year	Dummy (0,1) with one if the calendar year indicates that the incumbent President is up for her re-election, else zero. (Data source: Dave Leip's Atlas of Presidential Elections (1988-1996) and the MIT Election Data and Science Lab (2000-2016))
Friendly county	Dummy (0,1) with one if the electoral vote of the county went in favor of the incumbent President during the most recent presidential elections, else zero. (Data source: Dave Leip's Atlas of Presidential Elections (1988-1996) and the MIT Election Data and Science Lab (2000-2016))
Swing county	Dummy (0,1) with one if the county was a swing county in the most recent presidential elections, else zero. A swing county is when the absolute difference between the vote share of the two major party presidential candidates is less than five percentage points (Data source: Sylves and Búzás 2007; Dave Leip's Atlas of Presidential Elections (1988-1996) and the MIT Election Data and Science Lab (2000-2016)).
The relative economic importance of an U.S. State	Ratio of the GDP of a county to the GDP of a State (Date source: Bureau of Economic Analysis).
County-level voter turnout share during a presidential election	Ratio of the total number of votes in a county to the total number of the votes in the U.S. State of the county. (Data source: Dave Leip's Atlas of Presidential Elections (1988-1996) and the MIT Election Data and Science Lab (2000-2016)).
President and U.S. State governor have same party	Dummy (0,1) with one if the incumbent President and the state governor have the same party affiliation, else zero. (Data source: Kaplan (2020) and National Governors Association website (https://www.nga.org/cms/home)).
Per capita income	The natural logarithm of the per capita income of a county by year (Date source: Bureau of Economic Analysis).
Population of county	The natural logarithm of the population of a county by year (Data source: Bureau of Economic Analysis).
Unemployment rate	The unemployment rate of a county by year (Data source: Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS) program).
Member of U.S Senate Committee on Small Business and Entrepreneurship	Dummy (0,1) is one if a U.S. Senator is member of the U.S. Senate Committee on Small Business and Entrepreneurship, else zero (Data source: Congress.gov).

Member of U.S. House Committee on Small Business	Dummy (0,1) is one if a representative of the U.S. House of Representatives is member of the U.S. House Committee on Small Business, else zero (Data source: History, Art & Archives of United States House of Representatives).
Media scrutiny channel	U.S. Monthly Economic Policy Uncertainty (EPU) Index (Data Source: Baker, Bloom, and Davis (2016)).
Political uncertainty channel	The presidential uncertainty and risk (PUR) index (Data source: Chan and Smales (2025)).
Bureaucratic scrutiny channel	Dummy (0,1) that is one in years when the SBA administrator is replaced, else 0 (Data source: SBA administration).
Media attention to natural disasters	Daily topic natural disaster-related media attention aggregate by month-year (Data source: Leland et al. (2021)).