Firms Caught in Crossfire: International Stakes and Domestic Politics in Corporate Positioning on De-Globalization [*]

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Abstract

There has been a rise of protectionism and a move toward de-globalization across the globe. It is puzzling why businesses have not been more vocal opponents of protectionist policies. We examine U.S. firms' public position taking in the U.S.-China trade war. After collecting a comprehensive dataset of firms' public positions on the trade war, we show only 1.73% of large and very large U.S. firms have openly voiced opposition. One the one hand, we find larger and more productive firms, multinationals, and those more integrated in global supply chains are significantly more likely to openly oppose the imposition of tariffs. On the other hand, firms located in Republican districts are significantly less likely to do so. Our study is among the first to document firms' positioning in a high-profile trade war. We demonstrate a critical role of domestic politics in silencing firms' public opposition, which has important implications for globalization.

Key Words: Trade War, Firm Heterogeneity, Global Supply Chains, Multinationality, Political Considerations, Public Positioning

1 Introduction

In recent years, we have witnessed a wave of retreat from globalization, such as the Brexit Referendum, the rise of far-right parties and populist leaders across the globe, and the withdraw of membership from international organizations (Rodrik 2018; Walter 2021). In the U.S. Donald Trump implemented a series of protectionist trade policies after taking office, such as the rejection of the Trans-Pacific Partnership (TPP), renegotiation of the North American Free Trade Agreement (NAFTA), and imposition of tariffs on imports of solar panels, washing machines, and steel and aluminum from China and its allies. These actions marked a significant break from his predecessors, shifting U.S. trade policies from multilateralism to bilateral trade deals.

The centerpiece of Trump's foreign trade policy is launching the U.S.-China trade war, which is arguably the largest trade dispute in history. Many believe that the trade war has generated more pains than gains and it is ineffective in addressing the structural problems in U.S.-China trade relations.[1] The tariffs imposed by both countries constitute a major step towards de-globalization. They are disruptive to global trade networks and particularly painful for firms deeply integrated in global supply chains and production networks. In response, many firms have openly voiced opposition to the imposition of tariffs. For example, Apple has repeatedly stated, "It is difficult to see how tariffs that hurt U.S. companies and U.S. consumers will advance the Government's objectives with respect to China's technology policies."[2] The vast majority of U.S. companies, however, did not take a public stance on the tariffs.[3] Given the pains that most businesses have experienced, it is puzzling that businesses have not been vocal opponents against the trade war, and more generally, Trump's protectionist trade policies. One crucial question then is what factors are behind firms' considerations of deciding what position to take and whether to make a public

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[1]For example, see Ryan Hass and Abraham Denmark. "More Pain than Gain: How the US-China Trade War Hurt America." *Brookings*, August 7, 2020. `https://www.brookings.edu/blog/order-from-chaos/2020/08/07/more-pain-than-gain-how-the-us-china-trade-war-hurt-america/`. Accessed November 6, 2020.

[2]Wang, Christine. "Tim Cook's Letter to Apple Investors Is Corporate America's Latest Warning about US-China Trade War." *CNBC*. January 2, 2019. `https://www.cnbc.com/2019/01/02/tim-cooks-letter-warns-of-potential-impacts-from-us-china-trade-war.html`. Accessed September 2, 2020.

[3]We use firms, companies, businesses, corporations, and producers interchangeably in the paper.

expression of position. We know little about the answers to these questions.

This article seeks to fill this gap and takes a first step to examine U.S. firms' public position-taking strategy in the high-profile U.S.-China trade war. We argue that corporations' public expression of positions or lack thereof is a strategy of political communications, which is intended to achieve some level of influence over their audiences—voters and politicians. Conceptually, public position taking is one form of "outside lobbying" that serves two purposes: (1) to communicate public support to policy makers; (2) to increase public support for the advocated policy (Kollman 1998). Yet, public position taking may be counter-productive or even backfire if the message provokes its audiences. Profit-maximizing firms therefore have to weigh the costs and benefits when declaring a public position—a calculus shaped by both economic incentives and the political environment.

Economically, a firm's position on the tariffs reflects its standing in the global economy. That is, the distributional consequences of de(globalization) drive firms' public positioning. Building on the new new trade theory (Melitz 2003) and the growing literature on the globalization of supply chains (e.g., Jensen, Quinn and Weymouth 2015; Kim, Milner, Bernauer, Osgood, Spilker and Tingley 2019; Milner 1988; Osgood 2017), we examine both firm- and industry-level characteristics that shape firms' position taking. We posit that larger and more productive firms are more likely to oppose the imposition of tariffs as they are the beneficiaries of reduced tariffs that facilitate international trade and global sourcing. Further, firms that engage in multinational production should also have strong incentives to oppose the tariffs because of increased costs of intermediate inputs or concerns of retaliation (Milner 1988). At the industry level, we expect firms in industries that depend more on imported inputs to be more likely to publicly oppose the tariffs, because these tariffs increase the cost of imports of upstream inputs used in downstream firms' production of goods and services (Osgood 2018). We also expect firms in industries facing higher imposed tariffs to have stronger incentives to express public opposition as these tariffs add directly to the cost of sourcing intermediate goods.

In addition to economic considerations, we contend that domestic politics also factors into firms' position-taking strategy. Firms need to consider domestic political risks when taking a public

position that may provoke voters and legislators. We posit that firms located in Republican districts are less likely to voice opposition to the U.S. tariffs. First, openly opposing the tariffs may backfire among Republican voters in an increasingly polarized political environment. Second, firms are concerned that openly opposing the tariffs may jeopardize their relationships with incumbent GOP legislators who make policies and deliver government goods and services.

To document corporate position-taking strategies in the trade war and empirically evaluate our hypotheses, we compiled a comprehensive data set of more than 250,000 large and very large U.S. firms' public positions on the imposition of tariffs by the Trump administration.[4] We manually coded firms' positions by analyzing over 100,000 documents from a variety of sources, including media statements, congressional hearings, public comments submitted to the U.S. Trade Representative (USTR), and *ad hoc* coalitions. Our data collection covers all formal venues through which firms likely make a public declaration of their position on the imposition of tariffs.[5]

Our empirical analysis yields strong evidence that both economic and political considerations drive firms' position-taking strategies. Larger firms, more productive firms, and those engaging in multinational production are significantly more likely to openly oppose the imposition of tariffs. So do firms in industries dependent more on imported inputs from China and in industries subject to higher tariffs imposed by the U.S. Our results also show that political considerations play a crucial role in firms' public position taking. Firms located in a Republican district are significantly less likely to be public opponents. In other words, they are more likely to keep silent compared to their counterparts in the same state in the same industry but headquartered in a Democratic district. One may be concerned that the geographic distribution of producers is not random. For example, manufacturing activities are more likely to be in urban districts, which tend to be Democratic. Our

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[4]Our list covers the universe of large and very large U.S. firms in the Orbis database. We focus on large and very large firms for two reasons. First, these firms are more politically active. By excluding small- and medium-size firms, we mitigate the possibility of biasing our estimates upward. Second, small- and medium-size firms are less visible. It is possible that media outlets are less likely to report their positions. Focusing on large and very large firms helps us to deal with such a selection bias.

[5]We distinguish firms' position on the imposition of tariffs from that on fighting China's trade practices. Our paper focuses on the former rather than the latter. We believe the former is more likely to reflect firms' preferences for (de)globalization while the latter is more driven by national security and geopolitical factors. In our reading of public comments, a fair number of firms support fighting against China's trade practices but strongly oppose the imposition of tariffs.

results are robust and consistent when we consider a battery of local economic variables and state and industry (at the most fine-grained six-digit NAICS industry level) fixed effects.

Our study makes several important contributions to the literature. First, to our knowledge, we are the first to systematically document U.S. firms' public positioning on the high-profile trade dispute. Our data set covers almost the universe of large and very large U.S. firms and their public positions on the imposition of tariffs by the Trump administration. This data provides important insights into firms' responses to de-globalization. The imposed tariffs have a wide impact on U.S. businesses, including both goods and services producers, be it in tradable or nontrdable sectors. We also document that the vast majority of large and very large U.S. firms are not vocal opponents of the trade war even though most businesses are affected by the tariffs and making public statements is a relatively low-entry-barrier strategy.

Second, our results demonstrate that firms' public positioning on trade issues is both economically and politically motivated. On the one hand, firms' public positions reflect the distributional consequences of (de)globalization. That is, firms' standing in the global economy drives their public positioning on trade issues. This finding confirms previous findings in the literature (e.g., Jensen, Quinn and Weymouth 2015; Kim et al. 2019; Milner 1988; Osgood, Tingley, Bernauer, Kim, Milner and Spilker 2017). On the other hand, domestic politics factors significantly into firms' position taking strategy, which has been *overlooked* in the literature. Our results provide one plausible answer to a major puzzle in the recent backlash against globalization—"why businesses, especially export-oriented businesses and those embedded in global value chains, have not been more vocally opposing disruptive backlash policies" (Walter 2021, 13). Starting with Autor, Dorn and Hanson's (2013) influential work, scholars have documented a profound impact of globalization on domestic politics. These studies have found that economic difficulties stemming from global competition (especially the trade shock from China), coupled with politicians' opportunism, have contributed to the polarization of domestic politics and the rise of populism, nationalism, authoritarianism, and xenophobia (e.g., Autor, Dorn, Hanson and Majlesi 2020; Ballard-Rosa, Jensen and Scheve Forthcoming; Ballard-Rosa, Malik, Rickard and Scheve Forthcoming; Colantone and Stanig 2018*a,b*; Rodrik 2018). In such a polarized environment, firms must consider the political

atmosphere and potential fallout when publicly opposing protectionist policies. Domestic politics therefore plays an important role in muting voice against de-globalization. In this sense, the pro-globalization coalition is more fragile than commonly believed, suggesting a pessimistic outlook for globalization.

Finally, we join the growing literature that adopts a firm-centered approach of trade politics (e.g., Kim 2017; Osgood et al. 2017; Ryu and Stone 2018). We document strong firm heterogeneity in voicing opposition to the tariffs even within the same six-digit NAICS industry. Further, we show firm heterogeneity has both economic and political roots, the latter of which has been underappreciated in the literature. The fact that firms within the same industry are divided both economically and politically suggests that we need to move from factor- or industry-based models to a firm-centered approach of trade politics (see, Kim and Osgood 2019).

Our paper proceeds as follows. In the next section, we provide a brief background of the U.S.-China trade war. After that, we theorize on the economic and political motives that shape firms' public positioning. Following that, we discuss our data collection efforts, conduct empirical analysis, and examine the causal mechanisms. Finally, our paper concludes.

2   U.S-China Trade War: A Brief Overview

Although U.S-China trade tensions have emerged in the past, launching the trade war is a centerpiece of Donald Trump's trade policy. Trump has long accused China of unfair trade practices and intellectual property theft. In September 2011, for example, he tweeted criticisms of China, singling out its trade practices in particular: "China is neither an ally or a friend—they want to beat us and own our country." Getting tougher on China and cutting a better deal were part of Trump's 2016 presidential campaign. His campaign sought to build the image of Donald Trump as the ultimate dealmaker to "bring fairness to [U.S.] trade with China."[6]

When Trump took office, he initially sought to engage Beijing directly to address the issues. In April 2017, the U.S. and China announced a 100-day plan to address trade tensions and boost

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[6]"Trump: Reforming the U.S.-China Trade Relationship to Make America Great Again." https://assets.donaldjtrump.com/US-China-Trade-Reform.pdf. Accessed November 10, 2020.

cooperation in the presidential summit at Mar-a-Lago. Yet, the 100-day plan did not yield any agreement. In August 2017, the U.S. initiated a Section 301 investigation into China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. The final report, released in March 2018, stated that "numerous acts, policies, and practices of the government of China related to technology transfer, intellectual property, and innovation are unreasonable or discriminatory, and burden or restrict U.S. commerce."[7]

In July of that year, the U.S. implemented its first China-specific tariffs, which marked a historical shift from a dialogue to confronting approach of addressing trade disputes between these two largest economies in the world. U.S. Customs and Border Protection began collecting a 25% tariff on 818 imported Chinese products valued at $34 billion.[8] Then, the U.S. released a revised version of tariffs that amounted to $16 billion worth of imports from China in August and implemented tariffs on an additional $200 billion worth of Chinese goods in September. These constituted the second and third rounds of U.S. tariffs, respectively. Finally, the U.S. levied tariffs on more than $300 billion worth of Chinese goods in September 2019.[9] China responded to all four rounds by imposing its own retaliatory tariffs. After four rounds of tit-for-tat actions, the total U.S. tariffs applied exclusively to goods from China were worth $550 billion, while the total Chinese tariffs applied to goods from the U.S. amounted to $185 billion. On January 15, 2020, the U.S. and China signed the Phase One trade deal to de-escalate the trade war, and both sides agreed to roll back some of their tariffs. China also agreed to expand purchases of U.S. goods and made renewed commitments to intellectual property rights, technology transfers, and currency practices, etc.[10] This only partially deescalated the trade dispute.

The scale of the U.S.-China trade dispute is unprecedented. The costs of the trade war are high

[7]USTR. 2018. "Section 301 Investigation Fact Sheet." https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2018/june/section-301-investigation-fact-sheet. Accessed September 5, 2020).

[8]USRT. "China Section 301-Tariff and Actions and Exclusion Process." https://ustr.gov/issue-areas/enforcement/section-301-investigations/tariff-actions. Accessed September 3, 2020.

[9]Ibid.

[10]Wong, Dorcas, Mellissa Cyrill, and Zoey Zhang. "US, China Sign Phase One Trade Deal: How to Read the Agreement." *China Briefing*, March 2, 2020. https://www.china-briefing.com/news/us-china-phase-one-trade-deal-takeaways-businesses-global-trade/. Accessed September 5, 2020.

and U.S. companies have experienced the pains. Economists estimated that the lost GDP attributed to the U.S. tariffs would amount to $316 billion by the end of 2020.[11] The costs of U.S. tariffs are almost entirely paid by American firms and consumers (Amiti, Kong and Weinstein 2020; Cavallo, Gopinath, Neiman and Tang 2019). The trade war wiped $1.7 trillion of market capitalization of the listed U.S. firms and would lower their investment growth rate by 1.9 percentage by the end of 2020 (Amiti, Kong and Weinstein 2020). Many U.S. firms, such as Apple, Walmart, and General Motors, have powerfully voiced their opposition to the imposition of the tariffs, while others have chosen to be silent. One crucial question then is what factors are driving firms' public position taking. In the following section, we theorize on both economic and political incentives of firms' position-taking strategies on trade issues.

3   Political Economy of Firms' Public Position Taking on Trade Issues

Scholars of international political economy have long been interested in understanding individuals, firms, and organized groups' preferences for trade liberalization (e.g., Magee 1994; Mayda and Rodrik 2005; Milner 1988; Osgood et al. 2017; Owen and Johnston 2017; Scheve and Slaughter 2001). These preferences are the micro-foundation of political behaviors such as voting and lobbying (Rodrik 1995). Scholars have examined public opinion, lobbying activity, campaign contributions, congressional votes, and corporations' public positions as manifestos of societal actors' trade policy preferences (e.g., Beaulieu and Magee 2004; Hiscox 2002; Kim 2017; Naoi and Kume 2011; Osgood 2017, 2018; Owen and Johnston 2017). The existing literature suggests that firms' preferences over globalization are largely driven by their standing in the global economy (i.e., winners versus losers).

How do firms respond to the trade dispute and take a public position? We argue that firms'

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[11]Donnan, Shawn, and Reade Pickert. "Trump's China Buying Spree Unlikely to Cover Trade War's Costs." *Bloomberg*, December 18, 2019. `https://www.bloomberg.com/news/articles/2019-12-18/trump-s-china-buying-spree-unlikely-to-cover-trade-war-s-costs`. Accessed November 5, 2010.

public position declarations are not only a manifesto of economic interest, but also a strategy of political communications, which is intended to achieve influence over their audiences. Public declarations of positions on the trade war are likely to target two audiences—partisan voters who are themselves consumers and legislators who have the authority to make policies and are able to deliver government goods and services demanded by corporations. A profit-maximizing firm needs to deliberate what position to take, audiences' potential reactions to its position, and the effectiveness of its public message in helping achieve its policy goals. In other words, firms need to consider the benefits and costs of voicing opposition or support. We expect that both economic and political considerations drive firms' public position-taking strategies.

Economic Considerations

Economically, firms' public positioning reflects the distributional consequences of (de)globalization. That is, winners from globalization will oppose the imposition of tariffs while losers will support it. We build on the new new trade theory and the globalization of supply chains literature and examine both firm- and industry-level characteristics that shape firms' positioning on de(globalization).

Firm Heterogeneity, Global Sourcing, and Opposition to Tariffs

New developments in international trade theory have moved from factors (e.g., labor vs. capital) or industries (e.g., exporting vs import-competing) to firm heterogeneity to explain the patterns of international trade (Melitz 2003). The literature has documented substantial heterogeneity in firms' global engagement even within the same industry (Bernard and Jensen 1999). Firms that export or produce abroad tend to be larger and more productive (Bernard and Jensen 1999; Helpman, Melitz and Yeaple 2004; Melitz 2003). This is because exporting or producing abroad via foreign direct investment (FDI) involves high, nonrecoverable fixed costs. Only more productive and larger firms can afford the upfront fixed costs of doing business in foreign markets, because they are able to charge higher markups and thus are more profitable. Less productive firms will be competed out of the market.

Likewise, firms' productivity heterogeneity also accounts for their engagement in importing and global sourcing (Helpman, Melitz and Yeaple 2004). Accessing intermediate or final goods in foreign markets forces firms to incur fixed costs. These costs include, for example, financial resources and time invested in finding reliable suppliers, bringing foreign products into compliance with domestic regulations, getting familiar with foreign business environments, cultivating government-business relations in foreign markets, and overcoming trade and nontrade barriers of shipping goods to home markets. Only larger and more productive firms can afford these fixed costs, therefore reaping the benefits of global sourcing.

Note that lowering tariffs also means that firms face increasing competition from imports. Yet, larger and more productive firms are less concerned about intensified global competition resulting from trade liberalization for at least two reasons. First, high productivity enables them to sustain competition with foreign firms. Second, accessing better and cheaper inputs via global sourcing further bolsters their competitiveness (Amiti and Konings 2007; Topalova and Khandelwal 2011). Therefore, we expect that larger and more productive firms suffer more from protectionism and thus are more likely to voice their opposition to the imposition of tariffs.

H1: Larger and more productive firms are more likely to openly oppose the imposition of tariffs.

Multinationality

Globalization in the past decades has been characterized by increasing fragmentation and dispersion of production and tasks (Baldwin 2011). This is primarily driven by firms' motives to exploit the differences in factor prices across countries (Caves 2007), which gives rise to complex global production and investment networks (Schoeneman, Zhu and Desmarais 2020). At the center of these networks are multinational corporations (MNCs); they coordinate these networks through foreign affiliates, contractual agreements, or arm's length transactions (UNCTAD 2013). The fragmentation and dispersion of activities happens not only in manufacturing industries but also in the services sector with the advancement of technology and communications that make services more and more tradable (Owen and Johnston 2017; Weymouth 2017*b*). As such, firms that are able to

engage in multinational production or offshore activities overseas are the beneficiaries from the globalization of supply chains. These vertically integrated firms are efficiency seeking and engage extensively in intrafirm trade.

Milner (1988) shows that export dependence and multinationality make firms more likely to oppose protectionism in their home market. This is because closing the home market may spark potential retaliation, increase economic costs, and benefit uncompetitive domestic rivals. Trade barriers such as tariffs add to the costs of importing intermediate goods directly and thus restrict firms' opportunities to benefit from global supply chains (Chase 2003; Manger 2009). Further, vertical MNCs may fear that the retaliation of a foreign country could hurt the firm if it ships raw materials or final products to the foreign country. Finally, protectionism in the home market helps less competitive domestic rivals, resulting in a redistribution of benefits within the industry.

A similar calculus applies to MNCs that engage in horizonal integration, in which firms choose to produce final products in host countries to better serve local markets or overcome trade barriers (Caves 2007). These firms typically source intermediate inputs globally including their home countries to produce final products in foreign markets. As such, they are concerned about potential retaliation by the host country if their home country moves toward protectionism. For example, changes in regulatory and trade policies that favor indigenous firms in the host country will negatively impact their businesses. Therefore, we expected U.S. firms with a presence in China to have stronger incentives to voice opposition to the tariffs compared to their domestic counterparts.

H2: U.S. firms with foreign subsidiaries in China are more likely to oppose the imposition of tariffs than their domestic counterparts.

Industrial Dependence on Imported Inputs

Tariffs not only affect firms that directly engage in global sourcing or multinational production, but also those indirectly involved. Osgood (2018) has convincingly shown that upstream input sourcing is one of the primary drivers of U.S. *industrial* support for free trade agreements. The logic is that the delivery of goods and services in one industry (even if in a nontradable industry) can be dependent heavily on the inputs of goods and services from other industries that are deeply inte-

grated into global supply chains. For example, housing construction itself may involve little trade with other countries. Yet, to deliver the final product of houses, it requires building materials such as lumber, cement, and metals as well as various types of construction tools and equipment. These building materials and construction tools and equipment are typically produced and sourced globally. Even if the equipment (e.g., excavators) is made domestically, some parts and components may be sourced from other countries. Due to industrial interdependence, any tariffs imposed on the parts and components will add to the cost of producing the construction equipment, then passed onto house builders. Therefore, we expect that firms in industries dependent more on imported inputs from China are more likely to oppose the tariffs.

H3: Firms in industries dependent more on upstream input sourcing from China are more likely to oppose the imposition of tariffs.

Imposed Tariffs

Finally, we expect the tariffs imposed in the trade war will have a direct effect on the likelihood of firms voicing opposition. The idea is straightforward. An extra 10% tariff, for example, will add equivalently the same amount to firms' business costs. Firms can choose either to absorb the extra cost, which will have a negative impact on their bottom line, or to pass the cost onto consumers, which will negatively affect their top line. Further, retaliatory tariffs should concern export-oriented firms and thus lead them to oppose protectionist policies in the home market (Milner 1988). On the other hand, tariffs should benefit firms in import-competing industries. Yet, due to the globalization of supply chains, import-competing industries are internally divided. For example, CCPI Inc., an Ohio manufacturer of refractory products for the steel industry, opposed the imposition of tariffs because the tariffs increase costs of sourcing intermediate goods and thus harm the firm's competitiveness. As stated clearly in the company's comments to USTR, "The tariff will not only hurt out company, CCPI Inc., but will have a significantly damaging impact on the profitability and competitiveness of the U.S. steel and foundry industry."[12] Likewise, Blount International, a manufacturer of replacement parts, equipment, and accessories for the lawn, garden,

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[12]USTR-2018-0026-0213.

farming, construction equipment, and concrete industries, made a similar comment to USTR, "If these inputs are not removed from the [tariff] list, it will be more cost effective for Blount to source the entire product in China and pay the 25% tariff over paying the current one thousand dollars per ton of U.S. steel and the twenty-five (25%) percent tariff on inputs to make their products in the U.S."[13]

H4: Firms in industries subject to higher imposed tariffs have stronger incentives to openly voice opposition.

Political Considerations and Firms' Position Taking Strategy

As we have argued, firms' public position taking is a strategy of political communications, which is intended to achieve influence over their audiences: voters and legislators. Conceptually, a public declaration of position is one form of "outside lobbying", which accomplishes two tasks (Kollman 1998): (1) to communicate public support to policymakers and (2) to influence public opinion on the advocated policy. Yet, the effectiveness of "outside lobbying" is constrained by underlying public opinion and it may backfire if a group does not have the necessary public support (Kollman 1998). Firms therefore have to consider the costs and benefits of public position taking.

We posit that firms located in Republican districts are *less* likely to openly oppose the imposition of tariffs for two reasons: (1) openly opposing the imposition of tariffs may provoke Republican loyalists, which may incur adverse economic consequences and negative publicity; (2) it risks jeopardizing firms' cultivated relationships with GOP legislators who make policies and deliver government goods and services requested by firms.

Americans' political attitudes and voting behavior have been changing in the past decades. We have witnessed a popular backlash against globalization in the U.S. and across the globe (Walter 2021). The deepening of globalization, deindustrialization, automation, and new digital technologies have led to the losses of manufacturing jobs (Autor, Dorn and Hanson 2013; Baccini and Weymouth Forthcoming; Rodrik 2018). Local economic hardship, in turn, has contributed to the recent rise of populism, nationalism, and protectionism (Ballard-Rosa, Jensen and Scheve Forth-

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[13]USTR-2018-0026-6066.

coming; Rodrik 2018). As a result, American politics has become increasingly polarized. For example, Autor et al. (2020) document a rightward shift in ideological affiliation and voting patterns among non-Hispanic Whites in districts exposed to global competitions. Others have shown that white voters, in response to anxieties about their dominant social and economic status, have increasingly chosen radical political parties and candidates who can defend their privileges (Baccini and Weymouth Forthcoming; Inglehart and Norris 2017).

On the other hand, politicians have engaged in opportunism, capitalizing on these changing political attitudes and voting behavior. They strategically leverage anti-globalization messages (De Vries and Edwards 2009) or group-identity shifts (Glaeser, Ponzetto and Shapiro 2005) to mobilize their core continents for electoral gains. In the U.S., incumbent legislators have become more protectionist on trade issues (Feigenbaum and Hall 2015). Extreme candidates, especially GOP conservatives, are the net gainers from the ideological realignment at the expense of moderates (Autor et al. 2020).

The political realignment in the U.S. ultimately led to the election of Donald Trump as the president in 2016. Trump promoted "America First" foreign and economic policies. During the presidential campaign, he claimed that U.S. trade policy had failed and pledged to withdraw from the TPP, renegotiate trade agreements such as the NAFTA, and raise tariffs on goods from countries that were cheating on or taking unfair advantages of the U.S. Launching the trade war with China is arguably Trump's fulfillment of his campaign promises, which constitutes the centerpiece of his trade policy. In such a politicized and polarized environment, firms' public declaration of position on the imposition of tariffs is likely to be interpreted as whether they are politically aligned with Donald Trump. As such, the stakes could be high.

Firms' open opposition to the imposition of tariffs may backfire among Republican voters who are themselves consumers. First, firms' oppositional position may provoke Republican loyalists and invite consumer boycotts or social media movements against them.[14] After the presidential election in 2016, social-media movements have urged people to boycott brands based on their

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[14]Both liberals and conservatives engage in consumer political actors, but do so for different intentions: liberals endorse the values of harm and fairness while conservatives support the values of authority, loyalty, and purity (Fernandes 2020).

political affiliation.[15] For example, Trump supporters were encouraging people to #buytrump or #buyivanka on Twitter after Nordstrom decided to drop Ivank Trump's fashion line.[16] Josh Cornett, a Trump supporter in Cleveland, told his 25,000 followers on Twitter not to shop at Nordstrom department stores.[17] Likewise, in 2017 Starbucks' plan to hire 10,000 refugees in the next five years caused outrage among Trump supporters and a social media boycott campaign.[18] Nonetheless, Starbucks did not step back, which was actually viewed as a smart strategy to differentiate itself from other coffee chains by "[t]ying the brand to certain values and political beliefs."[19]

Conversely, firms in Democratic districts could also face backlashes if they are perceived to be associated with Trump. For example, Under Armour, headquartered in Baltimore, a deep blue city, had to seek to limit potential fallout from a consumer backlash after its founder and CEO, Kevin Plank, praised Trump as "a real asset for the country" in a television interview. Mr. Plank's commentary led Under Armour's stock to be downgraded because of concerns of the "reputational risk."[20] To distance Under Armour from Trump, Mr. Plank later stepped down from Trump's American Manufacturing Council.[21] These anecdotes illustrate that when making a public position, firms need to consider the risk of consumer boycott campaigns and other social media movements that will cause direct financial consequences and potential brand damage. On the other hand, politicians are less willing to be associated with such firms targeted by social protests, as it may incur negative electoral consequences (McDonnell and Werner 2016; Smith 2000).

Second, firms' open opposition to the tariffs, a "conflict expansion" strategy (Kollman 1998), may have little impact on influencing public support, and may even exacerbate predisposition and

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[15]Kapner, Suzanne, and Sara Germano. "Retailers Are Caught in Political Fights Over Trump." *The Wall Street Journal*. February 9, 2017.

[16]Ibid.

[17]Creswell, Julie and Rachel Abrams. "In the Era of Trump, Shopping is Political." *New York Times*, February 11, 2017.

[18]Taylor, Kate. "Starbucks Has Become a Target of Trump-Loving Conservatives—and That's Great News for the Brand." *Bussiness Insider*. February 5, 2017. `https://www.businessinsider.com/why-trump-supporters-boycott-starbucks-2017-2`. Accessed March 2, 2021).

[19]Ibid.

[20]Turner, Nick. "Analyst Downgrades Under Amour Stock After Its CEO Praises Donald Trump." *Bloomberg*, February 15, 2017.

[21]Bomey, Nathan. "Under Armour CEO Kevin Plank Steps Down as Turnaround Effort Continues." *USA Today*. October 22, 2019. `https://www.usatoday.com/story/money/2019/10/22/under-armour-ceo-kevin-plank-patrik-frisk/4060838002/`. Accessed March 3, 2021.

aggravate polarization. Large firms' public position, sometime promoted via campaign advertisements or grassroot mobilization, is a powerful message. These elite messages can potentially shape voters' opinion and their support for public policies (Bullock 2011; Gilens 2001). The effect of elite messages on influencing public attitudes, however, depends on issue context: when public opinion is polarized, generic elite information is ineffective while partisan-based information likely exacerbates the polarization (Guisinger and Saunders 2017).

Negative views of China have increased in the past decade, especially among Republicans.[22] Although there is an increasing bipartisan consensus on getting tough on China in Washington, public opinion on the trade war and its impact on the U.S. economy is highly polarized. According to a survey conducted by Gallup, roughly 72% of Democrats believed that the tariffs would have a negative effect on the economy in the long term and 56% thought that the tariffs would harm their personal finances; in contrast, about 62% of Republicans thought the tariffs would be beneficial for the economy and 84% said that the tariffs would have no effect on or even improve their personal finances.[23] Given that the trade war is the centerpiece of Trump's trade policy and the polarized views of the trade war and the tariffs among Republicans and Democrats, firms located in Republican districts likely worry more about potential fallout when publicly voicing opposition to the imposition of tariffs than their counterparts in Democratic districts.

Further, firms' open opposition to the tariffs may risk jeopardizing their cultivated relationships with GOP legislators. Firms engage in a variety of political activities including building good relationships with officeholders to bolster performance (Cooper, Gulen and Ovtchinnikov 2010; Hillman, Keim and Schuler 2004; Weymouth 2017a). Campaign finance, for example, reflects a market for corporations and special interest groups to seek private benefits from politicians (Denzau and Munger 1986; Grossman and Helpman 1994). Political campaign contributions are considered as a kind of investment and elected candidates are expected to supply private benefits[24]

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[22]Silver, Laura, Kat Devlin, and Christine Huang. 2019. "U.S. Views of China Turn Sharply Negative Amid Trade Tension." *Pew Research Center*. `https://www.pewresearch.org/global/2019/08/13/u-s-views-of-china-turn-sharply-negative-amid-trade-tensions/`. Accessed August 31, 2020.

[23]Saad, Lydia. "Americans' Views on Trade in the Trump Era." October 25, 2019. *Gallup News*. `https://news.gallup.com/opinion/gallup/267770/americans-views-trade-trump-era.aspx`. Accessed August 31, 2020.

[24]These private benefits take the form of government contracts, subsidies, and favorable regulations and policies, or

demanded by contributors (Baron 1989; Snyder 1990). Firms prefer to maintain good relationships with incumbents rather than to invest in efforts to undermine them because invested resources and time constitute sunk costs.[25] Interest groups prefer to gain access to allied legislators and provide them with information that helps them persuade opponents (Schnakenberg 2017, 130).

Firms' public opposition to the tariffs may anger Republican incumbents who are allies of Trump or who had campaigned on a protectionist platform. Firms' public positioning may be perceived by legislators as the former's efforts to undermine the latter's public support and their bid for reelection. In response, officeholders may choose not to deliver the policies and services demanded by the firms (e.g., assistance in requesting tariff exemption from the USTR or obtaining compensation from the administration), or even to punish or intimate them. For example, Delta's suspension of fare discounts to the National Rifle Association members in the wake of mass shooting in Parkland, Florida was interpreted as the company taking sides on gun control. GOP lawmakers killed a proposed tax break on jet fuel to punish the company. Then Governor Casey Cagle wrote in an opinion piece, "We cannot continue to allow large companies to treat conservatives differently than other customers, employees and partners."[26]

Based on above discussions, we expect firms located in Republican districts to be more concerned about the costs of publicly voicing opposition than their counterparts in Democratic districts. Conversely, the latter may even benefit from signaling that they are distancing themselves from Trump.

H5: All ales being equal, firms located in a Republican district are less likely to openly oppose the imposition of tariffs than their counterparts in a Democratic district.

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even opportunities to appear in congressional hearings and testimonies.

[25]Morton and Cameron (1992) formally show that candidates who have an incumbency advantage will reward on those contributors who do not give to their challengers. Empirical evidence also shows that campaign contributions favor incumbents (Fouirnaies and Hall 2014).

[26]Nadler, Ben, and R.J. Rico. " 'Naked Politics' of Punishing Delta Could Haunt Geogia." *AP News*. March 2, 2018. `https://apnews.com/b772eeb56ed6447faf80cf8cca7db6b4/'Naked-politics' -of-punishing-Delta-could-haunt-Georgia`. Access September 4, 2020.

4   Measuring Firms' Public Positions on the Trade War

To examine firms' public positioning strategy and evaluate our hypotheses, we first draw the universe of large and very large firms with headquarters in the U.S. from the Orbis database (Bureau van Dijk 2017).[27] We focus on large and very large firms for two reasons. First, large firms contribute the majority of international trade activities (Bernard, Jensen and Schott 2009), and are therefore the most relevant to our theory. Second, large firms typically have the funding, expertise, and interest needed to craft and publicize their position on globalization, and so are most likely to have made a statement about tariffs. In addition, large firms are also more visible and get more publicity from media outlets. Focusing on large and very large firms helps deal with the selection bias that small firms are less likely to receive public attention. Our sample consists of 255,423 firms after dropping entities in the public administration sector.[28]

One primary empirical change is how to measure firms' position on the imposition of tariffs. We identify firms' public positions on the trade war from five sources: media statements, congressional hearings, *ad hoc* coalitions, tariff exclusion requests, and public comments submitted to the USTR. The congressional hearing data includes transcripts and testimonies from firms invited to speak before congress at any of the four Section 301 Hearings. While previous studies have relied primarily on congressional hearings and *ad hoc* coalition data (Osgood 2017, 2018), ours is among the first to include large-scale analysis of media reports. This inclusion significantly expands observations on the dependent variable, while circumventing some of the selection bias inherent in examining only firms that are invited to speak before congress. These collection efforts yielded over 120,000 documents related to the trade war.

Not all of these documents were relevant for our purposes, however. To reduce the amount of noise in the corpus, we implemented a three-step process to identify and code firm position. First, we used text-analysis to match the name of large and very large firms in the Orbis Database

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[27]Orbis defines a large firm as any entity with operating revenue over 14 million, total assets over 20 million, or more than 150 employees.

[28]We exclude entities in the public administration sector (NAICS 92XXXX) because they are unlikely to take an open opposition to the administration's policy though they may source goods and services from China. Yet our main results are substantively the same if we include these entities. Following Kalemli-Ozcan, Sorensen, Villegas-Sanchez, Volosovych and Yesiltas's (2015) practice guide, we also dropped firms with negative sales.

to firms found in the documents. We increased the likelihood of finding a match by generating multiple versions of each firm name.[29] Documents that did not include a firm from our Orbis sample were dropped from analysis. Second, we removed any documents that did not discuss a matched firm in the context of the U.S.-China trade war. We examined the context by searching for a set of key words within any sentence that mentioned a matched firm. The document was dropped if it did not contain at least one sentence with the company name and one key word. After identifying relevant documents, members of our research team then read and manually coded each document for firms' positions.

One concern is that firms' public positions may simply echo senior executives' personal views. We doubt this is the case for two reasons. First, the majority of firms' positions in our sample were coded from official statements in congressional hearings and testimonies, comments submitted to USTR, and *ad hoc* pro-trade coalitions. It is unlikely that these carefully crafted statements only express executives' personal views. Second, senior executives in large corporations are unlikely to conflate personal views and corporate interest. As Hart (2004, 58) put it, "The stylized fact that Americans in general are ideologically conservative but operationally liberal has its counterpart among American business executives."

In this paper, we focus on a binary measure of whether a firm made a public statement against imposing tariffs on goods imported from China—*opposition*.[30] In our sample, 4,424 firms (1.73%) have made a public declaration of opposition to the tariffs. Figure 1 shows the industrial distribution of opposition firms at the two-digit NAICS industry level. About 42% of them are from the manufacturing sector which is directly affected by the imposed tariffs. Firms in other industries have also voiced their opposition. For example, firms in the construction, health care and social assistance, and utilities industries, which are traditionally considered as nontradable services sectors, have all publicly opposed the tariffs. It is evident that the globalization of supply chains, global sourcing, and industrial interdependence make tariffs on goods relevant to all most every firm in the economy, be it in tradable and nontradable sectors.

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[29]For example, both *Microsoft Corporation* and *Microsoft* are included in the firm name list.

[30]We focus on *opposition* as the dependent variable because very few firms (104 in total) have made an open expression of support for the tariffs.

Figure 1: Industrial Distribution of Firms Openly Opposing the Tariffs

Percent Opposition by Industry
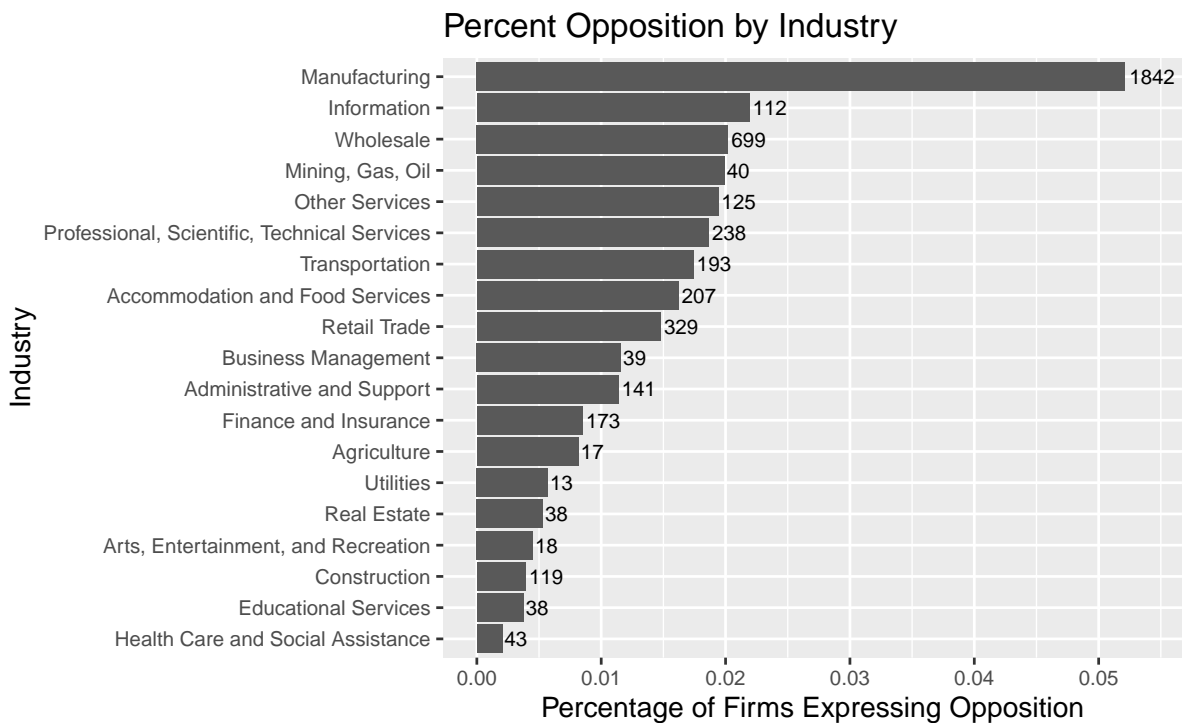
Note: Industries are ranked by the percentage of firms that have openly voiced opposition to the imposition of tariffs. The label on each bar is the total number of firms openly opposing the tariffs in the industry.

The Coalition of Services Industries's (CSI) comments to the USTR illustrate the point: "A product marked as originating in China actually reflects manufactured and other inputs coming from the United States and many other countries. U.S. services providers use these manufactured inputs to deliver their services; increasing the costs of inputs to production from China will negatively impact U.S. services providers who rely on those inputs to deliver (or export) their services back to China."[31]

5   Independent Variables and Covariates

Our first hypothesis suggests that larger and more productive firms are more likely to oppose the tariffs. We measure firm size through the total number of *employees* and annual *sales* as reported

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[31]USTR-2018-0018-0520.

by Orbis, and log both variables to deal with a skewed distribution.[32] We also calculate each firms' approximate total factor productivity as a measure of productivity (*ATFP*).[33] However, only 8,228 of the firms in our sample report all the statistics required to calculate this variable, which significantly decreases the sample size when we include this variable in the model. Firms' multi-nationality is measured by a binary variable indicating if a firm has at least one subsidiary in China (*China Subsidiary*).

To capture the degree of an industry's dependence on imported inputs from China, we follow Osgood (2018): *Total estimated value of inputs used by industry i imported from China*:

$$INPUT_i = \sum_j P_j^I mp * I_{j,i}.$$

where j is input industries and i is output industries. $I_{j,i} = IO_{j,i} * R_i$. $IO_{j,i}$ is the coefficient of contribution of each input j to produce one unit of output in industry i.[34] R_i is gross output in industry i. We calculate the percentage of each input j that is imported from China as: $P_j^{imp} = Imp_j^{China}/(R_i + Imp_j)$, where Imp_j^{China} is the amount of input j imported from China. Imp_j is the total amount of input j imported from all countries. Finally, we sum the product, $P_j^{imp} * I_{j,i}$, over all input industries j to get a measure of industry i's dependence on imported inputs from China.

To measure the maximum level of tariffs imposed in each industry by the Trump administration, we first obtained the list of products subject to U.S. tariffs and then used a concordance table (Pierce and Schott 2009) to convert Harmonized Tariff Schedule (HTS) codes into six-digit NAICS codes. Since six-digit NAICS codes are often more aggregate than the HTS codes, we coded one six-digit NAICS industry as subject to the tariffs if at least one of the HTS product codes were targeted by the tariffs. We used the same approach to calculate the maximum retaliatory tariffs imposed by China at the six-digit NAICS industry level.

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[32]We take the average of employees and sales for the 2106–2018 period.

[33]Approximate total factor productivity is defined as $ATFP = ln(Q/L) - s * ln(K/L)(0 \leq s \leq 1)$, where Q is sales, L is labor input, and K/L is a measure for capital intensity. We calculate ATFP for each firm by using $s = 1/3$, following Head and Ries (2003).

[34]The coefficients were calculated using the 2012 input-output table produced by BEA. To avoid conflation of import competition with intermediate imports, the diagonals in the table are set to 0 so that one industry does not contribute to the output in the same industry (Osgood 2018).

In addition to economic interest, we have argued that political considerations play a crucial role in shaping firms' position-taking strategy. To capture firms' political incentives, we use a dummy variable indicating if a firm is headquartered in a district with a Republican house member for the 115th congress.[35] Orbis only provides firms' zip codes and not their exact addresses. So, we mapped firms' zip codes to congressional districts. Without better addressing information we cannot always determine a firms' exact voting district since one zip code may cross several districts. For such cases, we assigned a firm to a Republican district if the zip code is associated with more Republican than Democratic districts. In our main results, we focus on firms whose zip code is uniquely matched to a congressional district.[36]

We chose to look at house members for two reasons. First, since house members represent a well-defined subset of voters, these members' political leanings better capture a firms' political environment than other political variables measured at higher levels of aggregation (i.e., the senate). Second, these legislators represent the smallest federal political unit in the U.S. Since they typically speak for a subset of their state's total population, house members can provide more direct and targeted benefits to firms. Therefore, a firm's relationship with their house member is particularly important and beneficial. While *Republican district* is our primary political variable of interest, we also use alternative measures of firms' political environments: Trump's vote share and margin of victory in the 2016 presidential election.

We control for a battery of industry-, county-, and district-level economic variables that may affect a firm's likelihood of voicing opposition to the tariffs. At the industry level, we include the total amount of imports from China (*industry imports*)[37] and a dummy of the agriculture sector (*Agriculture*). We expect industry imports to correlate positively with firms' opposition to the tariffs while the agriculture dummy to correlate negatively with opposition to the tariffs. The opposition of agricultural producers may be muted by the Trump administration's $28 compensa-

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[35]In the model presented in the paper, we focus on the locations of firms' headquarters. In robustness checks, we also look at the locations of firms' branches and subsidiaries across the U.S. We obtain consistent results. See Appendix A.

[36]Our results are robust and consistent if we use the entire sample, though the coefficient of political variables turns smaller. See Table E in Appendix D.

[37]The variable is logged to deal with skewed distribution.

tion payments. We also control for localities' economic conditions at either the county or district level, depending on data availability. The U.S. Department of Labor offers federal assistance to communities damaged by increasing foreign trade under the Trade Adjustment Assistance (TAA) program. Firms may petition the government for TAA assistance if it is forced to lay-off workers due to import competition. We use the total number of workers in TAA claims normalized by total employment at the county level (*TAA claims*) as a way to account for areas that may be less opposed to tariffs due to their economic circumstances. In addition, we control for unemployment rates at the county level and total manufacturing employment at the district level.[38] Finally, in all our model specifications, we include a full set of state dummies to address the fact that the distribution of industry and political affiliation across space is not random. We further introduce industry fixed effects at the six-digit NAICS code level in some model specifications. This allows us to compare firms within the most fine-gained industry level. Tables F and G in Appendix D present the summary statistics and a correlation matrix of all explanatory variables.

6   Empirical Analysis:

To formally evaluate our hypotheses, we estimate the following logit model:

$$Pr(Opposition_{i,j,k}) = Firm\ Size_i + China\ Sub_i + Imported\ Inputs_j +$$
$$U.S.\ Tariff_j + China\ Tariff_j + Republican_k + X + e \tag{1}$$

where i indexes firms, j indexes industries, and k indexes congressional districts. X is a vector of control variables and e is the error term.[39]

First, we run a pooled logit regression of a firm's likelihood of voicing opposition as a function of economic interest, including firm- and industry-level variables and state fixed effects. This test gives us a first look at the relative strength of different economic explanations. Second, we examine

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[38]County-level total employment and unemployment data are from U.S. Bureau of Labor Statistics. District-level manufacturing employment data is from County Business Patterns released by U.S. Census Bureau. All variables are measured in 2017, prior to the start of the trade war.

[39]Our results are robust and consistent if we use a linear probability model and cluster standard errors at the six-digit NAICS industry level. See Tables C and D in Appendix C.

how political motives affect a firm's likelihood of voicing opposition.

Economic Incentives

Models 1 and 2 in Table 1 present the baseline specification with two alternative measures of firm size: total number of employees (*employees, log*) and annual sales (*sales, log*). Both *employees* and *sales* are positive and statistically significant beyond the conventional levels, indicating that larger firms are more likely to make a public statement against the tariffs. Substantively, a one standard deviation increase in employees or sales from their medians will raise a firm's odds of making an oppositional statement by 0.42 and 0.70 percentage points, respectively. These marginal effects are substantively large given that the average probability of opposing the tariffs in the sample is 1.73%.

In addition, the results show that the coefficient of *China Subsidiary* is positive and statistically significant, which suggests that firms have subsidiaries in China are more likely to make a public expression of opposition to the tariffs. Substantively, these firms are 4.5 percentage points more likely to oppose the tariffs than those without subsidiaries in China. This provides strong evidence that multinationality leads firms to strongly oppose protectionism in the home market (see also Milner 1988).

The results in Models 1 and 2 also show that firms in industries dependent more on imported inputs from China are significantly more likely to express opposition to the tariffs. This finding is consistent with those in previous studies that the globalization of supply chains drives firms to favor liberalization and resist protectionism (e.g., Jensen, Quinn and Weymouth 2015; Osgood 2018). Maximum tariff levels imposed by the U.S. correlate strongly with firms' opposition to the tariffs while the China maximum tariff variable only achieves statistical significance in Model 1. Take U.S. maximum tariffs for example. If the imposed U.S. tariffs increase from 0 to 15%, all else being equal, it will increase the likelihood of opposition by 1.5 percentage points. Finally, consistent with our expectation, producers in the agriculture sector are significantly less likely to openly oppose the tariffs.

In Model 3, we include a measure of firm productivity (*ATFP*). The coefficient of *ATFP* is

Table 1: Economic Factors and Firm Opposition to the Tariffs

	1	2	3	4	5
Employees (log)	0.25***		0.74***	0.26***	0.30***
	(0.01)		(0.09)	(0.01)	(0.02)
Sales (log)		0.31***			
		(0.01)			
ATFP			0.77***		
			(0.20)		
China Affiliate	1.88***	1.44***	−0.22	1.79***	1.41***
	(0.10)	(0.10)	(0.64)	(0.10)	(0.13)
Imported Inputs	0.29***	0.55***			
	(0.08)	(0.08)			
Imports (log)				0.02***	
				(0.00)	
Rel. Party Imports (log)					0.08***
					(0.02)
Nonrel. Party Imports (log)					0.06**
					(0.03)
Max Tariffs (US)	4.50***	4.52***		5.71***	−2.06***
	(0.25)	(0.25)		(0.32)	(0.40)
Max Tariffs (China)	0.95**	0.27		0.84**	0.08
	(0.42)	(0.41)		(0.42)	(0.43)
Agriculture	−1.16***	−1.04***		−1.58***	−1.19***
	(0.25)	(0.25)		(0.36)	(0.36)
Constant	−5.96***	−7.94***	−30.44	−6.44***	−6.60***
	(0.18)	(0.19)	(3677.36)	(0.22)	(0.36)
State FEs	Yes	Yes	Yes	Yes	Yes
Log Likelihood	−18316.59	−18179.57	−164.78	−16072.19	−5985.31
N	218959	226323	6439	188987	33551

Note: Standard errors in parentheses. *p<0.1; **p<0.05; ***p<0.01

positive and statistically significant. Note that due to missingness in fixed assets data in the Orbis database, we have productivity information for 8,233 firms, which represents only 3.2% of the firms in our sample. Thus, the result should be taken cautiously. Taken together, results in Models 1-3 do show that larger and more productive firms are more likely to voice their opposition to the tariffs.

In Model 4, we replace *Imported Inputs* with total industry-level imports from China (*Imports, log*) in Model 1. This variable turns out to be positive and statistically significant. Model 5 dis-

aggregates total imports into related (*Rel. Party Imports, log*) and non-related party transactions (*Nonrel. Party Imports, log*).[40] Both variables correlate strongly with firms' opposition to the tariffs. It makes sense that related party transactions—a proxy for intrafirm trade and global supply chains—are a strong predictor of firms' opposition to the tariffs. The finding on non-related party transactions is counter-intuitive at first glance. We would expect non-related party transactions to be more a reflection of import competition. With the globalization of supply chains, however, imports from non-related parties also involve sourced intermediate goods, as illustrated in the CCPI Inc. and Blount International cases discussed before.

In summary, results in Table 1 provide strong evidence that firms' economic interest stemming from their standing in the global economy are strong drivers of firms' positioning in the trade war. These findings confirm the predictions of the new new trade theory (Helpman, Melitz and Yeaple 2004; Melitz 2003) and findings in the recent literature of supply chain globalization and global sourcing (e.g., Jensen, Quinn and Weymouth 2015; Kim et al. 2019; Milner 1988; Osgood 2018; Osgood et al. 2017).

Political Considerations

In this section, we examine whether political factors play a role in shaping firms' decision to make a public expression of opposition to the imposition of tariffs. In Model 1 of Table 2, we add a *Republican District* variable to the baseline specification. Consistent with our expectation, the coefficient of *Republican District* is negatively and statistically significant. One concern of the result is that the industrial distribution across congressional districts may not be random. For example, manufacturing activities tend to be concentrated in urban areas that lean toward the Democratic Party. Or it might be the case that import-competing industries are more likely to be located in Republican districts. To address these concerns, we control for localities' economic conditions, including the number of workers reported in TAA claims and unemployment rates at the county-

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[40]We obtained industry imports and related and nonrelated party transactions data from U.S. Census Bureau. We take the average over the three-year period (2015–2017). Related and non-related party transactions data is not reported for services trade. Therefore, Model 5 does not include firms in the service sector.

level and the total employment in the manufacturing sector at the congressional district level.[41] In addition to state fixed effects, we introduce industry fixed effects at the most fine-grained six-digit NAICS industry level. In other words, we compare firms in the same industry in the same state but headquartered in districts with different political orientation.

Table 2: Political Factors and Firm Opposition to the Tariffs

	1	2	3	4
Republican District	−0.27***	−0.15***		
	(0.05)	(0.06)		
Trump Votes			−0.53***	
			(0.18)	
MoV 2016				−0.27***
				(0.09)
Employees (log)	0.28***	0.33***	0.34***	0.34***
	(0.01)	(0.01)	(0.01)	(0.01)
China Subsidiary	1.79***	1.42***	1.38***	1.38***
	(0.11)	(0.13)	(0.13)	(0.13)
Imported Inputs	0.27***			
	(0.10)			
Max Tariffs (US)	4.48***			
	(0.32)			
Max Tariffs (China)	1.17**			
	(0.52)			
Agriculture	−1.50***			
	(0.36)			
TAA Claims		−0.07**	−0.07**	−0.07**
		(0.03)	(0.03)	(0.03)
Unemp. Rates		−0.46***	−0.43***	−0.43***
		(0.13)	(0.13)	(0.13)
Manu. Employment		0.13***	0.16***	0.16***
		(0.05)	(0.05)	(0.05)
State FEs	Yes	Yes	Yes	Yes
Industry FEs	No	Yes	Yes	Yes
Log Likelihood	−11667.50	−9873.08	−9700.02	−9699.94
N	141686	126366	125474	125474

Note: Standard errors in parentheses. *$p<0.1$; **$p<0.05$; ***$p<0.01$

Model 2 presents the results. The coefficient of *Republican District* is still negative and statis-

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[41]Our results are robust and consistent when we consider more local economic variables. See results in Appendix B.

tically significant at the conventional level, though its magnitude decreases compared to the one in Model 1. This result provides strong support to our hypothesis that firms headquartered in a Republican district are less likely to openly oppose the tariffs than their counterparts in a Democratic District. When all other variables are held at their medians, changing a firm's headquarters from a Democratic to Republican district in Pennsylvania will decrease the probability of the firm voicing opposition by 1.09 percentage points. This marginal effect is significant at the 1% level, and it is substantively large given that the average probability of opposition in the sample is 1.73%. Results in Model 2 also show that firms in localities with more workers reported in TAA claims and higher unemployment rates are less likely to voice opposition to the tariffs, while those in localities with a larger workforce employed the manufacturing sector are more likely to do so. These results are sensible. TAA claims and unemployment rates reflect local economic hardships. On the other hand, the manufacturing sector is directly affected by the tariffs imposed, especially those deeply integrated in the global production networks and supply chains, and thus has stronger incentives to voice opposition.

In Models 3 and 4, we use two alternative measures of a district's political orientation—*Trump votes*, which is the percentage of votes trump won in a district, and *MoV 2016*, which records the district level vote margin between Donald Trump and Hilary Clinton in the 2016 election. The coefficients of both variables are negatively and statistically significant. When all else are held at their medians, a one standard deviation increase in *Trump Votes* and *MoV 2016* will decrease the probability of firms voicing opposition by 0.55 and 0.45 percentage points. Both marginal effects are significant at the 1% level. These results provide further support to our argument that political motives have a substantial effect on muting firms' voice of opposition to the tariffs.

Mechanism Tests

We have argued that firms in Republican districts are less likely to openly voice opposition to the tariffs because (1) they are concerned about a public backlash if their position provokes Republican loyalists, and (2) they do not want to jeopardize their cultivated relationships with GOP legislators who are Trump allies or who support protectionist policies. In this section, we provide evidence

supporting the first mechanism. Unfortunately, we are not able to test the second mechanism directly because of the constraints of data availability: political connections are difficult to observe and quantify.

Table 3: Mechanism Tests

	1	2	3
	Oppos.	Appro.	Oppos
Republican District	−0.15***	0.09***	−0.07
	(0.06)	(0.01)	(0.06)
Trade War Approval			−0.98***
			(0.33)
Employees (log)	0.33***		0.34***
	(0.01)		(0.01)
China Subsidiary	1.42***		1.38***
	(0.13)		(0.13)
TAA Claims	−0.07**		−0.06**
	(0.03)		(0.03)
Unemp. Rates	−0.46***		−0.39***
	(0.13)		(0.13)
Manu. Employment	0.13***	0.02***	0.15***
	(0.05)	(0.01)	(0.05)
Constant		0.28***	
		(0.07)	
State FEs	Yes	Yes	Yes
Industry FEs	Yes		Yes
Log Likelihood	−9873.08		−9696.24
R^2		0.49	
Adj. R^2		0.42	
N	126366	434	125474

Standard errors in parentheses. *$p<0.1$; **$p<0.05$; ***$p<0.01$

If firms are indeed concerned about provoking Republicans by publicly voicing opposition to the tariffs, public support for the trade war should be a mediator for the negative relationship between *Republican District* and opposition to the tariffs. In other words, there should be a high level of support for the trade war in Republican districts, which in turn makes firms less likely to express opposition. We turn to mediation analysis to examine this mechanism. To measure public support for the trade war at the district level, we utilize the 2018 CCES data (Brian, Stephen and Sam 2019). The survey asked respondents whether they would have voted for or against the

trade policy imposing $50 billion worth of tariffs on goods imported from China if they were in Congress.[42] We aggregate respondents to each congressional district based on their zipcode information and then use the district-level mean as a measure of public support for the trade war (*Public Support*).

Models 1-3 in Table 3 present the results of the mediation analysis. A mediation effect is evident if the following conditions are met (Baron and Kenny 1986): *Republican District* is a significant predictor of public support for the trade war; (2) *Republican district* is a significant predictor of whether firms openly oppose the tariffs; and (3) When both *Public Support* and *Republican District* are included in the model, the former is a significant predictor while the magnitude and significance of the latter's coefficient decrease. The results in Models 1-3 support a strong mediation effect. *Republican District* correlates strongly and positively with public support for the trade war (Model 2). Once *Public Support* is introduced to the baseline model (Model 1), *Republican District* no longer has a strong effect on whether firms voice opposition, though its coefficient is still negative (Model 3). On the other hand, public support for the trade war has a strong negative impact on firms' opposition to the tariffs. Taken together, these results in Table 3 provide strong support for our proposed causal mechanism: in a politized and polarized environment firms are less likely to make a public expression of opposition because of concerns of a potential public backlash.

7   Conclusion

The U.S.-China trade war is still ongoing. How it will end and what ultimate impact it will have on the two countries and the global economy remain to be seen. Though the U.S.-China trade war has its own political and economic roots, it reflects the recent backlash against globalization across the globe. One major empirical puzzle is why businesses have not been more vocal opponents of rising protectionist policies towards de-globalization (Walter 2021). What factors influence whether firms to publicly voice opposition or not?

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[42]CCES asked a similar question in the 2019 survey. However, more than 78% of respondents' zipcode information, which we use to geo-code respondents into congressional districts, is missing.

We take a first step to examine firms' position-taking strategies in the trade war. After compiling a comprehensive data set of firms' public positions on the trade war, we find that the proportion of firms that openly oppose the imposition of tariffs is low, though making a public statement is a relatively low-entry-bar strategy. Despite that, we also document that opposition firms spread over almost every industry from the agriculture, manufacturing, to service sector, be it tradable or nontradable.

We then examine the motives of firms' positioning on the imposition of tariffs. We argue that public position taking is not merely a manifesto of firms' economic interest, i.e., whether they are winners or losers from (de)globalization. A firm's public declaration of position or lack thereof is a strategy of political communications, which is intended to influence their audiences to advocate policy goals. As such, whether to make a public expression of position should be driven by both economic and political considerations, the latter has been overlooked in the literature.

Our empirical results indeed show that both economic and political incentives factor significantly into firms' decision of whether to make a public expression of opposition to the tariffs imposed in the trade war. Economically, we find larger and more productive firms and those engaging in multinational production and integrated in the global supply chains are significantly more likely to voice opposition. These results lend further support to the findings in the literature of the new new trade theory, multinational production, and global supply chains (e.g., Jensen, Quinn and Weymouth 2015; Kim et al. 2019; Milner 1988; Osgood 2018; Osgood et al. 2017). Though the literature largely focuses on firms' preferences for trade liberalization and globalization, our study suggests that firms' positions on *de-globalization* are a *mirrored* image of their preferences for globalization.

Politically, we demonstrate that firms located in Republican districts are significantly less likely to openly oppose the tariffs compared to their counterparts in the same industry in the same state but located in Democratic districts. Firms' public stances are politicized because of the ideological realignment and polarization of domestic politics in the U.S. In such an environment, firms' public messages may trigger consumer boycotts and other negative social media movements or jeopardize their relations with incumbent legislators. Domestic politics thus plays a crucial role in muting

firms' voice against de-globalization. In this sense, pro-globalization coalitions are fragile.

To what extent is our finding generalizable to other trade issues? Given the salience and high stakes of the U.S.-China trade war, the effect of political considerations on firms' public positioning may be inflated. The official rhetoric is that the trade war is a necessary approach to confront China's unfair trade practices and national security threats. As such, firms are probably more concerned about the political consequences of taking a publicly oppositional position. That being said, public position taking is a strategy of political communications. The political and institutional environments should factor into interest groups' decision of what position to take and whether to deliver a public message. Future research can look at how U.S. firms take public positions on the trade disputes with Canada, Mexico, and European countries where geopolitical factors are less salient.

Finally, it is worth mentioning that our study focuses on corporations' public position taking, a form of "outside lobbying" (Kollman 1998). It is certainly possible that firms may actively lobby via formal channels against protectionism (see e.g., Kim 2017). One may argue that a public expression of position is just cheap talks. Yet, given large firms' influence over its employees, politicians, and the general public, their public positions, sometime promoted via campaign advertisements or grassroot mobilization, are a powerful message that can potentially shape the political discourse. The fact that the pro-globalization voice is muted has significant consequences, because it creates a political environment conductive to protectionism. Therefore, exploring firms' public position taking and its determinants is critical to understanding the politics of (de)globalization.

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Online Appendices

Appendix A   Branches and Subsidiaries

In the main text, our primary political variable is operationalized as a dummy indicating whether a firm is headquartered in a Republican district. In so doing, we do not take into firms' size (e.g., larger firms may receive more public attention) and their branches' and subsidiaries' exposure to political environments. To check the robustness of our findings, we use three alternative measures of firms' exposure to Republican districts: (1) the location of a firm's headquarters weighted by its size—*Parent*, (2) branches' exposure—*Branches*, and (2) Subsidiaries' exposure—*Subsidiaries*. We construct the three variables as follows. First, we use Donald Trump's margin of victory for each district in the 2016 presidential election to capture each district's political orientation. Second, we classify parent companies/branches/subsidiaries into four size categories: small, medium, large, and very large[1] and assign a factor of 1, 10, 100, and 1000 to each size category, respectively. Third, we multiply political orientation with the size factor of the parent company and those of its branches and subsidiaries. For the latter two, we aggregate size-weighted political exposure scores of all branches and subsidiaries to obtain a final score of political exposure for each parent firm.

Table A presents the results using the three alternative measures of firms' exposure to Republican districts. All three variables are negatively correlated with firms' voicing opposition to the tariffs, and the coefficient of *Parent* and *Branches* achieves statistical significance. These results suggest that larger firms in Republican districts are even more concerned about publicly voicing opposition and that the political exposure of their branches also matters. We do not find strong evidence for subsidiaries. This can be a result of the fact that a firm's branches belong to the same legal entity as the parent firm, while subsidiaries are separate legal entities from the parent firm. The subsidiaries may operate in different business lines and consumers are not always able to connect subsidiaries with the parent company. As such, firms' concern of a public backlash for subsidiaries may be diluted.

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[1]We use Orbis's criteria to classify firm size.

Table A: Political Factors and Firm Opposition to the Tariffs (Branches and Subsidiaries)

	1	2	3
Parent	−0.01***		
	(0.00)		
Branches		−0.37**	
		(0.18)	
Subsidiaries			−0.01
			(0.01)
Employees (log)	0.30***	0.31***	0.31***
	(0.01)	(0.01)	(0.01)
China Subsidiary	1.46***	1.48***	1.48***
	(0.12)	(0.12)	(0.12)
TAA Claims	−0.07***	−0.08***	−0.08***
	(0.03)	(0.03)	(0.03)
Unemp. Rates	−0.52***	−0.50***	−0.50***
	(0.10)	(0.10)	(0.10)
Manu. Employment	0.15***	0.14***	0.13***
	(0.04)	(0.04)	(0.04)
State FEs	Yes	Yes	Yes
Industry FEs	Yes	Yes	Yes
Log Likelihood	−16013.54	−16017.13	−16018.61
N	211340	211340	211340

Note: Standard errors in parentheses. *$p<0.1$; **$p<0.05$; ***$p<0.01$

Appendix B   Additional Locality-Level Economic Controls

We argue that firms headquartered in Republican districts are significantly less likely to openly oppose the imposition of tariffs because they are concerned about potential fallout from provoking Republican voters and legislators. Our empirical analysis demonstrates a strong negative correlation between being in a Republican district and firms' voicing opposition to the tariffs. One may be concerned that if the political orientation of congressional districts is simply a manifestation of the spatial distribution of economic activities, our result may be spurious. For example, firms in Republican districts might more likely be in import-competing industries and face fiercer competition from Chinese imports. As such, these firms could be losers from globalization and therefore had little incentives to oppose the tariffs.

Table B: Additional Economic Controls

	1	2	3
Republican District	−0.14**	−0.15***	−0.15***
	(0.06)	(0.06)	(0.06)
Employees (log)	0.33***	0.33***	0.33***
	(0.01)	(0.01)	(0.01)
China Subsidiary	1.40***	1.43***	1.37***
	(0.13)	(0.13)	(0.13)
TAA Claims	−0.05*	−0.07**	−0.08**
	(0.03)	(0.03)	(0.03)
Unemp. Rates	−0.29**	−0.49***	−0.51***
	(0.13)	(0.13)	(0.13)
Manu. Employment	0.13***	0.14***	0.13***
	(0.05)	(0.05)	(0.05)
No. of Establishments	0.42***		
	(0.09)		
Manu. Layoffs		−0.04	
		(0.14)	
Service Layoffs		−0.02	
		(0.04)	
China Shock			1.66
			(2.09)
State FEs	Yes	Yes	Yes
Industry FEs	Yes	Yes	Yes
Log Likelihood	−9858.15	−9332.04	−8933.73
N	126350	115511	111230

Note: Standard errors in parentheses. *p<0.1; **p<0.05; ***p<0.01

We believe our result is unlikely driven by firms losing from globalization in Republican districts. First, our sample includes only large and very large U.S. firms. In fact, they are more likely to be the beneficiaries of trade liberalization and globalization in general (Helpman, Melitz and Yeaple 2004; Melitz 2003). Second, our model includes both state and industry fixed effects. That means we compare firms in the same state in the same industry at the most fine-grained six-digit level but located in districts with different political orientation. Third, our result holds when we weight parent companies by size and examine the political exposure of firms' branches. If the negative correlation between *Republican district* and opposition to tariffs is simply driven by the fact that losing firms are more likely to be in Republican districts, firms' size and the location of

their branches should not matter in public position taking. We found the opposite, however.

To further check the robustness of our findings, in Table B, we introduce more economic variables to control for local economic conditions, including the total number of establishments at the district level,[2] and manufacturing layoffs, service layoffs, and Chinese import penetration (China shock) at the county level.[3] Our results remain the same even after we consider various local economic variables.

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[2]The data is from County Business Patterns released by U.S. Census Bureau.
[3]County-level data is from Baccini and Weymouth (Forthcoming).

Appendix C Linear Probability Models

Tables C and D replicate the results in Tables 1 and 2 in the main text using a linear probability model. We cluster standard errors at the six-digit NAICS industry level to account for within-group error correlation. The results are largely the same as those in Tables 1 and 2 in the main text.

Table C: Economic Factors and Opposition to Tariffs (LPM)

	(1)	(2)	(3)	(4)	(5)
Employees (log)	0.005***		0.008**	0.005***	0.01***
	(0.00)		(0.00)	(0.00)	(0.00)
Sales (log)		0.005***			
		(0.00)			
ATFP			0.010***		
			(0.00)		
China Subsidiary	0.3***	0.2***	0.2**	0.3***	0.3***
	(0.02)	(0.02)	(0.06)	(0.02)	(0.03)
Imported Inputs	0.005	0.01*			
	(0.01)	(0.01)			
Imports (log)				0.0003	
				(0.00)	
Rel. Party Imports (log)					0.002**
					(0.00)
Nonrel. Party Imports (log)					0.002
					(0.00)
Max Tariffs (US)	0.1***	0.1***		0.1***	-0.08
	(0.02)	(0.02)		(0.03)	(0.06)
Max Tariffs (China)	0.04	0.03		0.04	0.0006
	(0.04)	(0.04)		(0.04)	(0.04)
Agriculture	-0.02***	-0.02***		-0.03***	-0.01*
	(0.01)	(0.01)		(0.01)	(0.01)
Constant	-0.01***	-0.04***	-0.08***	-0.02***	-0.07***
	(0.00)	(0.00)	(0.02)	(0.01)	(0.02)
N	218915	226277	6439	188986	33550
R^2	0.03	0.03	0.07	0.03	0.05

Note: Robust Standard errors in parentheses clustered at the six-digit industry level.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table D: Economic Factors and Opposition to Tariffs (LPM)

	(1)	(2)	(3)	(4)
Republican District	-0.005***	-0.003***		
	(0.00)	(0.00)		
Trump Votes			-0.009***	
			(0.00)	
MoV 2016				-0.004***
				(0.00)
Employees (log)	0.005***	0.006***	0.006***	0.006***
	(0.00)	(0.00)	(0.00)	(0.00)
China Subsidiary	0.3***	0.3***	0.3***	0.3***
	(0.02)	(0.02)	(0.02)	(0.02)
Imported Inputs	0.004			
	(0.01)			
Max Tariffs (US)	0.1***			
	(0.02)			
Max Tariffs (China)	0.05			
	(0.05)			
Agriculture	-0.02***			
	(0.01)			
TAA Claims		-0.0009**	-0.0009**	-0.0009**
		(0.00)	(0.00)	(0.00)
Unemp. Rates		-0.006***	-0.005***	-0.005***
		(0.00)	(0.00)	(0.00)
Manu. Employment		0.002***	0.002***	0.002***
		(0.00)	(0.00)	(0.00)
Constant	-0.01***	-0.02***	-0.03***	-0.03***
	(0.00)	(0.01)	(0.01)	(0.01)
State FEs	Yes	Yes	Yes	Yes
Industry FEs	No	Yes	Yes	Yes
N	141654	143409	142461	142461
R^2	0.04	0.02	0.02	0.02

Note: Robust Standard errors in parentheses clustered at the six-digit industry level.

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Appendix D   Other Supplementary Information

Table E: Political Factors and Firm Opposition to the Tariffs (Full Sample)

	1	2	3	4
Republican District	−0.19***	−0.11**		
	(0.04)	(0.04)		
Trump Votes			−0.47***	
			(0.15)	
MoV 2016				−0.24***
				(0.07)
Employees (log)	0.25***	0.31***	0.31***	0.31***
	(0.01)	(0.01)	(0.01)	(0.01)
China Subsidiary	1.88***	1.48***	1.45***	1.45***
	(0.10)	(0.12)	(0.12)	(0.12)
Imported Inputs	0.29***			
	(0.08)			
Max Tariffs (US)	4.54***			
	(0.25)			
Max Tariffs (China)	0.92**			
	(0.42)			
Agriculture	−1.14***			
	(0.25)			
TAA Claims		−0.07**	−0.06**	−0.06**
		(0.03)	(0.03)	(0.03)
Unemp. Rates		−0.51***	−0.50***	−0.50***
		(0.10)	(0.10)	(0.10)
Manu. Employment		0.14***	0.16***	0.16***
		(0.04)	(0.04)	(0.04)
State FEs	Yes	Yes	Yes	Yes
Industry FEs	No	Yes	Yes	Yes
Log Likelihood	−18302.95	−16015.78	−15842.53	−15842.45
N	218915	211340	210417	210417

Note: Standard errors in parentheses. *$p<0.1$; **$p<0.05$; ***$p<0.01$

Table F: Summary Statistics

Variable	N	Mean	SD	Median	Min	Max
Opposition	245097	0.02	0.13	0.00	0.00	1.00
Republican District	245097	0.46	0.50	0.00	0.00	1.00
Trump Votes	243702	0.44	0.16	0.45	0.04	0.79
MoV 2016	243702	-0.06	0.31	-0.03	-0.88	0.62
Employees (log)	237468	4.20	1.55	4.33	0.00	13.14
Sales (log)	245097	9.08	1.97	9.41	0.00	19.32
ATFP	6439	5.15	0.46	5.10	3.85	13.36
China Affiliate	245097	0.00	0.06	0.00	0.00	1.00
Imported Inputs	245097	0.43	0.18	0.38	0.00	2.26
Imports (log)	212639	29.18	6.30	32.01	0.00	35.78
Rel. Party Imports (log)	34833	16.80	4.54	18.28	0.00	23.92
Nonrel. Party Imports (log)	34833	19.02	3.27	19.97	0.00	24.42
Max Tariffs (US)	226277	0.03	0.08	0.00	0.00	0.25
Max Tariffs (China)	226277	0.02	0.05	0.00	0.00	0.25
Agriculture	245097	0.01	0.09	0.00	0.00	1.00
TAA Claims	230389	-3.19	0.91	-3.40	-4.61	3.85
Unemp. Rates	230456	1.43	0.25	1.44	0.47	2.97
Manu. Employment	244661	10.08	0.64	10.19	6.13	11.61

Table G: Correlation Matrix of Main Explanatory Variables

Variable	Rep Dist	Trump Votes	MoV	Emp (log)	Sales (log)	ATFP	China Sub	Imported Inputs	Imports (log)
Republican District	1	0.73	0.73	-0.04	-0.01	-0.16	-0.03	0.02	-0.02
Trump Votes	0.73	1	1.00	-0.05	-0.02	-0.22	-0.04	0.02	-0.02
MoV 2016	0.73	1.00	1	-0.05	-0.02	-0.22	-0.04	0.02	-0.02
Employees (log)	-0.04	-0.05	-0.05	1	0.41	0.36	0.13	0.02	-0.05
Sales (log)	-0.01	-0.02	-0.02	0.41	1	0.59	0.12	-0.02	-0.01
ATFP	-0.16	-0.22	-0.22	0.36	0.59	1	0.19	0.10	0.07
China Affiliate	-0.03	-0.04	-0.04	0.13	0.12	0.19	1	0.01	-0.04
Imported Inputs	0.02	0.02	0.02	0.02	-0.02	0.10	0.01	1	-0.17
Imports (log)	-0.02	-0.02	-0.02	-0.05	-0.01	0.07	-0.04	-0.17	1
Rel. Party Imports (log)	-0.06	-0.06	-0.07	0.03	-0.03		0.05	0.04	0.91
Nonrel. Party Imports (log)	-0.04	-0.05	-0.05	0.04	-0.02		0.03	0.03	1.00
Max Tariffs (US)	0.02	0.01	0.01	0.02	0.04		0.06	0.33	-0.60
Max Tariffs (China)	0.01	0.01	0.01	0.01	0.04		0.06	0.28	-0.50
Agriculture	0.02	0.02	0.02	0.002	0.003		-0.01	-0.05	-0.17
TAA Claims	0.28	0.33	0.33	-0.02	-0.01	-0.16	-0.01	0.01	-0.05
Unemp. Rates	-0.02	0.01	-0.02	-0.02	-0.03	-0.15	-0.01	-0.005	-0.01
Manu. Employment	0.18	0.31	0.32	-0.01	0.03	-0.10	0.002	0.04	-0.06

Variable	Rel. Party Imports (log)	Nonrel. Party Imports (log)	Max Tariffs (US)	Max Tariffs (China)	Agri	TAA Claims	Unemp. Rates	Manu Emp
Republican District	-0.06	-0.04	0.02	0.01	0.02	0.28	-0.02	0.18
Trump Votes	-0.06	-0.05	0.01	0.01	0.02	0.33	0.01	0.31
MoV 2016	-0.07	-0.05	0.01	0.01	0.02	0.33	-0.02	0.32
Employees (log)	0.03	0.04	0.02	0.01	0.002	-0.02	-0.02	-0.01
Sales (log)	-0.03	-0.02	0.04	0.04	0.003	-0.01	-0.03	0.03
ATFP						-0.16	-0.15	-0.10
China Affiliate	0.05	0.03	0.06	0.06	-0.01	-0.01	-0.01	0.002
Imported Inputs	0.04	0.03	0.33	0.28	-0.05	0.01	-0.005	0.04
Imports (log)	0.91	1.00	-0.60	-0.50	-0.17	-0.05	-0.01	-0.06
Rel. Party Imports (log)	1	0.90	0.44	0.36	-0.31	-0.01	-0.04	0.03
Nonrel. Party Imports (log)	0.90	1	0.41	0.33	-0.24	0.01	-0.03	0.03
Max Tariffs (US)	0.44	0.41	1	0.85	0.09	0.07	0.002	0.09
Max Tariffs (China)	0.36	0.33	0.85	1	0.08	0.05	0.002	0.08
Agriculture	-0.31	-0.24	0.09	0.08	1	0.01	0.04	0.002
TAA Claims	-0.01	0.01	0.07	0.05	0.01	1	0.15	0.43
Unemp. Rates	-0.04	-0.03	0.002	0.002	0.04	0.15	1	-0.14
Manu. Employment	0.03	0.03	0.09	0.08	0.002	0.43	-0.14	1

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