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### Harnessing the Masses: International Conflict and Chinese Public Opinion

Jiahua Yue

Yale University Graduate School of Arts and Sciences, [steedyue@gmail.com](mailto:steedyue@gmail.com)

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## Abstract

### Harnessing the Masses: International Conflict and Chinese Public Opinion

Jiahua Yue

2021

My dissertation project (“Harnessing the Masses: International Conflict and Chinese Public Opinion”) examines the interaction between Chinese foreign policy and public opinion. It comprises three empirical papers. I generalize theories of international relations and political economy developed under democratic settings and explore the role of domestic audiences in Chinese foreign policymaking. My main findings are two-fold. On the one hand, the state holds considerable political resources and plays an influential role in setting the political agenda. It has the power to mobilize popular nationalism in support of hawkish policies under favorable circumstances (e.g., territorial disputes). On the other hand, blind patriotism or passive loyalty to the authoritarian regime does not fully explain the micro-level dynamics of public opinion. Chinese citizens are sophisticated and deliberate when processing information about international conflict, which generates bottom-up pressure and constrains the authoritarian state. My dissertation challenges the conventional wisdom that the domestic audience is solely driven by state-led nationalism and that the authoritarian government can garner public support at zero cost.

In the first paper (“External Coercion and Public Support”), I explore the dynamics of public support in the US–China trade war using two waves of online surveys and large-scale social media data. In the survey experiments, I randomly assign respondents to different hypothetical bargaining outcomes based on the real-world interaction between China and the US. I uncover two main causal mechanisms that explain the variations in public approval of the government: the state’s reputation for resolve and the economic

consequences. The relative explanatory power of the two mechanisms is contingent on individual preferences and situational changes. Additional topic analysis on a large corpus of social media data collected during the US–China trade war reaffirms the importance of the two mechanisms and discloses the temporal variation in popular topics, especially citizens’ increasing economic considerations. I also discover considerable differences between social media content and official messages, indicating the state’s imperfect control over the public discourse.

In the second paper (“Does Nationalism Rally Political Support for Authoritarian States?”), I evaluate the logic of diversionary conflict under the Chinese context. I examine the change of general political attitudes based on two major conflicts: the 2012 Diaoyu Islands dispute and the 2018–19 US–China trade war. With survey data collected before and after the outbreak of the two conflicts, I test whether international conflict can boost domestic support for the authoritarian government. I separate the concept of nationalism into two dimensions: anti-foreign sentiment (negative) and in-group solidarity (positive). I show that while anti-foreign sentiment was moderately strengthened by international conflict, in-group solidarity remained largely stable, and the level of general political support was unchanged. I conclude that the domestic benefits of international conflict should not be exaggerated: The temporary spike in anti-foreign sentiment does not necessarily dampen citizens’ sensitivity to domestic problems or make citizens less critical of their government.

In the third paper (“Weaponizing the Masses: Popular Nationalism and Chinese Economic Statecraft”), I explore the state’s influence on public opinion and its relationship with economic statecraft. Specifically, I estimate the effect of interstate conflict on economic exchanges mediated by state mobilization of popular nationalism. I argue that state-sponsored nationalism disrupts international economic exchanges and conveys a costly signal of resolve to the targeted state. One mechanism I highlight is that popular nationalism powerfully politicizes economic issues and pressures economic agents to follow the

red flag. For the empirical analysis, I first examine two sets of cases from 2008 to 2019, including major conflicts between China and Japan, South Korea and the US respectively, and two most similar events between China and France and the UK that are expected to have the so-called “Dalai Lama Effect.” I show that the economic impact of political conflict is not homogeneous, and that stronger nationalist activism (as indicated by large-scale protests and consumer boycotts) is associated with a sharper decline in Chinese imports from other countries. To make a stronger causal claim, I examine regional variations in popular nationalism in the 2012 Diaoyu Islands dispute and discover a negative effect of nationalism on imports and direct investments from Japan using the diff-in-diff (DID) design.

Taken together, my dissertation unveils a sophisticated picture of Chinese nationalism. On the one hand, the disruptive effect of popular nationalism on economic exchanges makes it a coercive tool for state leaders to impose sanctions on foreign actors. On the other hand, the state’s influence over public opinion should not be exaggerated as citizens still make sophisticated calculations of the conflict and their support for the government is not unconditional. Under certain circumstances, public support for hawkish policies may dwindle and state leaders are incentivized to back down.

Harnessing the Masses:  
International Conflict and Chinese Public Opinion

A Dissertation  
Presented to the Faculty of the Graduate School  
of  
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in Candidacy for the Degree of  
Doctor of Philosophy

by  
Jiahua Yue

Dissertation Director: Alexandre Debs (Chair), Daniel Mattingly, and  
Tyler Pratt

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# **Paper 1**

## **External Coercion and Public Support**

### **Full Paper Title**

External Coercion and Public Support:

The Case of the US–China Trade War

**Abstract**

Domestic support is crucial for state leaders facing international challenges. Conventional wisdom suggests that citizens support their government in its efforts to stand firm against external coercion. However, it is unclear how strongly citizens would continue to support hardline policies if the cost of conflict dramatically increases. This paper examines public support for the Chinese government during the US–China trade war. With a two-wave survey of Chinese citizens, we explore the impact of the government’s strategy on public approval through two causal mechanisms: the state’s reputation for resolve and economic consequences. We show that respondents’ support for standing firm relative to backing down was strengthened by gains in the state’s reputation for resolve but attenuated by economic losses. We also show respondents’ growing sensitivity to economic losses as the situation escalated. With social media data, we uncover supplementary evidence for growing economic concerns among the Chinese public.

*Key words: Nationalism, Public Opinion, Survey Experiment, Text Analysis*

## Introduction

What determines public approval of a government's response to coercion by foreign states? One approach focuses on the emotions instigated by external threats, such as fear, anger, hope, pride, and humiliation (Hall, 2015; Markwica, 2018). Emotional citizens impulsively interpret coercive threats from foreign adversaries as provocative and pressure the government to respond forcibly. When nationalist sentiments take hold of public opinion, reaching a negotiated settlement is difficult for state leaders since it entails unpleasant concessions (Weiss, 2014). Hawkish leaders can also tap into blind patriotism and rally support for hardline policies (Baker and Oneal, 2001; Mansfield and Snyder, 2007).

In contrast, the rationalist approach argues that citizens make sophisticated calculations of costs and benefits and deliberate on national interests (Baum and Potter, 2008; Colaresi, 2007). On the one hand, citizens are in favor of the government's standing firm. One reason is citizens' concerns about the state's reputation for resolve (Brutger and Kertzer, 2018; Dafoe, Renshon and Huth, 2014; Tingley and Walter, 2011; Weisiger and Yarhi-Milo, 2015). State leaders who fail to stand firm incur reputational costs and are perceived as incompetent by domestic audiences. Another reason is citizens' concerns about the "intrinsic interests" related to the issues under dispute (Jervis, 1976). Citizens oppose reconciliation with a distrusted adversary due to adverse policy outcomes (Mattes and Weeks, 2019; Snyder and Borghard, 2011). On the other hand, citizens may prefer the government to back down if the cost of a prolonged conflict becomes intolerable and outweighs the disputed issue's intrinsic interests. As more information becomes available, citizens gradually discern the true merits of a costly conflict (Baum and Groeling, 2010).

The rationalist approach reveals opposing forces that shape public opinion under external coercion. Which one dominates and how different contextual factors like situational changes and individual preferences affect their relative strength remain debatable questions. While existing research focuses on public opinion during international crises in

democracies, there is a paucity of comparable research in authoritarian contexts. To fill this gap, this paper examines Chinese public opinion during the US–China trade war, a major conflict that has influenced billions of dollars in trade and investment as well as the global economic order (Amiti, Redding and Weinstein, 2019; Fajgelbaum et al., 2020).

Conventional wisdom depicts highly nationalistic audiences in China (Weiss, 2014; Weiss and Dafoe, 2019). Therefore, the US–China trade war poses a hard test of the rationalist approach, and the answers would deepen our understanding of interstate bargaining and domestic audiences. We argue that Chinese citizens do not simply embrace blind patriotism against US coercion. Instead, they critically assess government policy in two aspects of rational thinking: the state’s reputation for resolve and economic interests. Reputational concerns strengthen their support for government standing firm, while perceptions of economic losses have the opposite effect. Furthermore, the salience of these two aspects varies in predictable ways across time and individuals.

We tested the theoretical expectations in a two-wave survey experiment fielded in August 2018 and January 2019 to over 3,000 Chinese citizens. We used an illustrative bargaining model to capture key elements of the US–China trade war and designed the corresponding experimental vignettes stemming from real-world conflict. Then we estimated the parameters in the bargaining model and explored the sources of public support for the Chinese government’s strategy with the causal mediation analysis.

We present three main findings from the survey data. First, respondents valued the gains in China’s reputation for resolve and thereby increased their approval of government standing firm relative to backing down. Second, respondents noticed the economic losses caused by US tariffs and thereby decreased their approval of government standing firm relative to backing down. Third, situational changes and individual preferences affected the relative importance of these two competing mechanisms. Economic losses played a limited role at the early stages of the trade war: its mediation effect relative to that of reputational concerns ranged from 0 to 0.2, indicating that it had less than 20 percent of the

weight respondents put on China's reputation. After the trade war fully escalated, respondents' approval of government standing firm declined due to their growing concerns about economic losses, and the ratio of these two mediation effects (economic losses relative to reputation for resolve) increased to around 0.5. This change was especially strong among doves who viewed the US more positively: the ratio was close to 1, indicating that doves weighed economic losses and the state's reputation equally.

We present supplementary evidence from social media data including over 500,000 Weibo posts. The distribution of top topics justifies our theorization of Chinese public opinion using reputational concerns and economic considerations. Furthermore, some temporal changes in popular topics show that as the trade war escalated, people's focus shifted from China's resolute stance against US coercion to economic issues and the prospect of a negotiated settlement with the US.

The rest of the paper is organized as follows. We first review theories on international conflict and domestic audiences and propose hypotheses about citizens' evaluations of the Chinese government's strategies in the trade war. Next, we introduce the research design and the data collection process for empirical analysis. Finally, we present the empirical results and discuss their substantive implications. The paper finishes with concluding remarks.

### **International Conflict and Domestic Audiences**

Engaging in international conflict poses high risks to state actors and is often compared to taking a costly gamble. Aside from the external value of the disputed issues, state leaders' international ambitions are strongly tied to their domestic objectives (Debs and Goemans, 2010; Pickering and Kisangani, 2010; Tomz, Weeks and Yarhi-Milo, 2018). Insecure leaders have incentives to demonstrate their competency and to rally public support by solving international crises (Gelpi and Grieco, 2015; Mansfield and Snyder, 2007). Authoritarian leaders exploit foreign threats to mobilize ideological resources and to deter domestic



challengers (Di Lonardo, Sun and Tyson, 2020).

Despite the potential benefits, appealing to domestic audiences constrains a government's ability to engage in interstate bargaining (Fearon, 1994, 1997). Scholars have argued that the Chinese government exploits nationalist credentials to enhance its public reputation (Shirk, 2007; Tang, 2016). However, an increase in nationalist sentiments can disrupt the domestic order, and pressure from powerful nationalists may tie the hands of state leaders and limit the scope of viable strategic options at critical junctures (Weiss, 2014). A recent literature investigates the linkage between popular nationalism and China's assertive diplomacy (Johnston, 2017; Zhang, Liu and Wen, 2018), and some research seeks to quantify the political costs of contravening a nationalist audience (Quek and Johnston, 2018).

Prior discussions of Chinese public opinion and international conflict have mostly focused on territorial disputes (Fang and Li, 2020; Mattingly et al., 2020; Quek and Johnston, 2018; Weiss and Dafoe, 2019). The US–China trade war has a comparably high degree of issue salience. It poses new challenges to the Chinese government, whose legitimacy depends on people's confidence in its performance (Tang, 2016). Anecdotal evidence shows that people's confidence in the party leadership stumbled when the trade war escalated (Li, 2018). Since 2018, Xi Jinping has repeatedly emphasized the “Six Stabilities” (*liu wen*) of employment, finance, foreign trade, foreign investment, domestic investment, and market expectations on various occasions, and has delivered what he calls “anxiety pills” (*ding xin wan*) to boost the confidence of private entrepreneurs (Xinhua, 2018a,b). US politicians have also paid close attention to the negative public sentiment in China and interpreted it as a signal of the regime's fragility (Bradsher and Myers, 2018).

We present two main strands of theoretical arguments about the public approval of the government under external coercion. First, we summarize the political cost of backing down and propose the first hypothesis on citizens' concerns about the state's reputation for resolve. Second, we discuss the economic cost of standing firm and propose the second

hypothesis on citizens' concerns about economic consequences. Additionally, we discuss how the strength of these two mechanisms varies conditional on situational changes and individual preferences.

### **The political cost of backing down**

A government's overt capitulation to external coercion risks provoking a broad public backlash. Apart from the emotional repulsion of being coerced by foreign adversaries, citizens' frustration with the government's backing down can be understood from the rationalist perspective.

The audience cost theory argues that the cost of backing down originates from a disconnect between words and deeds; citizens punish state leaders for publicly committing to fight but backing down afterward (Fearon, 1994, 1997; Schelling, 1960). Given the information asymmetry associated with interstate bargaining, state leaders have incentives to bluff and to misrepresent their intentions. However, leaving public commitments unfulfilled harms public approval. Domestic audiences – consisting of voters in democracies (Tomz, 2007) or elites in autocracies (Weeks, 2008) – loathe hollow threats that undermine the state's credibility, honor, and reputation. Citizens also raise their expectations of payoffs because of the updated "reference points" after the government has explicitly issued threats, and are disappointed if it backs down (Acharya and Grillo, 2019).

The main criticism of the canonical audience cost theory is that it focuses too narrowly on whether state leaders have publicly committed to stand firm before backing down (Snyder and Borghard, 2011; Trachtenberg, 2012). There is a noticeable gap between the audience cost of leaving public commitments unfulfilled and the political cost of failing to stand up to external coercion. For instance, nationalistic citizens are likely to detest any form of concessions to a hostile foreign power – irrespective of any public commitment made by the state leader beforehand.

Recent variants of the audience cost theory highlight the contextual information of

the bargaining process, citizens' preferences, and substantive policy outcomes (Acharya and Grillo, 2019; Chaudoin, 2014; Kertzer and Brutger, 2016; Trager and Vavreck, 2011). As Smith (1998), Gelpi and Grieco (2015), and Debs and Weiss (2016) have suggested, scholars may profitably view the conventional concept of audience cost as a subset of competency cost in foreign affairs. Citizens may take inconsistency as a signal of incompetency. They may also consider substantive policy outcomes, such as defending national interests under disadvantageous circumstances and resisting external coercion. Among other factors, we underscore citizens' concerns about the state's reputation for resolve.

Citizens' reputational concerns connect consistency and competency. A classical interpretation of the audience cost theory is that citizens dislike the government's inconsistency because it sullies the country's reputation for resolve and undermines its bargaining position in the future (Guisinger and Smith, 2002; Kertzer and Brutger, 2016). Alternatively, one may argue that citizens are broadly aware of the reputational losses that occur when state leaders make concessions to foreign countries, irrespective of whether this entails renegeing on public commitments to stand firm (Snyder and Borghard, 2011). The latter interpretation suggests that citizens are most concerned about the substantive bargaining outcomes and how they disclose information about state leaders' competency, rather than sheer inconsistency between state leaders' words and deeds.

Although citizens' reputational concerns can be naturally tied to their emotional repulsion for capitulation, they also have a rationalist basis. Scholars associate the external benefits of standing firm with building a reputation for resolve among external observers (Dafoe, Renshon and Huth, 2014; Sechser, 2018; Weisiger and Yarhi-Milo, 2015; Wu and Wolford, 2018). A state's reputation is influenced by observers' assessments of its disposition and character based on its past behavior, and can be used to predict its future behavior (Brutger and Kertzer, 2018). Therefore, rational actors in repeated bargaining games are incentivized to invest in reputation building and to establish an image of toughness (Tingley and Walter, 2011). Capitulating to an opponent's coercive demands reveals critical

information about the limits of the state's resolve in the dispute and puts the state at a disadvantageous bargaining position.

We disaggregate the political cost of backing down into two parts of a complete causal path: relative to capitulating (with or without prior public commitments), standing firm enhances the state's reputation for resolve, which subsequently improves public approval of the government's strategy. It leads to the following hypothesis:

**H1 (Reputational Concerns)** Self-perceived gains in the state's reputation for resolve increase public approval when the government stands firm.

### **The economic cost of standing firm**

The above discussion on the political cost of backing down postulates that citizens genuinely support their government for its prompt and consistent actions against hostile foreign forces. Policies of appeasement are interpreted by domestic audiences as evidence of incompetency, and one important reason is citizens' reputational concerns about the state's resolve. However, it possibly oversimplifies how citizens deliberate on major international events. From the rationalist perspective, citizens' assessments of the government's competency hinge on its ability to deliver desirable policy outcomes that maximize citizens' utility. Competing mechanisms may affect citizens' calculations of cost and benefit simultaneously.

In a prolonged conflict, while resisting coercion has positive effects on the state's reputation for resolve, it also brings about adverse economic consequences that may outweigh the value of the disputed issue. Citizens punish the government for making concessions under favorable circumstances of fighting, i.e., where low costs are paired with high stakes (Debs and Weiss, 2016). However, the high costs of sanctions can also outweigh the expected benefits of standing firm and reduce rational actors' propensity to fight (Morow, 1999; Whang, McLean and Kuberski, 2013). The extent to which citizens prioritize their calculations of economic costs and benefits is debatable (Berinsky, 2007; Tomz and

Weeks, 2013). Research on public opinion in Israel and Russia presents suggestive evidence of citizens' sensitivity to foreign sanctions (Frye, 2019; Grossman, Manekin and Margalit, 2018). Quek and Johnston (2018) show that Chinese citizens are more likely to approve of conciliatory policies that avoid devastating economic consequences, although backing down under US coercion may be an important exception.

Similar to **H1**, we disaggregate the economic cost of standing firm into two parts: relative to capitulating, standing firm enhances perceptions of economic losses, which subsequently decreases public approval of the government's strategy. It leads to the following hypothesis:

**H2 (Economic Consequences)** Self-perceived economic losses decrease public approval when the government stands firm.

To make sense of **H2**, one may argue that the government's standing firm against US coercion does not necessarily intensify people's perceptions of economic losses, i.e., the first part of the causal path does not hold. Citizens may sincerely believe in the intrinsic value of standing firm (e.g., preserving the favorable status quo in case that the US eventually backs down and China wins the trade war) such that the net benefit remains positive after deducting the cost of fighting. The effect of standing firm on people's perceptions of economic consequences is therefore positive and boosts public approval via this causal path. Conversely, if US coercion is credible and has devastating consequences for China's economic development, the direction of causal effects mediated through this economic channel will be negative, leading to lower levels of public support for standing firm as **H2** suggests. We hold no prior belief against the alternative hypothesis to **H2** and accommodate the test of both theoretical predictions in the research design.

Taken together, **H1** and **H2** present two causal mechanisms that shape citizens' evaluations of the government in opposite directions and pose a possible strategic dilemma to state leaders who care about their public approval. On the one hand, citizens care about preserving the state's reputation for resolve and approve of government standing firm.

On the other hand, they care about economic consequences and applaud government attempts to minimize the costs by making concessions and backing down. [Zhang \(2019\)](#) has developed a similar analytical framework to explain China's coercive diplomacy. The overlapping arguments about reputational concerns and economic considerations suggest a common ground of rational thinking that applies to both elites and masses.

### **Situational changes and individual preferences**

How **H1** and **H2** jointly determine public approval depends on their relative influence on people's thinking, which is contingent on other contextual factors. The first factor we consider is citizens' recalculations based on new information about situational changes. There are practical obstacles to the efficacy of new information. In democratic contexts, elite cues distort reality and make citizens' interpretation of facts elastic ([Baum and Groeling, 2010](#); [Guisinger and Saunders, 2017](#)). This issue is arguably severer in authoritarian contexts, where the government holds tighter control over the media and internet. At one extreme, citizens may be fooled by their government's optimistic messages and not realize the cost of the trade war. Under less extreme circumstances, difficulty in reality may gradually assert itself and have an impact on public opinion.

For two main reasons, we anticipate that relative to their reputational concerns, Chinese citizens would become more sensitive to the economic losses over time. First, the disruptive effect of the trade war on people's lives may directly change their perceptions of economic losses despite the government's efforts to stabilize the economy. Second, some objective developments of the trade war may further strengthen citizens' sense of economic losses. One example is that the US maintained its pressure on China and carried out its plan of tariff spikes. Another is that the Chinese government sought to reach a deal with the US and toned down its rhetoric following US tariffs. We propose the following hypothesis:

**H3 (Dynamic Considerations)** The reputation for resolve is more important at the

early stage of the trade war, and the concern about economic losses is more important after the trade war has escalated.

The second factor is the distribution of hawks and doves among domestic audiences. Scholars argue that hawks and doves differ in their beliefs about the use of military means to achieve foreign policy ends (Kertzer and Brutger, 2016). We extend this argument to the trade war: hawks (those who are more hostile to the US) have a stronger preference for investing in China's reputation for resolve against the US, and that doves (those who are less hostile to the US) have a stronger preference for avoiding the cost of fighting the US. This is because individuals with more hostility to the US may be more cynical about the prospect of a negotiated settlement and prefer to invest in China's image of toughness, while individuals with less hostility may view the US as a potential economic partner and prefer concessions to a prolonged conflict. We propose the following hypothesis:

**H4 (Heterogeneous Preferences)** The reputation for resolve is more important for hawks than for doves, and the concern about economic losses is more important for doves than for hawks.

## **Method and Data**

In this section, we introduce empirical methods and provide information about data from two sources, namely, two waves of online surveys and social media data from Weibo (Chinese Twitter). The design of survey experiments is theoretically motivated and tests citizens' response to hypothetical bargaining outcomes of the US–China trade war. The social media data provides an additional angle to how citizens talked about the trade war and what their substantive interests were. We acknowledge some important limitations of empirical methods and data sources and include caveats in the discussion.

## Survey design and mediation analysis

We briefly revisit the context of the US–China trade war. US President Donald Trump repeatedly complained about China’s “unfair” trade practices during his 2016 presidential campaign and pressured China to make concessions after being elected. The situation dramatically escalated in March 2018 following the release of the Section 301 investigation report by the Office of the United States Trade Representative (USTR). The first round of the negotiation in May 2018 failed to settle the dispute. The US imposed two main tranches of tariffs in July and September 2018 and placed sanctions on Chinese high-tech giants including ZTE and Huawei. The two countries restarted the negotiation after the G20 meeting between Trump and Xi in December 2018. The US agreed to halt additional tariffs on \$200 billion of Chinese products (from 10% to 25% tariffs) until March 2019.

Leveraging real-world changes, we conducted two waves of online surveys in August 2018 and January 2019. The timing of the two surveys corresponded to different stages of the trade war: the period of escalation between July and September 2018 and the period of de-escalation and renegotiation after December 2018. It availed us to test the possible impact of situational changes on citizens’ deliberate reasoning and their support for the government to stand firm relative to back down under US coercion.

We contracted with a commercial survey company and implemented the same sampling frame of Chinese internet users across the two waves. It yielded 2,110 and 1,398 valid responses, respectively, and 1,012 respondents from the August wave were successfully revisited in the January wave.<sup>1</sup> Understandably, our online samples are strongly biased toward urban residents who are relatively rich and have stable internet access, although the distributions of age and gender are more balanced. We argue that this group is more theoretically relevant, for they tend to have higher stakes in government policy and

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<sup>1</sup>Attrition is a common problem for longitudinal surveys. One common practice is to replenish it with new respondents from the same sampling frame. It has been used, e.g., in the biennial China Labor Force Dynamics Survey. Balance checks in the Online Appendix show that respondents in both waves exhibited similar demographic attributes and pretreatment political attitudes.



are more politically attentive. We provide additional information about sample quality and representativeness in the Online Appendix.

The survey flow is standard. Respondents received the invitation link via email and were redirected to the survey website hosted by the authors' university.<sup>2</sup> Respondents were first informed of the survey's main objectives and asked for their permission to collect data for academic use. After answering questions about demographic information and political attitudes, respondents started the experimental module on the US–China trade war.

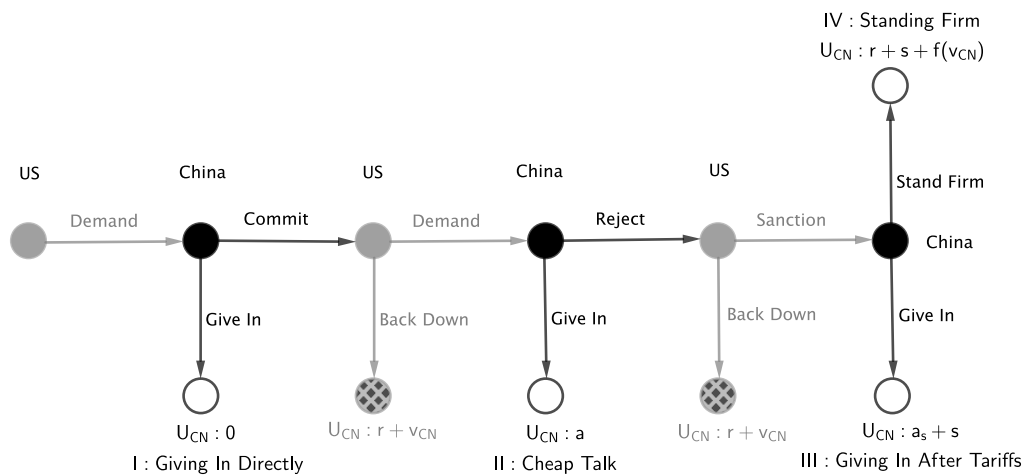


Fig. 1.1: A Crisis–Bargaining Model of the US–China Trade War

We embedded the crisis-bargaining model illustrated in Figure 1.1 into experimental vignettes. First, to avoid trivial findings, we excluded the two terminal nodes (colored in gray) in which the US backed down first; people would simply celebrate China's victory (reinforcing the reputation for resolve and retaining the favorable status quo). Based on the hypothesized causal mechanisms, we decomposed individual payoffs into two components: reputational concerns and economic considerations. The intrinsic value of the

<sup>2</sup>We presented ourselves as a group of international relations scholars from China and the US. To build interpersonal trust, we included the principal investigator's contact information for Tencent QQ and WeChat (popular instant messaging services) for further inquiry.

status quo is denoted as  $v_{CN}$  (China continued to enjoy a large trade surplus and made no concessions to the US), and the payoff is normalized to 0 if the government directly capitulated to US demands (Node I). The government would incur audience costs if it committed to stand firm but backed down (Nodes II and III), which are denoted as  $\alpha$  and  $\alpha_s$  respectively.<sup>3</sup> The disutility caused by US tariffs is denoted as  $s$ . If China eventually stood firm (Node IV), the payoff is the sum of the utility of increasing the reputation for resolve  $r$ , the disutility of tariffs  $s$ , and the expected utility of infinitely fighting the trade war as a function of the intrinsic value of the status quo  $f(v_{CN})$ . A simple example of  $f(v_{CN})$  is the gamble of conflict:  $p * v_{CN} - c_{CN}$ , where  $p$  denotes the probability of winning the trade war and  $c_{CN}$  denotes the cost of fighting.

Assuming that respondents' approval of the government's strategy is determined by their payoffs at terminal nodes, the parameters in Figure 1.1 represent the indirect treatment effects of bargaining outcomes on respondents' approval through the mediator variables. For estimation, we adopted the generalized causal mediation approach and focused on the average causal mediation effects (ACMEs) (Imai, Keele and Tingley, 2010). The ACME is defined as the expected difference in the outcome when the mediator took the value realized under the treatment as opposed to the control without changing the actual treatment status. We relegate discussions on nonparametric models and mediation effects to the Online Appendix and examined the conventional structural equation model (SEM) as a special case of linearity.

The survey experiment in the August wave was executed as follows. First, respondents were given identical background information on the ongoing trade war. They also read the following information: "The future direction of the US–China trade war has many uncertainties. According to the latest news, before imposing additional tariffs on \$200 billion of Chinese goods, China and the US may still resolve the disputes through a new round

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<sup>3</sup>The magnitude of audience costs is arguably an increasing function of the level of escalation (Fearon, 1994), suggesting that  $a_s < a$  (both are negative).

of negotiation.”<sup>4</sup> Respondents were randomly assigned to one of the following hypothetical scenarios (which correspond to the order of the terminal nodes in Figure 1.1): (1) China did not publicly committed to stand firm and made concessions in the negotiation; (2) China publicly committed to stand firm but made concessions in the negotiation; (3) China publicly committed to stand firm, walked away from the bargaining table and was affected by tariffs on \$200 billion of Chinese goods, but eventually made concessions; or (4) China publicly committed to stand firm, walked away from the bargaining table and was affected by tariffs on \$200 billion of Chinese goods, and stood firm in the end. In the three scenarios in which China backed down (1–3), we described the outcome as “The US is very satisfied with China’s concessions and fully stops additional tariffs on Chinese goods.” In the scenario in which China stood firm (4), we described the outcome as “The US is very angry with China’s resistance and keeps additional tariffs on Chinese goods.”

In the January wave, corresponding to the situational changes in the real world, we focused on Nodes III and IV and adopted the following revisions. All respondents first read an updated summary of events including the tariff spikes, the G20 meeting, and the ongoing renegotiation between China and the US. Then we randomly presented one of the following hypothetical scenarios to each respondent: (1) China made concessions to US demands and the US was satisfied, stopping tariffs on \$200 billion of Chinese goods;<sup>5</sup> (2) China rejected US demands and the US fully implemented tariffs on \$200 billion of Chinese goods; or (3) China rejected US demands and the US fully implemented tariffs on \$200 billion of Chinese goods and planned tariffs on all Chinese goods (around \$500 billion in total).

Here we stress the comparability of some scenarios across the two waves. Scenarios

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<sup>4</sup>Trade talks at the vice-ministerial level took place in late August 2018 after the August wave. Additional trade talks were scheduled but canceled due to US tariffs on \$200 billion of Chinese goods in September.

<sup>5</sup>We assume that China would still incur audience costs  $\alpha_s$  in scenario (1). Different from the August wave, we did not explicitly prime respondents with the commitments China had made but relied solely on their perceptions of inconsistency between China’s stance in reality and its strategy in the experimental vignettes.

(3) and (4) in the August wave and scenarios (1) and (2) in the January wave similarly depicted Nodes III and IV in Figure 1.1: China backed down and the US withdrew the tariffs (Node III), and China stood firm and the US maintained the tariffs (Node IV). We added scenario (3) to the January wave as the worst-case scenario for Node IV in which the trade war became extremely intense. Scenario (3) also matched the actual development of the US–China trade war. In May 2020, the US unilaterally rolled out this scheme of tariffs on the remaining \$300 billion of Chinese goods after the renegotiation failed.

We measured respondents' posttreatment attitudes on a conventional 5-point Likert scale. We used the following question to measure respondents' perceptions of China's reputation for resolve: "In your opinion, what image did the Chinese government present to the foreign observers?" Respondents chose from "very compliant" (1) to "very tough" (5). We also asked respondents to assess the overall impact of the US–China interactions in the vignette on the Chinese economy from "very negative" (1) to "very positive" (5). Finally, we measured respondents' overall approval of the government's strategy in the vignette from "very unsatisfied" (1) to "very satisfied" (5).

Notwithstanding the randomization of the experimental vignettes, the causal mediation analysis raises additional identification problems (Bullock, Green and Ha, 2010). The sequential ignorability assumption is the key to identifying the ACME (Imai, Keele and Tingley, 2010; Imai et al., 2011). In the Online Appendix, we propose two strands of tests that may mitigate concerns about biased estimates due to the serious violation of this assumption. First, we show that the main findings do not substantively change after controlling for a large set of pretreatment variables (including attitudes toward the authoritarian rule, self-perceived importance of US products, and general nationalist sentiment) under different functional forms. Second, we implement the sensitivity test for unmeasured pretreatment confounders suggested by Imai and Yamamoto (2013). This test shows highly robust results even though the strong assumption of sequential ignorability does not hold.

## Social media analysis

We obtained over 500,000 Weibo posts on the US–China trade war from January 1 to December 6, 2018, using Weibo’s search API of the keyword “the trade war” (*maoyizhan* in Chinese).<sup>6</sup> Figure 1.2 plots the temporal distribution of the posts; the spikes correspond to the milestone events of the US–China trade war. We used the Structural Topic Model (STM) to study the temporal changes in important topics (Roberts et al., 2014). As an unsupervised approach, the STM computes the clustering of keywords under top topics. It makes few demands of prior knowledge about the texts and avoids possible biases in supervised methods, e.g., manually labeling a training data set.

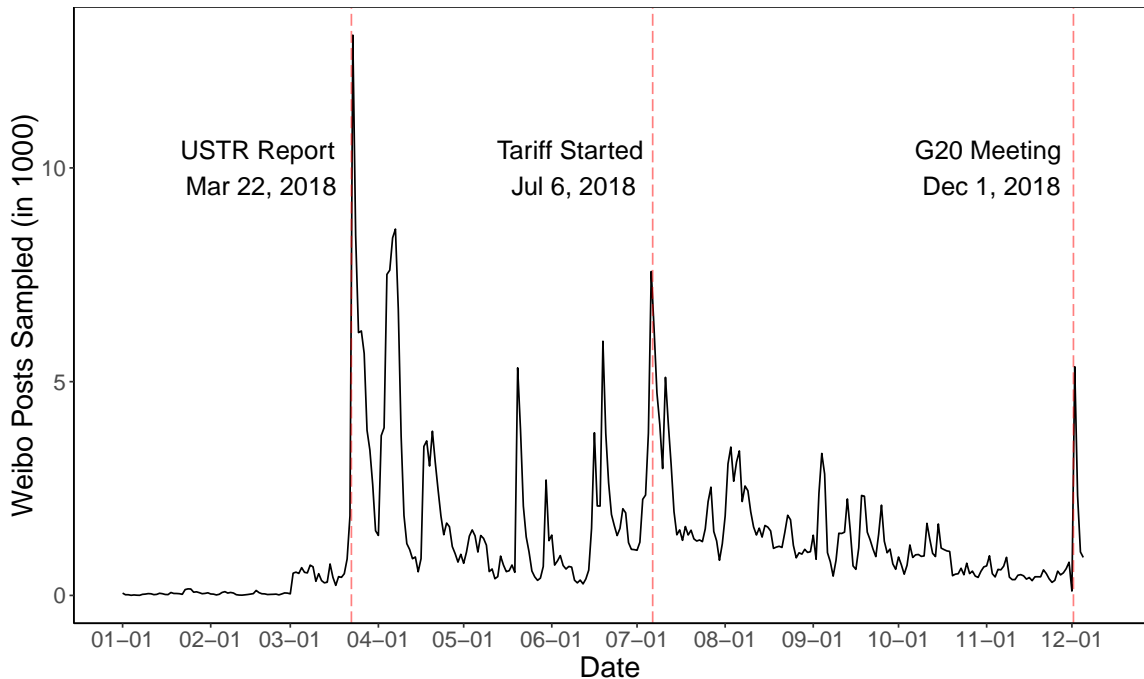


Fig. 1.2: The Temporal Distribution of Social Media Posts

We preprocess the original data in the following steps. First, we removed institutional accounts (e.g., government, media, and corporation) and automation accounts. Second,

<sup>6</sup>This API restricts the maximal number of posts returned for each hour to 50 pages, or 750 posts in total. Due to this restriction, our data set automatically downweights Weibo posts at the peak of public attention, which contain a large volume of repetitive information.

we parsed the Chinese sentences into phrases using the Jieba Parser, removed stop words and common phrases, and excluded short posts with fewer than five phrases. Third, we removed rare phrases that appeared in fewer than 0.05% of the posts to filter out random noise.

Making inferences about public opinion with social media data raises concerns about generalizability and biases. Some issues are common to different political contexts, e.g., the representativeness of active social media users ([Barberá and Rivero, 2015](#)). People who publicly talk about politics on the internet are arguably more attentive to political news and more interested in the issues at stake. They hardly represent the average internet user or the general population. Other issues primarily apply to the authoritarian context, such as government censorship and propaganda ([King, Pan and Roberts, 2013, 2017](#); [Shirk, 2011](#)). State intervention in public discourse may bias observable social media content in favor of the government.

These issues force us to adopt a conservative view of the findings derived from social media data. When presenting the results, we highlight the common characteristics and trends displayed in social media data as supportive evidence of the survey findings. To analyze the possible influences of government propaganda and assess the independent value of social media posts, we collect text data from official outlets and make comparisons between the two sources.

## **Empirical Results**

This section presents the empirical results in three parts. First, we examine the average treatment effects of experimental vignettes on citizens' perceptions of the state's reputation for resolve, the economic impact, and their approval of the government's strategy. Second, we explore the sources of political support for the government and evaluate the hypotheses using the causal mediation analysis. Third, with social media data, we analyze the distribution of top topics on Chinese social media and link the results to the survey

findings.

### Average treatment effects

Figures 1.3 and 1.4 plot the average treatment effects (ATEs) on respondents' posttreatment attitudes, i.e., the hypothesized mediator and outcome variables. The coefficients are estimated using a standard ordinary least squares (OLS) regression with demographic controls and provincial dummies.<sup>7</sup> The confidence intervals (95% and 99% unless otherwise noted) are estimated with the Huber-White standard errors. The values of the baseline group are set to zero (the dashed line). For the August wave (Figure 1.3), we use the scenario in which China backed down directly without making a public commitment to stand firm as the baseline group. For the January wave (Figure 1.4), we use the scenario in which China backed down in the renegotiation that started in December 2018 after the imposition of tariffs as the baseline group.

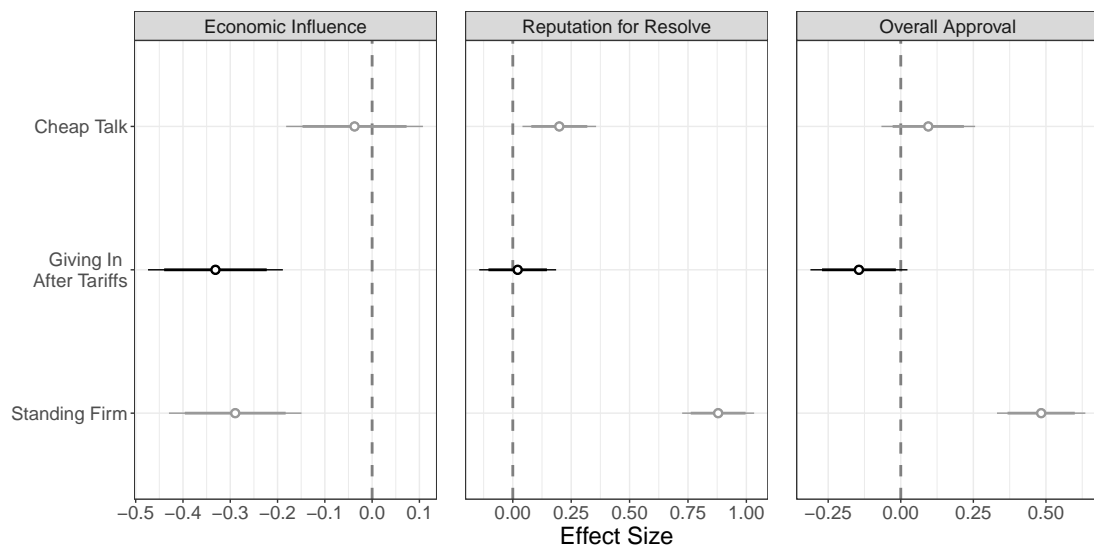


Fig. 1.3: ATEs on Posttreatment Attitudes, August Wave

The ATEs in Figures 1.3 and 1.4 suggest that Chinese leaders faced high political costs

<sup>7</sup>The set of demographic controls includes age, gender, education, party membership, employment type (public/government vs. private), and residence (rural vs. urban). We use the same set of demographic controls without provincial dummies for the causal mediation analysis.

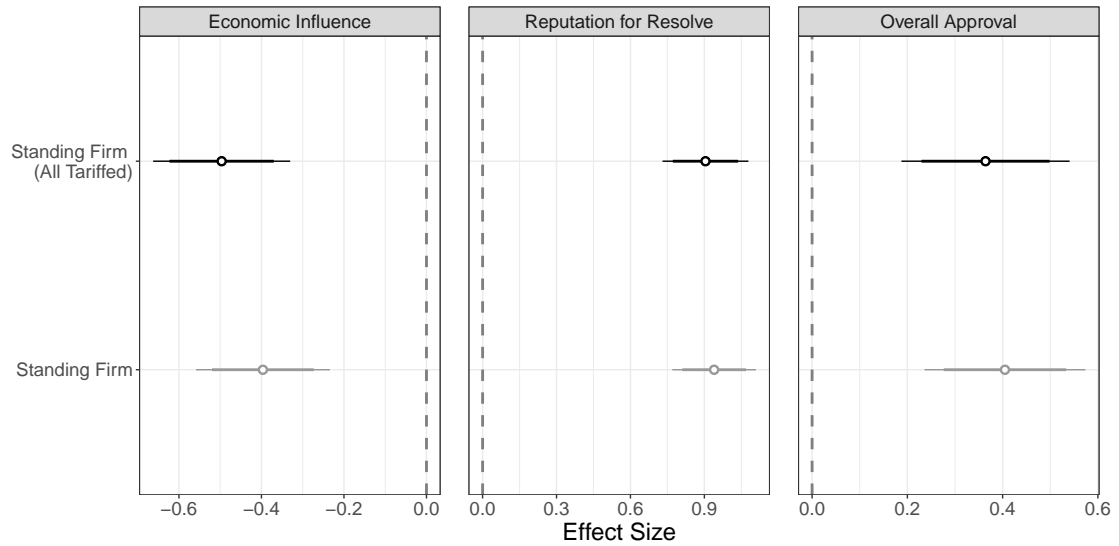


Fig. 1.4: ATEs on Posttreatment Attitudes, January Wave

of backing down. Citizens displayed significantly higher approval of government standing firm in both waves, which was also associated with changing perceptions of the state's reputation for resolve (positive) and economic influence (negative). However, some results are inconsistent with the conventional audience cost theory. Figure 1.3 shows that the consequence of blatantly violating public commitments as if they constituted mere cheap talk is mostly innocuous. Relative to those in the baseline group, respondents exposed to the government's cheap talk had a slightly higher level of overall approval of the government (ATE = 0.09,  $p < 0.14$ ). Additionally, respondents who received the cheap talk treatment displayed significantly stronger perceptions of China's reputation for resolve (ATE = 0.20,  $p < 0.01$ ), and did not change their assessments of the economic impact. One interpretation is that respondents were partially fooled by the government's unfulfilled hawkish rhetoric, which had a "face value." In the Online Appendix, we extend this interpretation using evidence from a separate conjoint experiment.

We also observe some significant variations in the magnitude of the public backlash against the government's backing down. In the August wave, respondents showed the lowest level of approval if China initially walked away from the negotiation but eventually



surrendered after the imposition of US tariffs. The average approval was  $-0.63$  ( $p < 0.01$ ) less than the scenario in which China stood firm throughout the bargaining and  $-0.14$  ( $p < 0.05$ ) less than the scenario in which China backed down directly. It indicates that respondents were very dissatisfied with the government for talking tough but incurring extra economic losses before backing down.

In the January wave, the political costs of backing down were considerably smaller in comparable scenarios after the proposed tariffs had been imposed after more than three months. Respondents who were told that China conceded to the US in the renegotiation still exhibited significantly stronger disapproval, but the difference between backing down and standing firm dropped to  $-0.40$  ( $p < 0.01$ ). We also find that the US threat of tariffs on all Chinese goods had no additive effect on respondents' approval; it only had a small effect on respondents' perceptions of economic losses (ATE =  $-0.10$ ,  $p < 0.12$ ). We interpret it as the decreasing marginal effect of economic sanctions; respondents were less sensitive to the differences between astronomical numbers like 200 billion and 500 billion.

The significant differences in the hypothesized mediator variables (reputation for resolve and economic influence) justify further tests of causal mechanisms described in **H1** and **H2**, since the causal mediation analysis requires that the treatment has significant effects on mediators as if they were the outcome variable. Moreover, our discussions on the ATEs do not explain the variations in public approval. There are different types of costs: reputational costs of backing down, economic costs of tariffs, and economic costs of no agreement. How they affect public approval is addressed by the causal mediation analysis.

### **Sources of public support: A causal mediation analysis**

We estimate the ACMEs using 2000 simulations with the heteroskedasticity-consistent correction for the percentile confidence intervals (Tingley et al., 2014). Table 1.1 presents the causal mediation analysis based on the whole sample. In each row, we examine differences in overall approval between two experimental groups. Parameters in the bargaining

model (Columns 1 and 4) indicate the hypothesized mediation effect. The positive (negative) value of the ACME (Columns 2 and 5) indicates the positive (negative) effect on the approval of the government’s strategy caused by the treatment and passed through the mediator. The proportion mediated (PM, Columns 3 and 6) suggests the explanatory power of mediators; PMs can be larger than 1 if two important causal mechanisms move in opposite directions with their sum less than 1.

Outcome: Approval of Government Strategy	August Wave (2018)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Cheap Talk – Giving In Directly	$\alpha$	0.095**	108.0	0	-0.017	-13.4
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.015	-8.9	$s$	-0.133**	88.5*
Standing Firm – Giving In Directly	$r$	0.441**	92.9**	$s + f(v_{CN})$	-0.088**	-18.5**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.470**	76.0**	$f(v_{CN})$	0.014	2.2

Outcome: Approval of Government Strategy	January Wave (2019)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.390**	106.9**	$f(v_{CN})$	-0.218**	-59.9**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.484**	118.7**	$f(v_{CN})$	-0.197**	-48.4**

Note: \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table 1.1: Causal Mediation Analysis, The Whole Sample

First, we discuss the ACMEs related to the respondents’ reputational concerns (**H1**). As Figures 1.3 and 1.4 show, respondents had significantly stronger perceptions of the state’s reputation for resolve if China stood firm throughout the bargaining. In Table 1.1, the causal mediation analysis of the August wave (parameters  $r$  and  $r - \alpha_s$ ) and the January wave (parameter  $r - \alpha_s$ ) shows that this increase in respondents’ perceptions of the state’s reputation for resolve contributed to a significantly higher approval of the government.<sup>8</sup> The ACMEs are stable in comparable scenarios across both waves (standing firm vs. giving in after tariffs, parameter  $r - \alpha_s$ ) and range from 0.39 to 0.48. The large PMs show the strength of reputational concerns. To sum up, the causal mediation results support **H1** and

<sup>8</sup>As additional evidence against the audience cost theory, the government’s unfilled commitments did not negatively affect respondents’ approval via their reputational concerns (parameters  $\alpha$  and  $\alpha_s$ ). Parameter  $\alpha$  is positive and significant, and parameter  $\alpha_s$  is very small.

reveal that respondents' support for the government's standing firm was strongly driven by their reputational concerns about China's resolve.

Second, we discuss the ACMEs related to the respondents' economic calculations (**H2**). As Figures 1.3 and 1.4 show, respondents were sensitive to the negative economic consequences when China refused to make concessions and the US increased tariffs. In Table 1.1, the causal mediation analysis shows how respondents' economic considerations affected their approval of the government. In the August wave, we find that respondents were most sensitive to the shock of additional tariffs, yet the cost of the prolonged trade war (China stood firm throughout the bargaining) did not further increase their perceptions of economic losses. Respondents' perceived losses caused by the tariffs subsequently lowered their approval of the government (parameter  $s$ ).<sup>9</sup> However, in the January wave, we find that respondents held a much more pessimistic view about continuing the trade war after the tariffs had already been in place. Respondents' stronger perceptions of trade war losses drove a larger decrease in their approval of the government (parameter  $f(v_{CN})$ ).<sup>10</sup> Although respondents still preferred the government to stand firm than to back down, the weight of economic considerations is roughly half of that of reputational concerns in terms of the ACMEs.

The above discussions are in line with **H1** and **H2**: citizens' support for the government's strategy was powerfully explained by their reputational concerns and economic considerations. Besides, respondents' economic concerns were more important in the January wave, supporting **H3**. **H4** suggests possible heterogeneity of mediation effects conditional on respondents' hostility to the US. Using four questions about individual attitudes toward the US, we implement the principal component analysis (PCA) for dimension reduction and create a composite indicator of anti-Americanism using the first principal

<sup>9</sup>Manually deducting  $s$  ( $-0.133$ ) from  $s + f(v_{CN})$  ( $-0.088$ ) yields  $f(v_{CN}) = 0.045 > 0$ , which means that respondents in the August wave expected some economic benefits of the prolonged trade war and thereby slightly increased their approval of the government's standing firm. The direct estimation of  $f(v_{CN})$  using vignettes of standing firm and backing down after tariffs is  $0.014$ , which is also small but positive.

<sup>10</sup>In the January wave, the imposed tariffs became sunk costs, and parameter  $s$  was cancelled out.

component.<sup>11</sup> For each wave, we divide the sample into two subgroups of equal size, label those with stronger (weaker) anti-American sentiment as hawks (doves), and analyze the two subgroups. To save space, we focus on the ACMEs reported in Table 1.2 and relegate the ATEs on the posttreatment attitudes to the Online Appendix.

Panel A: The Subgroup of Hawks						
August Wave (2018)						
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Cheap Talk – Giving In Directly	$\alpha$	0.053	35.2	0	-0.004	-4.4
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.011	2.7	$s$	-0.115**	76.5
Standing Firm – Giving In Directly	$r$	0.554**	77.1**	$s + f(v_{CN})$	-0.047*	-6.4*
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.578**	69.0**	$f(v_{CN})$	0.032	3.6

January Wave (2019)						
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.589**	82.3**	$f(v_{CN})$	-0.139**	-18.8**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.753**	106.1**	$f(v_{CN})$	-0.120*	-16.8*

Panel B: The Subgroup of Doves						
August Wave (2018)						
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Cheap Talk – Giving In Directly	$\alpha$	0.100**	24.3	0	-0.026	9.7
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.007	-3.2	$s$	-0.147**	76.0*
Standing Firm – Giving In Directly	$r$	0.307**	137.2**	$s + f(v_{CN})$	-0.134**	-59.6**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.342**	86.2**	$f(v_{CN})$	-0.004	-0.9

January Wave (2019)						
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.217**	172.8	$f(v_{CN})$	-0.293**	-230.7
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.247**	157.9	$f(v_{CN})$	-0.245**	-155.9

Note: \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table 1.2: Causal Mediation Analysis, Hawks vs. Doves

Consistent with previous results on the whole sample, we find that for both hawks and doves, reputational concerns about the state’s resolve led to the higher approval of the government, while perceptions of economic losses had the opposite effect. The re-

<sup>11</sup>We relegate the descriptive statistics and PCA analysis to the Online Appendix. People’s latent attitudes toward the US were generally stable, and on average respondents in the January sample held slightly more positive attitudes toward the US.

sults support **H4**: Compared to doves, hawks consistently showed stronger reputational concerns but weaker concerns about economic losses when evaluating the government's strategy. In the August wave, hawks placed more weight on the state's reputation for resolve than doves ( $\sim 0.55$  vs.  $\sim 0.30$ , parameters  $r$  and  $r - \alpha_s$ ). Hawks and doves agreed on the immediate consequences of US tariffs ( $-0.11$  vs.  $-0.14$ , parameter  $s$ ), but hawks were moderately less sensitive to the total economic losses of standing firm in a prolonged trade war ( $-0.05$  vs.  $-0.13$ , parameter  $s + f(v_{CN})$ ). In the January wave, hawks still cared more about the state's reputation for resolve ( $0.59$  and  $0.75$ , parameter  $r - \alpha_s$ ) than about economic losses of continuing the trade war ( $\sim -0.13$ , parameter  $f(v_{CN})$ ). By contrast, doves held roughly equal concerns about China's reputation and the economy (between  $0.2$  and  $0.3$  in terms of the magnitude, parameters  $r - \alpha_s$  and  $f(v_{CN})$ ), which explains their equal support for the government's standing firm and backing down.

Table 1.2 offers additional evidence in support of **H3**. In the August wave, for hawks and doves alike, reputational concerns drove their support for the government's standing firm, while economic considerations had a lesser influence in the opposite direction. Besides, the net costs of continuing the trade war had no impact on respondents' approval of the government (parameter  $f(v_{CN})$ ). In the January wave, there were some noticeable changes in respondents' calculations. Doves and hawks had growing concerns about economic repercussions despite differences in the magnitude of mediation effects. Due to the prominence of reputational concerns compared to economic considerations (the ratio of the two ACMEs is roughly  $5 : 1$ ), hawks still showed higher approval of the government's standing firm. But doves no longer viewed standing firm more favorably: The negative mediation effect driven by their sense of economic losses fully canceled out the positive mediation effect motivated by reputational concerns.

We underscore the explanatory power of the two hypothesized causal mechanisms. Notwithstanding the large indirect effects and PMs, some significant direct effects are still unexplained. We report the results in the Online Appendix using the conventional SEM

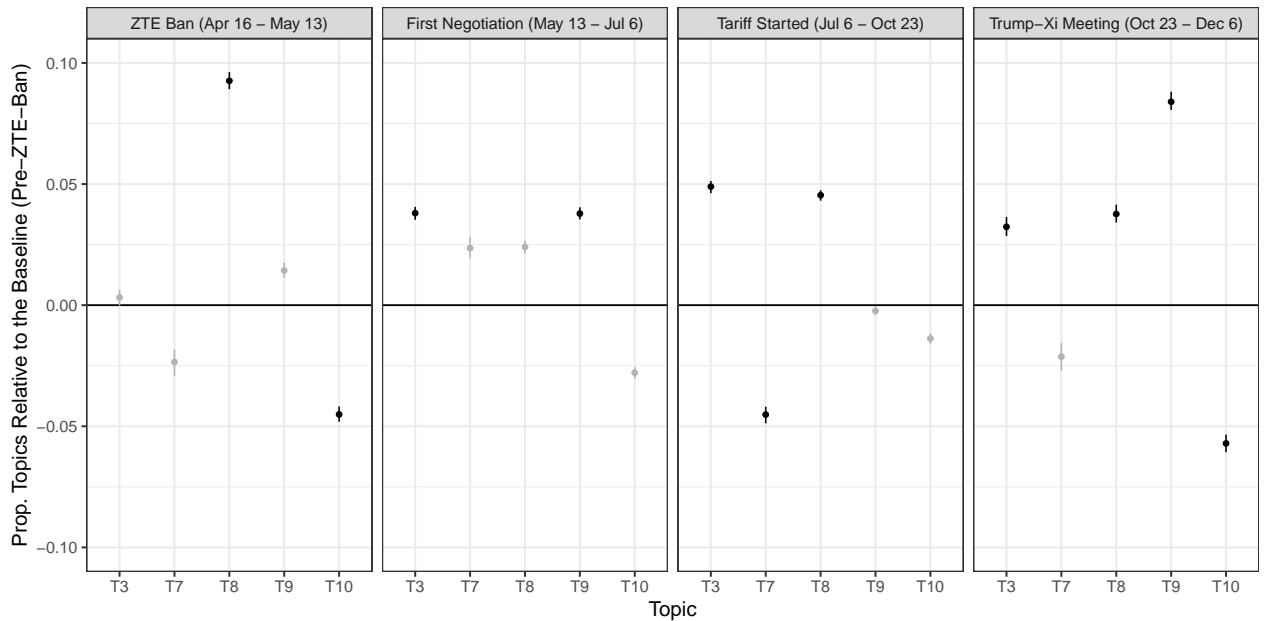
that allows multiple mediators in the outcome equation. Here we discuss two possible reasons for the unexplained direct effects. One is factors that did not directly go into respondents' rational thinking, such as impulsive emotions against external coercion, instinctive preferences for fairness, and entrenched suspicion of negotiation with the US. As independent mechanisms, they do not challenge the validity of the main results. Psychology and rationality are not opposites (Brutger and Kertzer, 2018).

A second reason is the misspecification of (generalized) linear models, which assume no interactive effects between mediators. For instance, why citizens particularly dislike the scenario of giving in after tariffs (Node III in Figure 1.1) may be caused by an interactive effect between  $a_s$  and  $s$  that shows the government's unskillfulness, even though  $a_s$  is found to be insignificant (Table 1.1). We propose two remedies in the Online Appendix. First, we find that at the individual level, citizens' reputational concerns and assessments of economic consequences were largely independent, making it difficult to theorize respondents' higher-order thinking of their interactive effects. Second, we manually add the interaction terms of mediators into the outcome equation of the SEM and find very small coefficients.

### **Temporal changes of topics on Weibo**

The survey results show that Chinese citizens made deliberate reasoning of the US–China trade war and critically assessed the government's performance. As supplementary evidence, we present information about social media topics and their temporal changes. For simplicity, we choose five out of the ten top topics, which are directly related to the state's reputation and economic influence. We present their relative proportions in five main bargaining stages in Figure 1.5 and use the pre-ZTE-ban period (before April 16) as the baseline. To avoid over-interpreting the random noise of the large-scale text data, we focus on large coefficients ( $> 3\%$ ) that indicate significant changes in the proportion of topics (colored in black). We relegate the full results to the Online Appendix. As a robustness check,

we also examine monthly changes in topic proportions and uncover similar dynamics.



99.9% CI. Selected Topics: Chinese Economy (T3), Stock Market (T7), High-tech and Private Firms (T8), Negotiation and Compromise (T9), Resolve and Non-compromise (T10)

Fig. 1.5: Dynamic Changes in Proportions of Selected Topics

We draw three main findings. First, in support of **H1** and **H2**, we identify citizens' strong interests in Chinese economy (T3, T7, and T8) and China's reputation for resolve (T9 and T10). Second, in partial support of **H3**, we capture an upward trend of some economic topics as the trade war escalated. The proportion of T3 on Chinese economy (including keywords such as investment, consumption, and the financial market) increased significantly over the baseline during and after the first round of bilateral negotiations in May. Likewise, the proportion of T8 on Chinese high-tech firms increased after the ZTE ban in April and regained public attention after the start of tariffs in July. Third, we find malleability regarding public reputational concerns, which were somewhat in decline. Two related topics featured the opposite sentiments: The dovish topic on negotiation, compromise, and reaching consensus (T9), and the hawkish topic on resolve, retaliation, and anger toward US bullying of China (T10). There were two jumps in the proportion

of the dovish topic: One was during the first-round negotiations between May and July, and the other was after the official announcement of the G20 meeting between Trump and Xi in late October. The hawkish topic's proportion was equal to or lower than during the pre-ZTE-ban period when the Chinese government responded vehemently to US initial threats in March.

We acknowledge that social media analysis is possibly biased due to government censorship and propaganda. In the Online Appendix, we analyze government statements (Foreign Ministry spokesperson's remarks) and official media commentaries (*Global Times* editorials). We uncover some similar dynamics, especially the sharp decrease in hawkish rhetoric as the trade war escalated. We also uncover noticeable differences between official outlets and social media content in the substance of the texts, indicating limited state influence on public discourse.

### **Concluding Remarks**

Donald Trump once claimed that trade wars are good and easy to win. In addition to bold optimism, this statement reveals the strategic dilemma that Trump has encountered, i.e., demonstrating his competency through major international victories while downplaying the negative impact of trade wars on the US economy. Evidence shows that US voters punished him for the economic losses caused by the trade war ([Blanchard, Bown and Chor, 2019](#)).

Autocracies insulate citizens from the formal policy-making process. However, authoritarian leaders who depend on public support may face a similar tradeoff between fighting hard for victories in the international arena and alleviating economic pains. In particular, handling the US–China trade war is important for Chinese leaders who rely on both nationalistic credentials and economic accomplishments. In this paper, we use original survey and social media data to evaluate Chinese citizens' reputational concerns and economic considerations and to explore the sources of political support in China. We show



that Chinese citizens were not fooled by blind patriotism or government rhetoric. Instead, they made calculated responses to external coercion.

We acknowledge that the US–China trade war presents a unique case in which China’s future development has been gravely dimmed by its economic decoupling from the US. Neither the Diaoyu Island dispute (2012) nor the South China Sea standoff (2016) had such a profound impact. One may question the generalizability of our conclusions. We argue that since international conflicts are generally considered costly gambles, the results offer a possible starting point for theorizing about public opinion during international crises. As the Japan–South Korea trade dispute (2019-20) and the China–India border clash (2020) illustrate, economic cooperation is vulnerable to political competition. How citizens react to economic disturbances caused by interstate conflict, e.g., unemployment, disruptions to foreign investment, and trade diversion, awaits future research.

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# Online Appendix

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## A1 Summary Statistics and Data Quality

Online survey experiments have become increasingly popular in political science. For the generalizability of causal effects, existing evidence suggests a considerable similarity between internet samples and representative population-based samples (Mullinix et al., 2015). To our knowledge, a large volume of research on China uses similar online samples provided by commercial firms, including: Chilton, Milner and Tingley (2020); Fang and Li (2020); Huang (2015, 2018); Mattingly et al. (2020); Weiss and Dafoe (2019). Li, Shi and Zhu (2018) make discussions on the comparability between the internet and representative survey samples in the Chinese context.

Acknowledging possible concerns about data quality and representativeness, we present a comprehensive review of the two-wave survey data and perform a special test of data quality. We show the summary statistics in Table A.1 and the sample balance in Table A.2. We also plot the histograms of age and family income in Figures A.1 and A.2. As Table A.2 suggests, the samples of two waves are highly similar in terms of demographics and pretreatment political attitudes. Respondents in the January wave were less likely to be party members, were slightly less opposed to the government censorship, and held a slightly more positive opinion of the US. However, the differences in sample means are considerably small. In the January wave, respondents' slightly improving attitudes toward the US may be explained by the temporary easing situation after the G20 meeting between Trump and Xi and the restart of bilateral negotiation in December 2018.

We briefly discuss how similar online samples are compared to the Chinese population in terms of age and income. We show the median age from the 2010 National Census in Figure A.1 (the red dashed line, 35.2). To improve data quality and avoid respondents' concerns about personal privacy, we only asked respondents to report their age cohort (e.g., 18-24, 25-29, 30-34, etc.) and income levels (e.g., below 10,000, 60,001-90,000) instead of precise numbers. It can still be observed that the average age of the online sample is only slightly younger than that of the census data. And according to the National Bureau of Statistics, the median income per capita in 2018 is 24,336 RMB (36,413 RMB for urban residents). Multiplying the number by 3 or 4 (as the approximate size of households) suggests the median household income is between 75,000 and 100,000 RMB, and the distribution in Figure A.2 is higher compared to that of the national population. It uncovers the fact that respondents having stable online connections are more concentrated in urban areas and tend to have higher incomes.



Variable	n	Min	$\tilde{x}$	Max	x	s
<b>Panel A: August Wave</b>						
Age	2110	1.000	4.000	9.000	4.134	2.142
Male	2110	0.000	1.000	1.000	0.539	0.499
Party Member	2110	0.000	0.000	1.000	0.220	0.414
SOE or Government Employee	2110	0.000	0.000	1.000	0.308	0.462
Family Income (2017)	2087	1.000	6.000	8.000	5.730	1.602
Edu: Bachelor Degree	2110	0.000	1.000	1.000	0.643	0.479
Edu: Master Degree or Above	2110	0.000	0.000	1.000	0.092	0.290
Important US Products	2110	0.000	0.000	1.000	0.176	0.381
US-Led Order & System is Beneficial	2110	1.000	3.000	5.000	2.922	1.110
Territory Hardcore	2110	1.000	5.000	5.000	4.508	0.741
Rather be Chinese Citizen	2110	1.000	5.000	5.000	4.227	0.966
Oppose Challenging Government	2110	1.000	3.000	5.000	2.834	1.151
Oppose Government Censorship	2110	1.000	4.000	5.000	4.069	0.773
Lower Tariff	2110	1.000	3.000	5.000	3.367	0.954
China-US Power Balance	2110	1.000	2.000	5.000	2.175	1.042
Anti-Americanism (PC1)	2110	-4.385	-0.016	3.000	0.000	1.588
Nationalism (PC1)	2110	-6.949	-0.039	3.969	0.000	1.765
<b>Panel B: January Wave</b>						
Age	1398	1.000	4.000	9.000	4.075	2.145
Male	1398	0.000	1.000	1.000	0.557	0.497
Party Member	1398	0.000	0.000	1.000	0.191	0.393
SOE or Government Employee	1398	0.000	0.000	1.000	0.304	0.460
Family Income (2018)	1378	1.000	6.000	8.000	5.784	1.535
Edu: Bachelor	1398	0.000	1.000	1.000	0.680	0.467
Edu: Graduate or Above	1398	0.000	0.000	1.000	0.077	0.267
Important US Products	1398	0.000	0.000	1.000	0.190	0.393
US-Led Order & System is Beneficial	1398	1.000	3.000	5.000	2.979	1.061
Territory Hardcore	1398	1.000	5.000	5.000	4.496	0.749
Rather Be Chinese Citizen	1398	1.000	4.000	5.000	4.212	0.948
Oppose Challenging the Government	1398	1.000	3.000	5.000	2.817	1.117
Oppose Government Censorship	1398	1.000	4.000	5.000	4.013	0.786
Lower Tariff	1398	1.000	3.000	5.000	3.406	0.936
China-US Power Balance	1398	1.000	2.000	5.000	2.193	1.043
Anti-Americanism (PC1)	1398	-4.152	-0.149	3.151	0.000	1.562
Nationalism (PC1)	1398	-6.822	0.039	4.196	0.000	1.755

Table A.1: Summary Statistics of the Two Waves

	August Wave (2018)	January Wave (2019)	p-value
Age	4.14 (2.14)	4.10 (2.13)	0.428
Male	0.54 (0.50)	0.56 (0.50)	0.297
Party Member	0.22 (0.42)	0.19 (0.39)	0.037
SOE or Government Employee	0.31 (0.46)	0.31 (0.46)	0.799
Household Income	5.73 (1.60)	5.78 (1.54)	0.324
Edu: Bachelor	0.65 (0.48)	0.68 (0.47)	0.025
Edu: Graduate or Above	0.09 (0.29)	0.08 (0.27)	0.112
Important US Products	0.18 (0.38)	0.19 (0.39)	0.297
US-Led Order & System is Beneficial	2.92 (1.11)	2.98 (1.06)	0.123
Territory Hardcore	4.51 (0.74)	4.50 (0.75)	0.651
Rather Be Chinese Citizen	4.23 (0.97)	4.21 (0.95)	0.658
Oppose Challenging Government	2.84 (1.15)	2.82 (1.12)	0.667
Oppose Government Censorship	4.08 (0.77)	4.02 (0.78)	0.037
Lower Tariff	3.37 (0.96)	3.41 (0.94)	0.234
China-US Power Balance	2.17 (1.04)	2.18 (1.04)	0.621
Americans: Peaceful	2.79 (1.06)	2.89 (1.04)	0.003
Americans: Rule of Law	3.02 (1.16)	3.13 (1.17)	0.008
Americans: Words Match Deeds	2.58 (1.06)	2.66 (1.07)	0.041
Americans: Fear China's Rise	4.11 (0.94)	4.10 (0.95)	0.677

*Note: Only respondents that reported their family income are included.  
The numbers represent sample mean (sample sd).*

Table A.2: Sample Balance Between the Two Waves

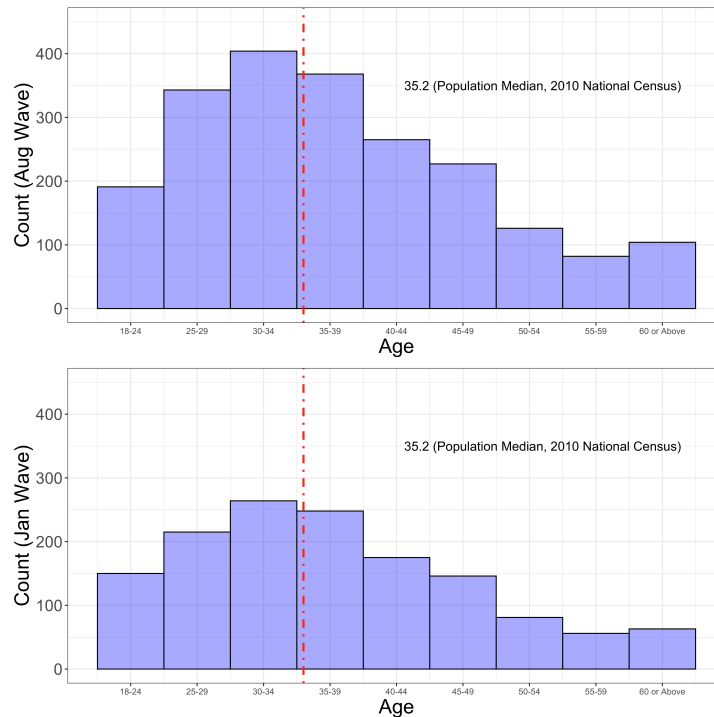


Fig. A.1: The Distribution of Age

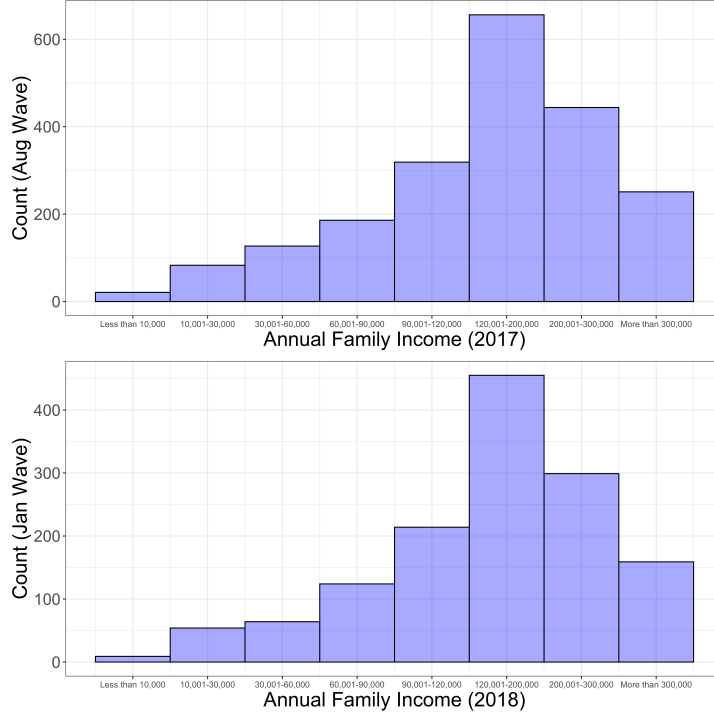


Fig. A.2: The Distribution of Family Income Level (Yuan)

In Table A.3, we show the logistic regression on the probability of being revisited in the January wave, using demographical factors and political attitudes reported in the August wave as explanatory variables. It shows that elders and urban residents were more likely to be revisited in January. And we find no evidence that individual political attitudes (collected in the August wave before any treatments) had any significant impact on the chance of being revisited. Furthermore, the treatment status in the August wave did not influence the probability of being revisited.

Compared to face-to-face interviews, a well-known issue with online surveys is the reliability of survey responses under no direct oversight, as respondents have no strong incentives to give honest answers. We exploit the two-wave data (for the revisited respondents) and examine data quality by comparing self-reported demographics that should be highly stable if respondents always give honest answers. Another issue with online surveys is that professional survey takers may have multiple accounts and repeatedly fill out the same survey with random information to maximize their cash returns in minimum time. Based on our previous experience, we expect that self-reported demographics would be poorly matched if either issue emerges. As Tables A.4 - A.8 show, over 90% responses are matched on gender, party membership and types of employment. There are more variations in terms of age and family income, but the responses are still highly concentrated along the diagonal line. Although data quality is not perfect, we conclude that the respondents in our sample tended to give truthful answers.

	<i>Outcome variable:</i>			
	Revisited (= 1)			
	(1)	(2)	(3)	(4)
Age	0.487** (0.091)	0.484** (0.091)	0.485** (0.091)	0.486** (0.091)
Age <sup>2</sup>	-0.032** (0.009)	-0.032** (0.009)	-0.032** (0.009)	-0.032** (0.009)
Male	0.145 (0.094)	0.147 (0.093)	0.147 (0.094)	0.145 (0.094)
Some College	0.137 (0.198)	0.136 (0.198)	0.136 (0.199)	0.136 (0.198)
Bachelor	0.062 (0.189)	0.058 (0.189)	0.058 (0.189)	0.062 (0.189)
Master or Above	-0.277 (0.246)	-0.282 (0.246)	-0.275 (0.246)	-0.280 (0.246)
Regime Insider	0.024 (0.106)	0.025 (0.106)	0.019 (0.106)	0.022 (0.107)
Party	-0.089 (0.117)	-0.086 (0.117)	-0.092 (0.117)	-0.090 (0.117)
Childhood Residence: Small City	-0.058 (0.147)	-0.070 (0.147)	-0.061 (0.148)	-0.058 (0.147)
Childhood Residence: Metropolitan	0.228 (0.154)	0.214 (0.154)	0.229 (0.154)	0.229 (0.154)
Current Residence: Small City	1.093** (0.399)	1.103** (0.399)	1.113** (0.399)	1.090** (0.398)
Current Residence: Metropolitan	1.237** (0.405)	1.246** (0.404)	1.252** (0.405)	1.228** (0.405)
Income	0.046 (0.033)	0.047 (0.033)	0.046 (0.033)	0.047 (0.033)
Anti-Americanism	-0.024 (0.029)		-0.023 (0.029)	-0.024 (0.029)
Nationalism		-0.039 (0.026)		
Oppose Challenging Government	-0.004 (0.040)	-0.003 (0.040)	-0.005 (0.040)	-0.004 (0.040)
Oppose Censorship	-0.037 (0.060)	-0.043 (0.060)	-0.040 (0.060)	-0.036 (0.060)
Cheap Talk			0.167 (0.129)	
Give in After Tariffs			0.025 (0.129)	
Standing Firm			0.108 (0.130)	
Media Report Only				-0.059 (0.112)
Media Report and Protest				-0.065 (0.111)
Constant	-2.894** (0.497)	-2.871** (0.497)	-2.956** (0.502)	-2.853** (0.502)

Note: <sup>+</sup>p<0.1; \*p<0.05; \*\*p<0.01

Table A.3: Predicted Probability of Being Revisited (N = 1,012)

		Aug Wave	
		Female	Male
Jan Wave	Female	420	9
	Male	13	570

Table A.4: Responses of Two Waves: Gender

		Aug Wave	
		Non-member	Member
Jan Wave	Non-Member	758	35
	Member	57	162

Table A.5: Responses of Two Waves: Party Membership

		Aug Wave	
		Non-SOE/Gov Employee	SOE/Gov Employee
Jan Wave	Non-SOE/Gov Employee	637	41
	SOE/Gov Employee	33	301

Table A.6: Responses of Two Waves: SOE or Government Employee

		Aug Wave								
		18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60 or Above
Jan Wave	18-24	32	9	1	1	0	0	0	0	0
	25-29	1	104	17	5	2	0	0	0	0
	30-34	1	8	147	18	4	3	0	0	0
	35-39	0	3	12	166	12	3	1	1	0
	40-44	0	1	1	3	131	12	0	1	0
	45-49	1	0	0	4	2	106	13	0	0
	50-54	1	1	2	2	3	3	60	7	0
	55-59	0	0	0	0	0	0	0	40	0
	60 or Above	0	0	0	1	0	0	2	1	63

Table A.7: Responses of Two Waves: Age

		Aug Wave							
		Less than 10,000	10,001-30,000	30,001-60,000	60,001-90,000	90,001-120,000	120,001-200,000	200,001-300,000	More than 300,000
Jan Wave	Less than 10,000	4	3	0	1	0	1	0	0
	10,001-30,000	0	6	3	1	2	5	5	0
	30,001-60,000	1	2	21	13	2	2	2	1
	60,001-90,000	2	2	7	51	22	6	0	0
	90,001-120,000	1	4	2	14	85	53	7	1
	120,001-200,000	0	3	2	9	40	219	44	11
	200,001-300,000	0	0	0	3	6	41	158	23
	More than 300,000	0	0	0	0	0	10	17	87

Table A.8: Responses of Two Waves: Past-year Family Income Level (Yuan)

## A2 Experimental Modules in the Two Waves

In this section, we provide details on the experimental modules of the trade war in the two waves with the corresponding English translation in italics (including questions and choices).

### A2.1 August Wave (2018)

第四部分：中美贸易战的情景分析 *Part IV: Vignette Analysis of the China-US Trade War*

#### [Page 1 Background Information for All Respondents]

本模块是调查的最后一部分，共有三个部分：中国政府的舆论导向策略（4 个问题），中国政府的行动策略（4 个问题），以及可能的谈判结果（4 组 8 个问题）。三个部分出现的次序是随机的，一共需要 10 分钟完成。

*This module is the final part of the survey and contains three parts: The Chinese government's management of the public opinion (4 questions), the Chinese government's strategy in response to US demands (3 questions), and hypothetical scenarios of bargaining outcomes (8 questions in 4 groups). The order of the three parts is random and it takes 10 minutes to finish.*

请注意，每个部分的问题基于相互独立的虚拟信息，仅仅代表了决策者的一种可能的选择。我们通过这些问题希望考察您对中美贸易战的真实看法。

*Please note that the questions are based on independent hypothetical information and represent only one possible choice of policy makers. We hope to understand your true opinions toward the US-China trade war.*

背景介绍（供您参考的事实）：

目前，中美经贸谈判陷入了僵局。7 月 6 号，中国和美国开始互相对价值 500 亿美元的进口商品加征 25% 关税。美国政府宣称，如果中国政府不能在美方指控的“不公平贸易”行为上做出实质性让步，美国政府将进一步对价值 2000 亿美元的中国商品加征额外关税。

*Background information for your reference:*

*Currently, China and the US have entered a stalemate over trade issues. From July 6th, China and the US simultaneously started to impose a 25% tariff on each other's imported goods worthy of 50 billion US dollars. The US government claimed that if China does not make substantive concessions on the "unfair" trade issue accused by the US, the US would continue to impose additional tariffs on Chinese goods worthy of 200 US billion dollars.*

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**E** 接下来，我们为您简略概括了中国政府下一步可能采取的一种舆论导向策略。

*In the following, we summarize a possible strategy of public opinion management adopted by the Chinese government in the next step.*

**[One randomized vignette is displayed here and each sentence takes a line.]**

**Ev1** 中国政府要求主流媒体减少对中美贸易战的报道，淡化中国与美国的对抗和冲突。同时，为了保持国内社会稳定，中国政府禁止了民众自发组织的抵制美货和反美示威游行。

*Ev1 The Chinese government demands that the mainstream media decreases the coverage of the US-China trade war and plays down the confrontation between China and the US. Meanwhile, to maintain domestic social stability, the Chinese government prohibits citizens'*

*spontaneous boycott of the US goods and anti-US protests.*

**Ev2** 中国政府要求主流媒体增多对中美贸易战的报道，强调中国与美国的对抗和冲突。同时，为了保持国内社会稳定，中国政府禁止了民众自发组织的抵制美货和反美示威游行。

**Ev2** *The Chinese government demands that the mainstream media increases the coverage of the US-China trade war and emphasizes the confrontation between China and the US. Meanwhile, to maintain domestic social stability, the Chinese government prohibits citizens' spontaneous boycott of the US goods and anti-US protests.*

**Ev3** 中国政府要求主流媒体增多对中美贸易战的报道，强调中国与美国的对抗和冲突。同时，为了回应民众的爱国热情，中国政府默许了民众自发组织的抵制美货和反美示威游行。

**Ev3** *The Chinese government demands that the mainstream media increases the coverage of the US-China trade war and emphasizes the confrontation between China and the US. Meanwhile, to respond to popular nationalism, the Chinese government gives tacit consent to citizens' spontaneous boycott of the US goods and anti-US protests.*

**[Posttreatment Questions]**

E1 基于政府的舆论导向策略，您是否赞同中国民众自发组织的抵制美货和其他反美活动？

*E1 Based on the government's management strategy, do you agree with the spontaneous boycotts of the US goods and other anti-US activities organized by the Chinese citizens?*

强烈赞同 (5), 赞同 (4), 既不赞同也不反对 (3), 反对 (2), 强烈反对 (1)

*Strongly agree (5), Somewhat agree(4), Neither agree nor disagree (3), Somewhat disagree (2), Strongly disagree (1)*

E2 根据政府的舆论导向策略，您认为未来发生大规模民众抗议和抵制美国产品的可能性有多大？0 代表完全不可能发生，10 代表一定会有大规模反美运动。

*E2 How would you rate the possibility of massive popular protests and consumer boycotts of US goods, on the scale of 0 to 10?*

E3 根据政府的舆论导向策略，您认为中国多大程度上愿意承担与美国爆发全面经济对抗的风险？0 代表中国完全不愿意与美国对抗，10 代表中国非常愿意承担与美国对抗的风险。

*E3 Based on the government's management of public opinion, to what extent do you think China is willing to risk the full-scale economic confrontation against the US, on the scale of 0 to 10? 0 represents China does not want to confront the US at all and 10 represents China is very willing to take the risk and confront the US.*

E4 您对政府的舆论导向策略怎么看？

*E4 How would you evaluate the government's strategy of managing the public opinion?*

非常满意 (5), 比较满意 (4), 介于满意与不满意之间 (3), 比较不满意 (2), 非常不满意 (1)

*Very satisfied (5), Somewhat satisfied (4), Neither satisfied nor unsatisfied (3), Somewhat unsatisfied (2), Very unsatisfied (1)*

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**F** 中美贸易战的未来发展和走向仍然有很多不确定性。根据最新报道，在特朗普政府继续对价值 2000 亿美元的中国商品加征关税前，中美双方仍有可能通过新一轮磋商对话解决分歧。

*The future direction of the US–China trade war has lots of uncertainties. According to the latest news, before the final imposition of tariffs on the additional 200 billion USD of Chinese goods, China and the US may still resolve the dispute through a new round of negotiation.*

在此，我们为您简略地概括了一种可能的中美双方互动的过程和结果。请您基于这一信息，分享您对中方行动策略的看法。

*In the following, we summarize a possible scenario of interactions between China and the US and the eventual outcome. Please share your opinions regarding China’s strategy based on the information.*

**[One randomized vignette is displayed here and each sentence takes a line.]**

**Fv1** 谈判之前，中方没有公开回应美方的要求。谈判中，中方对美方的大多数要求做出了一定让步。美方对中方的让步表示非常满意，因此完全停止了对中国商品加征关税的行动。

*Fv1 Before the negotiation, China does not openly respond to US demands. In the negotiation, China makes concessions to most of US demands. The US is very satisfied with China’s concessions and fully stops imposing additional tariffs on Chinese products.*

**Fv2** 谈判之前，中方公开声明：美方提出的大多数要求超出中方的底线，中方不可能让步。中方在谈判中对美方的大多数要求做出了一定让步。美方对中方的让步表示非常满意，因此完全停止了对中国商品加征关税的行动。

*Fv2 Before the negotiation, China openly claims that most of US demands have exceeded China’s bottom line and China will not make any concession. In the negotiation, China makes concessions to most of US demands. The US is very satisfied with China’s concessions and fully stops imposing additional tariffs on Chinese products.*

**Fv3** 谈判之前，中方公开声明：美方提出的大多数要求超出中方的底线，中方不可能让步。谈判中，中方拒绝了美国的所有要求。由于谈判破裂，美方开始对价值 2000 亿美元的中国商品加征 25% 的关税。在中国国内经济受损的情况下，中方最终对美方的大多数要求做出了一定让步。美方对中方的让步表示非常满意，因此完全停止了对中国商品加征关税的行动。

*Fv3 Before the negotiation, China openly claims that most of US demands have exceeded China’s bottom line and China will not make any concession. In the negotiation, China rejects all the US demands. The US starts to impose 25% tariffs on the 200-billion in Chinese products. Incurring domestic economic losses, China eventually makes concessions to most of US demands. The US is very satisfied with China’s concessions and fully stops imposing additional tariffs on Chinese products.*

**Fv4** 谈判之前，中方公开声明：美方提出的大多数要求超出中方的底线，中方不可能让步。谈判中，中方拒绝了美国的所有要求。由于谈判破裂，美方开始对价值 2000 亿美元的中国商品加征 25% 的关税。在中国国内经济受损的情况下，中方最终拒绝了美方的所有要求。美方对中方的抵抗表示强烈不满，因此维持了对中国商品加征关税的行动。

*Fv4 Before the negotiation, China openly claims that most of US demands have exceeded*



*China's bottom line and China will not make any concession. In the negotiation, China rejects all the US demands. The US starts to impose 25% tariffs on the 200-billion in Chinese products. Incurring domestic economic losses, China eventually stands firm and refuses to make concessions to any of US demands. The US is very angry with China's resistance and continues imposing tariffs on Chinese products.*

**[Posttreatment Questions]**

F1 基于上述中美互动的过程，您认为中国经济会受到怎样的影响？

*F1 Based on the above interaction between China and the US, what influence will it have on the Chinese economy?*

非常正面的影响 (5), 比较正面的影响 (4), 介于负面和正面之间的影响 (3), 比较负面的影响 (2), 非常负面的影响 (1)

*Very positive influence (5), Somewhat positive influence (4), Neither positive nor negative influence (3), Somewhat negative influence (2), Very negative influence (1)*

F2 基于上述中美互动的过程，您认为中国政府对外展示的形象是：

*F2 Based on the above interaction between China and the US, in your opinion, what image did the Chinese government present to the foreign observers?*

非常强硬 (5), 比较强硬 (4), 介于妥协和强硬之间 (3), 比较妥协 (2), 非常妥协 (1)

*Very tough (5), Somewhat tough (4), Neither tough nor compliant (3), Somewhat compliant (2), Very compliant (1)*

F3 基于上述中美互动的过程，您认为未来美国进一步在其他议题上（例如：朝核问题、南海问题）迫使中国让步的可能性有多高？0 表示完全不可能，10 代表非常可能。

*F3 Based on the above interaction between China and the US, how likely would the US force China to make concessions on other issues (e.g., North Korea nuclear weapons and the South China Sea Dispute) in the future? Choose from 0 (Totally Impossible) to 10 (Highly Possible).*

F4 总的来说，您对上述中国政府的策略怎么看？

*F4 Overall, how would you evaluate the government's strategy described above?*

非常满意 (5), 比较满意 (4), 介于满意与不满意之间 (3), 比较不满意 (2), 非常不满意 (1)

*Very satisfied (5), Somewhat satisfied (4), Neither satisfied nor unsatisfied (3), Somewhat unsatisfied (2), Very unsatisfied (1)*

**[Page 4 -7 , Repeated 4 Tasks of Conjoint Experiment]**

**M** 接下来，让我们讨论中美贸易战可能导致的实际变化。您将看到四组政策变化，每一组政策变化包含两个可能的组合。尽管在政策变化之间做出直接比较是困难的，请您尽可能在同一组政策变化中选取您评价更高的一个，并对两个政策组合分别打分。

*Now, let's talk about the possible changes brought by the US-China trade war. You will be presented with 4 bundles of policy changes, and each group contains two possible combinations. Although it is difficult to make direct comparisons between different bundles of policy changes, please select the more preferred one and rate the two policy changes respectively.*

[Policy combinations are filled with one random value for each attribute.]

[The order of attributes is randomized for each respondent.]

中国对美国商品的税率 *Attribute 1 China's Tariffs on the US Goods*

(1) 提高 25% (2) 维持目前税率 (3) 降低 25%

*(1) Increase by 25% (2) Status Quo (3) Decrease by 25%*

美国对中国商品的税率 *Attribute 2 US Tariffs on the Chinese Goods*

(1) 提高 25% (2) 维持目前税率 (3) 降低 25%

*(1) Increase by 25% (2) Status Quo (3) Decrease by 25%*

中国的市场准入限制 *Attribute 3 China's Market Access*

(1) 中国不对美国企业设置任何市场准入限制 (2) 中国要求美国企业通过合资和技术转让以换取市场准入

*(1) No restriction (2) China requires US firm to exchange joint ventures and technology transfer for market access*

中国的产业补贴政策 *Attribute 4 China's Industrial Policy of High-tech Industry and Indigenous Innovation*

(1) 中国增大对高科技产业和自主创新的补贴力度 (2) 中国维持现有对高科技产业和自主创新的补贴力度 (3) 中国减少对高科技产业和自主创新的补贴力度

*China (1) increases (2) maintains (3) decreases subsidies to high-tech industries and self-innovation.*

中国的知识产权保护 *Attribute 5 China's Protection of Intellectual Property (IP)*

(1) 中国使用国内法律处理知识产权问题 (2) 中国在 WTO 框架下多边协商处理知识产权问题 (3) 中国与美国建立双边工作机制处理知识产权问题

*(1) China addresses IP issues using the domestic laws. (2) China addresses IP issues using the multilateral WTO framework. (3) China addresses IP issues using the bilateral framework with the US.*

敏感领域 (如金融, 高科技产业) 的投资限制 *Attribute 6 Investment Restriction in Sensitive Sectors*

(1) 中美双方都不开放投资 (2) 美国单方面对中国投资开放 (3) 中国单方面对美国投资开放 (4) 中美双方对等开放投资

*(1) China and the US both close investment. (2) The US unilaterally opens to China. (3) China unilaterally opens to US. (4) China and the US adopts reciprocal openness.*

中国采购美国的商品与服务 *Attribute 7 Purchase of the US products and services*

(1) 中国政府不鼓励任何采购 (2) 中国政府鼓励采购农产品和能源 (3) 中国政府鼓励采购互联网服务 (搜索、社交、云计算等) (4) 中国政府鼓励采购高科技产品和专利技术

*(1) The Chinese government makes no promotion. (2) The Chinese government promotes agricultural products and energy. (3) The Chinese government promotes internet service (e.g., searching, social media, and cloud computing). (4) The Chinese government promotes high-tech products, patents, and technology.*

**[Posttreatment Questions]**

M1 比较而言，您更希望哪一个政策得到实施？

*M1 Comparatively, which combination of policy changes do you prefer?*

M2 请分别评价两个政策。1 颗星代表您完全不希望这一政策得到实施，5 颗星代表您非常希望这一政策得到实施。

*M2 Please rate the two combinations of policy changes respectively from 1 to 5.*

**A2.2 January Wave (2019)**

第四部分：中美贸易战 *Part IV: The US-China Trade War*

**[Page 1 Background Information for All Respondents]**

欢迎您来到调查的最后一部分。本部分包含三个小节，共有 18 个问题，内容涉及中美贸易战。

*Welcome to the final part of the survey. The part has three sections and 18 questions on the US-China trade war.*

我们在下面总结了 2018 年 7 月份到现在的关键节点和重大突发事件供您参考：

*We summarize the key events since July 2018 for your reference.*

美国政府在 7 月 6 日生效的对 500 亿美元中国商品加征 25% 关税的基础上，从 9 月 24 日开始对 2000 亿美元中国商品加征 10% 关税，并计划在 2019 年 1 月 1 日从 10% 提升至 25%。

*Building on the 25% tariff on \$50 billion of Chinese imports since July 6th, the US government has imposed an additional 10% tariff on \$200 billion of Chinese imports since September 24th and planned to increase the tariff from 10% to 25% on January 1st, 2019.*

中国政府的回击包括：7 月 6 日开始，对 500 亿美元美国商品加征 25% 的关税，以及 9 月 24 日开始对 600 亿美元美国商品加征 5% 或 10% 的关税。

*The retaliation of the Chinese government includes the 25% tariff on \$50 billion of US imports from July 6th, and the 5%-10% tariff on \$60 billion of US imports from September 24th.*

12 月 1 日，习近平主席与特朗普总统在阿根廷 G20 峰会上会面。中美双方同意举行为期 3 个月的谈判以解决双方分歧。在谈判期间，美国政府同意暂缓原定于 2019 年 1 月 1 日对 2000 亿美元中国商品进一步加征关税（10% 提升至 25%）的行动。

*On December 1st, President Xi and President Trump met in the G20 Summit in Argentina. The two sides agreed to hold a three-month negotiation to resolve the dispute. During the negotiation, the US government agreed to put the planned tariff hike (the additional tariff on \$200 billion in Chinese imports starting from January 1st) on hold.*

1 月 7 日到 9 日，中国与美国结束了新一轮副部长级磋商。

*Between January 7th and 9th, China and the US completed another round of vice-ministerial level trade talks.*

**[Page 2]**

**[Pretreatment Questions]**

F1 在中美的多次交锋和博弈之后，您认为到目前为止，中国经济受到了怎样的影响？

*F1 After the multiple rounds of strategic interaction between China and the US, up to now what influence did the trade war have on China's economy?*

非常正面的影响 (5), 比较正面的影响 (4), 介于负面和正面之间的影响 (3), 比较负面的影响 (2), 非常负面的影响 (1)

*Very positive influence (5), Somewhat positive influence (4), Neither positive nor negative influence (3), Somewhat negative influence (2), Very negative influence (1)*

F2 在中美的多次交锋和博弈之后，您认为中国政府对外展示的形象是：

*F2 After the multiple rounds of strategic interaction between China and the US, in your opinion, what image did the Chinese government present to the foreign observers?*

非常强硬 (5), 比较强硬 (4), 介于妥协和强硬之间 (3), 比较妥协 (2), 非常妥协 (1)

*Very tough (5), Somewhat tough (4), Neither tough nor compliant (3), Somewhat compliant (2), Very compliant (1)*

F4 总的来说，目前为止，您对中国政府的策略怎么看？

*F4 How would you evaluate the government's strategy?*

非常满意 (5), 比较满意 (4), 介于满意与不满意之间 (3), 比较不满意 (2), 非常不满意 (1)

*Very satisfied (5), Somewhat satisfied (4), Neither satisfied nor unsatisfied (3), Somewhat unsatisfied (2), Very unsatisfied (1)*

### [Page 3]

**G** 目前，中美 90 天的贸易战休战期已经过半。接下来，中国将与美国进行更高层次的谈判。美国的要求是，中国需要在涉及经济体制的结构性改革上做出让步，最终达成的协议必须是可核查、可执行的，并有具体的时间表。如果双方不能达成协议，美国将会对 2000 亿美元中国商品进一步加征关税（10% 提升至 25%），并可能采取其他惩罚措施。

*Now, more than half of the 90-day truce between China and the US has passed and China is going to negotiate with the US at higher levels. US demands are that China shall make concessions on issues related to the structural reform of the economic system, and the final deal needs to be verifiable and enforceable and has specific time tables. If the two sides failed to reach the deal, the US will impose additional tariffs on \$200 billion of Chinese goods (from 10% to 25%) and may adopt other punishments.*

设想下面一种谈判结果：*Suppose a possible scenario of negotiation:*

**[One randomized vignette is displayed here and each sentence takes a line.]**

**Gv1** 谈判中，中方对美方的大多数要求做出了一定让步。美方对中方的让步表示非常满意，因此完全停止了对 2000 亿美元中国商品加征关税的行动。

*Gv1 In the negotiation, China makes concessions to most of US demands. The US is very satisfied with China's concessions and fully stops imposing additional tariffs on \$200 billion of the Chinese products.*

**Gv2** 谈判中，中方拒绝了美国的所有要求。美方对中方的抵抗表示强烈不满，因此维持了对 2000 亿美元中国商品加征关税的行动。

**Gv2** *In the negotiation, China refuses to make concessions to any of US demands. The US is very angry with China's resistance and continues imposing tariffs on \$200 billion of the Chinese products.*

**Gv3** 谈判中，中方拒绝了美国的所有要求。美方对中方的抵抗表示强烈不满，因此维持了对 2000 亿美元中国商品加征关税的行动。同时，美国准备实施力度更大的关税，对全部中国商品（总计约 5000 亿美元）加征关税。

**Gv3** *In the negotiation, China refuses to make concessions to any of US demands. The US is very angry with China's resistance and continues imposing tariffs on \$200 billion of the Chinese products. In addition, the US prepares for more tariffs on all the Chinese products (approximately \$500 billion in total).*

**[Posttreatment Questions]**

**G1** 基于上面的谈判结果，您预计中国经济将会受到怎样的影响？

*G1 Based on the above scenario, what influence would it have on the Chinese economy?*

非常正面的影响 (5)，比较正面的影响 (4)，介于负面和正面之间的影响 (3)，比较负面的影响 (2)，非常负面的影响 (1)

*Very positive influence (5), Somewhat positive influence (4), Neither positive nor negative influence (3), Somewhat negative influence (2), Very negative influence (1)*

**G2** 基于上面的谈判结果，您认为中国政府对外展示的形象是？

*G2 Based on the above scenario, in your opinion, what image did the Chinese government present to the foreign observers?*

非常强硬 (5)，比较强硬 (4)，介于妥协和强硬之间 (3)，比较妥协 (2)，非常妥协 (1)

*Very tough (5), Somewhat tough (4), Neither tough nor compliant (3), Somewhat compliant (2), Very compliant (1)*

**G3** 基于上面的谈判结果，您对中国政府的策略怎么看？

*G3 Based on the above scenario, how do you evaluate the government's strategy?*

非常满意 (5)，比较满意 (4)，介于满意与不满意之间 (3)，比较不满意 (2)，非常不满意 (1)

*Very satisfied (5), Somewhat satisfied (4), Neither satisfied nor unsatisfied (3), Somewhat unsatisfied (2), Very unsatisfied (1)*

**[Page 4 -7, Repeated 4 Tasks of Conjoint Experiment]**

**E** 中方贸易战策略的分析 *Evaluation of China's Strategy*

在这一小节，您将会审核 4 组中国下一步可能采取的谈判策略，每一组策略中包含两种可能的随机组合。尽管对于某些策略组合做出直接比较是困难的，请您尽可能在同一组的两个策略组合中进行比较并给出您的评价。

*In this section, you will evaluate four groups of China's possible strategies in the next step, and each group contains two possible combinations. Although it may be difficult to make direct comparisons, please try your best to compare the two combinations and tell us your evaluation.*

**[Policy combinations are filled with one random value for each attribute.]**

[The order of attributes is randomized for each respondent.]

官方声明 *Attribute 1 Official Statements*

(1) 中国政府不公开发表声明 (2) 中国政府发表声明强调会坚定捍卫中国的核心利益

(1) *The Chinese government does not make any public announcement. (2) The Chinese government makes the public announcement, emphasizing the resolve to defend China's core interests.*

对国内公众反美情绪的回应 *Attribute 2 Response to the Domestic Anti-US Sentiment*

(1) 鼓励或默许民众对美国商品的抵制和反美抗议活动 (2) 限制或禁止民众对美国商品的抵制和反美抗议活动

(1) *Encourage or give tacit consent to people's boycott of US products and anti-American protests (2) Restrict or ban people's boycott of US products and anti-American protests*

(如果谈判破裂) 对美国商品的反制措施 *Attribute 3 (If the Negotiation Failed) Countermeasures against the US Products*

(1) 不采取惩罚性措施 (2) 对美国的农产品和能源产品征收高额关税 (3) 对美国的高科技产品和消费品征收高额关税

(1) *No punishment (2) Tariffs on agricultural and energy products (3) Tariffs on high-tech and consumer products*

(如果谈判破裂) 对美国在华投资的反制措施 *Attribute 4 (If the Negotiation Failed) Countermeasures against the US Investment in China*

(1) 不采取惩罚性措施 (2) 限制美国在华投资高科技产业 (3) 限制美国在华投资服务业

(1) *No punishment (2) Restriction on high-tech industry (3) Restriction on service industry*

中方承诺的结构性改革 *Attribute 5 Structural Reform Commitments*

(1) 重申改革开放的总体性目标，不提出具体承诺 (2) 降低对外商在华投资的股权和技术转让要求并认可美方的监督权利 (3) 减少对国内高科技产业和自主创新的补贴力度并认可美方的监督权利 (4) 增加金融、互联网等服务产业的开放程度并认可美方的监督权利

(1) *Reiterating the objectives of Open and Reform without making specific promises (2) Cut joint venture and technology transfer requirements on FDI and acknowledge the US oversight (3) Reduce the subsidies to domestic firms and acknowledge the US oversight (4) Increase the openness of financial and internet service and acknowledge the US oversight*

[Posttreatment Questions]

E1 比较而言，您认为在以上两个假定的谈判策略中，哪一个策略表现了中国更为强硬的姿态？

*E1 Comparatively, which bargaining strategy above shows a more resolved posture of China?*

E2 您对以上两个假定的谈判策略怎么看？1 颗星代表非常不满意，5 颗星代表非常满意。

*E2 Please rate the two bargaining strategies respectively from 1 to 5.*

### A3 The Balance Table of Treatment Conditions

We present additional balance checks on the randomization of vignette treatments. Overall, there is no systematic difference between any two treatment groups in either wave. P-values are calculated using the one-way ANOVA test, and any significant difference between the two groups is captured by the corresponding p-value (below 0.05/0.01). Standard errors are reported in the parentheses under the group mean. Section A4 presents details on the PCA analysis and creation of composite indicators (anti-Americanism and nationalism).

Variable	Giving-In-Directly (N = 522)	Cheap-Talk (N = 526)	Giving-In-After-Tariff (N = 521)	Standing-Firm (N = 526)	p-value
Age	4.057 (2.141)	4.152 (2.164)	4.111 (2.146)	4.198 (2.084)	0.746
Male	0.538 (0.499)	0.519 (0.500)	0.553 (0.498)	0.549 (0.498)	0.690
Party Member	0.201 (0.401)	0.221 (0.415)	0.217 (0.413)	0.245 (0.431)	0.386
SOE or Gov Employee	0.284 (0.451)	0.340 (0.474)	0.307 (0.462)	0.302 (0.460)	0.249
Income	5.665 (1.655)	5.799 (1.561)	5.734 (1.573)	5.748 (1.609)	0.604
Edu: Bachelor	0.634 (0.482)	0.671 (0.470)	0.639 (0.481)	0.633 (0.482)	0.526
Edu: Graduate or Above	0.092 (0.289)	0.074 (0.262)	0.100 (0.300)	0.106 (0.309)	0.304
Oppose Challenging Government	2.864 (1.188)	2.865 (1.185)	2.810 (1.087)	2.800 (1.146)	0.704
Oppose Government Censorship	4.046 (0.782)	4.125 (0.785)	4.054 (0.734)	4.049 (0.791)	0.284
China-US Power Balance	2.264 (1.074)	2.186 (1.099)	2.098 (0.981)	2.156 (1.008)	0.074
Important US Products	0.155 (0.362)	0.186 (0.390)	0.182 (0.386)	0.183 (0.387)	0.526
Anti-Americanism	0.019 (1.599)	-0.125 (1.548)	0.043 (1.608)	0.078 (1.596)	0.176
Nationalism	0.023 (1.725)	-0.147 (1.724)	0.040 (1.795)	0.101 (1.805)	0.125
Interests in Political News	-0.026 (1.553)	0.036 (1.577)	0.052 (1.485)	-0.031 (1.625)	0.761

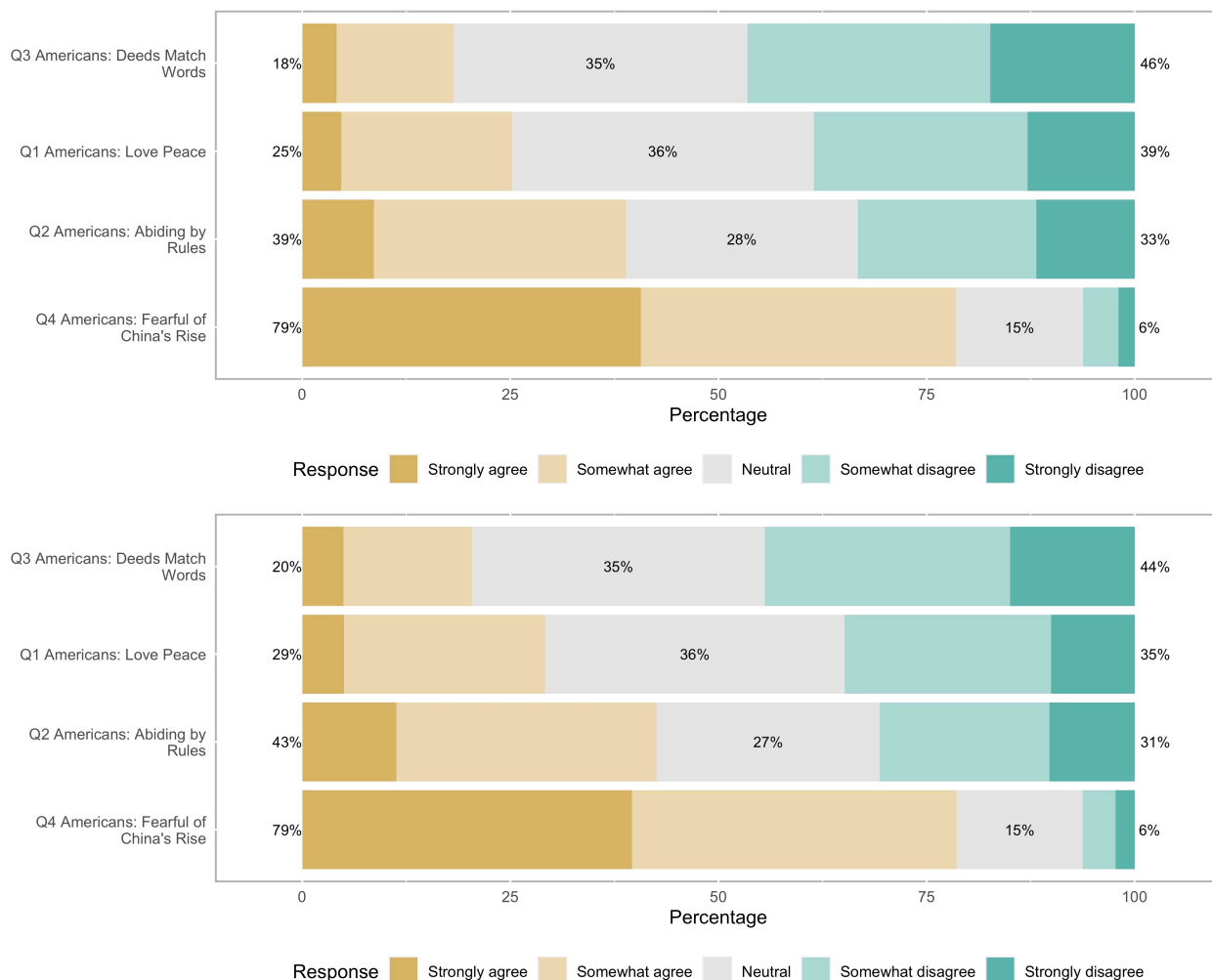
Table A.9: Balance Table, August Wave

Variable	Giving-In-After-Tariff (N = 465)	Standing-Firm (N = 464)	Standing-Firm All Tariffed (N = 469)	p-value
Age	4.073 (2.139)	3.942 (2.103)	4.209 (2.187)	0.164
Male	0.576 (0.495)	0.543 (0.499)	0.552 (0.498)	0.574
Party Member	0.198 (0.399)	0.198 (0.399)	0.177 (0.382)	0.639
SOE or Gov Employee	0.316 (0.465)	0.302 (0.460)	0.294 (0.456)	0.762
Income	5.731 (1.601)	5.786 (1.509)	5.833 (1.495)	0.605
Edu: Bachelor	0.690 (0.463)	0.677 (0.468)	0.672 (0.470)	0.819
Edu: Graduate or Above	0.071 (0.257)	0.084 (0.278)	0.077 (0.266)	0.756
Oppose Challenging Government	2.804 (1.117)	2.787 (1.084)	2.859 (1.150)	0.585
Oppose Government Censorship	4.011 (0.778)	4.028 (0.765)	4.000 (0.816)	0.860
China-US Power Balance	2.232 (1.092)	2.239 (1.025)	2.109 (1.008)	0.099
Important US Products	0.196 (0.397)	0.174 (0.380)	0.200 (0.401)	0.565
Anti-Americanism	-0.120 (1.578)	0.147 (1.525)	-0.027 (1.573)	0.031*
Nationalism	-0.098 (1.844)	0.151 (1.704)	-0.052 (1.709)	0.071
Interests in Political News	0.041 (1.433)	-0.099 (1.568)	0.058 (1.463)	0.212

Table A.10: Balance Table, January Wave

## A4 Composite Indicators of Anti-Americanism and Nationalism

As mentioned in the main text, we use respondents’ latent attitudes toward the US (pre-treatment) to extrapolate their heterogeneous preferences for the government’s bargaining strategy in the trade war (posttreatment). In the subgroup analysis, we label those who showed relatively strong anti-American sentiment as hawks (who would prefer to stand firm and to resist US demands) and those who showed relatively weak anti-American sentiment as doves (who would prefer to de-escalate and to cooperate with the US). In this section, we provide details about the composite indicator.



Upper Graph: August Wave, Lower Graph: January Wave

Fig. A.3: Attitudes toward the US (Ordered by Positive Ratios)

Figure A.3 shows the distribution of respondents’ attitudes toward Americans in the set of four questions used for the principal component analysis (identical for the August and January waves). As Figure A.3 suggests, there are some significant variations in responses, and only in one question (“Americans are fearful of China’s rise”), respondents displayed overwhelmingly unfavorable views toward Americans (79% negative).

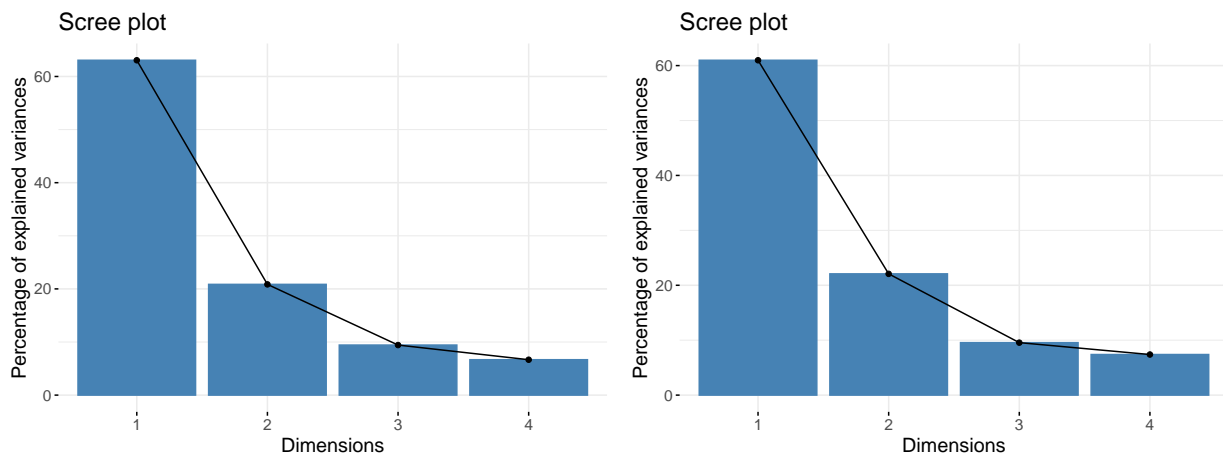


As mentioned in the main text, we use the principal component analysis (PCA) to extract a single composite indicator for respondents’ latent attitudes toward the US (i.e., dimension reduction). Before implementing the PCA, the original data is rescaled and re-centered such that all variables have zero mean and unit variance. In Table A.11, we present the main PCA outputs for August and January wave respectively (function `prcomp` in R). **PC** stands for the principal components, and we list three primary PCs represented by their eigenvectors of loadings respectively. The PCs are in unit normalization and the sum of the squared loadings is equal to 1 for each column/PC. A larger value (could be either positive or negative) suggests that the variable contributes more to the corresponding column/PC.

Variable (Question)	Aug Wave			Jan Wave		
	PC1	PC2	PC3	PC1	PC2	PC3
Q1 (Americans: Words Match Deeds)	-0.533	-0.170	0.829	-0.544	0.143	-0.816
Q2 (Americans: Love Peace)	-0.547	-0.268	-0.415	-0.555	0.252	0.297
Q3 (Americans: Abiding by Rules)	-0.561	-0.114	-0.376	-0.563	0.091	0.495
Q4 (Americans: Fearful of China’s Rise)	0.320	-0.942	0.014	0.283	0.953	-0.003

PC: Principal component. The original variables are rescaled and centered at 0.

Table A.11: PCA Analysis: Anti-American Sentiment



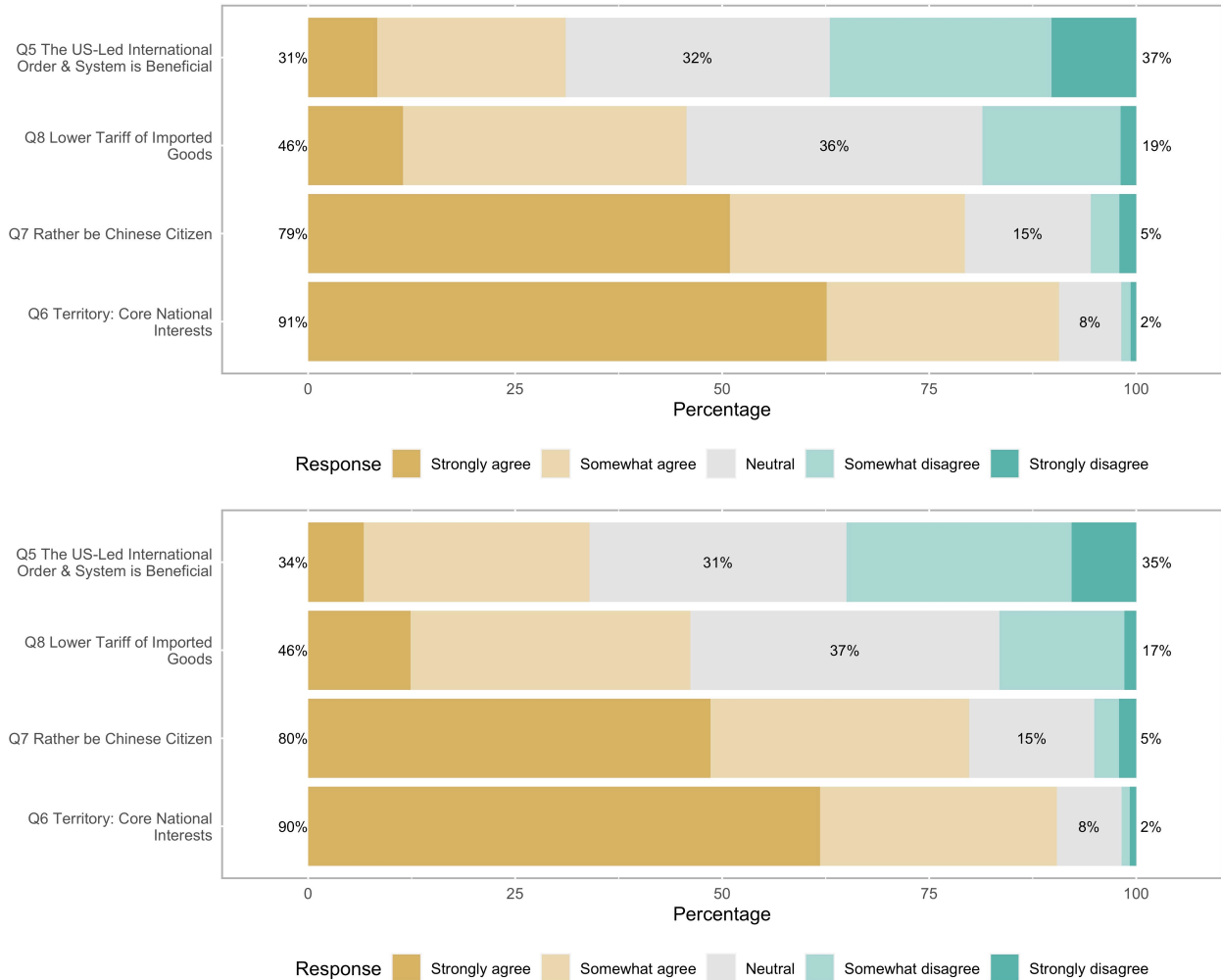
Left: August Wave, Right: January Wave

Fig. A.4: Percentage of Variances Explained by PCs

In Figure A.4 (the scree plot), we can observe that the first PC (PC1) is very powerful and explains about 60% of the total variance, while the second PC (PC2) explains only 20% (PC3 and PC4 explain around 10% respectively). Given the explanatory power of PC1, we use PC1 to extract a single composite indicator that represents respondents’ latent anti-American sentiment.<sup>1</sup> As Table A.11 shows, the direction of loadings of PC1 is intuitive: Respondents who gave affirmative answers to the favorable impressions of Americans (Q1-Q3) and negative answers to the unfavorable impressions of Americans (Q4) had

<sup>1</sup>Another rule of thumb (the Kaiser-Harris Principle) is to keep PCs having eigenvalues greater than 1, and we again find that only PC1’s eigenvalue is stably greater than 1.

weaker anti-American sentiment.<sup>2</sup> We multiply the loadings of PC1 with the re-centered and rescaled variables and calculate the corresponding PC scores (the composite indicator) for each respondent. We further dichotomize the composite indicator (a continuous variable) by its sample mean and create two subgroups of hawks and doves respectively. One thing to note is that the classification of hawks and doves is merely based on respondent’s attitudes relative to the sample mean of the August/January wave respectively.



Upper Graph: August Wave, Lower Graph: January Wave

Fig. A.5: Additional Questions related to Nationalism (Ordered by Positive Ratios)

We also combine anti-Americanist sentiment with other facets of political attitudes toward free trade, territory, the pride of national identity, and the evaluation of the US-led international order & system to create a broader indicator of nationalism. The composition of the indicator manifests the common perception that nationalism has positive (pride in the national identity, defense of territorial integrity, and protection of domestic market)

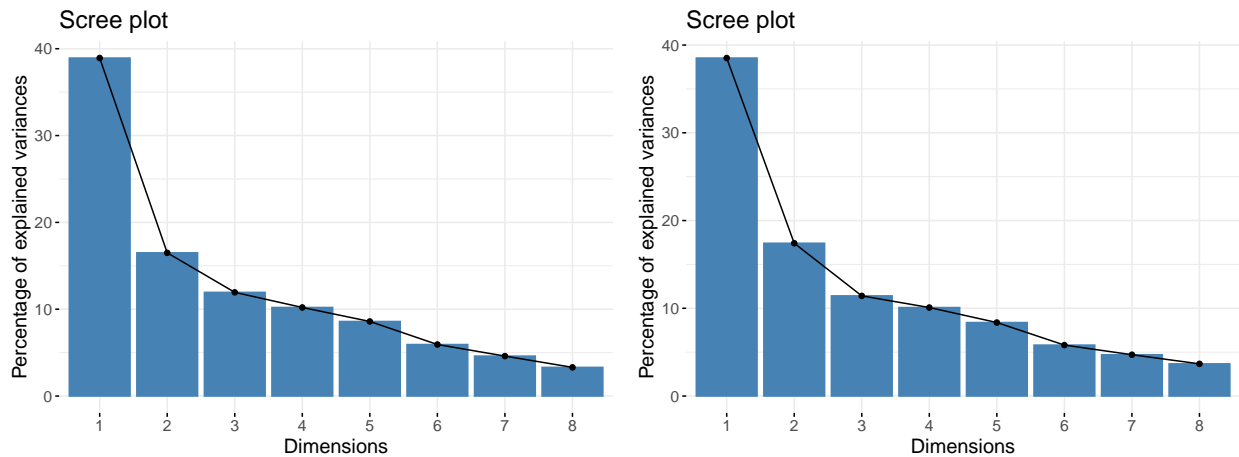
<sup>2</sup>The reverse-coded Q4 suggests that respondents tried to understand all the items and gave replies consistent with their latent preferences.

Variable (Question)	Aug Wave			Jan Wave		
	PC1	PC2	PC3	PC1	PC2	PC3
Q1 (Americans: Words Match Deeds)	-0.435	0.257	0.276	-0.440	0.276	-0.183
Q2 (Americans: Love Peace)	-0.459	0.201	0.253	-0.444	0.275	-0.232
Q3 (Americans: Abiding by Rules)	-0.477	0.181	0.214	-0.470	0.191	-0.182
Q4 (Americans: Fearful of China's Rise)	0.304	0.230	-0.005	0.291	0.358	0.028
Q5 (US-Led Intl' Order & System: Beneficial)	-0.273	0.275	-0.459	-0.308	0.205	0.231
Q6 (Lower Tariffs on Imports)	0.287	0.583	0.099	0.280	0.574	0.061
Q7 (Rather Be Chinese)	0.273	0.604	0.062	0.283	0.548	-0.072
Q8 (Territory: Core National Interests)	-0.220	0.167	-0.768	-0.223	0.107	0.904

PC: Principal component. The original variables are rescaled and centered at 0.

Table A.12: PCA Analysis: Nationalism

and negative aspects (distrust and antipathy toward outsiders). Figure A.5 shows the distribution of responses to additional questions. Table A.12 shows the PCA outputs, and Figure A.6 is the corresponding scree plot. Although the explanatory power of the first PC is comparatively much lower (around 40%), we still view it as providing the most important information about the nationalist preference in the single dimension. We plot the composite indicators of anti-Americanism/nationalism for each respondent in Figure A.7 and find a strong positive correlation. To test for the robustness of empirical findings, we use the measurement of nationalism in the supplementary part of survey analysis and present additional interaction effects (see Section A5.2).



Left: August Wave, Right: January Wave

Fig. A.6: Percentage of Variances Explained by PCs

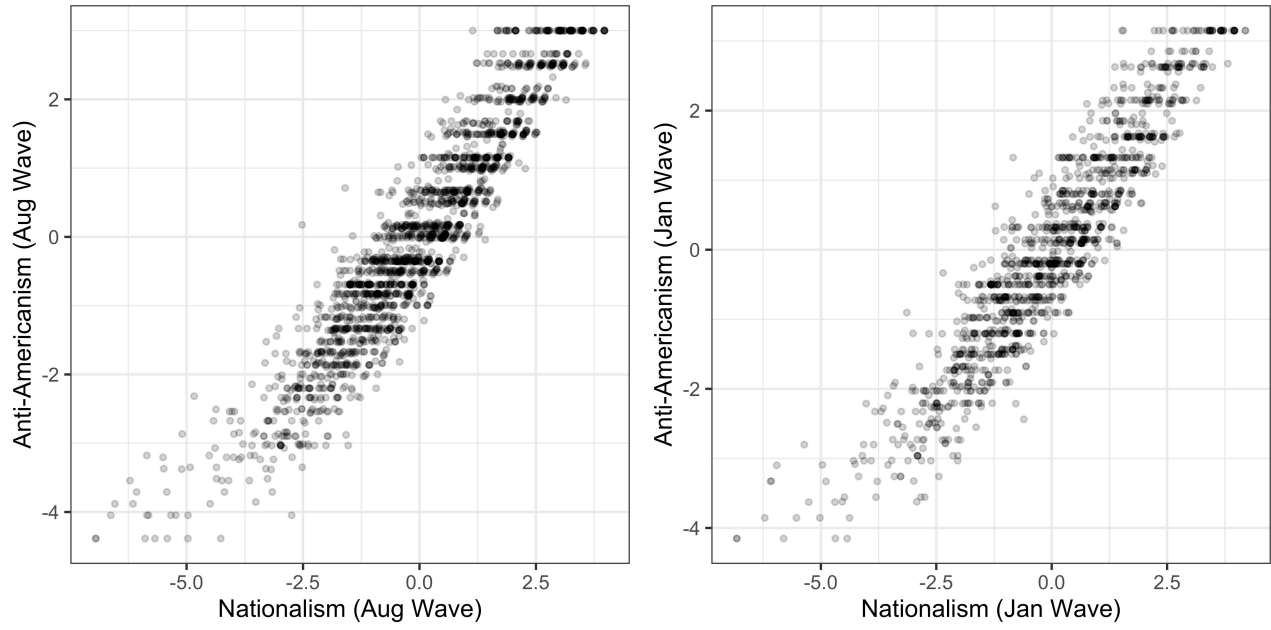


Fig. A.7: Scatter Plots of Individual Nationalism and Anti-Americanism

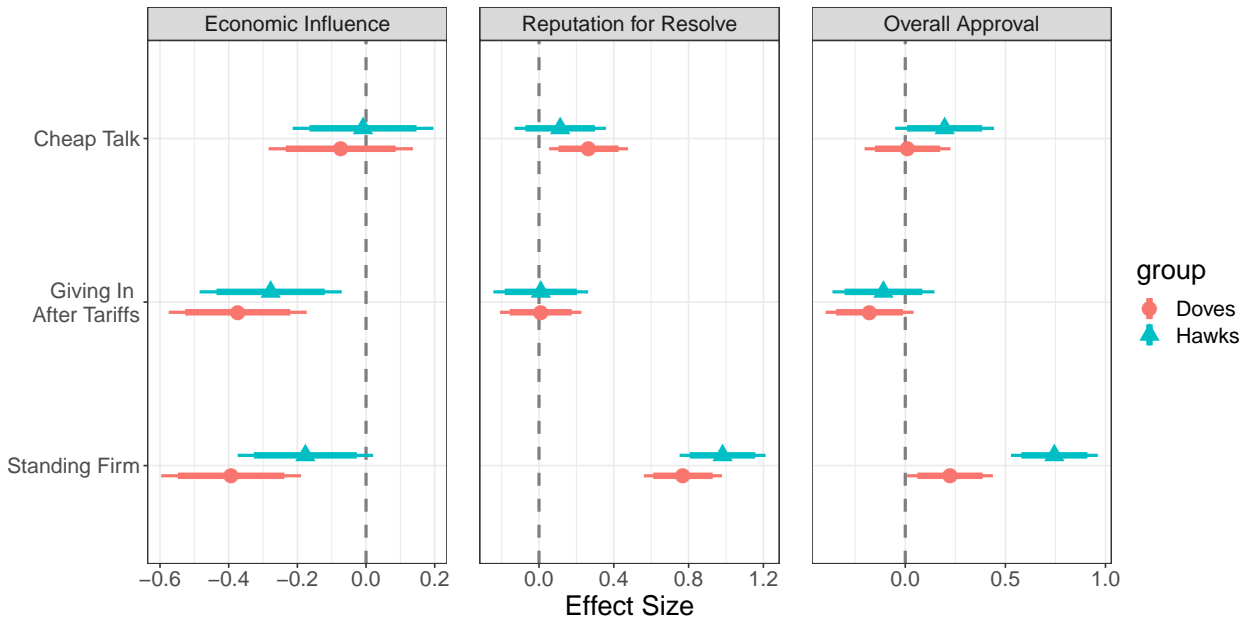
## A5 Supplementary Analysis of Survey Data

In this section, we provide supplementary information about survey analysis and robustness checks as follows. First, we show the ATEs on the posttreatment attitudes for subgroups (hawks vs. doves). Second, we present full regression results on respondents' approval of the government conditional on hypothetical bargaining scenarios. Supplementary to the subgroup analysis, we also add interaction terms between the treatment and individual political attitudes (e.g., anti-Americanism/nationalism) and re-examine the heterogeneous treatment effects. Third, we discuss model assumptions of causal mediation analysis and re-estimate the mediation effects using the conventional Structural Equation Model (SEM). Fourth, we examine the core identifying assumption of causal mediation analysis, including robustness to additional controls and sensitivity tests of pretreatment confounders, the independence of causal mechanisms, and alternative mediation channels. Fifth, we examine the sensitivity of results to different non-linear functions. Sixth, we replicate the main results using the subgroup of revisited respondents across the two waves and re-examine the temporal changes in public attitudes. Seventh, we analyze respondents' attitudes toward the state's cheap talk and control of media reports and nationalist activism during the trade war. Eighth, we present additional information about respondents' preferences for bargaining outcomes in the August wave (2018) using the conjoint experimental design.

### A5.1 ATEs on Posttreatment Attitudes (Doves vs. Hawks)

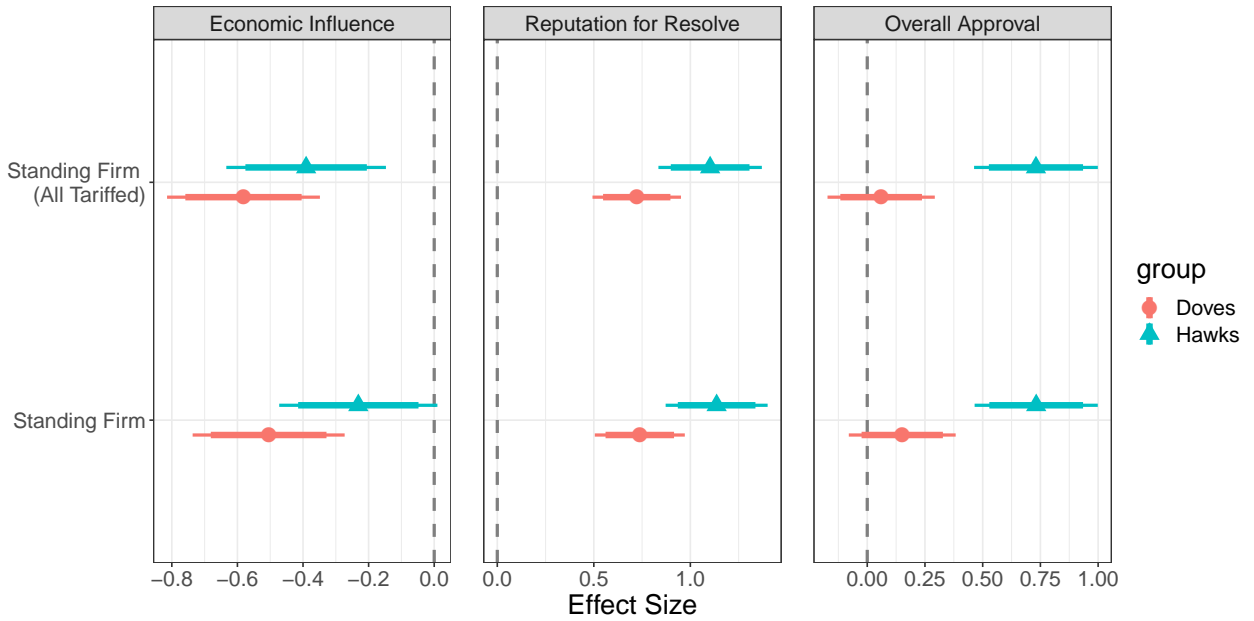
We present the average treatment effects on posttreatment attitudes in Figures A.8 and A.9 for the subgroups of hawks and doves respectively. The error bars represent the 95% and 99% confidence intervals.

In the main text, we test the heterogeneous mediation effects (**H4**) based on the expectation that hawks (doves) were more (less) supportive of the government's standing firm. Consistent with the mediation analysis in Table 2 in the main text, Figures A.8 and A.9 show that relative to hawks, doves were more sensitive to the negative economic impact when the trade war escalated yet showed lesser concerns about the state's reputation for resolve when China backed down. In the January wave, doves valued the reputation for resolve but recognized the negative economic consequences. Taking into account the two causal mechanisms, we find that doves showed no difference in their approval between the government's standing firm (with and without information about additional tariffs on all Chinese goods) and backing down. The ATEs reaffirm the findings based on the causal mediation analysis in the main text.



Hawks (N = 1025) and Doves (N = 1085)

Fig. A.8: ATE on Posttreatment Attitudes (August Wave)



Hawks (N = 674) and Doves (N = 724)

Fig. A.9: ATE on Posttreatment Attitudes (January Wave)

## A5.2 Full Regression Results on Public Approval of the Government

We present the full regression results of the ATEs on the approval of the government’s strategy in Tables A.13 and A.14. We use the same baseline group for each set of regressions (giving-in-directly in the August wave and backing-down-after-tariffs in the January wave).

Column 1 of Tables A.13 and A.14 shows the ATEs (Figures 3 and 4 in the main text). In Column 2, we add two additional pretreatment variables of political attitudes: How strongly respondents opposed citizens’ actions challenging the government’s authority, and how strongly respondents opposed government censorship should major social events happen.<sup>3</sup> Intuitively, respondents who more strongly opposed challenging the authoritarian rule (pretreatment) tended to express much stronger approval of the government’s strategy in the trade war (posttreatment) irrespective of their treatment assignment. Including the two variables does not substantively change the results but improves  $R^2$ . Furthermore, it does not change the ACMEs if the two variables are included in the causal mediation analysis as control variables (also see the discussions in Section A5.4 and Table A.17). As for other covariates, we find suggestive evidence that female respondents and party members tended to display a higher degree of approval, and more educated respondents tended to display a lower degree of approval.

From Column 3 to 6, we add full interaction terms and examine the heterogeneous treatment effect conditional on anti-Americanism, nationalism, and self-perceived importance of US imports.<sup>4</sup> Section A4 presents the creation of composite indicators of anti-Americanism and nationalism. In Column 3, we use the anti-American sentiment as the moderator and find that respondents holding strong anti-American sentiment displayed significantly higher approval if China stood firm. In Column 4, we use the dichotomous indicator of respondents’ self-reported importance of US imports as the moderator. It appears that respondents who valued the US products more displayed lower approval if China stood firm. In Column 5, we add the two interaction terms together into the model and have consistent results. Some coefficients of interaction terms are less significant as a result of multicollinearity (e.g., people who distrust the US would also deem US products as unimportant). And in Column 6, we use the alternative measurement of nationalism and still find that more nationalistic respondents showed stronger support for the government when China stood firm.

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<sup>3</sup>The two statements are framed as follows: “As the government generally turns out to be right about things, citizens’ criticism or oversight of the government’s policies are not helpful but rather create social disorder. (政府做出的决定通常是正确的，公民批评或是监督政府的决策是没有帮助的，反而会造成社会混乱。)” and “When major social events concerning public interests take place, the government should open the floor to the public discussion instead of repressing all the negative views. (在发生涉及公众利益的重大社会事件时，政府应该放开民众讨论而非一味压制负面意见。)” Respondents then chose from “Strongly agree” to “Strongly disagree” on the 5-point scale. There are noticeable overlaps between the two questions as both are related to the individual preference for transparency and government accountability. Adding one indicator alone in the regression increases the significance of coefficients without changing their direction.

<sup>4</sup>The question about the self-perceived importance of US products is framed as follows: “Suppose that due to certain reasons, you cannot purchase US products. What kind of impact would it have on your daily life? (如果由于某些原因，您不能购买美国企业生产的商品。您认为这会对您的生活产生怎样的影响?)” We label respondents who replied “Very negative” or “Somewhat negative” as those viewing US products as important.

	<i>Outcome variable:</i>					
	Approval of the Government					
	(1)	(2)	(3)	(4)	(5)	(6)
Cheap Talk	0.095 (0.063)	0.097 (0.060)	0.095 (0.060)	0.138* (0.066)	0.128+ (0.065)	0.128* (0.065)
Giving In After Tariffs	-0.144* (0.065)	-0.132* (0.063)	-0.134* (0.062)	-0.083 (0.069)	-0.088 (0.068)	-0.086 (0.068)
Standing Firm	0.484** (0.059)	0.498** (0.057)	0.483** (0.056)	0.573** (0.061)	0.521** (0.061)	0.493** (0.060)
Anti-Americanism			-0.040 (0.028)		-0.028 (0.028)	
Nationalism						-0.008 (0.027)
Important US Products				0.201+ (0.119)	0.157 (0.119)	0.180 (0.119)
Cheap Talk X Anti-Americanism			0.050 (0.040)		0.036 (0.041)	
Giving In After Tariffs X Anti-Americanism			0.037 (0.042)		0.018 (0.042)	
Standing Firm X Anti-Americanism			0.204** (0.038)		0.188** (0.038)	
Cheap Talk X Nationalism						0.037 (0.038)
Giving In After Tariffs X Nationalism						0.006 (0.040)
Standing Firm X Nationalism						0.215** (0.034)
Cheap Talk X Important US Products				-0.255 (0.163)	-0.204 (0.164)	-0.198 (0.164)
Giving In After Tariffs X Important US Products				-0.298+ (0.163)	-0.272 (0.166)	-0.286+ (0.168)
Standing Firm X Important US Products				-0.438** (0.164)	-0.226 (0.156)	-0.125 (0.151)
Oppose Challenging Government		0.222** (0.019)	0.220** (0.019)	0.222** (0.019)	0.221** (0.019)	0.217** (0.019)
Oppose Censorship		-0.053+ (0.028)	-0.044 (0.028)	-0.050+ (0.029)	-0.043 (0.028)	-0.038 (0.028)
Age	-0.022 (0.043)	-0.041 (0.042)	-0.045 (0.042)	-0.046 (0.042)	-0.049 (0.042)	-0.047 (0.041)
Age-sq	-0.00004 (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)
Male	-0.165** (0.044)	-0.120** (0.043)	-0.119** (0.043)	-0.120** (0.043)	-0.122** (0.043)	-0.124** (0.043)
Edu: Associate Degree	-0.135 (0.095)	-0.093 (0.092)	-0.085 (0.092)	-0.086 (0.093)	-0.080 (0.093)	-0.073 (0.093)
Edu: Bachelor Degree	-0.244** (0.091)	-0.181* (0.089)	-0.162+ (0.088)	-0.171+ (0.089)	-0.155+ (0.089)	-0.140 (0.088)
Edu: Master Degree or Above	-0.182 (0.116)	-0.109 (0.114)	-0.081 (0.114)	-0.094 (0.114)	-0.071 (0.114)	-0.058 (0.113)
Regime Insider	0.071 (0.051)	0.045 (0.050)	0.052 (0.050)	0.042 (0.051)	0.052 (0.051)	0.053 (0.050)
Party Member	0.256** (0.055)	0.234** (0.053)	0.232** (0.053)	0.231** (0.053)	0.231** (0.053)	0.229** (0.052)
Childhood Residence: Small City	-0.092 (0.071)	-0.114 (0.069)	-0.112 (0.070)	-0.119+ (0.069)	-0.115+ (0.070)	-0.105 (0.069)
Childhood Residence: Metropolitan	-0.003 (0.074)	-0.056 (0.073)	-0.054 (0.072)	-0.058 (0.073)	-0.055 (0.073)	-0.038 (0.072)
Current Residence: Small City	-0.320* (0.143)	-0.301* (0.140)	-0.299* (0.144)	-0.293* (0.142)	-0.299* (0.145)	-0.323* (0.143)
Current Residence: Metropolitan	-0.325* (0.146)	-0.292* (0.142)	-0.287* (0.145)	-0.286* (0.144)	-0.289* (0.146)	-0.314* (0.145)
Income	0.018 (0.016)	0.024 (0.016)	0.023 (0.016)	0.025 (0.016)	0.024 (0.016)	0.020 (0.015)
Constant	3.820** (0.216)	3.285** (0.240)	3.238** (0.240)	3.216** (0.242)	3.204** (0.241)	3.202** (0.238)
No. Obs	2072	2072	2072	2072	2072	2072
Adj R <sup>2</sup>	0.083	0.146	0.162	0.148	0.162	0.177

Note: +p<0.1; \*p<0.05; \*\*p<0.01. Robust standard errors in parentheses. Provincial dummies are omitted for simplicity.

Table A.13: Treatment Effects on Overall Approval (August Wave)

In the replication files attached to the Online Appendix, we include other pretreatment variables, e.g., respondents' attentiveness to political news, perceptions of the US-China



	<i>Outcome variable:</i>					
	Approval of the Government					
	(1)	(2)	(3)	(4)	(5)	(6)
Standing Firm	0.405** (0.066)	0.411** (0.064)	0.401** (0.063)	0.502** (0.069)	0.455** (0.069)	0.430** (0.068)
Standing Firm (All Goods Tariffed)	0.364** (0.069)	0.352** (0.066)	0.365** (0.065)	0.418** (0.074)	0.387** (0.073)	0.366** (0.072)
Anti-Americanism			-0.092** (0.034)		-0.098** (0.035)	
Nationalism						-0.067* (0.031)
Important US Products				0.031 (0.121)	-0.082 (0.123)	-0.074 (0.124)
Standing Firm X Anti-Americanism			0.223** (0.046)		0.204** (0.047)	
Standing Firm (All Goods Tariffed) X Anti-Americanism			0.221** (0.046)		0.216** (0.047)	
Standing Firm X Nationalism						0.210** (0.042)
Standing Firm (All Goods Tariffed) X Nationalism						0.251** (0.041)
Standing Firm X Important US Products				-0.513** (0.174)	-0.293 (0.178)	-0.215 (0.178)
Standing Firm (All Goods Tariffed) X Important US Products				-0.314+ (0.171)	-0.096 (0.168)	0.014 (0.166)
Oppose Challenging Government		0.201** (0.027)	0.203** (0.026)	0.194** (0.026)	0.197** (0.026)	0.196** (0.025)
Oppose Censorship		-0.080* (0.035)	-0.077* (0.034)	-0.074* (0.035)	-0.071* (0.035)	-0.062+ (0.034)
Age	-0.153** (0.054)	-0.175** (0.052)	-0.191** (0.051)	-0.189** (0.051)	-0.196** (0.050)	-0.199** (0.049)
Age-sq	0.014* (0.006)	0.016** (0.005)	0.019** (0.005)	0.018** (0.005)	0.019** (0.005)	0.020** (0.005)
Male	-0.083 (0.055)	-0.048 (0.053)	-0.067 (0.053)	-0.039 (0.053)	-0.058 (0.052)	-0.067 (0.052)
Edu: Associate Degree	-0.093 (0.122)	-0.068 (0.119)	-0.103 (0.119)	-0.088 (0.118)	-0.109 (0.118)	-0.113 (0.118)
Edu: Bachelor Degree	-0.116 (0.116)	-0.080 (0.113)	-0.060 (0.112)	-0.080 (0.112)	-0.063 (0.111)	-0.052 (0.111)
Edu: Master Degree or Above	-0.264+ (0.150)	-0.198 (0.152)	-0.183 (0.150)	-0.201 (0.151)	-0.186 (0.149)	-0.185 (0.149)
Regime Insider	-0.037 (0.064)	-0.039 (0.062)	-0.016 (0.061)	-0.040 (0.061)	-0.021 (0.061)	-0.013 (0.060)
Party Member	0.183* (0.072)	0.133+ (0.071)	0.115+ (0.069)	0.129+ (0.070)	0.114+ (0.069)	0.107 (0.068)
Childhood Residence: Small City	-0.123 (0.092)	-0.140 (0.090)	-0.121 (0.089)	-0.121 (0.090)	-0.109 (0.088)	-0.100 (0.087)
Childhood Residence: Metropolitan	-0.145+ (0.088)	-0.179* (0.086)	-0.187* (0.084)	-0.167+ (0.085)	-0.177* (0.083)	-0.159+ (0.082)
Current Residence: Small City	0.277 (0.204)	0.256 (0.197)	0.266 (0.203)	0.282 (0.195)	0.284 (0.202)	0.270 (0.198)
Current Residence: Metropolitan	0.372+ (0.203)	0.376+ (0.194)	0.406* (0.200)	0.405* (0.192)	0.425* (0.199)	0.405* (0.194)
Income	0.014 (0.021)	0.013 (0.020)	0.014 (0.020)	0.018 (0.020)	0.017 (0.020)	0.017 (0.020)
Constant	3.469** (0.309)	3.243** (0.325)	3.193** (0.327)	3.174** (0.326)	3.169** (0.327)	3.153** (0.324)
No. Obs	1378	1378	1378	1378	1378	1378
Adj R <sup>2</sup>	0.034	0.090	0.121	0.104	0.127	0.153

Note: +p<0.1; \*p<0.05; \*\*p<0.01. Robust standard errors in parentheses. Provincial dummies are omitted for simplicity.

Table A.14: Treatment Effects on Overall Approval (January Wave)

power balance, and types of occupations (some are more vulnerable to US sanctions). Adding these variables (including interaction terms with the treatment dummies) into regression models does not substantively change the results displayed in Tables A.13 and A.14.

### A5.3 Non-parametric Assumption, Structural Equation Model, and Interactive Effect of Mediators

In the main text, we estimate the ACMEs under the non-parametric framework (Imai, Keele and Tingley, 2010; Imai, Keele and Yamamoto, 2010). The causal mediation effect is defined as:

$$\delta_i(t) = Y_i(t, M_i(1)) - Y_i(t, M_i(0)) \quad (1)$$

for  $t = 0, 1$ .  $\delta_i(t)$  is the change of outcome variable if one changes the mediator from the value that would be realized under the control condition  $M_i(0)$  to the value that would be observed under the treatment condition  $M_i(1)$ , while holding the treatment status constant at  $t$ . The parameters we focus on are the average causal mediation effects (ACMEs):

$$\bar{\delta}(t) = E[\delta_i(t)] = E[Y_i(t, M_i(1)) - Y_i(t, M_i(0))] \quad (2)$$

Given the Sequential Ignorability Assumption,<sup>5</sup> the distribution function of  $f(M|t)$  and  $f(Y|M, t)$  can be identified. One may construct counterfactuals and estimate the ACMEs (Eq. 2). The non-parametric framework can be extended to a multitude of functional forms. As the special (and the simplest) case, one may write the potential outcome under the Linear Structural Equation Model (LSEM) as the following system of linear equations ( $T_i$  denotes the treatment status, and  $X_i$  denotes pretreatment covariates):

$$\begin{aligned} Y_i &= \alpha_1 + \beta_1 T_i + \theta_1 X_i + \epsilon_{i1} \\ M_i &= \alpha_2 + \beta_2 T_i + \theta_2 X_i + \epsilon_{i2} \\ Y_i &= \alpha_3 + \beta_3 T_i + \gamma M_i + \theta_3 X_i + \epsilon_{i3} \end{aligned} \quad (3)$$

For the LSEM, mean-zero error terms representing the cumulative effects of omitted variables should satisfy the condition:  $cov(\epsilon_2, \epsilon_3) = 0$ , i.e., no unobserved variable affects both  $M$  and  $Y$  (Bullock, Green and Ha, 2010).<sup>6</sup> As proved by Imai, Keele and Yamamoto (2010), the Sequential Ignorability Assumption enables the identification of the ACME under the LSEM. With the linearity and no-interaction assumptions implied by the standard LSEM equations along with sequential ignorability, one may calculate the causal mediation effect using the conventional LSEM estimator, i.e., the product of coefficients:

$$\bar{\delta}(t) = E[Y_i(t, M_i(1)) - Y_i(t, M_i(0))] = \beta_2 \gamma \quad (4)$$

For comparison, in Table A.15 we replicate the main results (Table 1 in the main text) with the conventional LSEM estimators using the R package lavaan. The **SEM** function in the lavaan package allows the inclusion of multiple mediators in a single model. Same with the previous mediation analysis, we report the indirect treatment effect transmitted via the

---

<sup>5</sup>The assumption has two parts: 1) The treatment assignment is ignorable given observed pretreatment confounders (usually guaranteed by the randomization of treatments), and 2) The mediator is ignorable given the treatment and observed pretreatment confounders (a strong assumption that cannot be directly tested and may not hold in randomized experiments).

<sup>6</sup>Using the Baron-Kenny procedure, the estimator of  $\beta_3$  is  $\beta_3 - \beta_2 \frac{cov(\epsilon_{i2}, \epsilon_{i3})}{var(\epsilon_{i2})}$  and the estimator of  $\gamma$  is  $\gamma + \frac{cov(\epsilon_{i2}, \epsilon_{i3})}{var(\epsilon_{i2})}$ . Both are biased if  $cov(\epsilon_2, \epsilon_3) \neq 0$ .

mediator to the outcome (approval of the government’s strategy) and manually calculate the proportion being mediated by dividing the indirect effect by the total effect. The same set of demographic controls in the causal mediation analysis is also included, and we can observe that the new estimates using the conventional LSEM tools do not substantively vary from the main results. In the replication document, we include additional controls for pretreatment political attitudes (e.g., opposing the authoritarian government and censorship, nationalist sentiment, self-perceived importance of US products), which do not make substantive differences under the LSEM framework (see discussions in Section A5.4).

	August Wave (2018)						
	Reputation for Resolve			Economic Influence			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Outcome: Approval of Government Strategy	Parameter	IE	PM (%)	Parameter	IE	PM (%)	DE
Cheap Talk – Giving In Directly	$\alpha$	0.088**	131.3	0	-0.013	-19.9	-0.008
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.016	-10.5	$s$	-0.086**	56.6	-0.082
Standing Firm – Giving In Directly	$r$	0.417**	88.2	$s + f(v_{CN})$	-0.070**	-14.8	0.126*
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.440**	70.8	$f(v_{CN})$	0.009	1.4	0.171**

	January Wave (2019)						
	Reputation for Resolve			Economic Influence			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Outcome: Approval of Government Strategy	Parameter	IE	PM (%)	Parameter	IE	PM (%)	DE
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.342**	92.7	$f(v_{CN})$	-0.191**	-51.8	0.217**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.403**	98.8	$f(v_{CN})$	-0.155**	-38.0	0.160**

Note: Huber-White standard errors, +  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the indirect effect (IE) and the total effect have opposite directions.

Table A.15: Causal Mediation Analysis, SEM

One advantage of the conventional LSEM is that it allows multiple mediators in the same outcome equation and we can calculate the Direct Effects (DE) conditional on multiple causal mechanisms. In Column 7 of Table A.15, we report DEs after including the two mediators. To recap, Total Effect = DE + IE. The magnitude of DEs is mostly smaller than or equal to that of IEs through the mediators. The direction of DEs also suggests that respondents strongly disfavored backing down to standing firm. In the main text, we discussed possible explanations based on emotional motives rooted in respondents’ instincts: they held entrenched distrust of the US and impulsively detested backing down under US coercion. If this explanation is powerful, we should observe respondents’ tendency to oppose backing down despite possible situational changes. This is exactly what the results in Table A.15 show: when comparing scenarios between standing firm throughout the bargaining and giving in after US tariffs, the DEs are between 0.16 and 0.22 and consistently significant across the August and January waves.

In the main text, we propose that a second reason for large direct effects is the misspecification of the linear model. There are possible interactive effects between respondents’ reputational concerns and economic losses. We present additional tests of the interdependence of the two mechanisms in Section A5.5, and we argue that it is difficult to imagine that respondent made some sophisticated higher-order thinking of the interactive effects. With the SEM, we propose an empirical approach (an example is shown below). In the outcome equation, we include an additional interaction term between these two mediators. We define the mediation effect through this interaction term: multiplying the coefficients

of the treatment effect in the two mediation equations and the coefficient of the interaction term in the outcome equation. We find that the mediation effects through the interaction terms are small and insignificant, while the mediation effects of the two main mediators do not substantively change. We relegate the results to the replication materials and conclude that the original linear models are highly robust.

A simple example of a two-mediator model with interactive effects using R lavaan:

```

outcome ~ b1 * mediator1 + b2 * mediator2 + int1 * mediator1:mediator2 + c * treatment
mediator1 ~ a1 * treatment
mediator2 ~ a2 * treatment
indirect1 := a1 * b1
indirect2 := a2 * b2
direct := c
interactive := int1 * a1 * a2
total := c + (a1 * b1) + (a2 * b2) + int1 * a1 * a2
mediator1 ~~ mediator2

```

#### A5.4 Pretreatment Controls and Sensitivity Analysis for Pretreatment Confounders

We discuss the sensitivity of results to pretreatment confounders. To facilitate comparisons, we repeat Table 1 in the main text as Table A.16. To begin with, we re-run the causal mediation analysis with an additional set of pretreatment variables in the mediation and outcome equations, including the nationalist sentiment, the self-perceived importance of US products, and the propensity to challenge the government and to oppose censorship (also see Tables A.13 and A.14, Section A5.2). The results are in Tables A.17. The inclusion of additional variables does not substantively change the main results, and the ACMEs and PMs are highly stable. We also replicate the subgroup analysis in Table A.18 (corresponding to Table 2 in the main text) with additional control variables and the results are still stable. This test is valid as there are still heterogeneities within hawks and doves (differentiated by a dummy indicator of anti-American sentiment) in terms of their pretreatment political attitudes.

In the replication documents, we include additional pretreatment variables, including attention to political news, perceptions of the US–China power balance, and types of occupations and find highly robust results.

	August Wave (2018)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Cheap Talk – Giving In Directly	$\alpha$	0.095**	108.0	0	-0.017	-13.4
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.015	-8.9	$s$	-0.133**	88.5*
Standing Firm – Giving In Directly	$r$	0.441**	92.9**	$s + f(v_{CN})$	-0.088**	-18.5**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.470**	76.0**	$f(v_{CN})$	0.014	2.2

	January Wave (2019)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.390**	106.9**	$f(v_{CN})$	-0.218**	-59.9**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.484**	118.7**	$f(v_{CN})$	-0.197**	-48.4**

Note: \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table A.16: Causal Mediation Analysis, The Whole Sample (Table 1 in the Main Text)

	August Wave (2018)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Cheap Talk – Giving In Directly	$\alpha$	0.094**	108.0	0	-0.019	-16.1
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.021	-14.7	$s$	-0.119**	87.4*
Standing Firm – Giving In Directly	$r$	0.419**	87.6**	$s + f(v_{CN})$	-0.080**	-16.7**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.448**	73.1**	$f(v_{CN})$	0.013	2.0

	January Wave (2019)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Outcome: Approval of Government Strategy	Parameter	ACME	PM (%)	Parameter	ACME	PM (%)
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.371**	106.7**	$f(v_{CN})$	-0.210**	-59.4**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.458**	113.9**	$f(v_{CN})$	-0.185**	-46.5**

Note: \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table A.17: Causal Mediation Analysis, The Whole Sample with Additional Controls

A common critique of observational research is that the selection of control variables can be arbitrary and cause biases due to other unmeasured pretreatment confounders. As an alternative approach, we examine the original findings based on the sensitivity test proposed by Imai, Keele and Yamamoto (2010). We use the function `medsens` from the R `mediation` package (Tingley et al., 2014). The sensitivity test examines the parameter  $\rho \equiv corr(\epsilon_{i2}, \epsilon_{i3})$ ; here  $\epsilon_{i2}$  and  $\epsilon_{i3}$  represent the residuals of the mediator and the outcome regressions respectively (also see discussions in Section A5.3). If the assumption of sequential ignorability holds, all related pretreatment confounders are conditioned on, and  $\rho = 0$ . If the assumption is violated, then  $\rho \neq 0$ , and the estimated ACME is unreliable. Intuitively, observing stable ACMEs even if  $\rho$  greatly deviates from zero suggests that the results are robust to serious violations of the sequential ignorability assumption.

The graphs below (from Figure A.10 to Figure A.15) visualize the sensitivity tests corre-

sponding to each row in Table A.16, with the left plot for the state’s reputation for resolve (Column 1-3 in Table A.16) and the right plot for economic considerations (Column 4-6 in Table A.16). The dashed line shows the original ACMEs, the solid curve (different from the horizontal and vertical lines) shows the estimated function of ACMEs conditional on  $\rho$ , and the shaded area around the solid line represents the confidence intervals (95%).

We first examine the sensitivity tests for the August wave (from Figure A.10 to Figure A.13). For all the large ACMEs in Table A.16 (significant at 0.05), the sensitivity tests provide strong supportive evidence for the robustness of results. The absolute values of  $\rho$  under which the estimated function intersects with 0 are considerably large (0.3 – 0.5) compared to previous studies (Imai and Yamamoto, 2013). The confidence intervals are also quite narrow, thanks to the relatively large sample size.

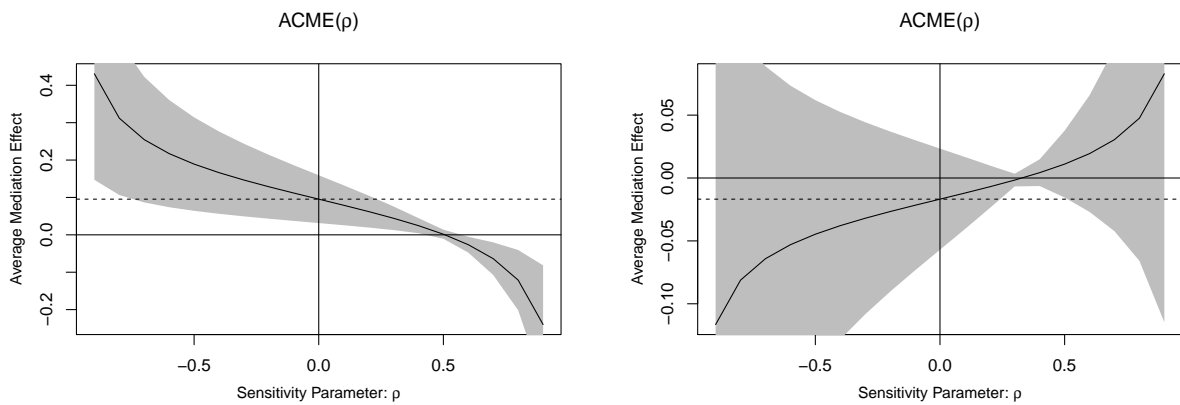


Fig. A.10: Cheap Talk – Giving In Directly, Aug Wave

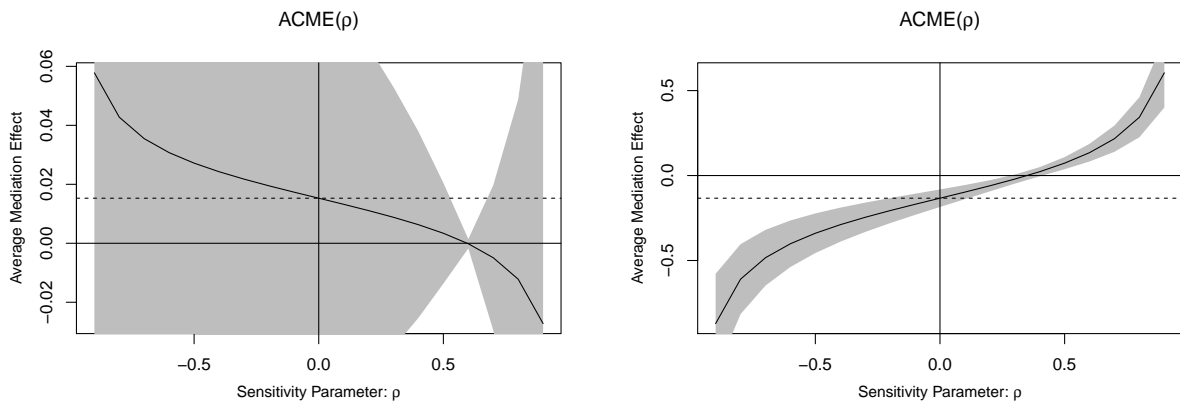


Fig. A.11: Giving In After Tariffs - Give In Directly, Aug Wave

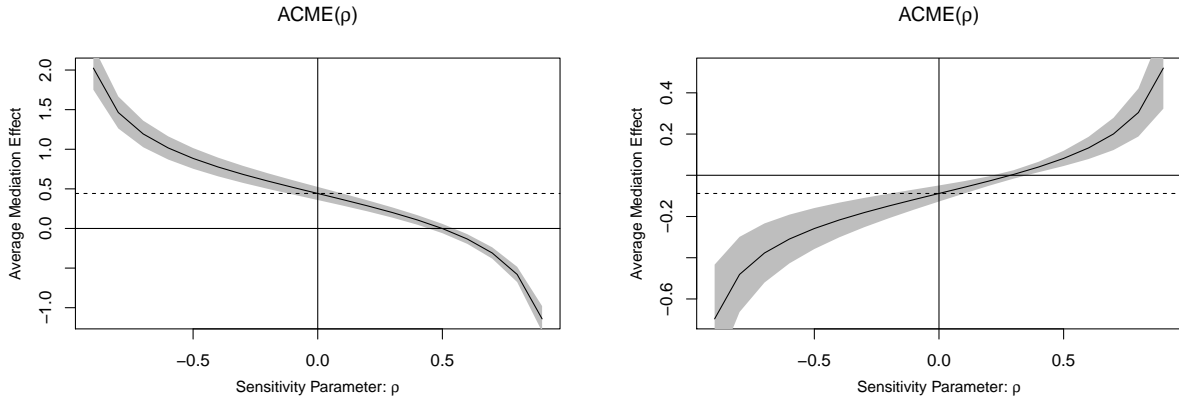


Fig. A.12: Standing firm - Give In Directly, Aug Wave

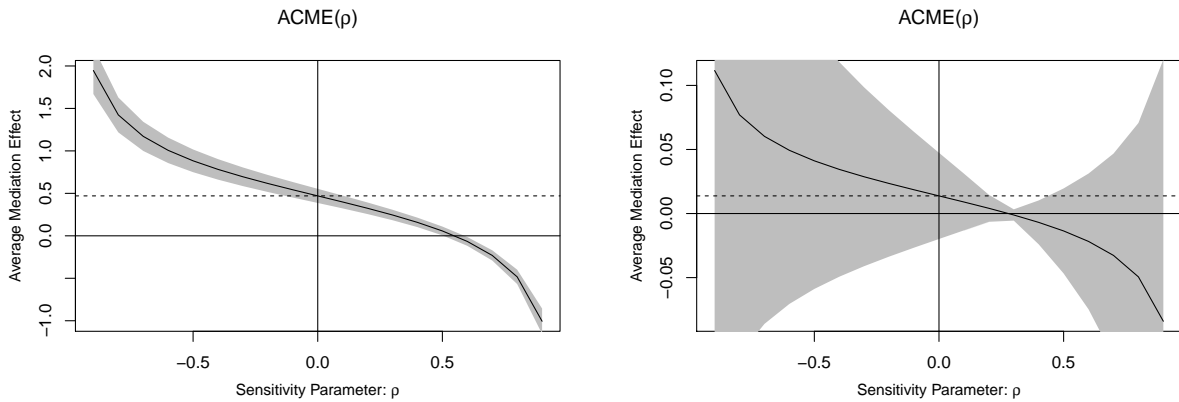


Fig. A.13: Standing Firm - Give In After Tariffs, Aug Wave

We also examine the sensitivity tests for the January wave (Figure A.14 and Figure A.15). Although the sample size is smaller, we find even more robust results for the ACMEs of economic considerations (right) as the estimated function crosses zero when  $\rho$  is around 0.5. The ACMEs of reputational concerns are also highly robust (left). Comparatively, the confidence intervals of the estimated ACMEs of economic considerations (right) conditional on  $\rho$  are wider when the sensitivity parameter  $\rho$  approaches 1 and  $-1$  (indicating perfect correlations), but it does not substantively influence the interpretation of the results' robustness.

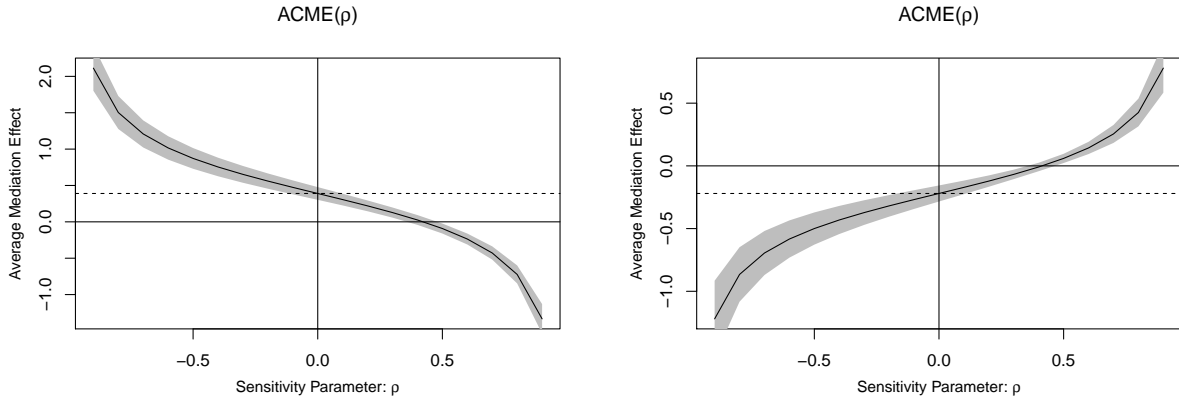


Fig. A.14: Standing Firm (All Tariffed) - Giving In After Tariffs, Jan Wave

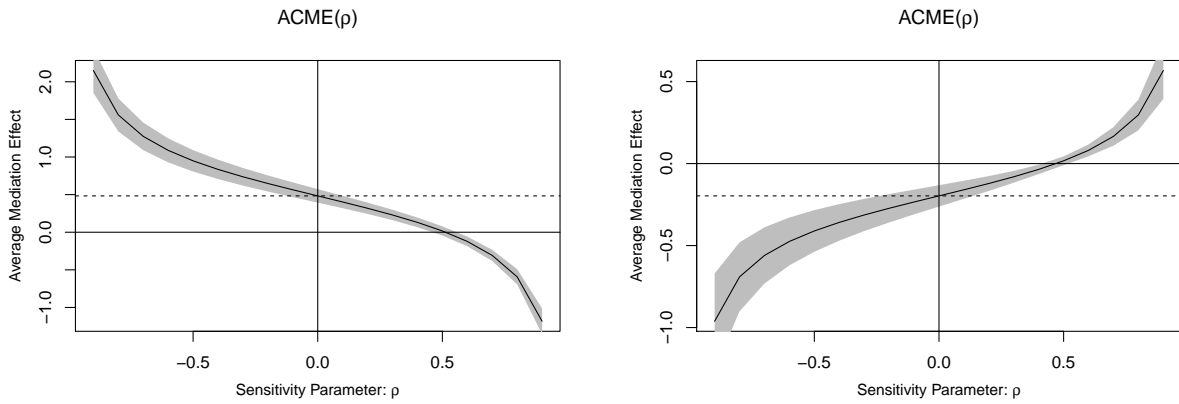


Fig. A.15: Standing Firm - Giving In After Tariffs, Jan Wave



Table A.18 replicates Table 2 in the main text with additional controls for pretreatment political attitudes described above. It is also robust to the sensitivity test for parameter  $\rho$ , and the details are available in the replication documents.

Panel A: The Subgroup of Hawks						
August Wave (2018)						
	Reputation for Resolve			Economic Influence		
	(1) Parameter	(2) ACME	(3) PM (%)	(4) Parameter	(5) ACME	(6) PM (%)
Outcome: Approval of Government Strategy						
Cheap Talk – Giving In Directly	$\alpha$	0.047	36.2	0	-0.006	-2.1
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.013	2.3	$s$	-0.107**	70.3
Standing Firm – Giving In Directly	$r$	0.535**	76.1**	$s + f(v_{CN})$	-0.044*	-6.0*
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.575**	68.3**	$f(v_{CN})$	0.031	3.6

January Wave (2019)						
	Reputation for Resolve			Economic Influence		
	(1) Parameter	(2) ACME	(3) PM (%)	(4) Parameter	(5) ACME	(6) PM (%)
Outcome: Approval of Government Strategy						
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.587**	81.7**	$f(v_{CN})$	-0.136**	-18.6**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.742**	101.8**	$f(v_{CN})$	-0.113**	-15.4**

Panel B: The Subgroup of Doves						
August Wave (2018)						
	Reputation for Resolve			Economic Influence		
	(1) Parameter	(2) ACME	(3) PM (%)	(4) Parameter	(5) ACME	(6) PM (%)
Outcome: Approval of Government Strategy						
Cheap Talk – Giving In Directly	$\alpha$	0.093**	79.1	0	-0.028	2.0
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.015	-7.1	$s$	-0.145**	86.2*
Standing Firm – Giving In Directly	$r$	0.279**	110.7**	$s + f(v_{CN})$	-0.127**	-49.5**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.307**	79.5**	$f(v_{CN})$	-0.003	-0.9

January Wave (2019)						
	Reputation for Resolve			Economic Influence		
	(1) Parameter	(2) ACME	(3) PM (%)	(4) Parameter	(5) ACME	(6) PM (%)
Outcome: Approval of Government Strategy						
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.185**	163.5	$f(v_{CN})$	-0.262**	-209.9
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.213**	164.8	$f(v_{CN})$	-0.228**	-171.1

Note: \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table A.18: Causal Mediation Analysis, Hawks vs. Doves with Additional Controls

## A5.5 Testing the Assumption of Independent Causal Mechanisms

One issue with the identification of causal mechanisms is that we assume the two mediators (reputation for resolve and economic impacts) as independent. Readers may worry about the validity of the assumption, as the costly signaling theory suggests that the two processes are strongly intercorrelated: People update their belief of resolve based on others' costly actions. However, even though at the group level the two mechanisms walk in tandem (individuals increase their perceptions of economic costs while updating the belief of the state actors' resolve), at the individual level, perceptual changes may not be positively correlated and not invalidate the assumption of independence.<sup>7</sup> We have shown that doves were more sensitive to economic losses and that hawks were more sensitive to reputational losses (Section A5.1; also see the mediation analysis in the main text). One needs to determine whether the correlation between mediators is due to the treatment (not a violation) or inherent interdependence between mediators (a violation).

We propose a testable assumption of independent causal mechanisms at the individual level:  $E_{i,t1} - E_{i,t0} \perp R_{i,t1} - R_{i,t0}$ . Here  $E_{i,t0}$  and  $R_{i,t0}$  denote respondents' pretreatment perceptions of the "current state" of the trade war, while  $E_{i,t1}$  and  $R_{i,t1}$  denote respondents' new assessments based on their updated belief after receiving different treatments of hypothetical bargaining outcomes. To empirically test the assumption, in the January wave, we asked respondents to answer pretreatment questions of economic impacts, China's reputation for resolve, and evaluation of the government's strategy immediately before reading hypothetical vignettes of bargaining outcomes (after a brief introduction of the actual situation in January 2019; see Section A2). With balance tests similar to Table A.10, we reaffirm the balance of pretreatment perceptions across three treatment groups in the January wave.<sup>8</sup> And by taking differences, we find no relationship between  $E_{i,t1} - E_{i,t0}$  and  $R_{i,t1} - R_{i,t0}$ : The Pearson Coefficient is  $-0.03$ . It suggests that the changes in respondents' perceptions of the reputation for resolve and the economic consequences have no correlation at the individual level, although aggregately the two mediators are positively associated due to the treatment.

Furthermore, we use the statistical method suggested by Imai and Yamamoto (2013) to examine the sensitivity of results with supposedly dependent mechanisms (function **multimed** in R mediate package). The method is used when posttreatment mediator-outcome confounders (i.e., alternative mediators causally preceding the mediator of interest) exist in the hypothesized causal mechanisms. The function estimates the ACMEs (indirect effects) and the average direct effects under the homogeneous interaction assumption based on a varying coefficient linear structural equation model. Again, we find that the main results presented in the main text are not very sensitive to correlated causal mechanisms. We also run sensitivity tests that relax the assumption of homogeneous interaction. The details are included in the replication documents.

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<sup>7</sup>Reversely, if at the individual level mediation channels are correlated, we should also observe correlated changes at the group level.

<sup>8</sup>Cautious readers may find that the balance of pretreatment perceptions also ensures that the revisited respondents in the January wave showed no significant differences because of their earlier exposure to different vignettes in the August wave. Notwithstanding the evidence, we emphasize that information contamination across the two waves would be hard to imagine given the 5-month interval.

## A5.6 Testing Additional Mediation Channels: Future US Coercion

The identification of causal mechanisms can be difficult as numerous mediation paths may link the treatment and the outcome (Bullock, Green and Ha, 2010; Imai and Yamamoto, 2013). We theorize the state’s reputation for resolve and economic consequences as two main channels and find that the mediation effects are generally large and significant. To reiterate, alternative mediators do not cause biased estimates of the ACMEs as long as they are independent of the two main mechanisms, whose importance is supported by large ACMEs and PMs. In this section, we present additional tests on one mediator that may be correlated with the reputation for resolve: the likelihood of future US coercion.

In the August wave, we asked one question about respondents’ calculation of the long-term consequences of China’s backing down: “Based on the above interactions between China and the US, how likely in your opinion would the US force China to make concessions on other issues (e.g., the North Korea nuclear issue and the South China Sea Dispute) in the future?” (Question F3 in Section A2.1) Respondents reported their self-perceived likelihood of future US coercion from 0 to 10. This question focuses on the likelihood of future US coercion, not the likelihood of China’s concessions. To construct the full causal path, we expect that people generally detest external coercion (the mediator), and a decrease in the expectations of future US coercion should have a positive effect on citizens’ approval of the government (the outcome). Here we discuss how China’s bargaining strategies (the treatment) may influence people’s assessments of future coercion.

The long-term consequence of backing down is related to the state’s reputation for resolve. Reputation, as general beliefs or opinions held by others, is usually dependent on observers’ assessments of a series of past actions and does not vanish over time (Dafoe, Renshon and Huth, 2014; Weisiger and Yarhi-Milo, 2015). In addition, building the reputation for toughness can prevent future coercion (Sechser, 2018; Tingley and Walter, 2011). Therefore, if China failed to stand firm in the trade war, the damage on its reputation for resolve would possibly embolden the US to forcibly extract more concessions from China in issues unrelated to the trade dispute. Foreseeing future US coercion, respondents may decrease their approval of the government’s strategy if it conceded to the US in the trade war.

While acknowledging the importance of reputational motives, we propose two alternative channels that may also shape people’s assessments of future US coercion. One extrapolation from the commercial peace thesis (Gartzke, 2007) is that if China capitulated to the US in the trade war, respondents would predict increasing economic cooperation between the US and China, making future US coercion less frequent. A reverse extrapolation is that if China stood firm in the trade war, China’s economic power would decline, and the US would adopt a containment strategy to keep up the pressure on China by making more coercive demands. To summarize, we may come up with mixed expectations for the treatment effect on this mediator as well as the overall direction of mediation effects.

We report the overall distribution of the self-reported likelihood of future US coercion in Figure A.16 and the ATEs on the mediator in Figure A.17 (the giving-in-directly group as the reference group). Overall, Figure A.16 shows that respondents were not very optimistic and had strong expectations of future US coercion, with the mean at 6.25 (on the scale of 0 to 10). And we also discover that the ATE is much smaller compared to the ATEs

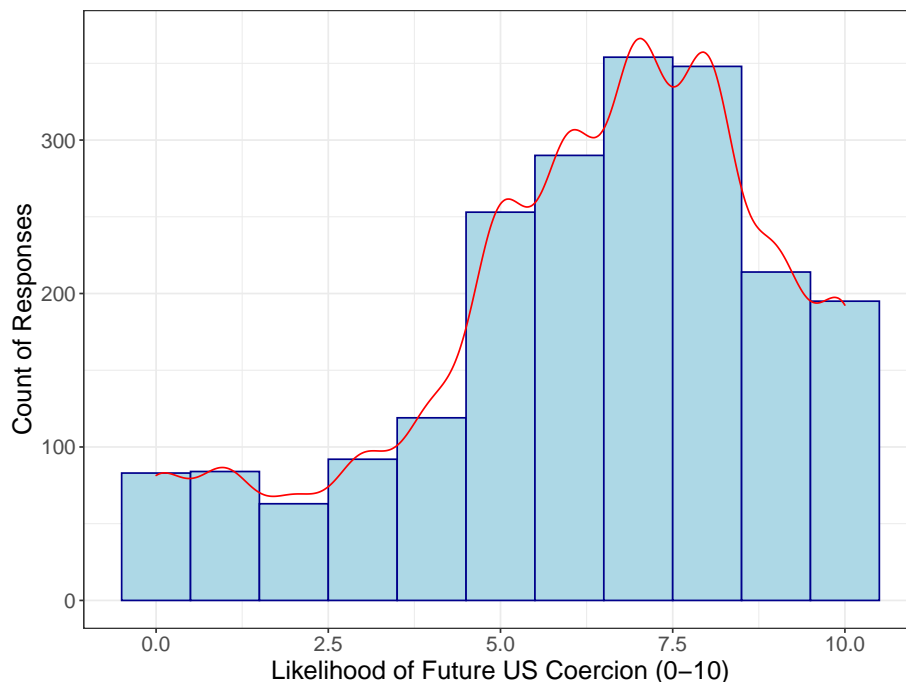


Fig. A.16: The Histogram of the Self-reported Likelihood

presented in the main text, indicating some limited effects of backing down in the trade war on respondents’ predictions of future US coercion.<sup>9</sup> Although the direction of coefficients is expected (standing firm results in less future coercion), we only find significant differences between the giving-in-after-tariffs and standing-firm groups ( $p < 0.05$ ). And citizens exposed to the information about China’s standing firm throughout the bargaining reported the lowest likelihood of future US coercion ( $-0.286$  compared to the giving-in-directly group,  $p < 0.09$ ).

	<b>August Wave (2018)</b>	
	Standing Firm – Giving In After Tariffs	
	(1)	(2)
Mediator	ACME	PM (%)
Reputation for Resolve ( $r - \alpha_s$ )	0.470**	76.0**
Economic Losses ( $f(v_{CN})$ )	0.014	2.2
Future US Coercion	0.027*	4.2*

Note: \*  $p < 0.05$ , \*\*  $p < 0.01$

Table A.19: Comparison of Mechanisms Explaining Difference in Public Approval

We calculate the ACMEs for the two groups of respondents that showed a significant difference in the mediator (the giving-in-after-tariffs and standing-firm groups). In Table A.19, we make comparisons with the ACMEs of the two main mediators. The ACME (0.027, Col-

<sup>9</sup>In addition to the mixed predictions regarding the direction of treatment effects, one possibility is that people did not make extensive issue linkages between the trade war and other security/territorial disputes.

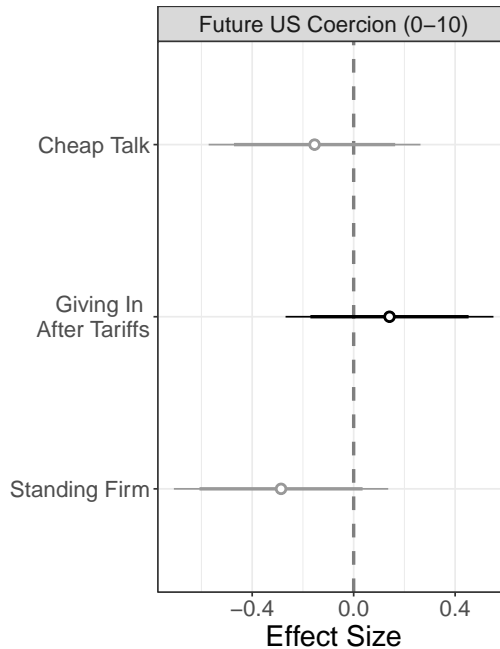


Fig. A.17: ATEs on Individual Perceptions of Future US Coercion (Aug Wave)

umn 1, Row 3) suggests that the decrease in respondents' perceptions of future US coercion only slightly boosted their approval of the government's standing firm although the p-value (around 0.02) suggests a highly significant mediation effect. This ACME is likely to be biased, since respondents' predictions of future US coercion were likely to be correlated with their reputational concerns and calculations of China's economic status. Despite possible biases, one may still capture the large gap between the ACME of reputational concerns and that of future US coercion. To summarize, this third mediator (future US coercion) does not have strong explanatory power.

Like other observational studies, it is a difficult balance to strike between taking into account as many plausible causal mechanisms as possible and making the theory simple yet powerful. Among all the competing hypotheses, mediators that have stronger explanatory power and are correlated with the two main mediators in this paper pose the most serious challenge to the robustness of ACMEs. However, the above tests of a plausible mediator suggest that the main findings are highly robust.

## A5.7 Replicated Results with Non-linear Models

In this section, we examine the robustness of the main results under two alternative functional forms. First, we convert the outcome variable into a dummy indicator (= 1 if strongly satisfied or satisfied with the government’s strategy, = 0 otherwise) and use the logistic model for the outcome equation. Second, we use the ordered response model for the mediator equation (the ordered response model is not used for the outcome equation due to difficult interpretations). As Tables A.20 and A.21 show, the ACMEs are highly stable in terms of the proportion mediated (Column 3 and 6). Including additional controls for pretreatment political attitudes does not substantively change the results (also see Section A5.4).

Outcome: Approval of Government Strategy (Dummy)	August Wave (2018)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Cheap Talk – Giving In Directly	$\alpha$	0.039**	97.9	0	-0.006	-8.3
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.005	-6.8	$s$	-0.051**	82.2*
Standing Firm – Giving In Directly	$r$	0.175**	94.1**	$s + f(v_{CN})$	-0.033**	-17.2**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.184**	75.4**	$f(v_{CN})$	0.004	1.7

Outcome: Approval of Government Strategy (Dummy)	January Wave (2019)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.158**	137.6**	$f(v_{CN})$	-0.081**	-65.6**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.189**	124.1**	$f(v_{CN})$	-0.072**	-44.9**

Note: +  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table A.20: Causal Mediation Analysis, Binary (Outcome Equation)

Outcome: Approval of Government Strategy	August Wave (2018)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Cheap Talk – Giving In Directly	$\alpha$	0.097**	112.9	0	-0.014	-7.4
Giving In After Tariffs – Giving In Directly	$\alpha_s$	0.007	-3.6	$s$	-0.138**	95.0*
Standing Firm – Giving In Directly	$r$	0.438**	92.4**	$s + f(v_{CN})$	-0.082**	-16.6**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.461**	74.6**	$f(v_{CN})$	0.019	3.0

Outcome: Approval of Government Strategy	January Wave (2019)					
	Reputation for Resolve			Economic Influence		
	(1)	(2)	(3)	(4)	(5)	(6)
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.388**	107.6**	$f(v_{CN})$	-0.220**	-63.1**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.464**	116.8**	$f(v_{CN})$	-0.202**	-54.4**

Note: +  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table A.21: Causal Mediation Analysis, Ordered Response (Mediation Equation)

## A5.8 Replicated Results with the Subsample of Revisited Respondents

As additional robustness checks for the temporal dynamics of public attitudes (**H3**), we replicate the main results using the subsample of revisited respondents across the two waves in Table A.22. As aforementioned (Section A1), respondents' political attitudes reported in the August wave did not significantly change their probability of being revisited in January. All other model specifications are identical, and we report the same set of parameters/ACMEs.

Comparing Table A.22 to Table 1 in the main text, we find that the estimations of ACMEs are generally stable after limiting the pool of observations to the revisited respondents only ( $N = 1,012$ ). Respondents' reputational concerns about resolve ( $r$  and  $r - \alpha_s$ ) were similarly strong. Respondents' assessments of the economic consequences caused by continuing the costly trade war (parameter  $f(v_{CN})$ ) also became much more pessimistic in the January wave, reducing their approval of the government's standing firm relative to backing down. The parameter of audience costs (parameter  $\alpha$ ) in the August wave is not very robust (0.076 and insignificant, Column 2) though the PM is still considerably large (66.5%, Column 3). Including additional controls for pretreatment political attitudes does not substantively change the results (also see Section A5.4).

	August Wave (2018)					
	Reputation for Resolve			Economic Influence		
	(1) Parameter	(2) ACME	(3) PM (%)	(4) Parameter	(5) ACME	(6) PM (%)
Outcome: Approval of Government Strategy						
Cheap Talk – Giving In Directly	$\alpha$	0.076	66.5	0	0.013	16.6
Giving In After Tariffs – Giving In Directly	$\alpha_s$	-0.040	26.0	$s$	-0.105**	58.8 <sup>+</sup>
Standing Firm – Giving In Directly	$r$	0.428**	83.4**	$s + f(v_{CN})$	-0.077**	-14.8**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.500**	71.4**	$f(v_{CN})$	0.014	2.0

	January Wave (2019)					
	Reputation for Resolve			Economic Influence		
	(1) Parameter	(2) ACME	(3) PM (%)	(4) Parameter	(5) ACME	(6) PM (%)
Outcome: Approval of Government Strategy						
Standing Firm (All Tariffed) – Giving In After Tariffs	$r - \alpha_s$	0.405**	116.8**	$f(v_{CN})$	-0.211**	-59.4**
Standing Firm – Giving In After Tariffs	$r - \alpha_s$	0.474**	115.3**	$f(v_{CN})$	-0.229**	-55.2**

Note: <sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$

The negative sign in PM (%) indicates the ACME and the total effect have opposite directions.

Table A.22: Causal Mediation Analysis, Revisited Respondents Only

## A5.9 The Face Value of Public Statements (January Wave)

Our main results indicate the innocuous role of unfulfilled public commitments, which contradicts the audience cost theory. Compared to backing down directly, making cheap talk before backing down did not result in an additional decline in public approval (Figure 3). They are in sharp contrast to previous findings based on the US public (Tomz, 2007; Levy et al., 2015). We offer two tentative explanations for this discrepancy.

First, one may question if the audience cost theory can be tested with the real-world settings of the survey experiment. The Chinese government had publicly refused to make concessions under US coercion in March 2018 before any tariffs were imposed. Thus whether or not respondents were explicitly primed with the government’s public commitments in the survey experiment, they would have obtained related information from the official media and hence punished the government for inconsistency in all the backing-down scenarios. Therefore, the reputation parameter  $r$  could fully absorb the audience cost parameters  $\alpha$  and  $\alpha_s$ .<sup>10</sup> However, this explanation is unsatisfactory for two reasons. First, in the August wave, respondents held significantly stronger perceptions of the state’s reputation for resolve after being primed with the government’s unfulfilled commitments (Column 2, Figure 3). Second, comparing the results across the two waves, the estimation of parameter  $r - \alpha_s$  is largely stable, which still contradicts the prediction of the audience cost theory. Citizens were constantly “treated” by the government’s commitments as the trade war escalated, but they did not punish the government more for backing down at the latter stages of the trade war.

The second explanation is that Chinese citizens update their beliefs of the state’s resolve based on the face value of the government’s public commitments; they are much less sensitive to inconsistencies between words and deeds than their counterparts in democracies. In authoritarian countries, the state’s public statements may serve as cognitive shortcuts for citizens, even though they constitute mere cheap talk. Existing literature shows that Chinese citizens display strong trust in the central government despite possible social desirability biases and misrepresentations of true preferences (Chen, 2017; Li, 2016; Tang, 2016). It also suggests that under authoritarian contexts, there is a hard balance between the extent to which citizens can be fooled and the extent to which citizens make deliberate reasoning of complicated political events such as the US–China trade war.

We uncover supportive evidence for the second explanation using a conjoint experiment embedded in the January wave (Hainmueller, Hopkins and Yamamoto, 2014). Respondents were asked to compare two hypothetical profiles of China’s behavior in the renegotiation stage and to assess the relative degrees of China’s resolve. Each respondent completed four tasks with randomized profile attributes. The main attribute of interests is whether the Chinese government openly reiterated to defend the core national interests. As opposed to what the government said, other attributes described what the government did or planned to do: mobilization of popular nationalism, costly countermeasures to be taken if the renegotiation failed, and concessions to the US regarding China’s structural economic reforms.

Figure A.18 displays the main results (average marginal component effects with 95%

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<sup>10</sup>The alternative is to devise completely hypothetical vignettes in which respondents would not be influenced by any real-world information, but this would jeopardize external validity.



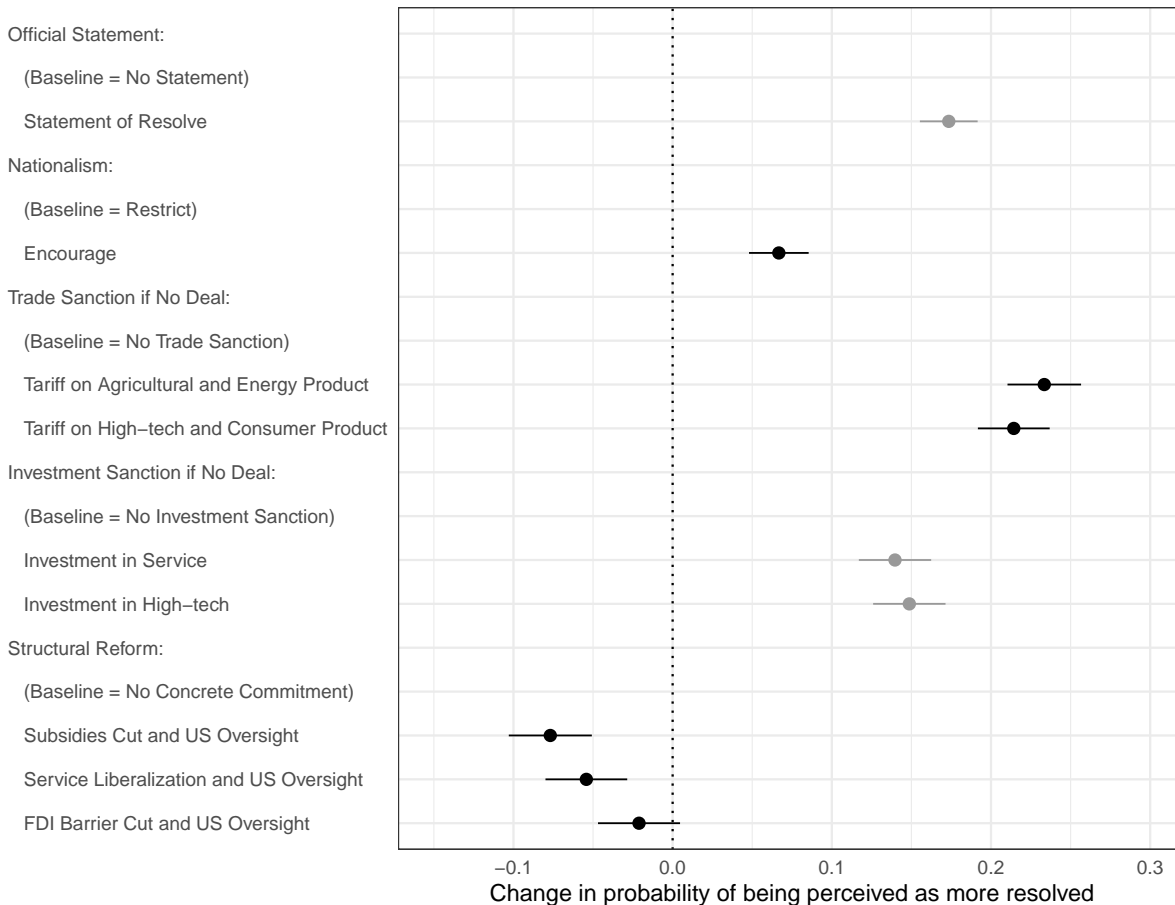


Fig. A.18: A Conjoint Experiment on the Effect of Words and Deeds

confidence intervals). Consistent with the second explanation, the government’s hardline statements had a large and significant effect on respondents’ perceptions of the state’s resolve, and the magnitude is comparable to that of costly countermeasures (tariffs and investment sanctions). Proposing specific commitments to implement structural reforms under US oversight decreased respondents’ perceptions of the state’s resolve. The state-led nationalism increased respondents’ perceptions of the state’s resolve, although the effect is comparatively smaller.

## A5.10 Citizens' Response to the State's Manipulation of Media Coverage and Nationalist Collective Actions (August Wave)

Scholars have been interested in how the Chinese government manipulates popular nationalism and tailors public discourse to its needs by controlling the media coverage of international conflicts (Shirk, 2011; Weiss, 2014). In this section, we show that the state's manipulation of media coverage on the US-China trade war could influence citizens' evaluations of nationalist collective actions, shape citizens' perceptions of the state's resolve, and change citizens' approval of the government.

In the August wave, we embedded an experimental module in which respondents were randomly assigned to one of three vignettes on how the government influenced public opinion with different public campaign strategies (details in Section A2.1). The three vignettes are: The government dialed down media coverage on the US-China confrontation and banned nationalist protests and boycotts (the baseline); the government ramped up media coverage on the confrontation but banned nationalist protests and boycotts; the government ramped up media coverage on the confrontation and permitted nationalist protests and boycotts.<sup>11</sup> Posttreatment questions include respondents' support for and their self-perceived likelihood of nationalist collective actions, perceptions of the state's resolve to confront the US, and the overall support for the government's public campaign strategy.

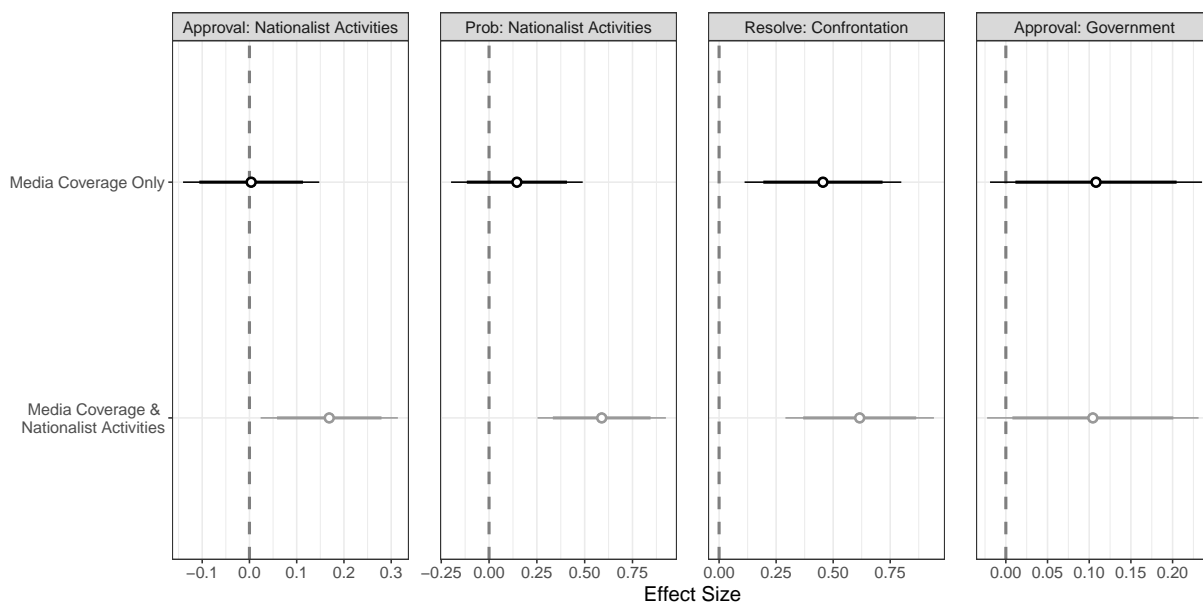


Fig. A.19: Manipulated Media Coverage as the Signal of Resolve

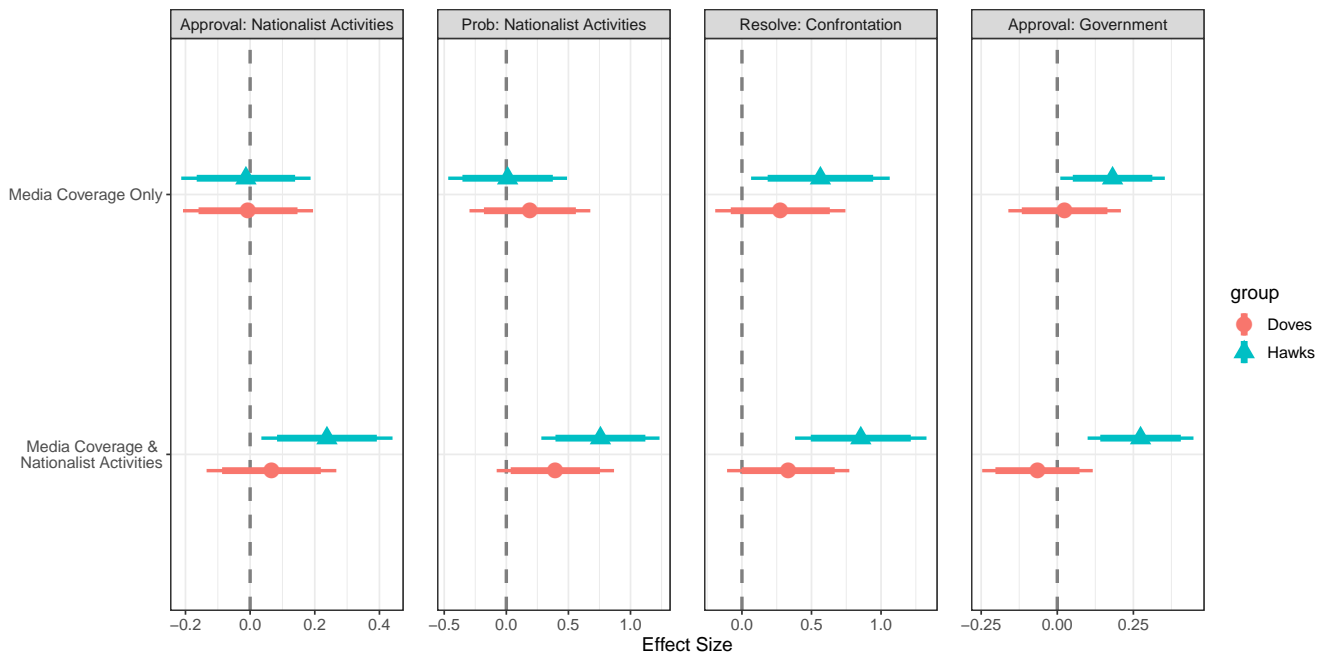
<sup>11</sup>Anecdotal evidence shows that the reporting of commercial media on sensitive international affairs has been carefully handled by the propaganda department's instructions (Shirk, 2011). Specifically for the US-China trade war, we might have witnessed the baseline scenario after Trump made the threats of additional tariffs on all the Chinese products (May 5th, 2019) yet major Chinese media outlets remained silent while waiting for the state's instructions, despite drastic market reactions (the Shanghai Stock Exchange Composite Index dropped by more than 5% in one day). In our design, we excluded the unlikely scenario in which the government dialed down the confrontation but allowed nationalist protests and boycotts.

As Figure A.19 shows, respondents gave significantly more positive responses toward nationalist collective actions conditional on the government’s explicit consent (Column 1 and 2). Respondents also reported significantly stronger perceptions of the state’s resolve given the state-sponsored media coverage on the US–China confrontation (0.455,  $p < 0.01$ , Column 3), and the government’s consent of nationalist collective actions had a positive but insignificant additive effect (0.161,  $p < 0.22$ , Column 3). The state-sponsored media coverage on the confrontation significantly increased respondents’ approval of the government compared to the baseline group, but the government’s consent of nationalist collective actions did not make any difference (Column 4).

We interpret the state-controlled media coverage on the US–China confrontation as one special type of public commitments, as the government was possibly mobilizing popular nationalism by highlighting US threats. We argue that the government’s public commitments can have face value (even though they are no more than cheap talk in hindsight) as they possibly serve as cognitive shortcuts for citizens to understand foreign policy and to assess the state’s intentions (Section A5.9). Consistent with this argument, the results above show that respondents took information about the state-controlled media coverage on the US–China confrontation as the signals of the state’s resolve.

Figure A.20 shows the ATEs conditional on respondents’ pretreatment political attitudes (doves vs. hawks). The baseline group (dialing down media coverage and banning nationalist collective actions) is unchanged. In Columns 1 and 2, if the state only increased media coverage on the US–China confrontation, neither hawks nor doves significantly increased their support for nationalist collective actions or believed they were more likely to happen. But if the state gave consent to nationalist collective actions, hawks significantly increased their support and believed these actions were more likely to happen, while doves only changed their assessments of the likelihood (the ATEs are positive and significant at 0.05). In Column 3, we find that increasing media coverage on the US–China confrontation had a positive effect on respondents’ perceptions of the state’s resolve for hawks and doves alike (the ATE is marginally significant at 0.1 for doves). The government’s consent of nationalist collective actions had an additive effect on hawks’ perceptions of the state’s resolve (the ATE is marginally significant at 0.1). And in Column 4, we find that only hawks displayed a higher approval of the government if it sponsored more media coverage on the US–China confrontation, and the government’s consent of nationalist collective actions did not make any difference.

In Table A.23, we present the full regression results on the overall approval of the government’s strategy with different interaction terms between the treatment vignette and political attitudes (anti-Americanism, attitudes toward US products, and nationalism). While the treatment effects are nearly identical (Media Coverage Only vs. Media Coverage & Nationalist Activities), consistent with Figure A.20, respondents holding strong anti-Americanism or nationalism displayed a higher approval of the government when the government increased media coverage on the US–China confrontation. The results suggest that while hawks and doves similarly viewed the state-sponsored media coverage on the US–China confrontation as the signal showing the state’s resolve, their reactions to the government’s campaign strategy diverged based on their preferences: Doves preferred the government to lower its posture while hawks preferred the government to escalate and sharpen its rhetoric.



Hawks (N = 1025) and Doves (N = 1085)

Fig. A.20: ATEs on Posttreatment Attitudes, August Wave  
(Manipulated Media Coverage as the Signal of Resolve)

	<i>Outcome variable:</i>					
	Approval of the Government's Public Campaign Strategy					
	(1)	(2)	(3)	(4)	(5)	(6)
Media Coverage Only	0.108** (0.049)	0.110** (0.047)	0.103** (0.047)	0.120** (0.049)	0.101** (0.049)	0.097** (0.049)
Media Coverage & Nationalist Activities	0.104** (0.049)	0.113** (0.047)	0.122*** (0.046)	0.149*** (0.049)	0.124** (0.049)	0.116** (0.048)
Anti-Americanism			0.019 (0.024)		0.007 (0.024)	
Nationalism						0.042* (0.023)
Important US Products				-0.204** (0.098)	-0.201** (0.098)	-0.146 (0.099)
Media Coverage Only X Anti-Americanism			0.073** (0.032)		0.076** (0.033)	
Media Coverage & Nationalist Activities X Anti-Americanism			0.146*** (0.032)		0.143*** (0.032)	
Media Coverage Only X Nationalism						0.075** (0.030)
Media Coverage & Nationalist Activities X Nationalism						0.132*** (0.030)
Media Coverage Only X Important US Products				-0.057 (0.141)	0.019 (0.141)	0.030 (0.139)
Media Coverage & Nationalist Activities X Important US Products				-0.191 (0.140)	-0.006 (0.140)	0.027 (0.140)
Oppose Challenging Government		0.243*** (0.018)	0.238*** (0.017)	0.241*** (0.018)	0.237*** (0.017)	0.233*** (0.017)
Oppose Censorship		-0.060** (0.027)	-0.044* (0.026)	-0.041 (0.027)	-0.034 (0.026)	-0.025 (0.026)
Age	-0.039 (0.040)	-0.061 (0.038)	-0.069* (0.038)	-0.064* (0.038)	-0.069* (0.037)	-0.057 (0.037)
Age-sq	0.002 (0.004)	0.005 (0.004)	0.006 (0.004)	0.005 (0.004)	0.006 (0.004)	0.005 (0.004)
Male	-0.088** (0.040)	-0.037 (0.038)	-0.066* (0.037)	-0.029 (0.038)	-0.058 (0.037)	-0.062* (0.037)
Edu: Associate Degree	-0.160* (0.086)	-0.112 (0.082)	-0.110 (0.082)	-0.131 (0.084)	-0.121 (0.083)	-0.108 (0.082)
Edu: Bachelor Degree	-0.253*** (0.082)	-0.184** (0.080)	-0.151* (0.079)	-0.179** (0.081)	-0.151* (0.080)	-0.133* (0.079)
Edu: Master Degree or Above	-0.216** (0.108)	-0.132 (0.106)	-0.090 (0.105)	-0.129 (0.106)	-0.090 (0.105)	-0.077 (0.104)
Regime Insider	0.102** (0.046)	0.074* (0.044)	0.094** (0.043)	0.061 (0.044)	0.084* (0.043)	0.082* (0.043)
Party Member	0.143*** (0.052)	0.118** (0.050)	0.107** (0.049)	0.117** (0.050)	0.107** (0.049)	0.100** (0.049)
Childhood Residence: Small City	-0.104 (0.063)	-0.127** (0.062)	-0.098 (0.061)	-0.120** (0.061)	-0.098 (0.061)	-0.070 (0.060)
Childhood Residence: Metropolitan	-0.007 (0.066)	-0.066 (0.065)	-0.022 (0.064)	-0.056 (0.064)	-0.019 (0.063)	0.010 (0.063)
Current Residence: Small City	0.018 (0.126)	0.028 (0.129)	-0.016 (0.119)	0.005 (0.128)	-0.023 (0.120)	-0.054 (0.116)
Current Residence: Metropolitan	-0.002 (0.128)	0.025 (0.131)	-0.018 (0.121)	0.006 (0.130)	-0.025 (0.121)	-0.055 (0.117)
Income	0.034** (0.015)	0.040*** (0.014)	0.038*** (0.014)	0.043*** (0.014)	0.040*** (0.014)	0.037*** (0.014)
Constant	3.640*** (0.205)	3.091*** (0.232)	3.058*** (0.224)	3.042*** (0.231)	3.044*** (0.225)	2.999*** (0.218)
No. Obs	2071	2071	2071	2071	2071	2071
Adj R <sup>2</sup>	0.015	0.113	0.148	0.128	0.153	0.177

Note: \*p<0.1; \*\*p<0.05; \*\*\*p<0.01. Robust standard errors in parentheses. Provincial dummies are omitted for simplicity.

Table A.23: Treatment Effects on Approval of the Government, August Wave

## A5.11 A Conjoint Analysis of Citizens' Preferences (August Wave)

In the August wave, we embedded a conjoint experiment and asked respondents to evaluate randomized bundles of hypothetical policy changes (details in Section A2.1). The experiment covers many politicized issues, including tariffs, China's market entry, state subsidies and IP protection, investment restrictions, and China's promised imports from the US. Our goal is to understand respondents' preferences for policy substance and to assess the quality of online samples in terms of finishing sophisticated survey tasks.

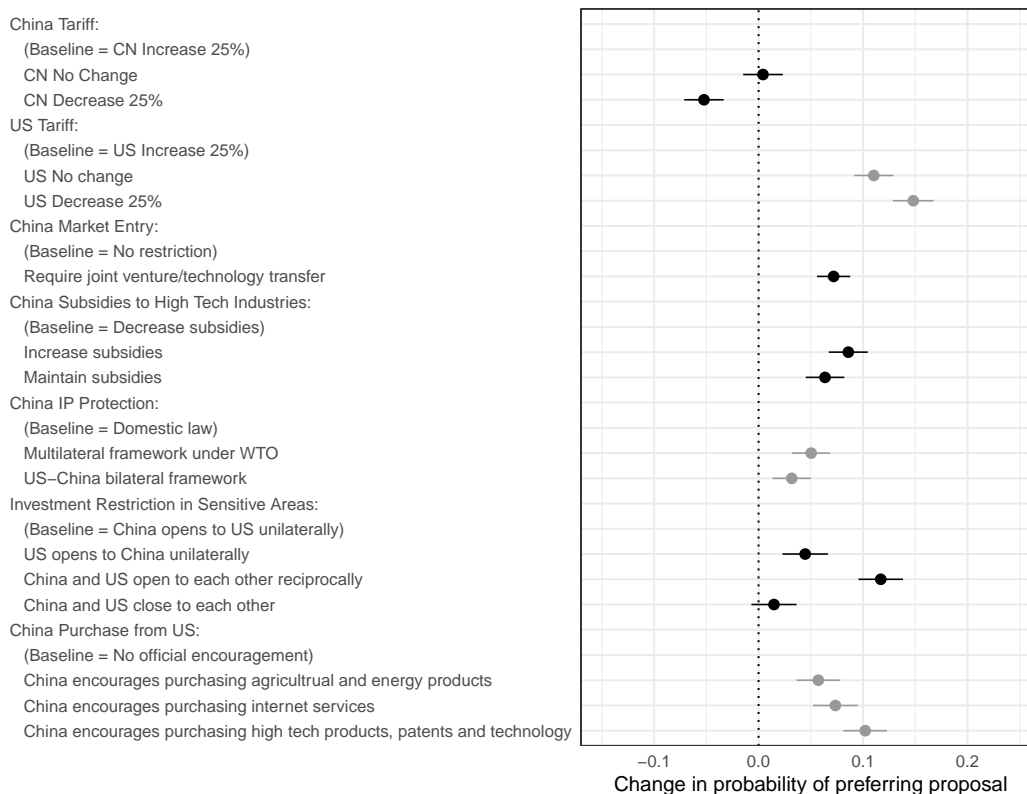


Fig. A.21: Public Approval of Hypothetical Policy Changes (Aug Wave)

We implemented the conjoint design with all the attributes randomized, and each respondent was assigned to 4 tasks. Figure A.21 presents the main results (95% CI). Most coefficients are intuitive. Respondents were most sensitive to US tariffs on China and reacted most positively to the US decreasing tariffs by 25%.<sup>12</sup> Respondents also reacted negatively to China's decreasing tariffs by 25%, but the coefficient is comparatively smaller. Compared to the small positive effect of "US opens to China unilaterally," respondents showed stronger preferences toward the reciprocal openness of investment between China and the US ("对等开放投资" in Chinese) in sensitive areas. We conclude that respondents (who we expect to represent the average internet users) were not extremely nationalistic and did not want to exploit every opportunity to maximize China's gains. Instead, they still cared about cooperation based on the principles of fairness and reciprocity. And respondents generally

<sup>12</sup>The number was chosen as the first tranche of US tariffs on \$50 billion Chinese products was 25%.

welcomed more China’s purchase of US products, with a slightly stronger preference for purchasing high-tech products, patents, and technology (heavily restricted by US government) over agricultural products and energy (encouraged by US government and generally regarded as the easiest terms in the negotiation between China and the US).

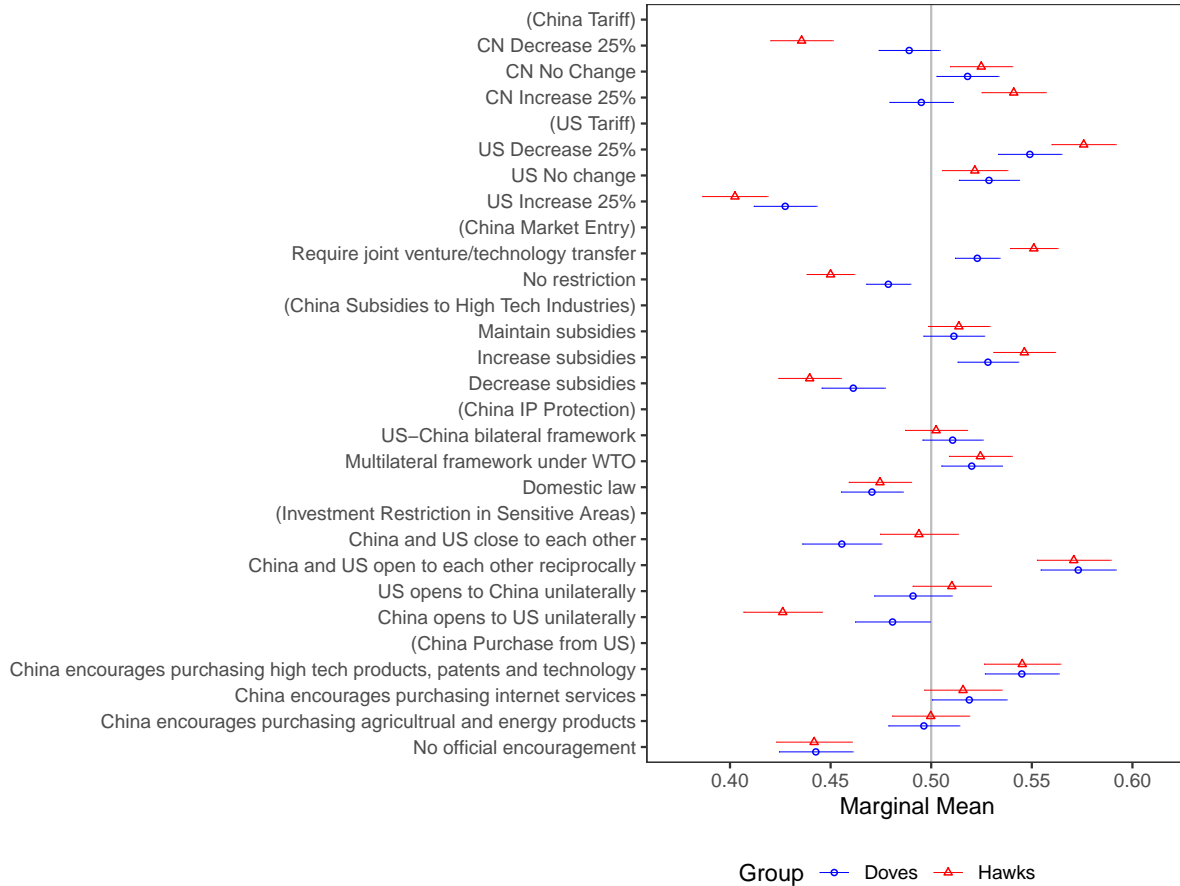


Fig. A.22: Subgroup Preferences (Aug Wave)

We present the subgroup analysis in Figure A.22 using the method introduced by Leeper, Hobolt and Tilley (2020). Respondents were still separated into doves and hawks based on their relative degree of anti-American sentiment. The results indicate considerable overlaps of political preferences between doves and hawks. Some significant differences include: Hawks more strongly favored China’s increasing tariffs and disfavored China’s decreasing tariffs; hawks more strongly favored market entry restrictions over no market entry restrictions; hawks more strongly disfavored China’s unilaterally opening to the US investment in sensitive areas.

## A6 Supplementary Results of Text Analysis

In this section, we provide supplementary results of text analysis in three parts. First, we present additional results on the temporal distribution of political topics on Weibo by month and the clusters of keywords under each topic. Second, we make comparisons between Zhihu (another major social media platform in China) and Weibo. Third, we present additional text analysis of government statements (Foreign Ministry spokesperson’s remarks) and official media commentaries (*Global Times* editorials). We also discuss how these state-controlled outlets differ from commercial social media platforms and conclude that social media data has its unique value in understanding Chinese public opinion.

### A6.1 The Weibo Corpus

Figure A.24 shows the dynamic changes in topic proportions between the four main bargaining stages with all the 10 topics; only T3, T7, T8, T9 and T10 are reported in the main text, since they are more closely related to the theoretical arguments. Figure A.25 shows the temporal changes in topic proportions by month and the baseline group is January-March (most observations are concentrated in March; see Figure 2 in the main text). Figure A.23 shows the monthly changes in the proportions of negotiation and compromise (T9) and resolve and non-compromise (T10). Table A.24 shows the top words that define each topic.

Consistent with Figure 5 in the main text, we observe an upward trend of social media content related to the Chinese economy (T3) and high-tech and private firms (T8) after June relative to the baseline. The topic of US allies (T5) suggests that Chinese internet users held a global view when discussing the US–China trade war; the proportion of this topic was relatively stable over time. For the dovish topic of negotiation and compromise (T9) and the hawkish topic of resolve and non-compromise (T10), the gap was still the largest in May, November, and December when there were scheduled or ongoing negotiations.

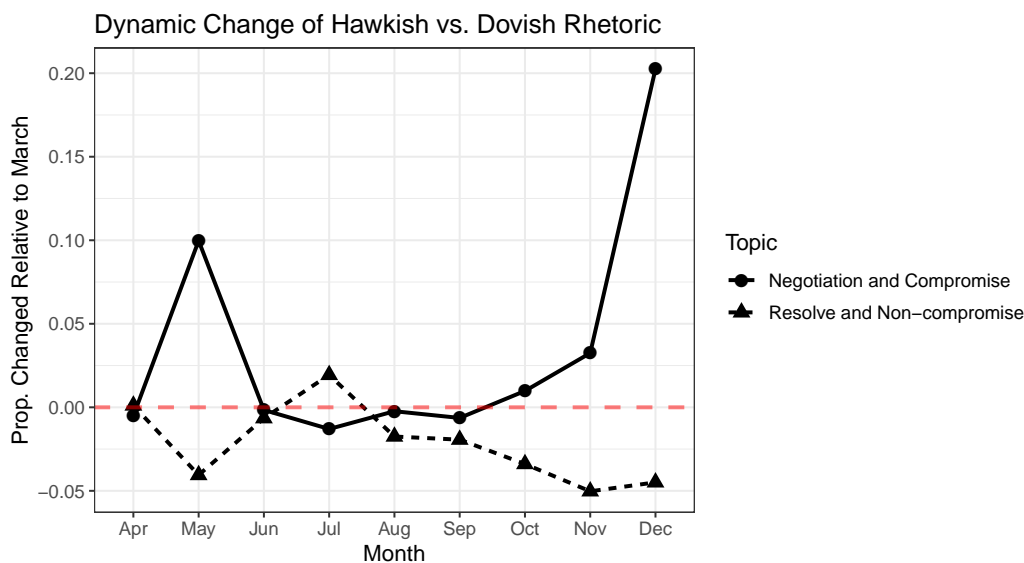
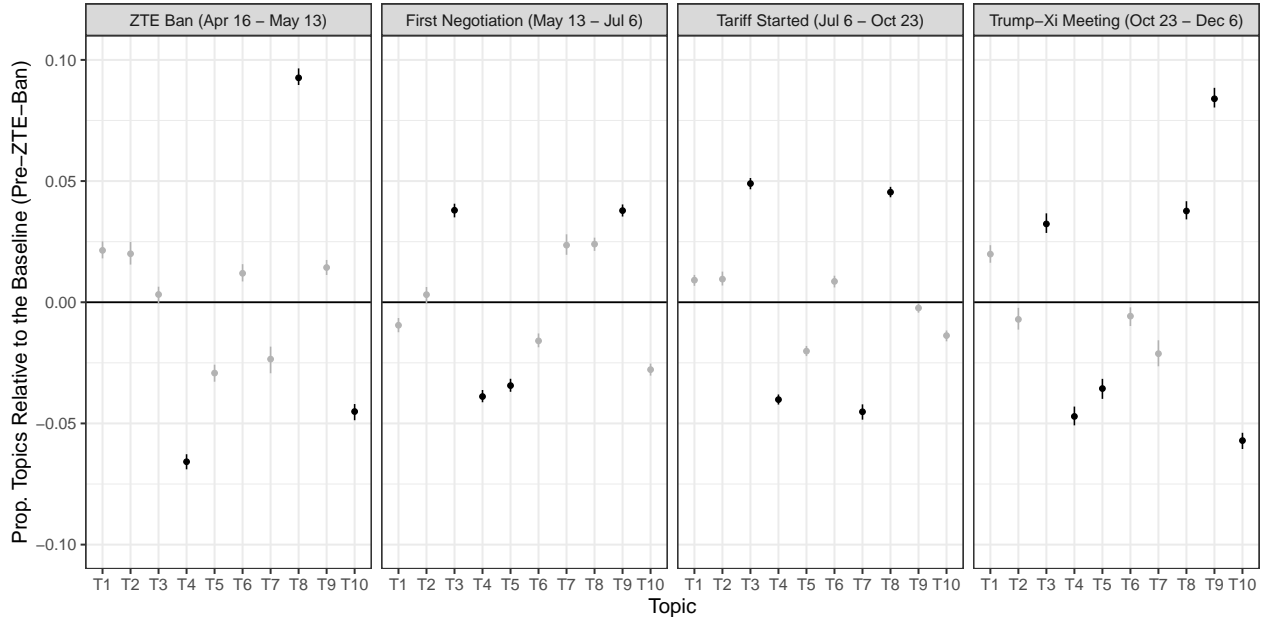


Fig. A.23: Changes in Hawkish vs. Dovish Rhetoric



Measurement Type	Top Words
<b>T1 US Products</b>	
High Prob	企业, 大豆, 出口, 公司, 进口, 影响, 市场, 行业, 国内, 生产, 汽车, 价格, 产品, 苹果, 制造业, 手机, 增加, 芯片, 成本, 减少, 最大, 农业, 需求, 制造, 石油, 农产品, 全球, 国家, 工业, 产业
FREX	生产, 工厂, 粮食, 转基因, 万吨, 公司, 苹果, 订单, 采购, 业务, 万亿元, 玉米, 供应链, 高通, 宝马, 供应商, 涨价, 买家, 厂商, 销售, 销量, 巨头, 出售, 零部件, 福特, 替代, 美豆, 供应, 巴西, 禁令
Score	大豆, 进口, 公司, 出口, 企业, 生产, 苹果, 价格, 万吨, 芯片, 行业, 工厂, 汽车, 产品, 同属, 粮食, 转基因, 农产品, 需求, 巴西, 豆粕, 万亿元, 销售, 石油, 涨价, 国产, 农民, 同比, 半导体, 猪肉
<b>T2 Mixed Feelings About Fighting</b>	
High Prob	没有, 不是, 现在, 如果, 不会, 不能, 知道, 川普, 真的, 应该, 其实, 中国人, 结果, 不要, 问题, 最后, 国家, 可能, 美帝, 开打, 希望, 准备, 肯定, 只能, 最近, 事情, 老百姓, 感觉, 真正, 支持
FREX	美帝, 老美, 美国佬, 牛逼, 知道, 居然, 说话, 不行, 想想, 竟然, 看着, 感觉, 脑子, 可笑, 不让, 笑话, 兔子, 没人, 好好, 套路, 没用, 高兴, 厉害, 大爷, 道理, 夫妻, 打仗, 可怕, 煽动, 以为
Score	川普, 现在, 美帝, 知道, 真的, 中国人, 不是, 老百姓, 感觉, 不能, 不好, 没有, 不要, 国人, 明白, 人民, 以为, 汉奸, 不会, 爱国, 台湾, 自黑, 不敢, 肯定, 老美, 战争, 老师, 商人, 不行, 祖国
<b>T3 Chinese Economy</b>	
High Prob	股市, 经济, 影响, 市场, 可能, 全球, 美元, 政策, 人民币, 金融, 投资, 增长, 中国经济, 风险, 货币, 杠杆, 加息, 消费, 汇率, 房地产, 国内, 刘强东, 未来, 导致, 持续, 压力, 中国股市, 美联储, 预期, 央行
FREX	杠杆, 汇率, 刘强东, 房价, 泡沫, 债务, 贬值, 楼市, 人民币, 内需, 中国股市, 货币, 升值, 金融危机, 放水, 通胀, 宽松, 央行, 万亿, 实体经济, 资本市场, 资产, 流动性, 人民币汇率, 美债, 调控, 崩盘, 拉动, 货币政策, 增速
Score	股市, 刘强东, 杠杆, 加息, 房地产, 房价, 汇率, 人民币, 贬值, 中国股市, 货币, 美联储, 流动性, 央行, 泡沫, 增长, 美元, 消费, 利率, 通胀, 增速, 楼市, 债务, 降准, 资产, 放水, 经济, 金融, 下跌, 内需
<b>T4 US Tariffs</b>	
High Prob	关税, 商品, 加征, 美元, 亿美元, 进口, 产品, 贸易, 宣布, 征收, 清单, 措施, 时间, 五百亿, 两千亿, 针对, 公布, 调查, 征税, 正式, 对华, 对美, 决定, 代表, 六百亿, 实施, 限制, 表示, 钢铁, 二零一调查
FREX	征收, 五百亿, 商品, 六百亿, 关税, 加征, 生效, 备忘录, 办公室, 清单, 对美, 原产, 税率, 额外, 宣布, 亿美元, 两千亿, 报复, 投票, 惩罚性, 日起, 调查, 追加, 对价, 公布, 钢铝, 报复性, 豁免, 中止, 钢铁
Score	关税, 加征, 商品, 进口, 征收, 投票, 清单, 亿美元, 产品, 五百亿, 美元, 两千亿, 六百亿, 宣布, 征税, 措施, 二零一调查, 原产, 公布, 调查, 备忘录, 输美, 对美, 生效, 对华, 报复, 豁免, 办公室, 税率, 白宫
<b>T5 US Allies</b>	
High Prob	特朗普, 总统, 欧盟, 贸易, 政府, 报道, 可能, 俄罗斯, 欧洲, 全球, 对华, 日本, 政策, 媒体, 国家, 认为, 川普, 加拿大, 选举, 表示, 威胁, 发动, 英国, 世贸组织, 国会, 经济, 中期, 白宫, 德国, 标题
FREX	美媒, 欧盟, 共和党, 参考消息, 民主党, 加拿大, 警告, 支持率, 美欧, 墨西哥, 推特, 容克, 盟友, 美国国会, 竞选, 特朗普, 法案, 法国, 马克, 选举, 零关税, 默克尔, 龙永图, 民意, 赤字, 外媒, 普京, 快报, 议员, 协定
Score	特朗普, 欧盟, 总统, 报道, 大脑, 加拿大, 选举, 美媒, 俄罗斯, 共和党, 对华, 白宫, 川普, 墨西哥, 顾问, 日本, 民主党, 参考消息, 外媒, 盟友, 欧洲, 推特, 容克, 警告, 农民, 支持率, 中期, 世贸组织, 媒体, 政府
<b>T6 China's Rise and US Hegemony</b>	
High Prob	世界, 经济, 国家, 发展, 战略, 日本, 政治, 历史, 关系, 大国, 全球, 战争, 军事, 目的, 问题, 成为, 开放, 国际, 西方, 认为, 强大, 全面, 未来, 贸易, 国内, 地位, 需要, 优势, 崛起, 冲突
FREX	霸权, 大国, 科学, 冷战, 中国崛起, 地位, 军事, 复兴, 和平, 年代, 文明, 共同体, 意识形态, 霸主, 南海, 世纪, 中华民族, 之争, 思想, 发达国家, 民主, 帝国, 较量, 精英, 价值观, 西方, 强国, 资本主义, 实力, 民族主义
Score	世界, 军事, 日本, 霸权, 战争, 西方, 大国, 战略, 冷战, 科学, 发展, 雷思海, 意识形态, 政治, 国家, 全球化, 经济, 崛起, 中国崛起, 共同体, 和平, 改革开放, 人类, 文明, 中华民族, 遏制, 历史, 年代, 地位, 文化
<b>T7 Stock Market</b>	
High Prob	市场, 黄金, 反弹, 板块, 指数, 美股, 行情, 下跌, 继续, 股市, 目前, 大盘, 震荡, 操作, 走势, 出现, 创业板, 资金, 上涨, 机会, 个股, 支撑, 影响, 利好, 消息, 美元, 大跌, 没有, 短期, 短线
FREX	黄金, 反弹, 板块, 指数, 行情, 震荡, 操作, 创业板, 个股, 短线, 附近, 利空, 涨停, 均线, 日线, 盘面, 回落, 收盘, 金价, 低开, 上方, 跌破, 上证指数, 盘中, 早盘, 区间, 上证, 低位, 股指, 开盘
Score	板块, 反弹, 黄金, 创业板, 行情, 个股, 指数, 震荡, 大盘, 短线, 日线, 均线, 走势, 操作, 金价, 盘面, 涨停, 附近, 下跌, 低开, 早盘, 回落, 盘中, 两市, 上方, 收盘, 上证, 尾盘, 底部, 股市
<b>T8 High-tech and Private Firms</b>	
High Prob	中兴, 市场, 技术, 科技, 企业, 高科技, 产业, 华为, 国家, 中兴通讯, 事件, 国企, 芯片, 领域, 问题, 升级, 国内, 发展, 机会, 研发, 财富, 人才, 获得, 简单, 出现, 国外, 政府, 轮动, 过程, 创新
FREX	国企, 人才, 专利, 民企, 扶贫, 受限制, 产业化, 腐败, 教育, 高薪, 高校, 核心技术, 犀利, 医治, 学院, 毕业生, 同学, 美籍, 华为, 华商, 高技术, 吉林大学, 折叠, 臃肿, 滴滴, 崔永元, 洗地, 直接税, 中兴, 厉害了
Score	中兴, 轮动, 华为, 国企, 扶贫, 产业化, 专利, 研发, 受限制, 首板, 中兴通讯, 强势股, 接力, 人才, 芯片, 妖股, 民企, 高薪, 题材, 医治, 高科技, 挖掘, 退潮, 回调, 谈不谈, 企业, 腐败, 技术, 投入, 臃肿
<b>T9 Negotiation and Compromise</b>	
High Prob	贸易, 谈判, 双方, 问题, 达成, 两国, 摩擦, 协议, 关系, 经贸, 接受, 磋商, 解决, 进行, 共识, 争端, 停止, 表示, 升级, 经济, 认为, 避免, 北京, 结束, 解读, 同意, 让步, 妥协, 不会, 时间
FREX	达成, 联合声明, 姆努钦, 谈判, 代表团, 美国财长, 元首, 协议, 会谈, 两国, 共识, 采访, 同意, 习近平, 财长, 停火, 磋商, 贸易谈判, 双方, 框架, 双方同意, 对话, 总理, 争端, 接受, 峰会, 重磅, 回合, 逐条, 双赢
Score	达成, 谈判, 磋商, 双方, 协议, 经贸, 贸易, 共识, 联合声明, 两国, 姆努钦, 会晤, 元首, 美国财长, 记者, 采访, 代表团, 双方同意, 中方, 摩擦, 同意, 逐条, 习近平, 华盛顿, 对话, 停火, 王毅, 举行, 接受, 争端
<b>T10 Resolve and Non-compromise</b>	
High Prob	美方, 中方, 新闻, 利益, 挑起, 反击, 商务部, 应对, 坚决, 人民, 规则, 发动, 人民日报, 打响, 国际, 贸易, 代价, 赢家, 国家, 中国人, 反制, 维护, 回应, 不得不, 标题, 发言人, 全球, 奉陪到底, 捍卫, 中国政府
FREX	奉陪到底, 捍卫, 人民日报, 坚决, 吓不倒, 霸凌, 挑起, 单边主义, 新闻, 代价, 维护, 大使, 锐评, 多边, 世贸, 多边贸易, 崔天凯, 发言人, 应战, 赢家, 美方, 以战止战, 不得人心, 反复无常, 单方面, 大门, 付出, 挑衅, 底气, 恫吓
Score	中方, 美方, 商务部, 新闻, 挑起, 坚决, 吓不倒, 捍卫, 反击, 人民日报, 利益, 奉陪到底, 发言人, 人民, 代价, 初战告捷, 发表谈话, 锐评, 规则, 维护, 霸凌, 新华社, 回应, 反制, 驳得, 多边, 大使, 单边主义, 侠客岛, 中国人

Table A.24: STM Outputs: Top Words and Topics (Weibo Corpus)



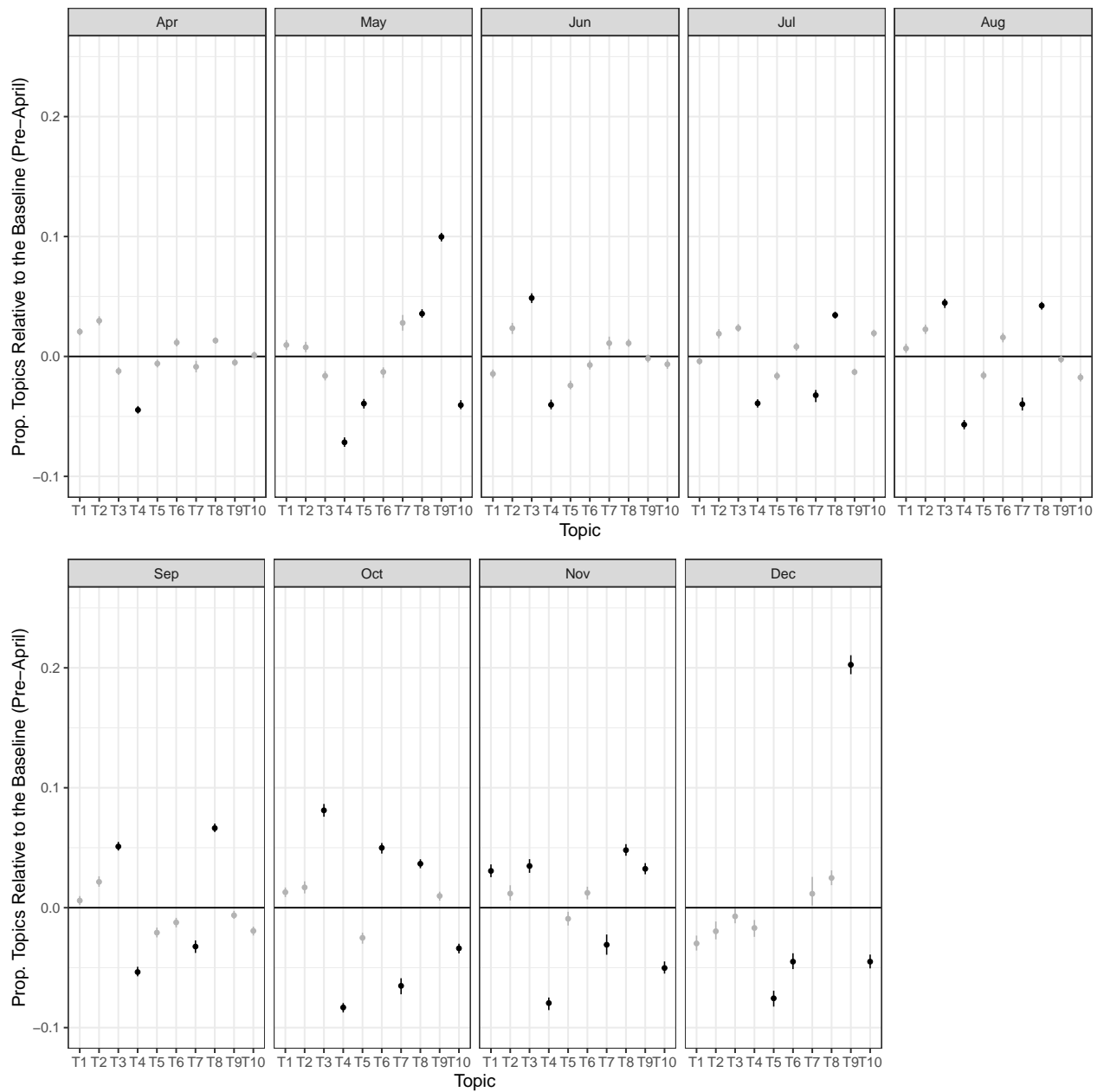
99.9% CI. Extracted Topics: US Products (T1), Mixed Feelings About Fighting (T2), Chinese Economy (T3), US Tariffs (T4), US Allies (T5), China’s Rise and US Hegemony (T6), Stock Market (T7), High-tech and Private Firms (T8), Negotiation and Compromise (T9), Resolve and Non-compromise (T10)

Fig. A.24: Dynamic Changes in Topic Proportions on Weibo

## A6.2 The Zhihu Corpus

Zhihu (“Do you know” in traditional Chinese) is another major online community in China mainland. It is similar to Quora where users post questions and ask for others’ opinions. According to Alexa, it has been one of China’s most-visited websites since 2017. The centralized network structure of Zhihu facilitates users to engage in extensive discussions under questions of a given topic, and the sophisticated recommendation and invitation system encourages users to evaluate and share others’ comments and opinions. Zhihu is also distinct from Weibo such that the Zhihu community strongly favors the user-generated content instead of reposts/retweets. Unfortunately, the structure of Zhihu also facilitates censors to shut down politically sensitive discussions and to forbid users from opening up new discussions under a popular topic (e.g., starting new questions and adding new answers to existing questions). To our knowledge, Zhihu banned new discussions on the US–China trade war as a dedicated topic after the first round of negotiation in late May 2018.

Notwithstanding the impact of censorship, we collected 28,010 posts from Zhihu on the US–China trade war between March and May 2018. For the empirical analysis, we treat it as a cross-sectional data set at the early stage of the trade war. In Figure A.26, we compare the distribution of text length of the Weibo and Zhihu corpuses, and the major difference is that Zhihu has more long posts. We also extract the top ten topics and present the results in Table A.25. Similar to the Weibo topics, topics extracted from the Zhihu corpus also include the economic impact of the trade war (T3, T6, and T7) and US products (T1). We also discover two topics related to the US ban on ZTE and other Chinese high-tech firms (T4



99.9% CI. Extracted Topics: US Products (T1), Mixed Feelings About Fighting (T2), Chinese Economy (T3), US Tariffs (T4), US Allies (T5), China's Rise and US Hegemony (T6), Stock Market (T7), High-tech and Private Firms (T8), Negotiation and Compromise (T9), Resolve and Non-compromise (T10)

Fig. A.25: Dynamic Changes in Topic Proportions on Weibo, by Month

and T10). The discussion on the reputation for resolve is absorbed in the topic of China's rise and US hegemony (T2), and there is a considerable degree of mixed feelings for fighting and conceding (T5). We conclude that Zhihu and Weibo users shared concerns about the economic consequences of the trade war, although the Zhihu corpus is limited to the early stage of the trade war. Zhihu and Weibo users similarly linked the trade war to China's rise and US hegemony. One thing we find special with the Zhihu corpus is the topic related to consumer boycotts and economic nationalism (T1), indicating that Zhihu users were more nationalistic and more willing to take action against the US.

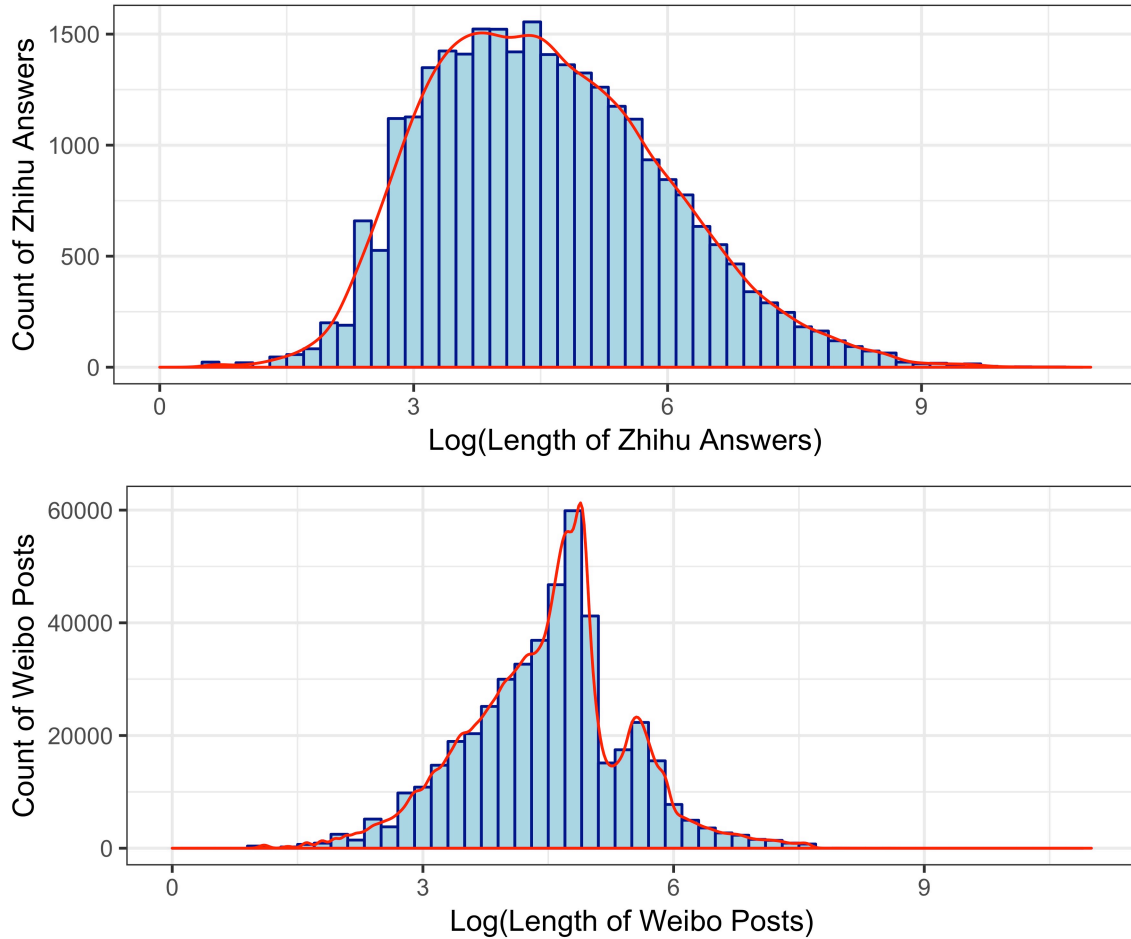


Fig. A.26: Histogram of Weibo/Zhihu Text Length

Measurement Type	Top Words
<b>T1 US Products and Consumer Boycott</b>	
High Prob	苹果, 手机, 如果, 市场, 国内, 产品, 影响, 不会, 可能, 抵制, 生产, 企业, 问题, 禁售, 成本, 利润, 真的, 便宜, 华为, 系统, 应该, 损失, 不能, 禁止, 其实, 阿里, 价格, 品牌, 肯定, 就业
FREX	抵制, 苹果, 手机, 禁售, 涨价, 安卓, 米帝, 富士康, 阿里, 品牌, 不买, 谷歌, 波音, 代购, 便宜, 权限, 失业, 不卖, 盗版, 国产手机, 国货, 工人, 消费者, 米国, 替代品, 税收, 苹果公司, 好莱坞, 订单, 假设
Score	苹果, 手机, 抵制, 玻璃, 禁售, 安卓, 华为, 产品, 代购, 三星, 微软, 米帝, 国产手机, 谷歌, 市场, 品牌, 涨价, 阿里, 权限, 失业, 生产, 软件, 不买, 加税, 富士康, 国产, 工人, 价格, 企业, 厂商
<b>T2 China's Rise and US Hegemony</b>	
High Prob	世界, 战争, 西方, 历史, 经济, 发展, 矛盾, 苏联, 中国人, 人民, 成为, 体系, 政治, 全球, 社会, 英国, 民族, 文化, 问题, 人类, 时代, 军事, 地位, 和平, 崛起, 资本主义, 自由, 斗争, 帝国主义, 强大
FREX	帝国主义, 苏联, 资本主义, 团结, 文明, 帝国, 革命, 矛盾, 秩序, 西方, 斗争, 人类, 和平, 思想, 民主, 殖民, 战争, 伟大, 历史, 民族, 复兴, 中华民族, 事物, 军队, 文化, 社会主义, 英国, 衰落, 侵略, 战胜
Score	团结, 帝国主义, 战争, 秩序, 矛盾, 苏联, 文明, 斗争, 和平, 世界, 殖民, 西方, 帝国, 诸侯, 霸权, 历史, 罗马, 人民, 资产阶级, 阶级, 革命, 思想, 资本主义, 民主, 四境, 事物, 轻视, 人类, 敌人, 秦兵
<b>T3 Economic Impact</b>	
High Prob	房价, 工作, 房子, 房地产, 问题, 知道, 政府, 工资, 希望, 城市, 生活, 专业, 社会, 真的, 如果, 不会, 可能, 孩子, 教育, 实业, 地方, 老师, 人才, 金融, 买房, 待遇, 毕业, 需要, 努力, 收入
FREX	房子, 孩子, 买不起, 年轻人, 买房, 同学, 炒房, 老师, 工资, 毕业, 实业, 转行, 学校, 学生, 一线, 房价, 大牛, 地产, 专业, 公务员, 城市, 大学, 工作, 父母, 套房, 兴邦, 研究生, 本科, 加班, 韭菜
Score	房价, 赋予, 房子, 买房, 房地产, 毕业, 买不起, 转行, 炒房, 学校, 大牛, 科研, 孩子, 专业, 年轻人, 实业, 老师, 城市, 待遇, 工程师, 工作, 套房, 工资, 一线, 公务员, 学生, 工科, 房产, 研究生, 地产
<b>T4 ZTE Ban</b>	
High Prob	中兴, 华为, 制裁, 公司, 企业, 中兴通讯, 伊朗, 员工, 事件, 美国商务部, 出口, 协议, 法律, 美国政府, 通信, 违反, 禁令, 处罚, 相关, 业务, 调查, 设备, 高通, 影响, 合规, 和解, 可能, 产品, 不能, 禁止
FREX	中兴通讯, 中兴, 合规, 禁令, 处罚, 伊朗, 罚款, 员工, 美国商务部, 和解, 违反, 出口管制, 制裁, 奖金, 法律, 华为, 运营商, 文件, 高管, 违规, 中兴公司, 把柄, 业务, 诚信, 证据, 美国政府, 通讯, 事件, 违法, 合同
Score	中兴, 中兴通讯, 华为, 合规, 美国商务部, 伊朗, 藐视, 奖金, 员工, 禁令, 制裁, 罚款, 处罚, 出口管制, 公司, 高通, 安全局, 认罪, 基站, 运营商, 协议, 违反, 中兴公司, 和解, 停牌, 名高管, 企业, 芯片, 通信, 美方
<b>T5 Mixed Feelings About Fighting and Conceding</b>	
High Prob	知道, 问题, 真的, 不会, 如果, 不要, 美帝, 不能, 回答, 其实, 中国人, 最后, 结果, 知乎, 应该, 日本, 肯定, 川普, 只能, 当年, 事情, 以为, 希望, 答案, 感觉, 以后, 可能, 明白, 老大, 准备
FREX	老美, 美帝, 兔子, 老大, 小弟, 投降, 欺负, 老二, 屁股, 天朝, 面子, 美国佬, 老子, 打架, 大哥, 美利坚, 爸爸, 知乎, 打到, 药丸, 以为, 回答, 美分, 一拳, 评论, 打脸, 兄弟, 非要, 打赢, 加油
Score	杜鲁门, 机灵, 我兔, 发育, 老四, 鹰酱, 老三, 大哥, 脸上, 求和, 阴阳怪气, 粉红, 吓唬, 万岁, 嘴脸, 他妈的, 兔子, 被删, 忍辱负重, 跪下, 对面, 狼狽, 管理员, 五毛, 一拳, 川皇, 川粉, 小人, 美利坚, 老美
<b>T6 High-tech and Private Firms</b>	
High Prob	技术, 发展, 芯片, 行业, 产业, 科技, 企业, 制造业, 高端, 研发, 问题, 领域, 互联网, 需要, 投入, 市场, 高科技, 差距, 国内, 制造, 封锁, 基础, 人才, 落后, 创新, 可能, 不能, 我国, 工业, 资本
FREX	封锁, 核心技术, 落后, 技术, 重视, 互联网, 行业, 差距, 科技, 高科技, 扶持, 创新, 追赶, 高铁, 发展, 高端, 原子弹, 投入, 发动机, 产业, 从业者, 赶超, 两弹一星, 超车, 共享, 外卖, 弯道, 积累, 军工, 制造业
Score	芯片, 船舶, 技术, 研发, 行业, 产业, 发展, 投入, 制造业, 高端, 科技, 核心技术, 互联网, 人才, 科研, 封锁, 差距, 企业, 半导体, 两弹一星, 领域, 超车, 创新, 弯道, 落后, 高科技, 追赶, 房地产, 芯片业, 外卖
<b>T7 Chinese Economy</b>	
High Prob	美元, 经济, 日本, 人民币, 全球, 市场, 金融, 货币, 石油, 如果, 世界, 资本, 投资, 股市, 消费, 导致, 可能, 出口, 影响, 国内, 大量, 增长, 黄金, 制造业, 出现, 泡沫, 加息, 中国经济, 汇率, 资产
FREX	加息, 债务, 货币, 杠杆, 美元, 石油, 美债, 泡沫, 黄金, 内需, 外汇储备, 万亿, 贬值, 抛售, 美联储, 股市, 人民币, 美股, 通胀, 升值, 汇率, 央行, 利率, 美国国债, 结算, 外汇, 金融危机, 下跌, 资产, 日元
Score	美元, 货币, 加息, 人民币, 委内瑞拉, 债务, 美债, 美联储, 贬值, 黄金, 杠杆, 房价, 利率, 泡沫, 央行, 抛售, 汇率, 通胀, 经济, 金融, 日元, 石油, 外汇储备, 楼市, 内需, 股市, 美国国债, 升值, 美元指数, 结算
<b>T8 Negotiation and the US Politics</b>	
High Prob	特朗普, 中美, 贸易, 经济, 川普, 可能, 问题, 利益, 谈判, 双方, 如果, 总统, 政治, 不会, 认为, 关系, 日本, 目前, 国内, 政策, 政府, 欧盟, 战略, 俄罗斯, 威胁, 制裁, 最大, 影响, 两国, 目的
FREX	特朗普, 选举, 总统, 让步, 谈判, 双方, 共和党, 中美, 中期, 两国, 上台, 奥巴马, 民主党, 摩擦, 遏制, 强硬, 盟友, 白宫, 竞选, 选民, 希拉里, 选票, 川普, 威胁, 贸易, 博弈, 共识, 支持率, 筹码, 外交
Score	特朗普, 川普, 贸易, 谈判, 中美, 源自, 选举, 美方, 中方, 双方, 总统, 欧盟, 贸易逆差, 共和党, 民主党, 让步, 希拉里, 中期, 两国, 经济, 经贸, 竞选, 奥巴马, 支持率, 选民, 俄罗斯, 选票, 白宫, 政治, 南海
<b>T9 US Tariffs</b>	
High Prob	关税, 进口, 出口, 产品, 大豆, 我国, 商品, 贸易, 企业, 亿美元, 限制, 汽车, 世贸组织, 措施, 征收, 清单, 外资, 影响, 国内, 推销, 农产品, 钢铁, 二零一调查, 保护, 加征, 包括, 调查, 知识产权, 要求, 入世
FREX	大豆, 推销, 关税, 入世, 征收, 钢铁, 加征, 清单, 二零一调查, 外资, 世贸组织, 进口, 农产品, 取消, 商场, 征税, 巴西, 合资企业, 纺织品, 对美, 税率, 万吨, 配额, 措施, 中国出口, 猪肉, 反倾销, 进出口, 添加, 农业
Score	关税, 大豆, 推销, 进口, 征收, 出口, 加征, 化工产品, 入世, 亿美元, 世贸组织, 二零一调查, 农产品, 配额, 产品, 清单, 商品, 贸易, 措施, 征税, 纺织品, 合资企业, 钢铁, 对美, 商场, 条款, 欧盟, 巴西, 税率, 外资
<b>T10 Semiconductor Industry</b>	
High Prob	芯片, 公司, 半导体, 设计, 研发, 产品, 国产, 软件, 设备, 领域, 技术, 集成电路, 电子, 产业, 需要, 行业, 企业, 全球, 系统, 生产, 操作系统, 市场, 开发, 目前, 华为, 应用, 制造, 自主, 日本, 硬件
FREX	集成电路, 设计, 操作系统, 电子, 台积电, 海思, 工艺, 应用, 半导体, 处理器, 性能, 微电子, 龙芯, 英特尔, 计算机, 软件, 量产, 硬件, 国产, 麒麟, 元器件, 开发, 器件, 光刻机, 整机, 芯片, 紫光, 开源, 制程, 纳米
Score	芯片, 半导体, 电动车, 集成电路, 软件, 研发, 操作系统, 微电子, 工艺, 处理器, 海思, 设计, 国产, 器件, 性能, 龙芯, 三星, 台积电, 元器件, 设备, 基站, 应用, 华为, 光刻机, 公司, 麒麟, 硬件, 制程, 高通, 电子

Table A.25: STM Outputs: Top Words and Topics (Zhihu Corpus)

### A6.3 Government Statements and Official Media Reports

The intensive exchanges of elite rhetoric successfully mobilized domestic audiences in both China and the US when the trade war escalated in 2018. President Donald Trump committed to end China’s “unfair trade policies” and “economic aggression” against the US.<sup>13</sup> China, on the other hand, vowed to retaliate against US tariffs and to firmly defend its “legitimate interests.” Chinese Ambassador Cui Tiankai commented on Trump’s accusations as groundless and stated that “If people want to play tough, we will play tough with them and see who will last longer.”<sup>14</sup> The nationalist newspaper *Global Times* (under the People’s Daily) compared US demands in the first round of negotiation in May 2018 to the “terms of unjust treaty” in the First Opium War.<sup>15</sup>

Do official outlets have temporal changes in topics similar to what we observe from the social media data? To answer this question, we collected 214 pieces of Foreign Ministry spokesperson’s remarks and 153 pieces of *Global Times* editorials on the US–China trade war. Due to the limited number of observations, we extract five top topics from the text and present the results in Tables A.26 and A.27. And corresponding to Figure 5 in the main text, we plot the temporal change of topics in Figures A.27 and A.28. We can observe some similar trends of topics shared by official outlets and social media content: Official outlets also changed from hawkish rhetoric of fighting the trade war to a softened tone regarding the progress of bilateral negotiations.

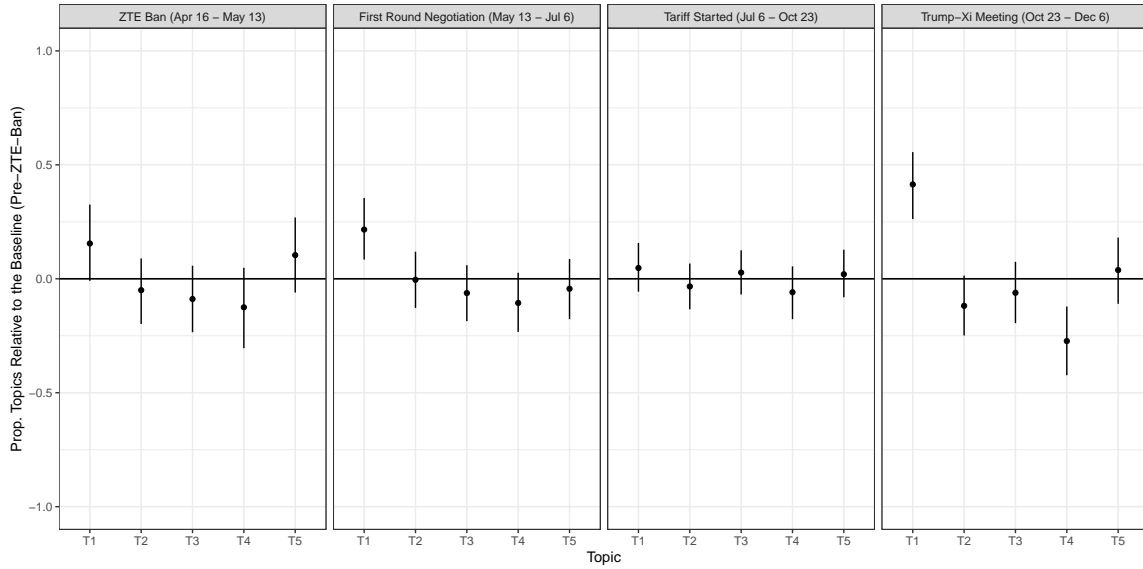
We make comparisons between official outlets and social media content. It is also an opportunity to evaluate the degree of the state’s influence on public discourse covering sensitive political issues. We draw three conclusions. First, the clusters of keywords under top topics (Tables A.24/A.25 vs. Tables A.26/A.27) show a sharp divergence between the two data sources. Second, one important topic on China’s rise and US hegemony (detected in both Weibo and Zhihu) that can be linked to popular nationalism can not be matched to any topic extracted from the official outlets. One may interpret it as the evidence of self-restraints: The Chinese government did not want to go too far in terms of fomenting popular nationalism with provocative rhetoric. Third, we highlight people’s growing concerns about the economic consequences in both survey experiments and social media data, but topics about economic issues in the government statements and *Global Times* editorials hardly displayed an upward trend (T2/T5 in Figure A.27 and T2 in Figure A.28). Taken together, although we acknowledge the strong power of the authoritarian state in shaping public discourse (also see Section A5.10), there are important differences in the substance of information between official outlets and social media platforms. We argue that social media analysis has its unique value in understanding Chinese public opinion and can be used as supplementary evidence for survey findings.

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<sup>13</sup>The White House documents, [President Donald J. Trump is Confronting China’s Unfair Trade Policies and Remarks by President Trump at Signing of a Presidential Memorandum Targeting China’s Economic Aggression.](#)

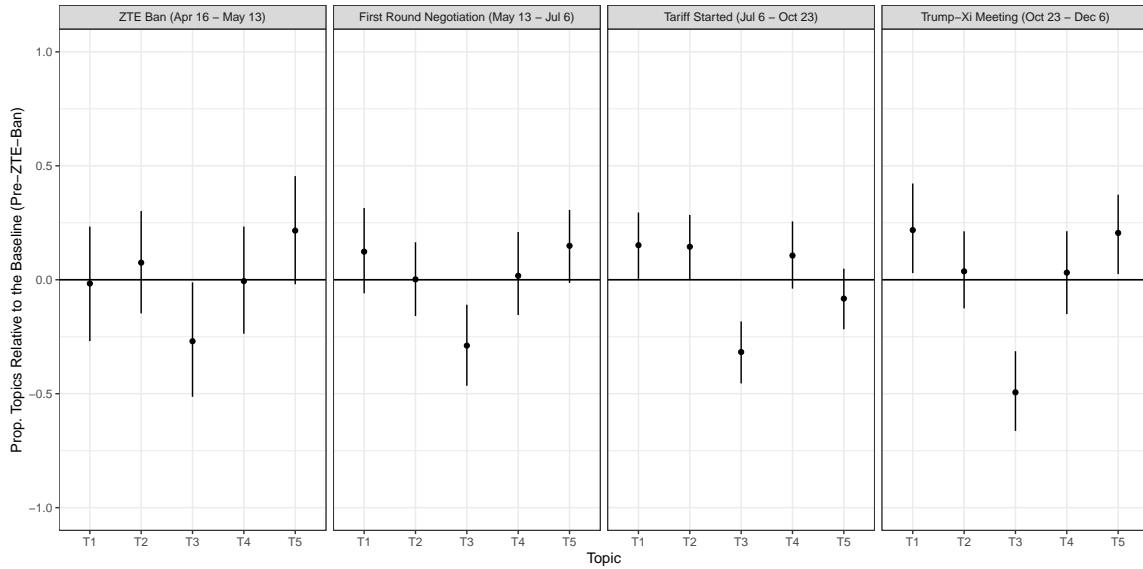
<sup>14</sup>Bloomberg, [Chinese Ambassador Warns of ‘Trade War’ Over Trump Tariffs.](#)

<sup>15</sup>*Global Times*, [Too much! The publicity of US conditions, as it was 1840.](#)



95% CI. Extracted Topics: Negotiation and State Leaders (T1), FDI, Intellectual Property and Openness (T2), Negotiation and Compromises (T3), Resolve and Countermeasures (T4), Global Cooperation (T5)

Fig. A.27: Dynamic Changes in Topic Proportions, Foreign Ministry Spokesperson's Remarks



95% CI. Extracted Topics: Regional Security (T1), Chinese Economy (T2), Resolve and Countermeasures (T3), Global Cooperation and the US Allies (T4), Negotiation and Compromises (T5)

Fig. A.28: Dynamic Changes in Topic Proportions, *Global Times* Editorials

Measurement Type	Top Words
<b>T1 Negotiation and State Leaders</b>	
High Prob	双方, 磋商, 关系, 两国, 达成, 共识, 希望, 元首, 商务部, 发言人, 具体, 举行, 团队, 进行, 保持, 接受, 回答, 互利, 领域, 新闻, 会晤, 总统, 推动, 表示, 通话, 加征, 基础, 消息, 经济, 关税
FREX	元首, 团队, 达成, 磋商, 共识, 双方, 总统, 通话, 接受, 特朗普, 两国, 消息, 回答, 接触, 具体, 关心, 会晤, 举行, 记者, 新闻, 发言人, 华盛顿, 细节, 保持, 介绍, 关系, 方案, 加强, 相向, 落实
Score	元首, 前提, 达成, 磋商, 团队, 双方, 细节, 方案, 商务部, 生效, 特朗普, 接触, 华盛顿, 联合声明, 总统, 同意, 财政部, 加征, 加紧, 妈努钦, 习近平, 访华, 通话, 日至, 罗斯, 争取, 进行磋商, 交换意见, 两国, 沟通
<b>T2 FDI, Intellectual Property and Openness</b>	
High Prob	企业, 美国, 投资, 贸易, 开放, 国家, 改革开放, 世界, 继续, 市场, 发展, 公平, 全球, 环境, 知识产权, 推进, 进一步, 增长, 政策, 了解, 报告, 提供, 国际, 中国政府, 互利, 保护, 强调, 经济, 合作, 对外
FREX	投资, 企业, 环境, 改革开放, 市场, 对外, 知识产权, 公平, 人民币汇率, 创新, 国家安全, 开放, 保护, 外资, 外国, 征税, 报告, 中国经济, 便利化, 市场准入, 政策, 超过, 进一步, 继续, 增长, 中国政府, 市场规律, 预期, 了解, 有力
Score	征税, 创新, 企业, 投资, 国家安全, 环境, 公平, 人民币汇率, 外资, 市场准入, 开放, 潜在, 知识产权, 超过, 对外开放, 兴业, 报告, 外国, 放宽, 扩大开放, 鼓励, 营商, 预期, 市场规律, 无意, 经营, 中国经济, 全球, 便利化, 增长
<b>T3 Negotiation and Compromises</b>	
High Prob	对话, 美国, 协商, 解决, 没有, 贸易, 摩擦, 分歧, 相互尊重, 关系, 立场, 双方, 如果, 经贸合作, 平等, 能够, 希望, 发展, 经济体, 基础, 两国人民, 可能, 稳定, 应该, 世界, 两国, 不是, 强调, 符合, 问题上
FREX	协商, 对话, 摩擦, 解决, 诚意, 分歧, 出现, 经济体, 没有, 两国人民, 关键, 经贸合作, 声音, 相互尊重, 好处, 倾听, 诚信, 建立, 平等, 中欧, 能够, 问题上, 工商界, 主张, 方式, 理性, 可能, 任何一方, 升级, 持续
Score	对话, 所作所为, 协商, 善意, 诚意, 诚信, 摩擦, 建立, 相互尊重, 途径, 妥善解决, 认清形势, 任何一方, 胁迫, 展示, 沟通, 好处, 做大, 倾听, 两国关系, 关键, 施压, 贸易战, 在所难免, 执意, 单方面, 经贸合作, 造成, 妥善处理, 工商界
<b>T4 Resolve and Countermeasures</b>	
High Prob	美国, 贸易, 规则, 世贸组织, 措施, 关税, 维护, 利益, 单边主义, 采取, 立场, 多边贸易, 体制, 贸易战, 保护主义, 自身, 国际, 商务部, 坚决, 坚定, 经济, 反对, 如果, 损害, 社会, 表明, 全球, 加征, 遵守, 进口
FREX	世贸组织, 多边贸易, 反制, 体制, 措施, 坚定, 单边主义, 坚决, 损害, 规则, 关税, 采取, 行为, 三零一调查, 正当, 合法权益, 捍卫, 必要, 反对, 自身, 贸易战, 维护, 清单, 自由贸易, 调查, 争端, 进口, 全世界, 必要措施, 决心
Score	世贸组织, 不得不, 多边贸易, 体制, 关税, 反制, 三零一调查, 正当, 贸易战, 措施, 加征, 商务部, 单边主义, 损害, 成员, 清单, 捍卫, 规则, 汽车, 被迫, 救济, 自由贸易, 举措, 反对, 合法权益, 保护主义, 决心, 税率, 是典型, 采取
<b>T5 Global Cooperation</b>	
High Prob	合作, 发展, 国际, 国家, 促进, 世界, 经济, 共同, 领导人, 支持, 各国, 地区, 关系, 一带一路, 和平, 原则, 人民, 希望, 报道, 各方, 贡献, 推动, 建设, 社会, 积极, 稳定, 会议, 全球, 基础, 世界经济
FREX	一带一路, 和平, 促进, 支持, 倡议, 地区, 会议, 贡献, 合作, 领导人, 基础设施, 自由, 政治, 建设, 国际, 发展, 愿望, 构建, 普遍, 人民, 非正式, 报道, 发展中国家, 地方, 各国, 各方, 安全, 国家, 期间, 愿同
Score	愿望, 一带一路, 倡议, 和平, 促进, 基础设施, 会议, 贡献, 建设, 繁荣, 各国, 自由, 支持, 合作, 共建, 经济社会, 非正式, 当地, 发展中国家, 论坛, 增进, 意愿, 陷阱, 秉持, 共商, 受到, 提出, 承诺, 成员, 区域

Table A.26: STM Outputs: Top Words and Topics  
(Foreign Ministry Spokesperson's Remarks)

Measurement Type	Top Words
<b>T1 Regional Security</b>	
High Prob	台湾, 两国, 地区, 朝鲜, 大陆, 南海, 对抗, 台海, 大国, 军事, 安全, 同时, 进行, 紧张, 方式, 合作, 增加, 挑衅, 支持, 外交, 开展, 继续, 方向, 改善, 日本, 摩擦, 行动, 彭斯, 问题上, 选举
FREX	台湾, 朝鲜, 大陆, 南海, 台海, 地区, 军事, 挑衅, 彭斯, 局势, 紧张, 外交, 蓬佩奥, 改善, 安全, 亚洲, 和平, 对抗, 恶化, 一带一路, 友好, 访问, 国务卿, 公开, 精英, 对华政策, 日本, 建设, 参加, 国防
Score	大陆, 台湾, 朝鲜, 台海, 南海, 参加, 军事, 地区, 新加坡, 彭斯, 国防, 局势, 蓬佩奥, 亚太, 对华政策, 冷战, 和平, 影响力, 挑衅, 访华, 会晤, 亚洲, 一带一路, 恶化, 当局, 两国关系, 事务, 改善, 国务卿, 核心
<b>T2 Chinese Economy</b>	
High Prob	中国经济, 市场, 增长, 保持, 信心, 全面, 改革开放, 过去, 长期, 压力, 遏制, 实力, 强大, 舆论, 严重, 冲击, 挑战, 整个, 库德洛, 发生, 重要, 制造业, 中国崛起, 认识, 最大, 进一步, 持续, 历史, 增加, 现实
FREX	中国经济, 增长, 库德洛, 制造业, 信心, 人民, 长期, 处在, 经历, 冲击, 因素, 过去, 遏制, 消费, 释放, 经济发展, 斗争, 活力, 数据, 惯性, 中国崛起, 潜力, 治理, 质量, 崛起, 互联网, 挑战, 实力, 形势, 精神
Score	库德洛, 增长, 中国经济, 数据, 质量, 下行, 活力, 制造业, 周期, 结构, 惯性, 数量, 信心, 潜力, 增速, 动能, 几十年, 深度, 中外, 改革开放, 满足, 后劲, 治理, 创新能力, 更好, 积累, 斗争, 平稳, 战略性, 痛苦
<b>T3 Resolve and Countermeasures</b>	
High Prob	加征, 亿美元, 美元, 报复, 损失, 清单, 进口, 措施, 商品, 接受, 两千亿, 美国政府, 公司, 规模, 不想, 公布, 对美, 出口, 宣布, 时间, 表示, 计划, 反制, 威胁, 贸易逆差, 行动, 做法, 反击, 征税, 生产
FREX	清单, 美元, 两千亿, 报复, 商品, 调查, 损失, 不想, 加征, 五百亿, 亿美元, 干预, 公布, 大棒, 公司, 征税, 反击, 美国政府, 同等, 贸易逆差, 出口, 开打, 商务部, 选民, 反制, 措施, 大豆, 中国政府, 生产, 做法
Score	干预, 清单, 报复, 加征, 商品, 美元, 同等, 调查, 进口, 五百亿, 两千亿, 美国政府, 讹诈, 出台, 报告, 痛苦, 还手, 屈服, 征税, 办公室, 力度, 高科技产品, 中国政府, 生产, 委员会, 共和党, 芯片, 商务部, 开打, 消费市场
<b>T4 Global Cooperation and the US Allies</b>	
High Prob	欧洲, 欧盟, 世贸组织, 合作, 规则, 体系, 汽车, 国际, 市场, 中欧, 盟友, 最大, 西方, 维护, 多边, 大国, 扩大, 主义, 世贸, 开展, 舆论, 所有, 严重, 霸权, 对抗, 日本, 应当, 伙伴, 要求, 同时
FREX	欧盟, 欧洲, 中欧, 世贸组织, 主义, 多边, 盟友, 世贸, 规则, 体系, 霸权, 单边主义, 合作, 加拿大, 加入, 汽车, 自由贸易, 成员, 组织, 德国, 保护主义, 伙伴, 峰会, 秩序, 维护, 日本, 霸凌, 共同, 承诺, 国际贸易
Score	中欧, 欧洲, 欧盟, 世贸组织, 盟友, 汽车, 加拿大, 单边主义, 世贸, 德国, 主义, 欧美, 合作, 成员, 冷战, 规则, 加入, 联手, 多边, 置于, 俄罗斯, 传统, 签署, 会晤, 同盟, 国际贸易, 霸权, 钢铝, 保护主义, 峰会
<b>T5 Negotiation and Compromises</b>	
High Prob	谈判, 达成, 协议, 对外开放, 要求, 两国, 中兴, 扩大, 磋商, 改革开放, 进口, 知识产权, 进行, 进一步, 企业, 实现, 对话, 压力, 主席, 经贸, 必须, 习近平, 信息, 举行, 应当, 做出, 解决, 决定, 纠纷, 共识
FREX	中兴, 协议, 对外开放, 达成, 知识产权, 谈判, 习近平, 代表团, 磋商, 主席, 对话, 博鳌, 信息, 落实, 要求, 经贸, 取得, 共识, 纠纷, 企业, 开放, 举行, 成果, 积极, 刘鹤, 能源, 保护, 博览会, 讲话, 论坛
Score	博览会, 中兴, 代表团, 磋商, 博鳌, 首届, 论坛, 刘鹤, 知识产权, 主席, 习近平, 善意, 进口, 能源, 美好生活, 讲话, 汽车, 对外开放, 协议, 交流, 规划, 满足, 融合, 信息, 推进, 达成, 贸易谈判, 双赢, 中国制造, 改革开放

Table A.27: STM Outputs: Top Words and Topics  
(Global Times Editorials)



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## **Paper 2**

# **Does Nationalism Rally Support**

### **Full Paper Title**

Does Nationalism Rally Political Support for Authoritarian States?

**Abstract**

Conventional wisdom suggests that international conflicts may dampen social discontent and divert public attention from domestic problems. In this paper, we test this diversionary logic in China: Whether or not international conflicts boost general public support for the authoritarian regime. First, we obtain a nationally representative sample and exploit the overlapping of the Sino-Japan territorial disputes in 2012 and the administration of the survey. We find that although there was a significant drop in respondents' trust toward implicated out-groups (the "Americans"), their in-group solidarity and sensitivity towards the severity of domestic issues (e.g., corruption, unemployment, social welfare) remained largely stable. Second, we use a longitudinal online survey conducted in 2018 and 2019, exploiting the escalation of the US-China trade war as another external shock. We again show that respondents' anti-US sentiment was moderately strengthened when the trade war escalated, but their loyalty to the nation was unchanged. We conclude that international conflicts have limited and narrow influences on political attitudes and add caveats to explaining China's foreign policies with the conventional diversionary logic.

*Key words: Rally Effect, Diversionary Conflicts, Public Opinion, Authoritarian Politics*

## Introduction

Engaging in interstate conflicts is often compared to taking a gamble that entails great risks and uncertainty. Given the high stakes of losing, what are the domestic motives for state leaders to fight rather than to seek negotiated settlements? The diversionary theory of conflicts offers a straightforward and intuitive answer: International conflicts boost domestic support for unpopular leaders (Davies, 2002; Kisangani and Pickering, 2009; Levy, 1989; Miller, 1995; Miller and Elgün, 2011; Morgan and Bickers, 1992). Especially when other legitimacy instruments are absent, the rise of popular nationalism stimulated by external threats helps embattled state leaders stay in power (Mansfield and Snyder, 1995, 2002).

The diversionary theory postulates significant shifts in aggregate political attitudes driven by external forces. Existing literature identifies two main rationales behind public reactions towards international conflicts: re-assessing leadership competence and rallying around the flag (Haynes, 2017). The first rationale suggests that interstate conflicts afford citizens the rare opportunity to re-evaluate state leadership with updated information about conflict outcomes and endorse state leaders for foreign victories (Downs and Roche, 1994; Gelpi and Grieco, 2015; Goemans and Fey, 2009; Tarar, 2006). The relative weight of domestic problems in judging leadership competence declines, although citizens may not change their substantive preferences or perceptions regarding domestic problems. The second rationale underscores the psychological change that makes people increasingly favor in-group members to out-group members when external threats loom large. Citizens display higher approval of the government even when the conflict is ongoing and the outcome is yet to be finalized. Public criticism of the government is discouraged or even replaced by guarded support for fear of looking foolish or unpatriotic (Baker and Oneal, 2001). The rise of nationalism mitigates social discontent towards domestic problems, e.g., inequality (Solt, 2011).

A large volume of literature on the US elaborates the second rationale, indicating that international conflicts cause rally effects and dampen critiques of the incumbent government (Baker and Oneal, 2001; Baum, 2002; Lian and Oneal, 1993; Mueller, 1970; Schu- bert, Stewart and Curran, 2002). However, empirical research based on other countries is relatively scarce. Some research using the cross-national data treats country-year observations as the basic unit of analysis, focusing on the onset of international conflicts conditional on domestic unrest (e.g., economic crises). The flaw in this approach is to take the rally effects as guaranteed rather than to problematize its existence or magnitude. To some scholars, this approach is justified as diversionary conflicts are defined by the nature of the leaders' motivation to use force, not by whether conflicts have changed the public opinion in favor of the government (Oakes, 2006, p.433-4). But to others, it is unsatisfactory and blurs the two distinct processes described in the diversionary theory: First, internal conflict has a causal impact on the risk of external conflict, and second, external conflict mutes internal conflict (Levy, 1989, p.267).

In this paper, we attempt to fill the gap and generalize the micro-foundation of the diversionary theory to the typical authoritarian context. Specifically, we focus on two recent international crises that implicated China and another major country: The 2012 Diaoyu Islands dispute with Japan and the 2018-19 trade war with the United States. We obtain a nationally representative sample from the China Family Panel Studies (CFPS) in 2012 and collect three-wave data of an online survey panel in August 2018 and January and August 2019. We leverage the dramatic and unexpected escalation of conflicts as natural shocks and examine the temporal change of political attitudes. We present positive results on the increasing anti-foreign sentiment, which discloses signs of nationalist rallies driven by distrust and hostility against out-groups. However, we also present null results that repudiate the core logic of rally effects: During the two international conflicts, Chinese citizens did not display high in-group solidarity or become less sensitive to domestic problems. We discuss possible explanations for the null findings and present supplementary evidence

on the lack of correlations between anti-foreign sentiment and political support for the government.

To reiterate and echo [Levy \(1989\)](#), we do not answer whether or not the Chinese leaders have adopted the diversionary thinking in the past or estimate the likelihood of diversionary conflicts in the future due to domestic unrest. Instead, our goal is to identify the causal impact of international conflicts on the political attitudes of Chinese citizens. Overall, our empirical results show that the rally effect is very limited in terms of decreasing people's discontent about domestic issues or increasing satisfaction and political loyalty. It is not to say, however, that foreign victories have no impact on public opinion, as the citizens may still evaluate state leadership based on their separate evaluation of domestic and foreign policies. Substantively, the results may be interpreted as the evidence of deliberate citizens ([Colaresi, 2007](#)), as people remained critical to domestic problems and did not succumb to the force of blind patriotism.

The rest of the paper is organized as follows. In the second section, we review the related literature on the micro-foundation of diversionary conflicts and present our hypotheses. In the third section, we introduce the context of the two cases as well as the empirical methods and data. In the fourth section, we present the main findings and discuss the theoretical implications. The fifth section concludes.

### **Theoretical Arguments**

In this section, we present our theoretical arguments in two phases. First, we revisit the micro-level mechanisms of the diversionary theory and review the critical arguments that challenge the theoretical presumptions. Second, we discuss causal mechanisms based on the diversionary theory and present the hypotheses for empirical testing.

### **The micro-foundations of diversionary conflict**

The diversionary theory proposes causal mechanisms at the societal level that connect domestic and international conflicts. The micro-foundations can be traced to the sociological literature of social identity and group dynamics under external threats (Levy, 1989; Shayo, 2009). Successful diversion depends on a minimal degree of internal cohesion, as domestic groups who strongly oppose the ruling elites are unlikely to switch their stance and embrace the long-standing foes.<sup>1</sup> Theorists of diversionary conflicts usually portray state leaders as perceptive, calculating, and self-serving manipulators of public opinion struggling for political survival (Goemans and Fey, 2009). But in a sharply different manner, they describe citizens as emotional and uncritical followers reacting impulsively to external threats that are often exaggerated by elite rhetoric and manipulated information (Theiler, 2018).

The diversionary theory takes the rise of nationalism as the predominant force driving the dramatic shift of public opinion in favor of the incumbent government during international crises.<sup>2</sup> As a famous metaphor, nationalism consists of myths that turn chance into destiny (Anderson, 1991). The power of nationalism on people's mind has the potential to surpass loyalty to other social groups (Van Evera, 1994). As the principal purveyor of nationalism, modern states invent a variety of "cultural control" instruments to enforce the universal identity of citizens within the national territory (Tilly, 1994, p.140). Even non-coercive national symbols such as flags, anthem, and sports teams may strengthen nationalism and alter the public preference in favor of militant foreign policies (Bertoli, 2017). And the emergence of external threats associated with salient issues, e.g., territorial

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<sup>1</sup>However, it is a viable strategy that in countries with low internal cohesion, the ruling elites seek domestic diversionary targets, e.g., ethnic minorities, to shore up political support (Tir and Jasinski, 2008).

<sup>2</sup>It should be noted that nationalism has two correlated but independent dimensions, one defined by negative terms, e.g., xenophobia, warmongering, and hostility towards outsiders, and the other defined by positive terms, e.g., pride and love of one's own country. As discussed in the following, diversionary conflicts may bring about changes in both the negative (anti-foreign sentiment) and positive (in-group solidarity) dimensions alike. Some scholars also make the distinction by using nationalism for negative sentiment and patriotism for positive sentiment (de Figueiredo and Elkins, 2003; Li and Brewer, 2004).



disputes, usually provokes a storm of anger and solidifies national identity amid citizens (Theiler, 2018; Tir, 2010). Exposing to threats from hostile out-groups can shift citizens' preference in support of right-wing groups and nationalist leaders (Getmansky and Zeitzoff, 2014).

To understand the impact of international conflicts on public opinion, contexts and circumstances matter. As Levy argued, "Attention needs to be directed to the questions of what kinds of domestic conflicts are likely to lead to diversionary actions and what kinds of foreign conflict serve as useful distractions for internal unrest" (Levy, 1989, p.275). The key point is to problematize public opinion during international crises rather than to take rally effects as guaranteed. In the following, we discuss several theoretical challenges to the simple causal claim such that international conflicts rally public support and improve the domestic standing of the incumbent leadership.

Foremost, the assumption of the reflexive and emotional public oversimplifies the dynamics of public opinion during international crises. Those who adopt the assumption needs to explain why rally events are essentially different from other political phenomena such that pre-existing political preferences and updated information about conflicts are irrelevant to explaining individual preference. As stated in the introduction, international crises allow citizens to observe government performance and make sensible evaluations based on updated information (Debs and Weiss, 2016; Gelpi, Reifler and Feaver, 2007; Gelpi and Grieco, 2015; Merolla and Zechmeister, 2013; Snyder and Borghard, 2011). Under information asymmetry, citizens may rationally support the government's decisions, and such calculated reactions are substantively different from the emotional and automatic nature of responses driven by blind patriotism (Colaresi, 2007).

Second, the diversionary theory falls short of conceptualizing the complexity of the domestic political process and elite-citizen communication. It is nevertheless important for us to understand how international conflicts mute citizens' political demands in unrelated domestic issues. To address the concern, Mansfield and Snyder (1995, p.7) stated

that citizens are not naturally attracted to adventurous foreign policies as assumed by the blind patriotism assumption and that the state's effective manipulation of public opinion requires careful agenda control and the creation of *faits accomplis*. However, in democratic countries where state leaders have little leeway to directly manipulate media and other information outlets, citizens receive competing elite cues and can have divergent responses to international crises (Groeling and Baum, 2008). Although the incumbent leader may have some information advantage at the beginning, the rally effect inevitably shrinks as the availability of additional information challenges the administration's preferred framing of the conflict (Baum and Groeling, 2010).

Third, the diversionary theory presumes a stark division between the in-group and out-group members and assumes that the domestic audience has homogeneous preferences and is united under the flag of nationalism. Admittedly, it is a useful simplification of citizens' preferences in the context of endured rivalry (Mitchell and Prins, 2004), or salient issues naturally tied to strong nationalist sentiment such as territorial disputes (McLaughlin and Thyne, 2010; Tir, 2010). The simplification appears problematic, however, when the state leader's decision to escalate the conflict is controversial and has mixed consequences. Dovish citizens will not approve the escalation of conflicts they view as provocative and unnecessary (Brutger and Kertzer, 2018; Kertzer and Brutger, 2016). In particular, the liberalist tradition of international relations suggests that the diffusion of democratic norms and shared economic interests have profoundly changed the public preference and eroded the basis of nationalism based on narrow in-group identity. It would be a formidable task for democratic leaders to mobilize public support against other democratic countries (Oneal and Russett, 2001; Tomz and Weeks, 2013).

To sum, blind patriotism offers a somewhat undecorated answer for why citizens rally around the flag with political discontent largely muted during international crises. The validity of the claim is challenged after taking into account contextual factors that shape elite-citizen communication and influence citizens' evaluation of political leadership. One

may argue that such contextual factors are much weaker in typical authoritarian states, e.g., China, which are defined by low political competition and restrictive information access. The political reality of authoritarian politics facilitates elites to arbitrarily manipulate popular nationalism and repress domestic discontent. We leave the discussion to the next section.

### **Nationalist rallies and regime support: The case of China**

Though not facing the direct pressure of competitive elections, authoritarian leaders dependent on large constituencies may similarly be incentivized to leverage popular nationalism and rally public support (Oakes, 2006; Pickering and Kisangani, 2010; Theiler, 2018). The imposition of the nationalist agenda in autocracies is nevertheless vastly different from the elite-citizen interaction in democracies. Abundant historical evidence suggests that chauvinism dictated by consolidated authoritarian regimes had decisive influences over public preference, e.g., imperial Japan (Kushner, 2007), Nazi Germany (Herf, 2008), and the Soviet Union (Bonnell, 1999). The authoritarian government can monopolize the political discourse and justify expansionary objectives and nationalism is used to deter domestic opposition (Snyder, 2013). At the micro-level, scholars have uncovered strong causal effects of the state-controlled media on radical nationalism and violent inter-group conflicts (Adena et al., 2015; Yanagizawa-Drott, 2014).

Pundits believe that the state-led nationalism serves important political purposes in China after the debacle of communism in the 90s. On the one hand, nationalism provides a crucial ideological source of political legitimacy and is an indispensable component of public education. On the other hand, Chinese leaders recognize the disruptive force of popular nationalism which may backfire and destabilize the society. Scholars argue that the Chinese government has devised a sophisticated strategy of persuasion, repression, and tolerance to stage-manage popular nationalism (Reilly, 2012; Weiss, 2014). With public education, the Chinese government seeks to cultivate a relatively innocuous version

of patriotism amid young students that underscores national identity and political loyalty (Cantoni et al., 2017). The “Patriotic Education Campaign” partially unveils the state’s diversionary incentives (Wang, 2008), and the regime’s resources are concentrated in regions with high anti-regime potentials (Liu and Ma, 2018). The success of the state-sponsored nationalism can be illustrated by the strong correlative relationship between nationalism, political conservatism, and traditional social values (Pan and Xu, 2018).

And scholars have paid close attention to the scenario of hyper-nationalism directed by the troubled Chinese government in the midst of economic slow-down (Friedberg, 2005, p.29-30). Despite general interests and speculations, China remains an understudied case in terms of empirical studies and there is at most anecdotal evidence of the causal effect of international conflicts on public opinion. One frequently mentioned example of diversionary nationalism is the anti-US demonstrations against the NATO bombing of the Chinese embassy in Belgrade in 1999, which have arguably mitigated the Chinese leadership’s concerns about the tenth anniversary of the June Fourth Massacre (Zheng, 1999, p.14). Based on longitudinal public surveys, scholars also indicated that the level of Chinese nationalism has been largely stable for the past decade, despite China’s rising power and the escalation of territorial disputes, including South China Sea and the Diaoyu Islands dispute (Johnston, 2017). The mixed evidence suggests both the volatility and stability of public opinion in China, and it is difficult to make a conclusive statement linking international changes to increasing political support at home.

Thanks to the availability of new survey data, in this study we test the following hypotheses derived from the diversionary theory and examine the causal effects of international conflicts on the Chinese public opinion. Firstly, we revisit the group dynamics implied by the diversionary theory and test whether international crises increase Chinese citizens’ negative sentiment against the “hostile foreign forces.” To recap, the diversionary theory postulates that citizens facing the same external threat would temporarily put aside political differences and support the incumbent leader who now represents national

interests. The increasing salience of group identity results in stronger negative sentiment against outsiders who are deemed as threatening. We present the first hypothesis as follows:

**H1 (Out-group Hostility)** *The escalation of international disputes increases citizens' hostility against implicated out-groups.*

The group dynamics not only postulates negative sentiment against out-groups but also stronger solidarity amid in-group members, e.g., loyalty to the nation when the external threat looms large. Existing literature also includes citizens' satisfaction with the social status and leniency with inequality as additional evidence of in-group cohesion. Based on the social identity theory, [Shayo \(2009\)](#) argued that people tend to identify themselves with those they see as similar, and all else being equal they identify with high-status groups. Nationalism can distract people's attention away from their diverging circumstances and makes economically disadvantaged citizens feel more satisfied with their social status. And as for the relationship between nationalism and inequality, [Solt \(2011\)](#) argued that stronger in-group solidarity would also weaken citizens' perception of inequality and further suppress political demands for distribution. We propose the second hypothesis:

**H2 (In-Group Solidarity)** *The escalation of international disputes promotes citizens' loyalty to the nation, improves satisfaction with social status, and decreases perception of inequality.*

Apart from group dynamics, the diversionary theory predicts the aggregate shift of political attitudes in favor of the incumbent government. It can be observed from people's satisfaction with their status and loyalty to the nation (which overlaps with the hypothesis of in-group solidarity), as well as their sensitivity to the severity of other domestic problems. One mechanism is that international crises directly repress the voice of oppositions ([Baker and Oneal, 2001](#)). In line with this argument, we should observe that people are less likely to publicly complain about domestic problems and display higher approval of

government performance.<sup>3</sup> Therefore, we propose the third hypothesis:

**H3 (Sensitivity to Domestic Problems)** *The escalation of international disputes decreases public discontent towards salient social problems.*

It is worth mentioning that existing literature provides important insights on possible null findings from the rationalist perspective. The basic argument is that nationalist rallies are not fundamentally different from other political events. If citizens are sufficiently forward-looking and stay informed of the domestic and international situation, their preferences should be highly stable against the influence of temporary political shocks. And when facing domestic difficulties, rational citizens would also expect the state leader's private incentives of diversion and view international conflicts as reckless and unnecessary. It nevertheless remains a debatable question as to whether or not the assumption of rational citizens holds in the Chinese context. Previous scholars have mostly portrayed Chinese citizens as reflexive and emotional when China confronts foreign challenges (Weiss, 2014). The lack of political competition also facilitates the authoritarian state's manipulation of public opinion, which cultivates the dominant public discourse of popular nationalism.

## Data and Method

### The 2012 Diaoyu Islands dispute

The first case we examine is the 2012 Diaoyu Islands dispute between China and Japan. In 2012, the relationship between China and Japan was unexpectedly strained again by the long-simmering dispute over the Senkaku/Diaoyu Islands. Infuriated by the Japanese government's announced plan to "nationalize" the uninhabited islands, Chinese citizens launched large-scale anti-Japanese protests in late August and September that were largely spontaneous but allowed by the state (Weiss, 2013). In Figure 2.1, we plot the temporal change of the citizens' exposure to the conflict information measured by the daily Baidu

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<sup>3</sup>It is also important to understand the sensitive political context of China. Although anonymity was promised to the respondents in all the surveys covered in this research, we acknowledge the fact that people perceive themselves as publicly talking about government policies with survey enumerators.

Index at the national level. It can be observed that two incidents contributed to the dramatic politicization of the conflict: The landing of Chinese activists on the Diaoyu Islands (August 15) and the Japanese government's announced the "final" nationalization of the Islands (September 10). And after the two incidents, two waves of organized protests took place (relatively small protests on August 19-20 and nationwide protests on September 15-18). Besides the historical animosity between China and Japan, territorial disputes are generally regarded as strong cases in favor of the diversionary theory as they directly speak to the people's national identity and overcome societal divisions (Tir, 2010).

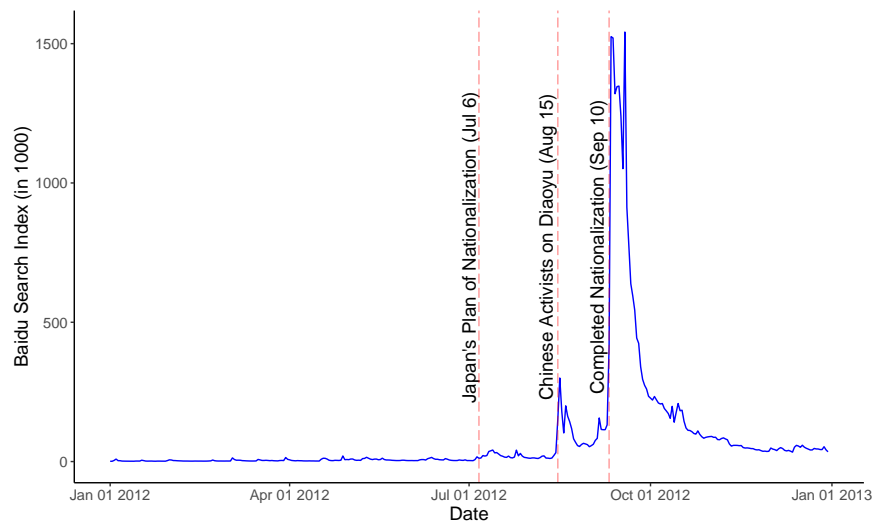


Fig. 2.1: The Baidu Index of the Keyword "Diaoyu Islands," 2012

To study the shift of public opinion, we utilize survey data from the China Family Panel Studies (CFPS), a project funded by the Chinese government and administrated by the Institute of Social Science Survey of Peking University. It is a nationally representative survey conducted biannually since 2010 and provides a longitudinal dataset covering over 20,000 Chinese citizens. The 2012 Wave of CFPS was implemented between July 2012 and March 2013, and most interviews were concentrated between July and September in 2012. For the three months, the exact interview date was from July 12th to September 23rd, and in Figure 2.2 we plot the number of interviews for each day.

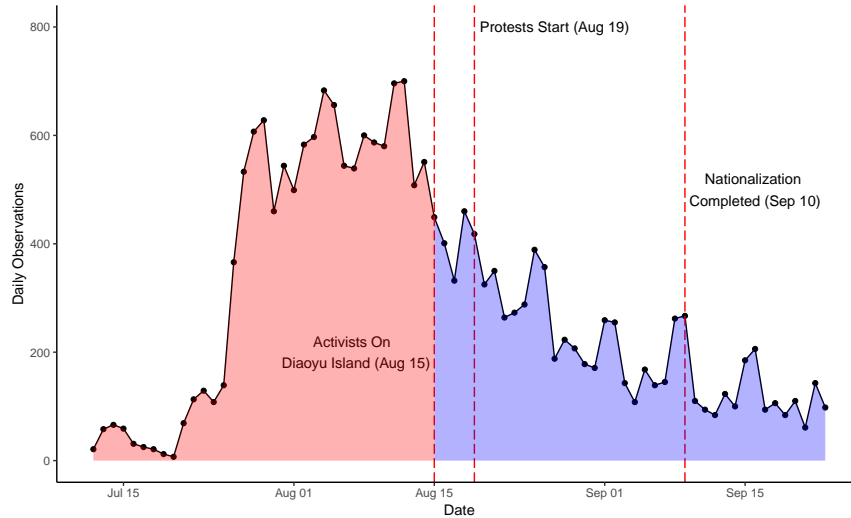


Fig. 2.2: Number of CFPS Interviews by Date

The CFPS questionnaire does not have direct questions on people's attitudes towards Japan. Instead, we use the level of trust in Americans as the measurement of citizens' attitudes towards implicated out-groups (on the scale of 0-10). The US is the most important military ally of Japan and deeply involved in the geopolitical puzzle of the East China Sea (Smith, 2013). The US involvement in the dispute can also be illustrated by the direct military intervention following China's proclaimed Air Defense Identification Zone in 2013. Some scholars also argue that anti-Americanism in China is strongly associated with other dimensions of political attitudes, e.g., nationalism and skepticism of western values (Johnston and Stockmann, 2007). It is possible that for the average Chinese citizens, the US is an insidious accomplice of Japan and the two countries seek to collaborate and undermine China. Therefore, we argue that the distrust of Americans provides a credible proxy that measures overall antagonism against hostile out-groups.<sup>4</sup>

We use the citizens' self-identification of social status and perception of inequality to capture the positive change implied by in-group dynamics. In-group solidarity may

<sup>4</sup>In the Online Appendix, we provide additional analysis using survey data from Beijing Area Studies (BAS) that reaffirms the correlative relationship. In particular, there is a very strong correlation between anti-American and anti-Japanese sentiment (Pearson's  $r = 0.62$ ).



also be reflected by one's higher satisfaction with the current situation and stronger confidence in the future, which we also covered in the empirical analysis. To identify the changes in political support for the government on domestic issues, we include citizens' self-evaluation of the severity of multiple social issues including corruption, environmental protection, unemployment, education, healthcare, housing price, and social welfare. Due to data availability, we only examine whether the conflict led to a higher evaluation of local government officials. Although the diversionary theory emphasizes the effect of conflicts on public opinion towards the incumbent state leader, in authoritarian regimes like China, attitudes towards the local government may be a more relevant indicator of general political satisfaction given citizens' strong reluctance to openly criticize the central government (Chen, 2017; Li, 2016).

As suggested by the changes of Baidu Index and the occurrence of nationalist protests, we use August 15th as the cutoff point of the escalated conflict (i.e., the treatment).<sup>5</sup> The treatment effect is estimated using the following model with standard errors clustered by the primary sampling unit (county) and re-weighted by the sampling weight:

$$Political\ Attitude_i = \beta Escalation_t + X_i\theta + \delta_j + \tau_k + \epsilon_i$$

$Escalation_t$  is the dummy variable indicating that the interview was conducted after August 15th.  $X_i$  is a vector of demographic covariates such as family income, education, age, gender, marital status, employment status, party membership, etc.  $\delta_j$  is the county fixed effect and  $\tau_k$  is the day-of-the-week fixed effect. To improve the comparability between the treatment and the control group, we drop counties which hosted less than 15 respondents, and counties in which over 85% of the interviews were conducted either before or after August 15th.<sup>6</sup>

The basic assumption of identifying the causal effect is that respondents are similar be-

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<sup>5</sup>As robustness checks, we discuss how choosing different cutoff dates may change the results. We also evaluate the sensitivity of empirical results by changing the bandwidth of observations around the cutoff date (e.g., using observations of August only).

<sup>6</sup>The main results do not substantively change without the restrictions.

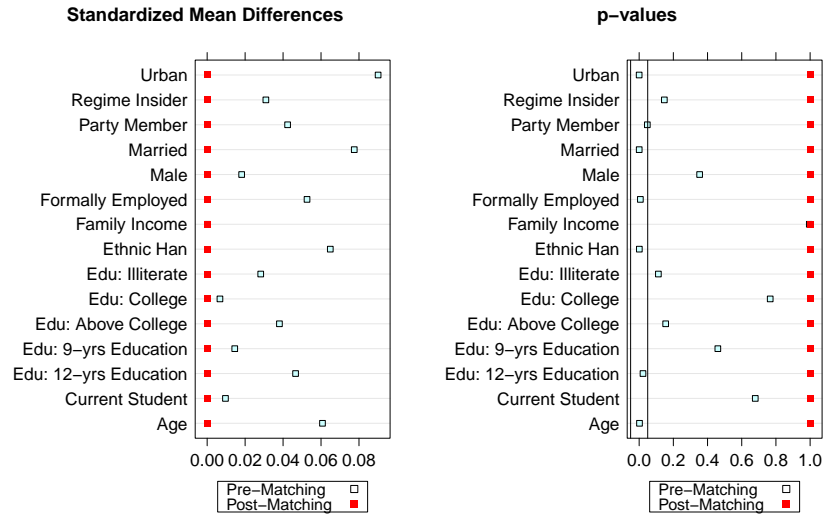


Fig. 2.3: The Balance of Demographics (Entropy Balancing)

fore and after the cutoff date and the treatment is as-if-random. Thanks to the longitudinal structure of the survey, we test the balance of political attitudes, using the 2010 and 2014 Wave. We show that respondents who were visited before and after the cutoff date in 2012 did not display any systematic difference two years before and after the Sino-Japan conflict (results relegated to the Online Appendix). The treatment and control group indeed show some significant differences in terms of demographic factors in the 2012 Wave (Figure 2.3), though the standardized mean difference (SMD) indicates that the magnitude of absolute difference is considerably low.<sup>7</sup> Besides directly adding demographic covariates as control, we also re-analyze the data using the entropy balancing method which ensures the perfect balance of demographic covariates (Hainmueller, 2012).

### The 2018-19 US-China trade war

The second case we examine is the 2018-19 US-China trade war. In Figure 2.4, we again plot the temporal change of the citizens' exposure to the conflict information measured by the daily Baidu Index at the national level. It can be observed that there were three jumps of

<sup>7</sup>For instance, the average age is 43.01 for the control group and 42.17 for the treatment group, with the p-value of 0.002 and SMD of 0.061.

citizens' exposure to the conflict information, the release of the US Trade Representative report (March 22, 2018), the start of the first tranche of the US tariffs on \$50 billion Chinese goods (July 6, 2018), and the failure of the re-negotiation and the re-escalation of tariffs on \$200 billion Chinese goods (May 5, 2019). Public interests in the trade war waned gradually between July 2018 and May 2019, which may be a result of the state-controlled media that toned down the confrontation. And Trump and Xi's G20 meeting in late November 2018 started a temporary de-escalation of the conflict, and both sides expressed strong intentions to resolve the differences through negotiation.

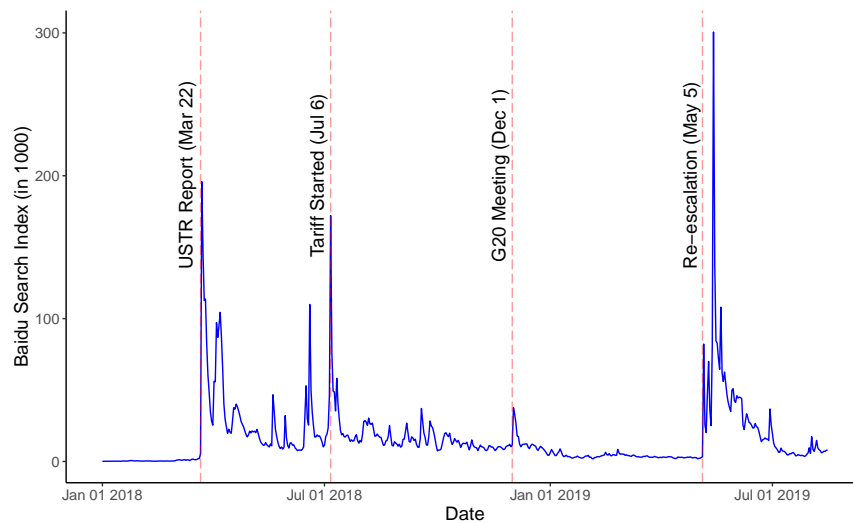


Fig. 2.4: The Baidu Index of the Keyword “US-China Trade War,” 2018-19

We utilize three waves of online surveys, one after the first escalation of the US tariffs (August 6-14, 2018), one after the restart of the US-China negotiation and the temporary detente (January 19-24, 2019), and one after the re-escalation of the US tariffs (August 1-10, 2019). The number of respondents is 2,110 in the first wave, 1,398 in the second, and 1,709 in the third. The survey was implemented by a local survey company, which used the same sampling frame consisting of a large online population. 1,012 respondents participated in the first and second wave, and 582 respondents participated in all three waves.<sup>8</sup>

<sup>8</sup>The political sensitivity of our survey may deter respondents from re-participating. However, we find that most political attitudes of the respondents in the first wave did not significantly change their likelihood

The samples of the first and second waves show an overall good balance of demographics while the sample of the third wave displays some significant differences (details reported in the Online Appendix).

And compared to the general population, the online samples are biased towards the group of high-income, well-educated urban residents and much less representative compared to the CFPS panel. Notwithstanding the limitations of external validity and sample representativeness, we test if the unexpected escalation and de-escalation of trade disputes have contributed to changes in political attitudes. The first and third waves were conducted during the period of escalation, while the second wave was conducted in the interim of de-escalation. Therefore, the temporal changes of political tensions allow us to examine how anti-foreign sentiment and political loyalty shift. We asked multiple questions that systematically measure the respondents' feelings about the US. We measured individual loyalty to the nation by probing for the propensity to stay in China when other options are available. All the responses are coded in the 5-point Likert scale, and the wording of the questions and the distribution of responses are relegated to the Online Appendix. To mitigate the concern of sample imbalance, we conduct paired sample t-tests based on the revisited respondents only and draw strict causal inferences based on the same subset of individuals.

## **Empirical Results**

### **The 2012 Diaoyu Islands dispute**

We first present evidence on the shift of citizens' negative sentiment against out-groups before and after the escalation of the territorial dispute (**H1**). The main results are reported in Table 2.1, and the outcome variable is the trust in Americans (negative coefficient indicates stronger distrust). The effect of escalation is estimated using the original survey weights of participating in the second and third waves. The results are presented in the Online Appendix.

in Panel A and the entropy balancing weights in Panel B.<sup>9</sup> In Column 1, we present the estimated effect based on the full sample and the coefficient is negative and significant. We further separate the respondents from 25 provinces into two roughly equal groups using two measurements of popular nationalism at the provincial level (above versus below median): the conflict information exposure (Baidu Index) and the percentage of population witnessing early and large nationalist protests (population in cities with protests divided by the provincial population). As shown in Column 2 - 5 of Panel A (original survey weights), the effect of escalation tends to be stronger in provinces with relatively higher information exposure and more intense nationalist protests.

Panel A: Original Survey Weights					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.282** (0.0742)	-0.326** (0.0817)	-0.233+ (0.119)	-0.326** (0.0972)	-0.203+ (0.115)
Weighted Mean (DV)	2.639	2.616	2.659	2.612	2.677
N	15,986	7,535	8,451	8,196	7,790
No. Counties	130	59	71	65	65
R-sq	0.138	0.168	0.117	0.143	0.135

Panel B: Entropy Balancing Weights					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.284** (0.0726)	-0.284** (0.0848)	-0.283* (0.115)	-0.300** (0.0848)	-0.253* (0.123)
Weighted Mean (DV)	2.568	2.580	2.574	2.574	2.561
N	15,986	7,535	8,451	8,196	7,790
No. Counties	130	59	71	65	65
R-sq	0.126	0.153	0.108	0.140	0.119

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table 2.1: Territorial Dispute and Distrust of Americans

In the Online Appendix, we present a multitude of robustness checks which offer additional support to findings in Table 2.1, i.e., negative sentiment against implicated outgroups following the escalated conflict. We first focus on respondents from provinces of

<sup>9</sup>The entropy balancing weights are calculated with the **ebalance** package in Stata 14, and the original survey weights are supplied as the base weights (Hainmueller and Xu, 2013). The entropy balancing weights are re-calculated for each subgroup.

very high versus very low levels of popular nationalism based on the two measurements above (top 20/30 percentile vs. bottom 20/30 percentile). Again, we find that the impact is much stronger for respondents from provinces witnessing a strong upsurge of popular nationalism. Second, we focus on the shorter time windows of observations (August and August/September) and uncover largely robust results. Third, we use different cutoff dates as the start of the treatment, e.g., the start of protests (August 19) and Japan’s announced completion of the nationalization plan (September 10). It appears that the treatment effect is driven by a series of escalating events after August 15, and adding placebo dummy variables of dates before August 15 does not change the main results. Fourth, we conduct subgroup analysis and uncover heterogeneous effects amid different groups (age, education, party membership, etc.).

VARIABLES	Inequality and Social Identification					
	(1) Inequality (0-10)	(2) Personal Status (1-5)	(3) Sta- Family (1-5)	(4) Status Life Satisfac- tion (1-5)	(5) Family Satis- faction (1-5)	(6) Confidence in Future (1-5)
Escalation	0.0958 (0.0831)	0.0533* (0.0244)	0.0435+ (0.0221)	0.0187 (0.0254)	0.0332 (0.0256)	0.00127 (0.0250)
Weighted Mean (DV)	6.744	2.639	2.838	3.303	3.465	3.693
N	16,261	16,638	16,514	16,596	16,591	16,482
No. Counties	130	130	130	130	130	130
R-sq	0.090	0.045	0.079	0.085	0.081	0.097

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table 2.2: Territorial Dispute and Social Identification

Next, we discuss the hypothesized impact of international conflicts on the citizens’ perception of inequality and social status (**H2**), as well as perceptions of domestic problems (**H3**). To save space, we only present results using the entropy balancing weights and using the original survey weights does not render substantively different results. In Table 2.2, we present the treatment effect on the outcome variables related to the perception of inequality, and social status. As we discussed in the literature review, scholars propose that nationalism enhances citizens’ perception of in-group status and stifles demands for redistribution. Yet we observe no significant effect on citizens’ perception of inequality

(Column 1), and some limited positive effects on social status and the coefficients are comparatively small (Column 2 and 3). And overall, citizens did not display higher life satisfaction or become more confident in the future (Column 4 - 6).

Panel A: Self-Reported Severity of Social Problems							
VARIABLES	(1) Corruption (0-10)	(2) Environment (0-10)	(3) Employment (0-10)	(4) Education (0-10)	(5) Health Care (0-10)	(6) Housing (0-10)	(7) Social Wel- fare (0-10)
Escalation	0.0588 (0.100)	-0.0482 (0.0798)	-0.0401 (0.0832)	-0.115 (0.0787)	-0.0887 (0.0851)	0.0256 (0.0862)	-0.0309 (0.0827)
Weighted Mean (DV)	5.915	5.738	5.882	5.353	5.527	5.532	5.342
N	15,846	16,235	16,105	16,142	16,307	16,232	16,111
No. Counties	130	130	130	130	130	130	130
R-sq	0.106	0.123	0.099	0.090	0.092	0.117	0.095

Panel B: Political Support (Local Government)		
VARIABLES	(1) Trust in Local Officials (0-10)	(2) Local Government Performance (1-5)
Escalation	0.0116 (0.0290)	-0.00296 (0.0747)
Weighted Mean (DV)	4.798	2.563
N	16,054	16,518
No. Counties	130	130
R-sq	0.084	0.092

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table 2.3: Territorial Dispute and Government Performance

In Table 2.3, we present results related to people's perception of domestic problems and the approval of local officials. In general, we find no evidence that the escalation of the territorial dispute had any diversionary effects on citizens' perceived severity of social issues (Panel A), or significantly changed citizens' evaluation of local officials (Panel B). And examining the weighted mean of the outcome variables, one may also discover that respondents in the sample, on average, slightly leaned towards giving the negative evaluation of the local government. As aforementioned, the direct questioning of Chinese citizens' support for the central government is often problematic due to self-censorship and political sensitiveness, and satisfaction with local government officials usually provides a better proxy for overall political support (Chen, 2017). The null results we uncover reject the core diversionary logic, indicating that citizens' attitudes did not shift in favor of the authoritarian government due to international conflicts.

### **The 2018-19 US-China trade war**

As aforementioned, we collect three waves of online survey data in August 2018, January 2019 and August 2019. We exploit the unexpected escalation and de-escalation between China and the US. To make strong causal claims, we implement the paired sample t-tests based on the subsample of revisited respondents (revisited respondents in August 2019 compared to January 2019; revisited respondents in August 2018 compared to January 2019). We examine whether or not the escalation of the trade dispute has contributed to more intensive hostility against the US (**H1**) and stronger loyalty to the nation (**H2**). Besides the same set of questions on political attitudes, respondents were also asked to report their interests in the ongoing trade war so we can separate those highly alert to the dispute from others. For the comparison between the first and second waves, 543 out of 1,012 respondents had reported constantly strong interests in the news of the trade war. For the comparison between the second and third wave, 316 out of 650 had reported constantly strong interests in the news of the trade war.

We report the main findings on citizens' attitudes towards the US in Figure 2.5. Except for the US fear of China's rise, the negative mean of the difference indicates that respondents displayed more negative sentiment against the US (**H1**). Comparing the anti-US sentiment in the first and second waves (the upper figure), we discover that only the respondents who reported strong interests in the trade war had experienced some significant changes in their attitudes towards the US and the magnitude is 0.1 on the 5-point scale. The attentive citizens were less likely to believe that the US complies with the rule of law or the US is peaceful immediately after the escalation of the trade war. And comparing the anti-US sentiment in the second and third waves (the lower figure), we report a more dramatic change of anti-American sentiment following the re-escalation in May 2019. Even for citizens who are not attentive to the trade war, there was still a significant change of anti-American sentiment. The magnitude of attitudinal changes is between 0.1 and 0.2 for



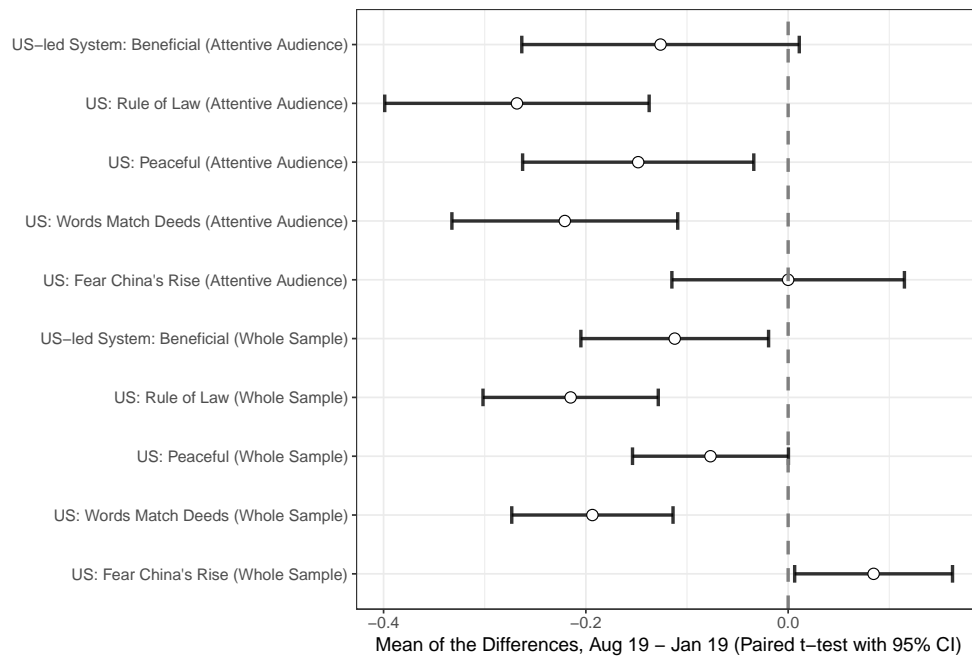
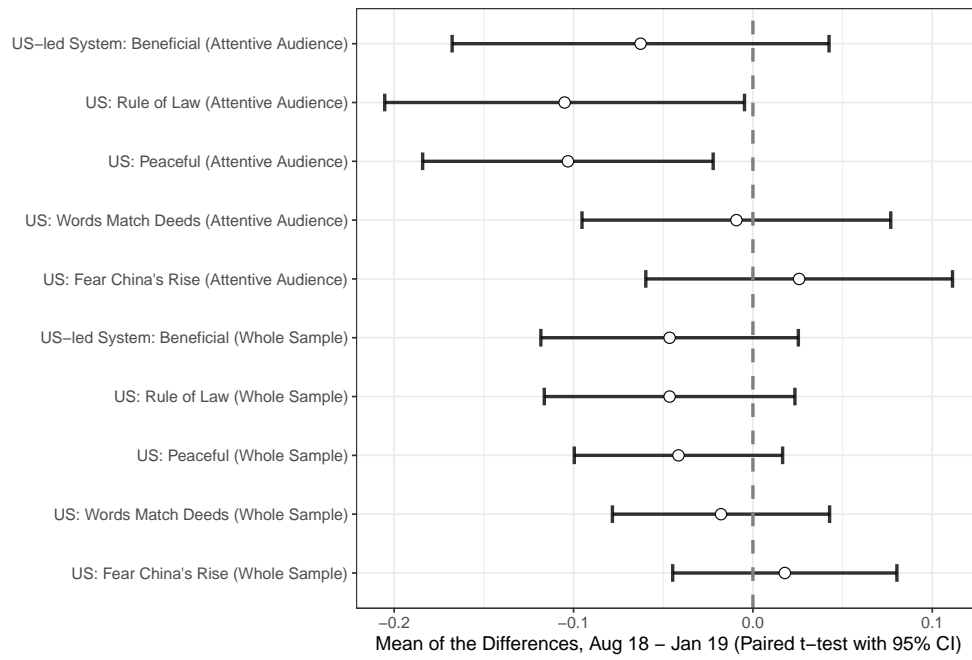


Fig. 2.5: Trade War and Anti-Americanism (Out-group Hostility)

the whole sample and the subsample of attentive citizens alike.

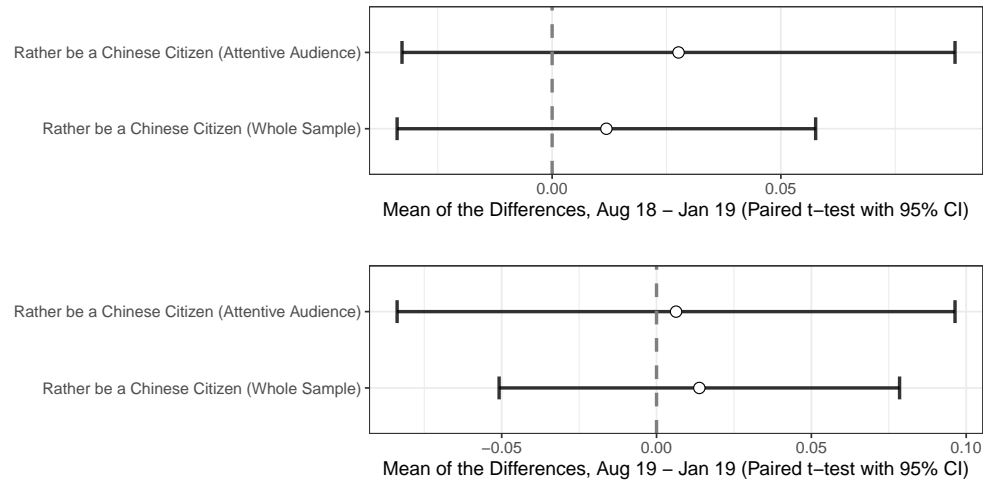


Fig. 2.6: Trade War and Loyalty to the Nation (In-group Solidarity)

Next, we discuss if the escalation of trade disputes might have boosted the Chinese citizens' loyalty to the nation. The findings are presented in Figure 2.6. Contrary to the expectation derived from the diversionary theory, we find no evidence supporting the existence of rally effects such that on average, the respondents were more loyal to the nation (**H2**) in both periods of escalation. The difference in citizens' responses is insignificant from zero. Besides, the lack of significant changes is consistent for respondents who constantly paid close attention to the progress of the US-China trade war compared to those who did not. The results largely reaffirm the findings based on the CFPS data that international conflicts have very limited power on public opinion and do not boost people's loyalty to the nation.

### Revisiting the correlation between nationalism and regime support

To sum, the empirical results above show that international conflicts provoke stronger hostility against out-groups, which may largely account for the nationalist rallies observed in the real world. Based on the nationally representative sample, we report a significant jump of out-group hostility following the escalation of the Diaoyu Islands dispute in 2012.

And based on the two-wave online survey, we show that citizens who reported constant interests in the US-China trade war also displayed stronger anti-US sentiment when the situation escalated in August 2018. The relatively smaller effect size may be attributed to the fact that the G20 meeting between Xi and Trump was only a temporary ceasefire and might not be strong enough to alter the entrenched distrust of the US amid Chinese citizens. Furthermore, we present null findings that reject the hypotheses of in-group solidarity and political support, contrary to the expectations of the diversionary theory.

In this section, we try to account for the null findings without assuming that Chinese citizens are rational, forward-looking, or informed of the state leaders' diversionary interests. Alternatively, we argue that nationalism has two intercorrelated but conceptually independent facets: Anti-foreign sentiment (negative) and national pride and loyalty to the authoritarian state (positive). The negative anti-foreign sentiment may be highly malleable and reflexive under the impact of some external shocks, e.g., international conflicts, which may further result in substantial behavioral changes against the implicated out-groups (Heilmann, 2016; Pandya and Venkatesan, 2016). But citizens' national pride and voluntary loyalty to the state may be much more stable and only gradually grow given the persistent influence of public education and the state-sponsored propaganda (Cantoni et al., 2017). Unlike the positive sentiment, the negative sentiment of nationalism may not be readily translated into individual satisfaction with social status or political support for the government.

To assess the explanation, we re-analyze the survey data used in the paper and revisit the correlative relationship between nationalism and political attitudes. We first discuss the results based on the CFPS data. We find that there is no clear relationship between the distrust of Americans and citizens' perceived severity of domestic social problems (Panel A, Table 2.4). The linear regression results suggest citizens who trust Americans more express stronger concerns about education and health care, but the coefficients become insignificant on corruption, environment, and social welfare that are more directly related

Panel A: Self-Reported Severity of Social Problems							
VARIABLES	(1) Corruption (0-10)	(2) Environment (0-10)	(3) Employment (0-10)	(4) Education (0-10)	(5) Health Care (0-10)	(6) Housing (0-10)	(7) Social Welfare (0-10)
Trust: Americans	-0.011 (0.014)	0.004 (0.011)	-0.018 (0.012)	0.044*** (0.012)	0.028** (0.013)	0.015 (0.013)	0.011 (0.013)
Observations	18,177	18,560	18,428	18,481	18,616	18,557	18,456
R <sup>2</sup>	0.121	0.125	0.105	0.084	0.089	0.119	0.098

Panel B: Social Identification and Happiness						
VARIABLES	(1) Inequality (0-10)	(2) Personal Status (1-5)	(3) Family Status (1-5)	(4) Life Satisfaction (1-5)	(5) Family Satisfaction (1-5)	(6) Confidence in Future
Trust: Americans	-0.046*** (0.013)	0.038*** (0.005)	0.033*** (0.004)	0.026*** (0.004)	0.022*** (0.005)	0.019*** (0.005)
Observations	18,588	18,773	18,807	18,861	18,861	18,774
R <sup>2</sup>	0.094	0.083	0.086	0.093	0.082	0.109

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table 2.4: Distrust of Americans and Political Support (CFPS)

to the prevalent themes of contentious politics in China. We also find a negative correlation between anti-American sentiment and citizens’ social identification and happiness, contrary to the logic of diversion and distraction (Panel B, Table 2.4). Citizens who trust Americans more are actually more likely to identify with higher social groups and show greater satisfaction, while citizens holding stronger distrust are less satisfied with their situation and social status.

VARIABLES	Aug 2018 Wave		Jan 2019 Wave	
	(1)	(2)	(3)	(4)
	Oppose Criticism of the Government			
Anti-Americanism	0.003 (0.017)		-0.020 (0.021)	
Rather be a Chinese Citizen		0.360*** (0.023)		0.323*** (0.031)
Observations	2,086	2,086	1,378	1,378
R <sup>2</sup>	0.020	0.108	0.000	0.073

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , standard error in parentheses  
Covariates and provincial fixed effects are omitted for simplicity.

Table 2.5: Nationalism and Political Support (Online Sample)

We also re-analyze the first two waves of the online sample, using all the available observations besides revisited respondents. We use how strongly the respondents oppose the public criticism of the government as the dependent variable of political support. With the principal component analysis (PCA), we measure the respondents’ overall degree of

anti-Americanism using the first principal component based on the five questions in Figure 2.5. As shown in Table 2.5, we find that anti-American sentiment does not contribute to higher intolerance of criticism of the government. Instead, the coefficient is insignificant and close to zero. The lack of correlation indicates that negative anti-foreign sentiment does not strongly boost the domestic position of the government. As the comparison, we run the same regression using the loyalty to the nation (rather be a Chinese citizen given other alternatives) as the independent variable. And noticeably, the positive sentiment of in-group solidarity is strongly associated with higher disapproval of criticism of the government. Again, the results further indicate the divergent political implications of the two facets of nationalism.

<b>Panel A: Anti-Americanism</b>									
VARIABLES	(1) Gains from Reform (0-10)	(2) Future Status (1-5)	(3) Life Satisfaction (1-7)	(4) National Economy (1-5)	(5) Beijing Economy (1-5)				
Anti-Americanism	-0.006 (0.012)	0.008 (0.006)	-0.016 (0.013)	-0.002 (0.011)	-0.007 (0.012)				
Observations	4,261	4,261	4,261	4,261	4,261				
R <sup>2</sup>	0.065	0.066	0.132	0.051	0.042				

<b>Panel B: In-Group Loyalty</b>									
VARIABLES	(1) Gains from Reform (0-10)	(2) Future Status (1-5)	(3) Life Satisfaction (1-7)	(4) National Economy (1-5)	(5) Beijing Economy (1-5)				
Loyalty to the Nation	0.147*** (0.031)	0.058*** (0.017)	0.163*** (0.032)	0.104*** (0.019)	0.113*** (0.017)				
Observations	4,261	4,261	4,261	4,261	4,261				
R <sup>2</sup>	0.071	0.070	0.143	0.060	0.053				

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and district fixed effects are omitted for simplicity.

Table 2.6: Nationalism and Political Attitudes (Beijing Area Studies)

In addition to the two primary data sources, we utilize another social survey based on the representative sample of Beijing residents, or the Beijing Area Studies (BAS) under the administration of Peking University (Johnston, 2017). We pool the two recent surveys conducted in 2013 and 2015 and impute the missing values of demographics; the total number of observations is over 4,000. Similar to the online sample, we perform the same PCA analysis based on the questions about respondents' feelings about Americans<sup>10</sup> and

<sup>10</sup>The wording of the questions is very similar to that in the two-wave online sample presented in Figure 2.5.

extract the first principal component as anti-Americanism. We also measure the positive feelings of nationalism using the same question of the loyalty to the nation (rather be a Chinese citizen given other alternatives) with a slightly different scale (from 1 to 4). As shown in Table 2.6, we again find no correlative relationship between the negative sentiment of nationalism and individual satisfaction or positive view of economic performance (Panel A). Instead, we have robust findings that loyalty to the nation is strongly associated with individual satisfaction and the positive view of economic performance (Panel B).

### **Concluding Remarks**

In this paper, we examine the diversionary theory of international conflicts under the Chinese context, using the 2012 Diaoyu Islands dispute and the 2018-19 US-China Trade War as two examples. We test the hypotheses derived from the diversionary theory that international conflicts increase citizens' hostility against implicated out-groups, strengthen in-group solidarity, and boost political support for the regime. We report jumps of anti-foreign sentiment in both cases, yet fail to detect significant changes of in-group solidarity or general political support. We conclude that international conflicts render limited domestic benefits for authoritarian leaders. To account for the null findings, we propose the explanation based on two facets of nationalism and the different political implications. Different from negative nationalism (e.g., anti-foreign sentiment), positive nationalism (e.g., national pride and loyalty to the in-group) is highly stable and not subject to change given temporary international shocks.

The empirical findings we present contradict the general perception that the authoritarian state monopolizes the political discourse and powerfully shape the preference of domestic preference via a multitude of coercive policy instruments. Previous research underscores considerable investments of the state in the official ideology but focuses primarily on the medium or long-term effect, e.g., propaganda and education. While acknowledging the state's influence on public opinion, we view our results as delimiting the upper bound

of the state's influence in the short-term, i.e., during critical political junctures of international crises. Despite the presence of intensive elite rhetoric and state-media coverage in the two cases we examine, we conclude that political attitudes amid Chinese citizens generally remain stable.

As covered in the literature review, the study of diversionary theory provides a concise and plain logic that links domestic politics and foreign policies. Yet the research agenda meets the perplexing problem of pinpointing the micro-level mechanisms and quantifying the magnitude of domestic benefits generated by international conflicts. The diversionary theory forecasts the spike of anti-foreign sentiment accompanied by rising in-group solidarity and support for the regime amid citizens. The prospect of gaining domestic support incentivizes state leaders to aggressively pursue foreign victories.

Extending the theoretical and empirical scopes of the existing literature, our empirical findings contribute to the scholarly debate on the general relationship between domestic politics and foreign policies. Scholars have long debated the independent role of popular nationalism and the extent to which public preference drives China's foreign policies (Johnston, 2017; Quek and Johnston, 2018; Reilly, 2012; Weiss, 2013). One proposition is that China's new assertiveness in the territorial disputes meets the hawkish demands of the domestic audience (Johnston, 2013). Experts on China also mark the rise of Xi Jinping as a critical juncture of political changes and argue that the state-sponsored nationalism has become much more closely tied to foreign policy objectives (Blackwill and Campbell, 2016; Zhao, 2013).

Sharing doubts with Quek and Johnston (2018), we are not convinced with this argument that Chinese leaders aim to rally domestic support and stifle political unrest by aggressively pursuing international victories. The null findings we report unveil the formidable task of manipulating public opinion even in the authoritarian context. Although the Chinese government may have strong incentives to cultivate nationalist credentials as the source of its legitimacy, we suggest that it should not be confused with initiating con-

flicts that explicitly serve for the short-term benefits of diverting domestic discontent and rallying domestic support. The stability of people's political attitudes substantiate a sophisticated domestic audience that is hardly controlled by the impulses of blind nationalism.



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# Online Appendix

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## A1 Descriptive Statistics and Additional Balance Tests

### A1.1 CFPS

The original data of the CFPS project is proprietary but freely available to the registered users for academic purpose

(<http://www.issp.pku.edu.cn/cfps/>). We acquire the restricted data on specific survey dates after receiving the special permission from the project manager. We present the demographic information in Table A.1.

Variable	N	Mean	Std	Min	Max
log(Family Income, 2012)	16666	10.38	1.18	.69	14.24
Male	17026	.48	.49	0	1
Age	17026	45.19	13.79	18	70
Current Student (1=Yes)	17026	.04	.19	0	1
Married (1=Yes)	17024	.84	.36	0	1
Party Member (1=Yes)	17026	.14	.34	0	1
Government or SOE Employee (1=Yes)	17026	.08	.27	0	1
Urban Resident (1=Yes)	16998	.29	.45	0	1
Han (1=Yes)	17026	.92	.26	0	1
Formally Employed (1=Yes)	17026	.58	.49	0	1
No Formal Education	17026	.20	.40	0	1
9-Year Education	17026	.54	.49	0	1
High School	17026	.15	.36	0	1
College or Above	17026	.09	.30	0	1

Table A.1: The Demographics of CFPS Sample

The core assumption of the research design is that respondents before and after the unexpected escalation of the Diaoyu Islands dispute are similar and treatment is introduced as if random. In the main text, we examined the balance of demographics and concluded that the overall difference was small. In the following, we provide additional balance tests based on the respondents' past experience and political attitudes in 2010 and 2014 given the advantage of longitudinal surveys. We use the same regression model and survey weights in 2012, but replace the outcome variable with the placebo outcomes in 2010 and 2014. The size of the sample varies due to attrition and new entrants. The questionnaire also slightly changed (especially for the 2012 Wave) and we used all the related questions on personal experience and political attitudes. Supposedly, we should observe the balance of the treated and non-treated in 2010 (no one was treated) and 2014 (everyone was treated).

In the 2014 survey, the respondents were asked the same question regarding the trust of Americans. As shown in Table A.2, respondents who were exposed to the escalation of the Diaoyu Islands dispute in 2012 actually showed significantly higher trust of Americans in 2014 (Column 1). It is possible that without the dispute, respondents who were treated would show comparatively higher trust of Americans and the difference-in-difference design would render similar results under the assumption of parallel trends. As the comparison, removing the respondents who did not participate in the 2014 Survey renders comparable estimates

VARIABLES	(1) Local Gov Performance (1-5)	(2) Unfair: Policy (0-1)	(3) Unfair: Income Inequality (0-1)	(4) Unfair: Hukou (0-1)	(5) Unfair: Gender (0-1)
Escalation (2012)	-3.52e-05 (0.0284)	0.0113 (0.0110)	0.00597 (0.0115)	0.000432 (0.00778)	-0.00143 (0.00500)
Observations	13,336	14,214	14,222	14,182	14,237
R <sup>2</sup>	0.094	0.056	0.052	0.028	0.036

VARIABLES	Unfair: Gov Officials (0-1)	Conflict with Official (0-1)	Unfair: Delays (0-1)	Unfair: Fees (0-1)
Escalation (2012)	-0.00616 (0.00950)	-0.000840 (0.00623)	0.00345 (0.0110)	0.00888 (0.00839)
Observations	14,274	14,301	14,289	14,288
R <sup>2</sup>	0.056	0.036	0.069	0.064

Note: \*\* p<0.01, \* p<0.05, + p<0.1, cluster standard errors in parentheses  
Covariates and county fixed effects are omitted for simplicity

Table A.2: Balance Test: Pre-treatment Political Experience (2010)

of the drop of trust of Americans (Column 2). On the other hand, there is no significant difference in terms of trust of local officials in 2014 (Column 3), and the original results remain unchanged after removing respondents who did not participate in the 2014 Survey due to attrition (Column 4). To sum, our main results are not driven by the subsample of respondents who left the survey after 2012. We also examine questions related to the respondents' perception of social problems and inequality in Table A.4, and as expected there is no treatment effect on the placebo outcome variables, confirming the assumption of sample balance in the research design.

VARIABLES	(1) Trust of Americans (2014)	(2) Trust of Americans (2012)	(3) Trust of Local Officials (2014)	(4) Trust of Local Officials (2012)
Escalation (2012)	0.148* (0.0618)	-0.288** (0.0752)	0.0378 (0.0781)	-0.0177 (0.0822)
Weighted Mean	2.271	2.569	4.906	4.777
Observations	12,725	12,725	13,494	13,494
R <sup>2</sup>	0.135	0.133	0.109	0.094

Note: \*\* p<0.01, \* p<0.05, + p<0.1, cluster standard errors in parentheses  
Covariates and county fixed effects are omitted for simplicity

Table A.3: Balance Test: Post-Treatment Attitudes (2014a)

VARIABLES	(1) Corruption	(2) Environment	(3) Inequality	(4) Employment	(5) Education	(6) Health Care	(7) Housing	(8) Social Welfare
Escalation (2012)	0.0288 (0.0705)	-0.0889 (0.0794)	-0.0682 (0.0771)	-0.0694 (0.0685)	0.0528 (0.0838)	0.0146 (0.0701)	-0.00153 (0.0740)	-0.0121 (0.0761)
Observations	13,191	13,407	13,412	13,265	13,345	13,457	13,405	13,304
R <sup>2</sup>	0.100	0.158	0.098	0.103	0.107	0.106	0.113	0.102

Note: \*\* p<0.01, \* p<0.05, + p<0.1, cluster standard errors in parentheses  
Covariates and county fixed effects are omitted for simplicity

Table A.4: Balance Test: Post-Treatment Attitudes (2014b)

## A1.2 Three waves of online survey on the US-China relations in 2018/19

The three waves of Online Survey was conducted by the author and pre-approved by the IRB at Awesome University. It was administrated by a local online survey firm and respondents were directed to Awesome University's Qualtrics website to complete the survey. The descriptive statistics are presented in Table A.5 (with all available observations), and sample balance between the two waves is presented in Table A.6 and A.7. Overall, the samples of



the first two waves are very similar and only some measurements of attitudes related to the US are significantly different (more positive in the January 2019 Wave). There are more significant differences between the samples of the first/second wave and the third wave. Direct comparison of the three waves is not suitable for drawing strict causal inference, and in the main text we limit the comparison to the same group of individuals who have participated in multiple waves.

Variable	n	Min	$\tilde{x}$	Max	x	s
<b>Panel A: August 2018 Wave</b>						
Age	2110	1.000	4.000	9.000	4.134	2.142
Male	2110	0.000	1.000	1.000	0.539	0.499
Party Member	2110	0.000	0.000	1.000	0.220	0.414
SOE or Government Employee	2110	0.000	0.000	1.000	0.308	0.462
Family Income (2017)	2087	1.000	6.000	8.000	5.730	1.602
Edu: Bachelor Degree	2110	0.000	1.000	1.000	0.643	0.479
Edu: Master Degree or Above	2110	0.000	0.000	1.000	0.092	0.290
Important US Products	2110	0.000	0.000	1.000	0.176	0.381
US-led System: Beneficial	2110	1.000	3.000	5.000	2.922	1.110
Territory Hardcore	2110	1.000	5.000	5.000	4.508	0.741
Rather be Chinese Citizen	2110	1.000	5.000	5.000	4.227	0.966
Oppose Criticism of Government	2110	1.000	3.000	5.000	2.834	1.151
Lower Tariff	2110	1.000	3.000	5.000	3.367	0.954
China-US Power Balance	2110	1.000	2.000	5.000	2.175	1.042
Anti-Americanism	2110	-4.760	-0.078	3.389	0.000	1.645
Nationalism	2110	-6.949	-0.039	3.969	0.000	1.765
<b>Panel B: January 2019 Wave</b>						
Age	1398	1.000	4.000	9.000	4.075	2.145
Male	1398	0.000	1.000	1.000	0.557	0.497
Party Member	1398	0.000	0.000	1.000	0.191	0.393
SOE or Government Employee	1398	0.000	0.000	1.000	0.304	0.460
Family Income (2018)	1378	1.000	6.000	8.000	5.784	1.535
Edu: Bachelor	1398	0.000	1.000	1.000	0.680	0.467
Edu: Graduate or Above	1398	0.000	0.000	1.000	0.077	0.267
Important US Products	1398	0.000	0.000	1.000	0.190	0.393
US-led System: Beneficial	1398	1.000	3.000	5.000	2.979	1.061
Territory Hardcore	1398	1.000	5.000	5.000	4.496	0.749
Rather Be Chinese Citizen	1398	1.000	4.000	5.000	4.212	0.948
Oppose Criticism of Government	1398	1.000	3.000	5.000	2.817	1.117
Lower Tariff	1398	1.000	3.000	5.000	3.406	0.936
China-US Power Balance	1398	1.000	2.000	5.000	2.193	1.043
Anti-Americanism	1398	-4.572	-0.057	3.607	0.000	1.637
Nationalism	1398	-6.822	0.039	4.196	0.000	1.755
<b>Panel C: August 2019 Wave</b>						
Age	1709	1.000	4.000	9.000	3.823	2.003
Male	1709	0.000	1.000	1.000	0.544	0.498
Party Member	1709	0.000	0.000	1.000	0.213	0.410
SOE or Government Employee	1709	0.000	0.000	1.000	0.247	0.431
Family Income (2018)	1670	1.000	6.000	8.000	5.904	1.638
Edu: Bachelor	1709	0.000	1.000	1.000	0.682	0.466
Edu: Graduate or Above	1709	0.000	0.000	1.000	0.087	0.281
Important US Products	1709	0.000	0.000	1.000	0.184	0.388
US-led System: Beneficial	1709	1.000	3.000	5.000	2.992	1.104
Rather Be Chinese Citizen	1709	1.000	5.000	5.000	4.317	0.900
Lower Tariff	1709	1.000	3.000	5.000	3.405	0.971
China-US Power Balance	1709	1.000	2.000	5.000	2.451	1.140
Anti-Americanism	1709	-4.424	0.011	2.792	0.000	1.598
Nationalism	1709	-4.757	0.080	3.480	0.000	1.292

Table A.5: Summary Statistics of the Three Waves

In Table A.8, we present the logistic regression results based on the revisited respondents only (used for analysis in the main text). We create the composite indicator of anti-

	Aug 2018 Wave (N = 2,110)	Jan 2019 Wave (N = 1,398)	p-value
Age (mean (sd))	4.14 (2.14)	4.10 (2.13)	0.428
Male (mean (sd))	0.54 (0.50)	0.56 (0.50)	0.297
Party Member (mean (sd))	0.22 (0.42)	0.19 (0.39)	0.037
SOE or Government Employee (mean (sd))	0.31 (0.46)	0.31 (0.46)	0.799
Income (mean (sd))	5.73 (1.60)	5.78 (1.54)	0.324
Edu: Bachelor (mean (sd))	0.65 (0.48)	0.68 (0.47)	0.025
Edu: Graduate or Above (mean (sd))	0.09 (0.29)	0.08 (0.27)	0.112
Important US Products (mean (sd))	0.18 (0.38)	0.19 (0.39)	0.297
Territory Hardcore (mean (sd))	4.51 (0.74)	4.50 (0.75)	0.651
Rather Be Chinese Citizen (mean (sd))	4.23 (0.97)	4.21 (0.95)	0.658
Oppose Criticism of Government (mean (sd))	2.84 (1.15)	2.82 (1.12)	0.667
Lower Tariff (mean (sd))	3.37 (0.96)	3.41 (0.94)	0.234
China-US Power Balance (mean (sd))	2.17 (1.04)	2.18 (1.04)	0.621
US-led System: Beneficial (mean (sd))	2.92 (1.11)	2.98 (1.06)	0.123
US: Peaceful (mean (sd))	2.79 (1.06)	2.89 (1.04)	0.003
US: Rule of Law (mean (sd))	3.02 (1.16)	3.13 (1.17)	0.008
US: Words Match Deeds (mean (sd))	2.58 (1.06)	2.66 (1.07)	0.041
US: Fear China's Rise (mean (sd))	4.11 (0.94)	4.10 (0.95)	0.677

Table A.6: Sample Balance Between August 2018 Wave and January 2019 Wave

	Aug 2018 Wave (N = 2,110)	August 2019 Wave (N = 1,709)	p-value
Age (mean (sd))	4.14 (2.14)	3.86 (1.99)	<0.001
Male (mean (sd))	0.54 (0.50)	0.54 (0.50)	0.793
Party Member (mean (sd))	0.22 (0.42)	0.22 (0.41)	0.606
SOE or Government Employee (mean (sd))	0.31 (0.46)	0.25 (0.43)	<0.001
Income (mean (sd))	5.73 (1.60)	5.90 (1.64)	0.001
Edu: Bachelor (mean (sd))	0.65 (0.48)	0.69 (0.46)	0.012
Edu: Graduate or Above (mean (sd))	0.09 (0.29)	0.09 (0.28)	0.531
Important US Products (mean (sd))	0.18 (0.38)	0.19 (0.39)	0.522
Rather Be Chinese Citizen (mean (sd))	4.23 (0.97)	4.31 (0.90)	0.003
Lower Tariff (mean (sd))	3.37 (0.96)	3.41 (0.97)	0.224
China-US Power Balance (mean (sd))	2.17 (1.04)	2.44 (1.14)	<0.001
US-led System: Beneficial (mean (sd))	2.92 (1.11)	3.00 (1.11)	0.050
US: Peaceful (mean (sd))	2.79 (1.06)	2.74 (1.08)	0.157
US: Rule of Law (mean (sd))	3.02 (1.16)	2.90 (1.20)	0.001
US: Words Match Deeds (mean (sd))	2.58 (1.06)	2.51 (1.08)	0.028
US: Fear China's Rise (mean (sd))	4.11 (0.94)	4.20 (0.93)	0.007

Table A.7: Sample Balance Between August 2018 Wave and August 2019 Wave

Americanism based on the Principal Component Analysis (PCA). All the covariates use the data in the August 2018 Wave. We find that in general, anti-Americanism or intolerance of criticism of the government does not significantly influence the probability of being revisited in the following two waves. Part of the sample attrition is driven by factors not directly related to political attitudes, e.g., age and urban residence. We indeed find that respondents who reported stronger loyalty to the nation were somewhat less likely to participate in the follow-up surveys. The attrition does not directly jeopardize the research design as we only compare respondents repeatedly participated in our survey.

	<i>Dependent variable:</i>			
	Revisited, Jan 2019(= 1)		Revisited, Aug 2019(= 1)	
	N = 1012		N = 754	
	(1)	(2)	(3)	(4)
Age	0.486*** (0.091)	0.466*** (0.091)	0.401*** (0.096)	0.383*** (0.097)
Age <sup>2</sup>	-0.032*** (0.009)	-0.030*** (0.009)	-0.022** (0.010)	-0.020** (0.010)
Male	0.140 (0.094)	0.129 (0.093)	0.128 (0.097)	0.115 (0.097)
Some College	0.140 (0.199)	0.121 (0.200)	0.252 (0.214)	0.238 (0.215)
Bachelor	0.065 (0.190)	0.058 (0.191)	0.443** (0.207)	0.442** (0.208)
Master or Above	-0.274 (0.246)	-0.277 (0.248)	0.013 (0.265)	0.016 (0.265)
Regime Insider	0.026 (0.106)	0.026 (0.107)	-0.076 (0.110)	-0.076 (0.110)
Party	-0.090 (0.117)	-0.067 (0.117)	-0.001 (0.119)	0.019 (0.119)
Childhood Residence: Small City	-0.053 (0.147)	-0.078 (0.147)	0.116 (0.158)	0.097 (0.158)
Childhood Residence: Metropolitan	0.230 (0.154)	0.199 (0.154)	0.284* (0.167)	0.261 (0.166)
Current Residence: Small City	1.094*** (0.398)	1.114*** (0.396)	0.212 (0.389)	0.224 (0.386)
Current Residence: Metropolitan	1.237*** (0.404)	1.256*** (0.402)	0.410 (0.400)	0.421 (0.397)
Income	0.045 (0.033)	0.047 (0.033)	0.027 (0.035)	0.029 (0.035)
Anti-Americanism	-0.016 (0.028)		-0.022 (0.029)	
Rather be Chinese Citizen		-0.122** (0.051)		-0.107** (0.051)
Oppose Criticism of Government	-0.003 (0.040)	0.027 (0.042)	-0.010 (0.041)	0.017 (0.043)
Constant	-3.041*** (0.441)	-2.565*** (0.486)	-2.854*** (0.441)	-2.441*** (0.480)

Note:

<sup>+</sup>p<0.1; \*p<0.05; \*\*p<0.01

Table A.8: Predicted Probability of Being Revisited

### A1.3 The original texts of the survey questions

#### CFPS

- (Distrust of Americans) In your opinion, how trustworthy are Americans?  
您对美国人的信任程度如何?
- (Social identification) Which social class do you/your family belong to?  
您/您家在本地的社会地位?
- (Individual satisfaction and confidence) How satisfied are you with your/your family's life? 您对自己/自家生活的满意程度?  
How confident are you of future? 您对自己未来的信心程度?
- (Self-reported severity of social problems) How serious do you think the following social issues are in contemporary China? Including Corruption, Environment, Education, Health Care, Housing, Social Welfare, Inequality  
您认为以下问题在我国的严重程度如何? (腐败, 环境, 教育, 医疗, 住房, 社会保障, 不平等)
- (Local government) In your opinion, how trustworthy are the local government officials?  
您对干部 (指当地地方政府官员) 的信任程度如何?
- What is your overall evaluation of the local government?  
您对去年本县/市/区政府工作的总体评价是什么?

#### Online Surveys

- (Anti-Americanism) Based on your feeling, what kind of characteristics do you think US people have? US people are peace-loving/US people care about rules/US people match their words with deeds/US people fear about the rise of China (For each characteristics, choose from "Strongly agree" to "Strongly disagree," i.e., 5-point scale)  
根据您平时的感受, 总的来说, 您认为美国人有怎样的特性? 美国人是爱好和平的/美国人是重视规则的/美国人是言行一致的/美国人是惧怕中国崛起的 (对于每个特性, 从强烈同意到强烈不同意选择)
- (The US-led international system) Regarding China's developmental path in the past 30 years, what role does the current US-led international system and global order play? (Choose from "Very positive" to "Very negative," i.e., 5-point scale "No significant influence" treated as neutral)  
总的来说, 从过去三十年中国发展的经验看, 您认为现有的美国领导的国际体系和国际秩序对中国的影响是非常正面的影响/比较正面的影响/正面和负面的影响互相抵消/比较负面的影响/非常负面的影响/不存在显著的影响

- (Loyalty to the nation) Agree or disagree? Even if I have other choices, I would rather be a Chinese citizen. (Choose from “Strongly agree” to “Strongly disagree,” i.e., 5-point scale) 您是否赞同下面的陈述：即使可以选择世界上任何其它国家，我也更愿意做中国公民。（从强烈同意到强烈不同意选择）
- (Oppose criticism of government, Aug 2018 and Jan 2019) Agree or disagree? As the government generally turns out to be right about things, citizens’ criticism or oversight of the government’s policies are unhelpful and create social disorder. (Choose from “Strongly agree” to “Strongly disagree,” i.e., 5-point scale) 您是否赞同下面的陈述：政府做出的决定通常是正确的，公民批评或是监督政府的决策是没有帮助的，反而会造成社会混乱。（从强烈同意到强烈不同意选择）

#### A1.4 Anti-foreign Sentiment and Political Preference

Using the BAS data (2013 and 2015), we also compare the measurement of anti-Americanism and anti-Japanese sentiment. As China’s two main geopolitical opponents, there is a strong correlation of negative sentiment towards the two countries (Figure A.7, Pearson Correlation = 0.625).

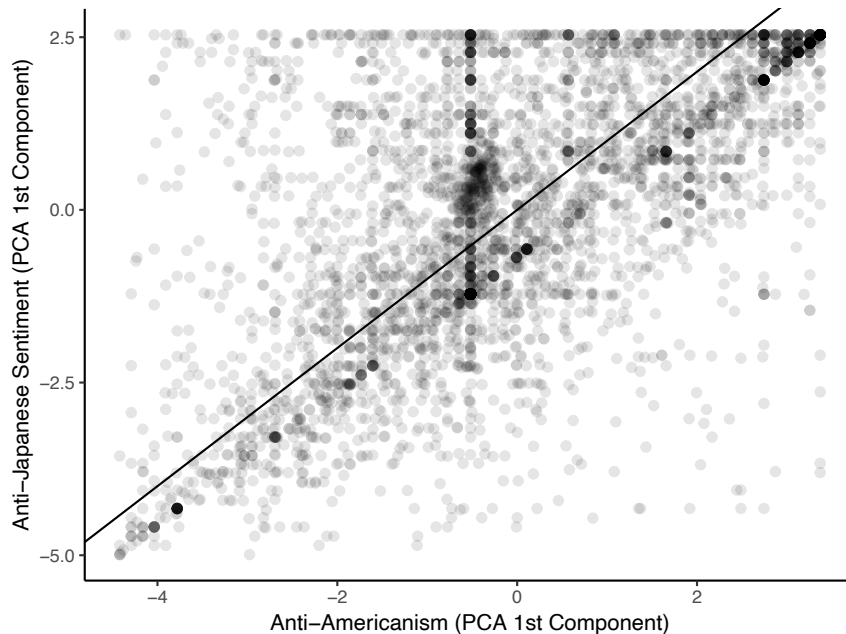


Fig. A.7: Anti-Americanism and Anti-Japanese Sentiment

In Table A.9 and A.10, we also compare how anti-foreign sentiment is related to loyalty to the nation and foreign policy preference in general. As suggested in the main text, there is a positive relationship between anti-foreign sentiment and loyalty to the nation, and Pearson Correlation is between 0.15 and 0.20. Stronger anti-foreign sentiment also contributes to the stronger preference of increasing defense spendings, and lower perception of the threat of domestic unrest relative to external threats. We do not find any relationship between anti-foreign sentiment and preference of increasing China’s foreign aid or free trade.

VARIABLES	(1)	(2)	(3)	(4)	(5)
	Loyalty to the Nation (1-4)	Increase Defense Spending (0-1)	Increase Foreign Aid (0-1)	Free Trade (0-1)	Threat of Domestic Unrest (0-1)
Anti-Japanese	0.057**	0.018**	0.0004	0.002	-0.019**
Observations	4,261	4,261	4,261	4,261	4,261
R <sup>2</sup>	0.092	0.039	0.027	0.033	0.037

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and district fixed effects are omitted for simplicity.

Table A.9: Anti-Japanese Sentiment and Political Attitudes (BAS)

VARIABLES	(1)	(2)	(3)	(4)	(5)
	Loyalty to the Nation (1-4)	Increase Defense Spending (0-1)	Increase Foreign Aid (0-1)	Free Trade (0-1)	Threat of Domestic Unrest (0-1)
Anti-Americanism	0.058** (0.010)	0.019** (0.005)	-0.001 (0.005)	0.003 (0.003)	-0.015** (0.005)
Observations	4,261	4,261	4,261	4,261	4,261
R <sup>2</sup>	0.092	0.040	0.027	0.034	0.035

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and district fixed effects are omitted for simplicity.

Table A.10: Anti-Americanism and Political Attitudes (BAS)

## A2 Robustness Checks: The Diaoyu Island Dispute

In this section, we present additional robustness checks on the reported findings of increasing anti-foreign sentiment during international crises.

### A2.1 Comparing provinces of very high vs. low nationalism

In addition to the main results presented in Table 1, here we present additional subgroup analysis based on the intensity of popular nationalism when the Diaoyu Islands dispute escalated. Instead of the median used in the main text, We examine the top/bottom 30 percentile in Table A.11 and top/bottom 30 percentile in Table A.12. The negative effect is consistently driven by provinces of relatively high nationalism as measured by information exposure and nationalist protests.

Panel A: Original Survey Weights					
	(1) Full Sample	(2) High Information (Top 30)	(3) Low Information (Bottom 30)	(4) High Protest (Top 30)	(5) Low Protest (Bottom 30)
Escalation	-0.282** (0.0742)	-0.377** (0.0913)	-0.178 (0.116)	-0.367** (0.130)	-0.129 (0.176)
Weighted Mean (DV)	2.639	2.684	2.635	2.784	2.613
N	15,986	5,453	5,403	5,204	4,881
No. Counties	130	43	41	41	40
R-sq	0.138	0.172	0.117	0.146	0.142
Panel B: Entropy Balancing Weights					
	(1) Full Sample	(2) High Information (Top 30)	(3) Low Information (Bottom 30)	(4) High Protest (Top 30)	(5) Low Protest (Bottom 30)
Escalation	-0.284** (0.0726)	-0.364** (0.0848)	-0.256* (0.115)	-0.344** (0.0832)	-0.204 (0.127)
Weighted Mean (DV)	2.568	2.512	2.603	2.806	2.586
N	15,986	5,453	5,403	5,204	4,881
No. Counties	130	43	41	41	40
R-sq	0.126	0.149	0.113	0.137	0.116

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table A.11: Subgroup Analysis: Top vs. Bottom 30 Percentile

Panel A: Original Survey Weights					
	(1) Full Sample	(2) High Information (Top 20)	(3) Low Information (Bottom 20)	(4) High Protest (Top 20)	(5) Low Protest (Bottom 20)
Escalation	-0.282** (0.0742)	-0.417** (0.112)	0.0663 (0.209)	-0.330+ (0.170)	-0.129 (0.190)
Weighted Mean (DV)	2.639	2.843	3.138	2.873	2.826
N	15,986	3,303	3,094	3,333	4,028
No. Counties	130	27	22	27	32
R-sq	0.138	0.182	0.071	0.185	0.194
Panel B: Entropy Balancing Weights					
	(1) Full Sample	(2) High Information (Top 20)	(3) Low Information (Bottom 20)	(4) High Protest (Top 20)	(5) Low Protest (Bottom 20)
Escalation	-0.284** (0.0726)	-0.453** (0.118)	-0.0638 (0.140)	-0.266+ (0.155)	-0.134 (0.205)
Weighted Mean (DV)	2.568	2.718	2.970	2.934	2.676
N	15,986	3,303	3,094	3,333	4,028
No. Counties	130	27	22	27	32
R-sq	0.126	0.156	0.091	0.164	0.149

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table A.12: Subgroup Analysis: Top vs. Bottom 20 Percentile

## A2.2 Shorter windows of observations

In this section, we replicate the results in Table 1 using shorter windows of observations (August and August/September) to ensure the results are not driven by observations far before the escalation of the Diaoyu Islands dispute (August 15), who would supposedly show much lower anti-foreign sentiment. It can be observed that removing observations in July only does not significantly change the magnitude of the treatment effect (Table A.13). Removing observations in September results in the smaller treatment effect, which may be explained by the further escalations in September (Table A.14).

Panel A: August and September, Original Survey Weights					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.276** (0.0808)	-0.300** (0.0891)	-0.239+ (0.128)	-0.313** (0.105)	-0.208 (0.129)
Weighted Mean (DV)	2.608	2.593	2.622	2.559	2.688
N	13,231	6,211	7,020	6,819	6,412
R-sq	0.144	0.177	0.122	0.153	0.138
No. Counties	130	59	71	65	65
Panel B: August and September, Entropy Balancing Weights					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.288** (0.0750)	-0.288** (0.0916)	-0.282* (0.115)	-0.304** (0.0937)	-0.254* (0.121)
Weighted Mean (DV)	2.569	2.566	2.571	2.557	2.586
N	13,231	6,211	7,020	6,819	6,412
R <sup>2</sup>	0.128	0.154	0.114	0.145	0.116
No. Counties	130	59	71	65	65

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table A.13: Territorial Dispute and Distrust of Americans (August and September Observations)

Panel A: August Only, Original Survey Weights					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.157+ (0.0813)	-0.174+ (0.0904)	-0.136 (0.129)	-0.182+ (0.0995)	-0.118 (0.145)
Weighted Mean (DV)	2.743	2.756	2.732	2.717	2.786
N	10,688	5,087	5,601	5,534	5,154
R-sq	0.139	0.164	0.123	0.146	0.136
No. Counties	130	59	71	65	65
Panel B: August Only, Entropy Balancing Weights					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.170* (0.0809)	-0.162+ (0.0960)	-0.187 (0.126)	-0.176+ (0.0976)	-0.147 (0.140)
Weighted Mean (DV)	2.677	2.707	2.650	2.695	2.653
N	10,688	5,087	5,601	5,534	5,154
R-sq	0.127	0.145	0.117	0.133	0.123
No. Counties	130	59	71	65	65

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table A.14: Territorial Dispute and Distrust of Americans (August Observations)



### A2.3 Different cutpoints of the treatment

In Table A.15, we test the robustness of the results by choosing different cut points of the treatment (i.e., the escalation of the Diaoyu Islands Dispute). The choice of August 15 in the main text was data-driven: We examined the change of Baidu Index and identified a spike on August 15-16 when activists landed on the Diaoyu Island and politicized the issue. The choice may be criticized as arbitrary, as others may argue that the first wave protest (Aug 19-20) and Japanese announced “nationalization” (Sep 9) both dramatically changed the dispute and infuriated the Chinese citizen. Therefore, we create multiple dummy variables using the two alternative cutpoints suggested by anecdotal evidence. Furthermore, we create two placebo cutpoints (7 days and 14 days before Aug 15) to make sure the treatment effect was driven by the escalation of the Diaoyu Islands dispute instead of some other temporal trends. The results are presented in Table A.15. The regression results in Column 1 and 2 use the original survey weights and the results in Column 3 and 4 use the entropy balancing weights (the cutpoint is still set to Aug 15 when rebalancing). As we show in Table A.15, the results are indeed primarily driven by respondents visited after August 15. The coefficients of placebo dates are also insignificant.

VARIABLES	(1)	(2)	(3)	(4)
		Distrust of Americans		
Post Escalation (Aug 15)	-0.117 (0.0998)	-0.0811 (0.107)	-0.0382 (0.100)	0.00585 (0.113)
Post Aug Protest (Aug 19)	-0.177 <sup>+</sup> (0.0950)	-0.175 <sup>+</sup> (0.0950)	-0.262* (0.0962)	-0.259** (0.0962)
Post Nationalization (Sep 9)	-0.229 <sup>+</sup> (0.116)	-0.228 <sup>+</sup> (0.116)	-0.329* (0.133)	-0.329* (0.134)
Post Placebo 1 (Aug 7)		-0.0966 (0.108)		-0.103 (0.107)
Post Placebo 2 (Aug 1)		0.0678 (0.114)		0.0531 (0.117)
Observations	15,986	15,986	15,986	15,986
R <sup>2</sup>	0.127	0.128	0.140	0.140

Note: <sup>+</sup>  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table A.15: Different Cutpoints of the Escalated Conflict

## A2.4 Ordered logistic regression

In this section, we replicate the results in Table 1 using the ordinal logistic regression instead of the OLS regression. The results are largely robust.

<b>Panel A: Original Survey Weights</b>					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.211** (0.0596)	-0.260** (0.0762)	-0.158+ (0.0893)	-0.264** (0.0810)	-0.125 (0.0848)
Weighted Mean (DV)	2.639	2.616	2.659	2.591	2.711
N	15,986	7,535	8,451	8,196	7,790
No. Counties	130	59	71	65	65
<b>Panel B: Entropy Balancing Weights</b>					
	(1)	(2)	(3)	(4)	(5)
	Full Sample	High Information	Low Information	High Protest	Low Protest
Escalation	-0.224** (0.0569)	-0.226** (0.0701)	-0.218* (0.0881)	-0.243** (0.0701)	-0.194* (0.0909)
Weighted Mean (DV)	2.568	2.580	2.574	2.553	2.589
N	15,986	7,535	8,451	8,196	7,790
No. Counties	130	59	71	65	65

Note: +  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , cluster standard error in parentheses  
Covariates and county fixed effects are omitted for simplicity.

Table A.16: Territorial Dispute and Distrust of Americans

## A2.5 Heterogeneous treatment effects

In Figure A.8, we present the heterogeneous treatment effects of different social groups, using the original survey weights. It can be observed that the impact of international conflicts is larger for older citizens and citizens with middle and low family income.

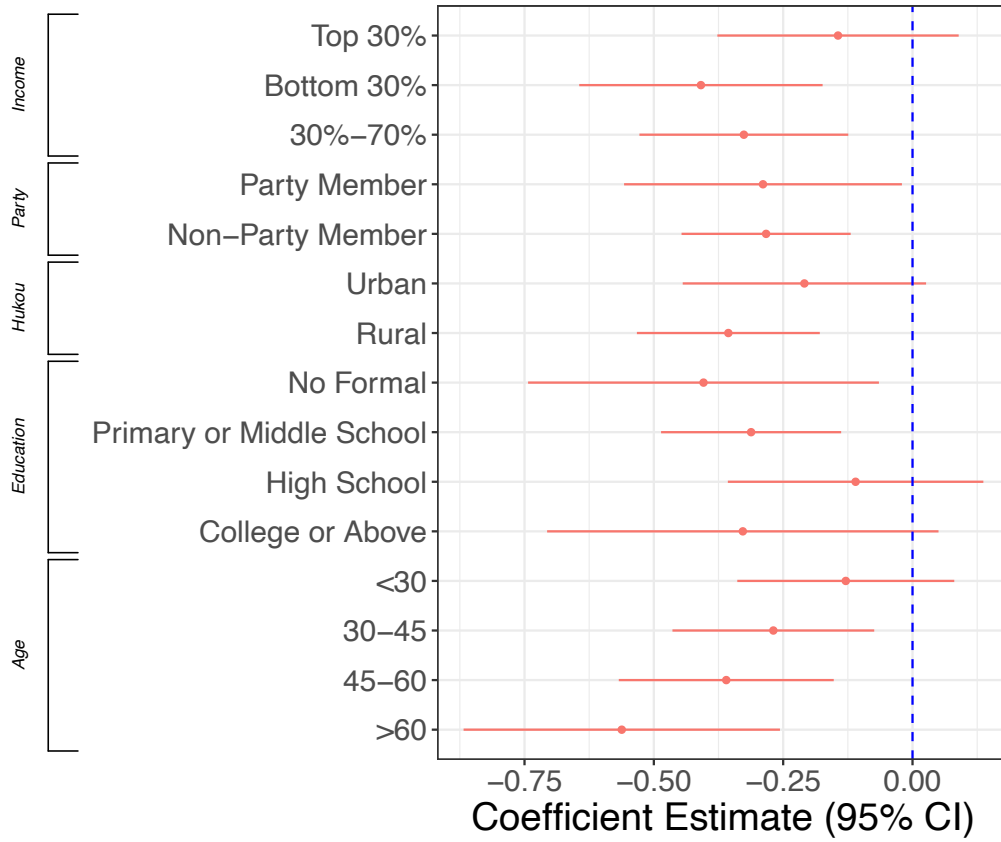


Fig. A.8: Heterogeneous Treatment Effects of Different Social Groups

### A3 Robustness Checks: The US-China Trade War

In this section, we re-examine the effect of the trade war on respondents' anti-foreign sentiment using the alternative coding of the attentive audience. We use the citizens' response to a series of political news in the August 2018 Wave (including the US-China Trade War and the Vaccine Scandal) and create an alternative measurement of political interests based on the PCA analysis. The attentive audience is defined as those showing stronger interests in political news than the median. As shown in Figure A.9 and ??, the results are largely consistent and the respondents showing stronger political interests displayed significantly stronger anti-Americanism when the trade war escalated in August.

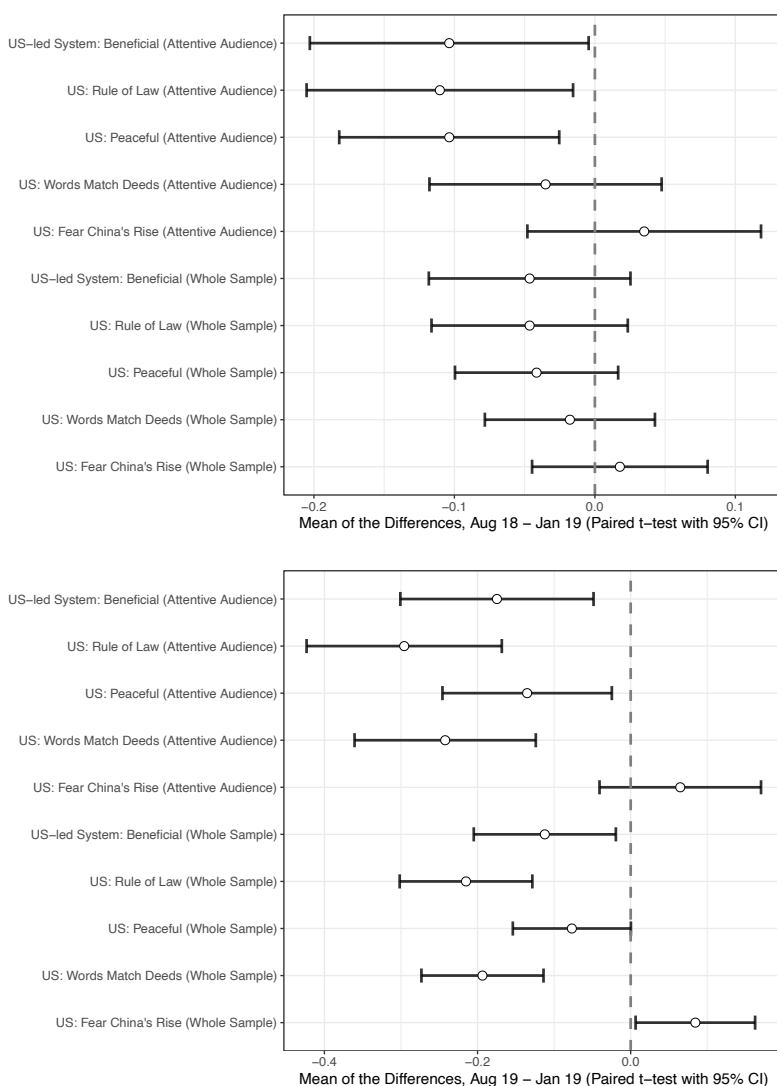


Fig. A.9: Alternative Coding of Attentive Audience

We also examine the level of political support by asking whether citizens had become less tolerant of criticism of the government in the US-China trade war. In the first and second wave we asked the question “Agree or disagree? As the government generally turns

out to be right about things, citizens' criticism or oversight of the government's policies are unhelpful and create social disorder." and the citizens' responses were coded in the 5-point scale. It should also be noted that we did not specify whether it is the central or the local government. As shown in Figure A.10, We find no evidence that citizens are less tolerant of criticism of the government in general, which provides additional evidence that anti-foreign sentiment is not translated into political loyalty.

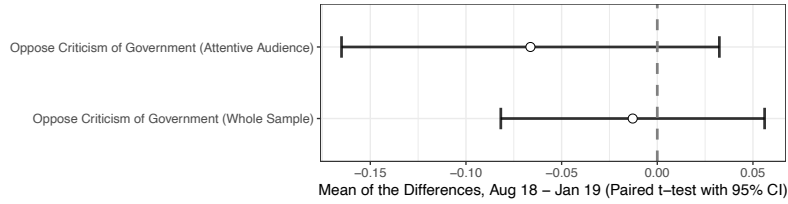


Fig. A.10: Criticism of the Government

## **Paper 3**

# **Weaponizing the Masses**

### **Full Paper Title**

Weaponizing the Masses:

Popular Nationalism and Chinese Economic Statecraft

**Abstract**

State actors often make economic sanction threats in interstate conflict. However, there is limited understanding about how such threats materialize. In this paper, we theorize the mobilization of popular nationalism in economic statecraft: the state can disrupt trade by inciting citizens' anti-foreign sentiment. We study three major conflicts between China and its key trading partners - Japan, South Korea, and the US. We find that the post-conflict decline in Chinese imports is associated with strong popular nationalism. We then revisit the "Dalai Lama Effect" using two similar cases - France and the UK - and uncover a similar relationship. To draw a stronger causal claim, we exploit the regional variations in nationalist activism during the 2012 Diaoyu Islands dispute and find a significant negative effect of early and large protests on local imports from Japan.

*Key words: Nationalism, Economic Statecraft, Interstate Conflict, Authoritarian Politics*

## Introduction

When an international conflict escalates, state actors often employ economic sanction threats to signal and coerce (Whang, McLean and Kuberski, 2013). The classical thesis of economic statecraft takes the materialization of sanction threats for granted and presumes that trade follows the flag. On the one hand, state actors exert political influence over lucrative international business and exploit economic interdependence as non-violent avenues for interstate bargaining (Berger et al., 2013; Davis, Fuchs and Johnson, 2018; Gowa and Mansfield, 1993; Hirschman, 1980; Krasner, 1976). On the other hand, private economic actors make business changes under political pressure and align themselves with state objectives (Li and Sacko, 2002; Long, 2008; Morrow, 1999).

However, the assumption of strong political control over international economic flows appears problematic in the modern era of globalization (Rodman, 1995). Given the autonomy of private economic actors, state actors cannot costlessly project their political influence into the economic realm (Bapat and Kwon, 2015; Morgan and Bapat, 2003). Firms and consumers independently shape cross-border economic flows and undermine state efforts to enforce costly sanctions (Keshk, Pollins and Reuveny, 2004). Bottom-up market power absorbs the economic repercussions caused by interstate conflict, which is widely observed in democratic and autocratic contexts alike (Drury and Li, 2006; Norris, 2016). As supportive evidence, scholars uncover growing economic interdependence in the era of intensive security competition (Copeland, 1996) and present null effects of interstate conflict on economic exchanges between major trading partners (Davis and Meunier, 2011; Du et al., 2017).

Given these constraints in reality, how can state actors fulfill their sanction threats and inflict substantive economic damage on adversaries? A direct answer is that state actors need to credibly signal their resolve to cut economic ties and rally domestic support for restrictive measures. Ideally, state actors can mobilize popular nationalism against the



target country and disrupt economic ties spontaneously formed between private economic actors. Practically, state actors need to have skillful assessments of circumstances and timing, especially the direction of public sentiment. For instance, the Clinton administration discontinued economic sanctions on China imposed by the Bush administration after the 1989 Tiananmen Square crackdown, while the Biden administration inherited Trump's legacy of China policy. The contrast may be partially explained by the growing hostility amid the US public toward China after 2017.

The existing literature on interstate conflict and domestic audiences has primarily focused on democratic countries. In this paper, we explore the role of popular nationalism in Chinese economic statecraft. The Chinese government has frequently invoked popular nationalism and strategically stage-managed collective actions such as nationalist protests and boycotts (Blumenthal, 2018; Ratner, 2018; Weiss, 2014). However, the economic impact of popular nationalism remains unclear and unidentified. One question is whether China's sanction threats backed by popular nationalism are merely bluffing and the actual economic impact is exaggerated by external observers.

Our theory theorizes the popular basis of Chinese economic statecraft. We argue that popular nationalism, when successfully mobilized by the government, can significantly affect economic exchanges. We present two parts of empirical analysis. First, we use an event analysis with two sets of cases and show a positive correlation between popular nationalism and the magnitude of economic disruption. We estimate the economic impact of three major conflicts between China and Japan, South Korea, and the US conditional on the level of popular nationalism. We also re-estimate the "Dalai Lama Effect" using France and the UK as the most similar cases and examine its association with popular nationalism. Second, to make a stronger causal claim, we revisit the 2012 Sino-Japanese dispute with subnational data of popular nationalism and international economic exchanges. We leverage the geographical variations in the early development of nationalist activism and employ the difference-in-difference (DID) design to identify the effect of popular nation-

alism on trade. We show that regions having stronger nationalism had a greater decline in imports from Japan after the conflict.

The rest of the paper is organized as follows. In the second section, we outline the theory of popular nationalism and economic statecraft. In the third section, we present the event analysis of two sets of cases and evaluate the theoretical arguments. In the fourth section, we present an additional analysis of the 2012 Sino–Japanese dispute over the Diaoyu Islands with subnational data of nationalism and trade. The fifth section concludes.

### **The Popular Basis of Economic Statecraft**

Economic statecraft comprises both positive inducements and negative sanctions. In the following discussion, we limit the scope of analysis to the negative side. In this section, we revisit the existing literature on the use of economic sanctions and highlight popular nationalism as a possible channel through which state actors influence international economic exchanges.

#### **Economic sanctions as foreign policy instruments**

We summarize two main strands of literature on the rationale behind economic sanctions. The first strand underscores the informational effect. In interstate bargaining, one side's willingness to bear economic costs increases others' perceptions of its resolve (Fearon, 1997). Therefore, imposing sanctions on mutually beneficial economic exchanges is taken as a credible signal of resolve (Martin, 1994; Morrow, 1999, 2003; Stein, 2003). However, state actors under public pressure are also obliged to respond to the needs of domestic groups who suffer from economic disruptions (Lektzian and Sprecher, 2007). These conflicting motives pose a strategic dilemma to state actors: Economic disruptions should be maximized to make the threat credible but minimized to decrease domestic opposition.

The second strand of literature focuses on the coercive effect of sanctions. Both the sanctioning and sanctioned states suffer from welfare losses. The coercive power of

sanctions stems from the sanctioner's greater ability to withstand the cost and stand firm (Whang, McLean and Kuberski, 2013). Intuitively, larger states that have a more diversified economy or face a lower cost of trade diversion possess stronger coercive power over smaller ones. The information effect of sanctions is also contingent on the coercive effect: Rational actors should avoid strategies that disproportionately harm their bargaining position. For example, although "severing one's own limb" is a costly signal with high informational value, it has little coercive power (Gartzke, Li and Boehmer, 2001).

The effectiveness of economic sanctions is crucially dependent on how successful state actors mobilize domestic groups and enforce economically inefficient restrictions. Naturally, domestic groups with high stakes in international business oppose economic sanctions (Drezner, 1999; Kastner, 2007). Private economic actors usually have strong incentives to maximize their utility by evading state sanctions (Bapat and Kwon, 2015; Drezner, 2000). In general, enforcing sanctions is difficult when private economic actors such as entrepreneurs and consumers are influential in domestic politics.

Scholars traditionally focus on formal sanction tools, which broadly cover state sanctions on trade, finance, aid, and investment (Drezner, 1999; Hirschman, 1980; Martin, 1994). An emerging strand of literature unveils multiple informal and extralegal instruments that are harder to trace by external observers, which include public procurement (Berger et al., 2013; Kono and Rickard, 2014; Weiss and Thurbon, 2006), consumer bias against foreign products (Kim, 2018), and anti-foreign protests and boycotts (Heilmann, 2016). The economic power of non-state actors makes the so-called "private sanctions" possible (Rodman, 1994). Besides, state actors can utilize the informality and flexibility of private sanctions and embed them into economic statecraft.

Informal and extralegal instruments, while economically equivalent to conventional instruments, have certain merits that may even magnify the coercive effect of economic sanctions. As noted by Kono and Rickard (2014), this "behind-the-door" strategy is opaque with unclear welfare effects and helps state leaders avoid publicly reneging on free-trade

commitments. State leaders can also avoid being held accountable for escalating the dispute, as it is difficult for external observers – for example, international arbitrators – to attribute disrupted economic flows to state interference. Therefore, powerful states can manipulate international economic transactions without necessarily being constrained by international institutions and obtain a strategic advantage over weak states (Kim, 2018).

The implementation of informal and extralegal instruments incurs the problem of enforceability. For instance, some state actors can gain tighter control of economic agents via increasing the share of state ownership (Davis, Fuchs and Johnson, 2018). But such a strategy has its drawbacks (e.g., economic inefficiency) and does not guarantee effective control (e.g., the principal-agent problem). To mobilize the public's anti-foreign sentiment, state actors also need to reshape the political discourse and fend off the challenges of political opposition, especially business groups having international economic interests.

### **Popular nationalism as an instrument of economic coercion**

Nationalism is commonly understood as a set of ideas and feelings shared by the members within a limited boundary, or the “imagined community” (Anderson, 1991). The strength of nationalist sentiment can be highly malleable under external shocks, indicating the variable components of national identity at the individual level. For instance, the diversionary theory of war posits that popular nationalism suppresses citizens' redistributive demands originating from social and class identities (Solt, 2011).

Micro-level evidence of behavioral changes supports the aggregate impact of popular nationalism on economic exchanges. Recent studies uncover strong correlations between anti-foreign sentiment and individual economic preferences (Clerides, Davis and Michis, 2015; Fouka and Voth, 2013; Pandya and Venkatesan, 2016). Scholars reveal that nationalism rooted in historical animosity has a profound and lasting impact on international commerce (Che et al., 2015; Lan and Li, 2015). The rise of popular nationalism also foreshadows the emergence of populist and protectionist politicians and drives substantial

policy shifts in democratic countries (Colantone and Stanig, 2017, 2018).

We argue that popular nationalism can be weaponized by rational state actors as a coercive tool in interstate conflict. The conversion of state influence on public preferences into economic disruption is not an easy task. State actors need to set political agenda, rally domestic support, and incentivize individuals and corporations to make behavioral changes. State actors must credibly signal their resolve by taking costly action, e.g., refueling the momentum of popular nationalism for a reasonably long period. In the Chinese context, state actors also need to assess the political cost of (temporarily) allowing for collective actions organized by citizens (Cairns and Carlson, 2016; King, Pan and Roberts, 2013). A major risk is that state actors may lose control of mass movements and that angry citizens begin to question the government's competence in handling the international crisis (Weiss, 2013).

Anecdotal evidence shows that by leveraging popular nationalism, the Chinese government has obtained strong coercive power versus foreign firms having high stakes in their access to the Chinese market. In 2018, China successfully pressured U.S. airlines to change their website references to Taiwan, despite direct opposition from US government. The NBA-China dispute over the Rockets' general manager Daryl Morey's support for Hong Kong protestors in 2019 also illustrates the fragility of foreign firms under political pressure. Popular nationalism has influenced Chinese firms as well, which are highly responsive to the changing public sentiment and government influence on it. In 2016, Chinese travel agencies swiftly suspended the lucrative business of group packages destined for South Korea as a response to the simmering THAAD dispute between China and South Korea and the increasing anger of Chinese citizens.

We specifically discuss how different types of firms, i.e., state-owned, private, and foreign-invested, would respond to the rise of popular nationalism orchestrated by the state. Davis, Fuchs and Johnson (2018) argued that state ownership serves as an instrument of the Chinese government, which increases its influence over firms' economic decisions.

However, SOE managers may have incentives different from the state's foreign policy objectives, and there is little evidence suggesting any direct instruction restricting business activities from the Chinese government to SOE managers in the past international crises. Alternatively, we argue that popular nationalism orchestrated by the state serves as a strong political message and credibly signals the government's resolve. Economic actors that are more susceptible to political pressure, e.g., state-owned and foreign-invested firms, are more likely to adjust their behavior consistent with the state's interests in international conflicts.<sup>1</sup>

Given its informal characteristics, we note that appealing to popular nationalism can be a sensible choice for rational state actors who hope to retain some flexibility in the bargaining. And the sanctioner may circumvent retaliation: When seeking arbitration from international institutions, the sanctioned state has the burden of proof showing that nationalism is manipulated by the sanctioner and violates the sanctioner's free-trade commitments. However, the lack of institutional protection makes it difficult to deter the weaponization of popular nationalism. The 2019 Japan-South Korea trade dispute is an example: Two democratic countries mobilized economic nationalism while international institutions largely failed to govern their behavior.

To summarize, nationalist sentiment against a specific country generally decreases the utility of trading with the sanctioned state and incentivizes economic actors to search for alternatives supplanting the existing connections. The effectiveness of enforcement is related to the strength of popular nationalism. Under a typical authoritarian context like China, the government can control the flow of conflict information (e.g., news reports by official media) and stage-manage citizens' collective actions (e.g., consumer boycotts and protests), making it convenient to mobilize popular nationalism during international crises.

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<sup>1</sup>Davis, Fuchs and Johnson (2018) only considered SOEs and private firms but omitted foreign firms in their analysis. With their original data, we discovered a significant effect of political conflict on foreign firms' imports and the magnitude is comparable to that of SOEs. We relegate the analysis to the Online Appendix and argue that state ownership is not the only channel that conveys the government's political pressure.

Therefore, variations in state efforts to mobilize popular nationalism can explain different economic consequences following the outbreak of interstate conflict. We propose the first hypothesis on the coercive effect of popular nationalism mobilized by the state.

**H1 (Disruptive Effect)** *Strong popular nationalism has a positive effect on the magnitude of economic disruption following interstate conflict.*

A natural extrapolation from **H1** is the conditional effect of interstate conflict on trade. Some recent studies show small and transitory negative effect of interstate conflict on economic exchanges (Davis and Meunier, 2011; Du et al., 2017). One possible reason is that rational economic actors price in the prospect of interstate relations, which influences trade flows *ex ante* (Morrow, 1999). When facing potential threats of a minor conflict in line with their expectations, economic actors would maintain scheduled transactions and avoid overreactions to decrease the cost of diversion, e.g., fees of terminating contracts and locating partners unaffected by political tensions. **H1** suggests that interstate conflict can have an *ex post* effect on economic exchanges when state actors are determined to escalate the conflict and politicize economic cooperation via mobilizing popular nationalism. Under the pressure of popular nationalism orchestrated by the state, economic actors face increasingly strong disincentives to continuing business with the target country.

It is possible, however, that interstate conflict can affect trade *ex post* independent of state efforts to appeal to popular nationalism. Private economic actors may promptly adapt to ever-changing political situations and avoid risky transactions exposed to a major interstate conflict regardless of public sentiment at a given point in time. We discuss an additional condition that differentiates between the two types of *ex post* effects. Scholars argue that a high degree of pre-existing interdependence is a precondition for state actors to implement economic statecraft to reshape the target country's payoffs (Stein, 2003). However, high interdependence also limits the disruptive effect of economic sanctions, as private economic actors have a strong incentive to evade sanctions. In **H2**, We stipulate a baseline condition under which this incentive to evade restrictions imposed by political

tensions is observed in the absence of strong popular nationalism mobilized by the state.

**H2 (Cushioning Effect)** *High interdependence has a negative effect on the magnitude of economic disruption following interstate conflict.*

In the empirical analysis, we focus on cases in which some degrees of interdependence existed between China and the target country. Our prior expectation is that interstate conflict has a limited *ex post* impact on bilateral trade due to the cushioning effect of existing interdependence. Other previous research has examined cases in which China's dependence on the target country is considerably low, including China's sanctions on North Korea (Gulotty et al., 2018) and Norway (Kolstad, 2019). The lack of cushioning effects suggests that the Chinese government can unilaterally change bilateral economic relationship without appealing to popular nationalism. In these cases, other factors unrelated to popular nationalism, including the government's influence over a small group of firms, have stronger explanatory power.

### **Economic Disruptions and Popular Nationalism: A Event Study**

In this section, we evaluate the association between popular nationalism and economic disruptions using two sets of event analysis. The first set includes three major conflicts between China and its important trading partners since 2012: the Diaoyu Island dispute (Japan), the THAAD crisis (South Korea), and Trump's new China policy focusing on Taiwan and trade (US). The second set includes two highly similar cases related to the so-called "Dalai Lama Effect" (Fuchs and Klann, 2013): French and UK leaders' meeting with Dalai Lama in 2008 and 2012 respectively.

#### **Data and method**

We use the total Chinese imports from the target country as the main dependent variable (log-transformed). Sanctions on imports and exports may similarly cause economic damage to the target country. But from the perspective of mercantilism, restricting imports is a



more sensible strategy for it maximizes the sanctioning country's trade surplus and causes more harm on the target country. Citizens are also more sensitive to buying products from hostile countries and more likely to engage in consumer boycotts.

For the independent variable, we code the strength of popular nationalism orchestrated by the state based on two standards. First, whether there is extensive official media coverage on the dispute that attempts to lead public opinion. And second, whether citizens organized and participated in nationalist protests or other collective actions that are tacitly allowed, if not encouraged, by the government. Although it is impossible to observe the decision making inside the Chinese government and obtain direct evidence of state manipulation, scholars find that the Chinese government habitually suppress citizens' collective actions and curtail engaged debates about controversial political issues (King, Pan and Roberts, 2013, 2017). Therefore, as an important exception to this general pattern of government repression, public awareness of international dispute and citizens' participation in collective actions such as protests and boycotts uncover the authoritarian government's intention to mobilize popular nationalism in support of state interests.

We collect monthly trade data from China's General Administration of Customs and implement the Synthetic Control Method (SCM) to estimate the impact of interstate conflicts on Chinese imports from the target country (Abadie, Diamond and Hainmueller, 2010, 2015). We construct a synthetic control unit for each target country with up to 24 months of the pre-dispute data. The candidate pool of control units is limited to the OECD countries and other major trading partners of China (over 50 countries excluding Middle Eastern oil exporters).<sup>2</sup> As the first robustness check, we construct the synthetic control unit using different lengths of pre-dispute data (18, 15, and 12 months) and none of the results vary substantively. We also verify the SCM results using the gravity model of

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<sup>2</sup>For the specification of SCM, the balancing covariate includes distance and annual GDP (similar to the conventional gravity model). The lagged dependent variable in the pre-dispute period is added to improve matching. In the cases of Japan, South Korea, and the United States, we treat the European Union as a hypothetical economy as only a few countries had comparably high trade volume with China.

international trade and relegate the analysis to the Online Appendix.

### The comparison of cases: basic information

In Table 3.1, we summarize the basic information about the two sets of cases. For the first set, we examine the impact of some prolonged conflicts on Chinese imports from Japan, South Korea, and the United States. As the percentage of Chinese import and export shows, these three countries are major trading partners of China and indicate comparability across the cases. For the second set, we examine the Dalai Lama effect on Chinese import from France and the UK. While controlling for the nature of conflict events, China's economic relationship with France and the UK share similar characteristics. The volume of trade is much smaller compared to that of the countries in the first set, indicating much lower interdependence.

Table 3.1: Basic Information about Conflict Event Analysis

Target	Year	Conflict Event	Chinese Import (% Total)	Chinese Export (% Total)
Japan	2012-14	Diaoyu Islands	194.2 (11.2%)	146.4 (8.4%)
South Korea	2016-17	THAAD Deployment	174.5 (10.4%)	101.4 (6.0%)
USA	2016-18	Taiwan/Economic Policy	149.6 (8.9%)	409.8 (24.4)
France	2008	Dalai Lama/Tibet	13.2 (1.4%)	20.3 (2.1%)
UK	2012	Dalai Lama/Tibet	14.5 (0.8%)	44.0 (2.5%)

Unit: Billions in Current USD

In addition to the pre-existing economic relationship, another confounding factor – the severity of conflict events – may undermine the comparability of cases. The first set of cases covers different types of issues, and it is unclear whether these issues are of similar political significance to the Chinese government. An alternative hypothesis is that issues associated with lower political tensions result in smaller economic disruptions regardless of the level of popular nationalism, even though popular nationalism may be positively associated with dramatic international events. Comparatively, the second set of cases raises less concerns as the two cases lie within the scope condition of the Dalai Lama

Effect (meetings between foreign leaders and Dalai Lama), and we should expect similar degrees of political tensions based on the conflict’s nature.

To mitigate concerns about confounding mechanisms, we assess the severity of conflict events using the Political Relationship Index (PRI) developed by Yan and Qi (2009). The PRI is coded based on government statements and official media reports and proxies for Chinese elites’ evaluations of bilateral relationship. Figure 3.1 plots the temporal changes in the PRI around the conflictual events (+/– 24 months). To facilitate interpretation, we recenter the relationship index by setting the raw score one month before the outbreak of each conflict to 0.

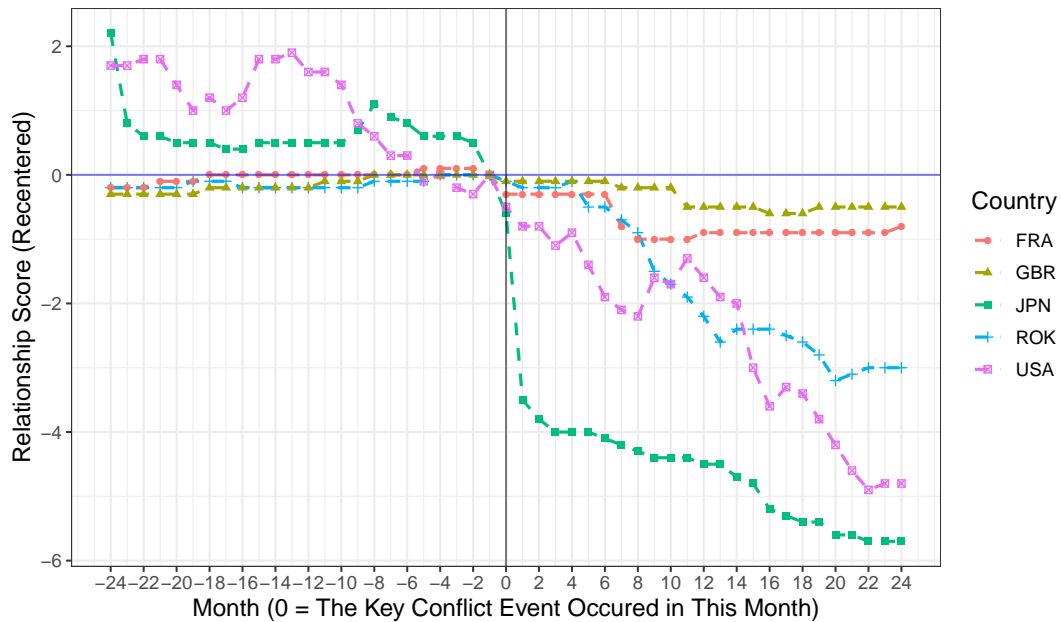


Fig. 3.1: Political Relationship Before and After Key Conflict Events

For the first set of cases, Figure 3.1 shows that the bilateral relationship significantly worsened despite differences in the magnitude. Before the outbreak of key conflict events, the relationship scores stayed in positive territory, although there were multiple ups and downs for the cases of Japan and the US. From all the three cases, we can observe clear negative trends of the relationship scores lasting for more than 12 months after the key

conflict event. The deterioration of China–Japan relations after 2012 was the most dramatic one at the beginning of the crisis, which nevertheless became much flatter after the first month. The magnitude of deterioration was roughly at the same level for the Japan and US cases 24 months after the initial conflict and smaller for the South Korea case.

For the second set of cases, Figure 3.1 shows that meetings between foreign leaders and Dalai Lama did not cause major problems to bilateral relations from the Chinese perspective. It suggests that the Chinese government’s formal objections and protests could be cheap talk. Comparatively, French president Nicolas Sarkozy’s meeting with Dalai in December 2008 had a somewhat larger impact on bilateral relations, given its relatively sensitive timing after the 2008 Tibetan unrest and Beijing Olympics.

### **The heterogeneous effects of interstate conflict**

In this section, we present the first set of cases chronologically. We focus on the relationship between popular nationalism and disruptions of trade. To briefly summarize, we find that the decline in Chinese imports was larger when popular nationalism was stronger (the Diaoyu Islands dispute), but smaller when popular nationalism was either carefully managed (the THAAD crisis) or suppressed by the Chinese government (Trump’s China policy).

**The Diaoyu Islands Dispute** Before 2012, the Sino–Japanese relationship was characterized as “cold politics and hot economics” (Armstrong, 2012), and periodic political tensions had limited economic consequences (Davis and Meunier, 2011). In 2012, the territorial dispute over the Diaoyu Islands between China and Japan dramatically escalated in several steps. In April 2012, some Japanese politicians proposed to nationalize the Diaoyu Islands. The Chinese government issued a formal objection and demanded Japan to withdraw its plan. As a result Chinese activists landed on the disputed islands on August 15 and were temporarily detained by the Japanese government. The Japanese government “finalized” the nationalization on September 11. More than 150 Chinese cities

witnessed highly organized protests from September 15 to 22, which were the largest ones after 1989. Protestors' gather was tacitly approved by most local governments. In some cities (e.g., Xi'an and Changsha), protests become violent and developed into vandalism. After September 2012, the territorial dispute remained salient. The Chinese government regularly sent patrol ships to the disputed region and announced its East China Sea Air Defense Identification Zone in November 2013.

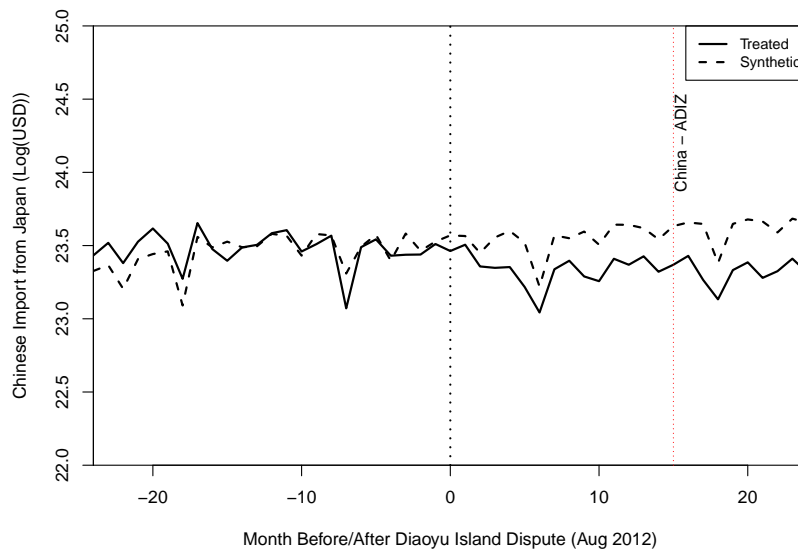


Fig. 3.2: The Economic Consequence of Conflicts: Japan

Given the extensive media coverage and nationwide anti-Japanese protests tolerated by the Chinese government, we code the intensity of popular nationalism as high and expect a strong and lasting impact on the economic exchanges. We present the SCM output in Figure 3.2. Figure 3.2 shows a noticeable gap between Japan and the synthetic control unit after October 2012. The average value of the gap is  $-0.247$ , or 21.9% drop in Chinese imports for 24 months after the outbreak of the conflict. The results show a large effect of interstate conflict on trade that is associated with strong popular nationalism. The effect is also much larger and persistent compared to that in Heilmann (2016), and a major methodological difference is that we use trade statistics from China.

**The THAAD Crisis** As response to North Korea’s missile tests, the South Korean government proposed to deploy the US-made THAAD system in February 2016, which was completed in July 2016. The Chinese government believed the THAAD system would undermine China’s security and demanded South Korea to terminate the plan. In addition to freezing bilateral relationship, China fomented popular nationalism against South Korea and imposed administrative restrictions on South Korea’s entertainment products. South Korea filed a formal complaint to WTO, accusing China of violating its free trade commitments. In October 2017, China conditionally backed down and accepted South Korea’s reassurance of the THAAD system’s defensive use.

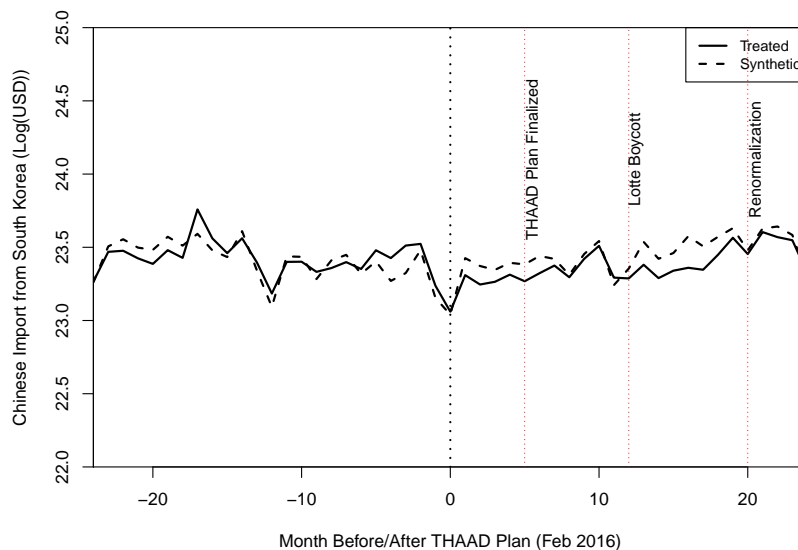


Fig. 3.3: The Economic Consequence of Conflicts: South Korea

Notwithstanding China’s effort to mobilize popular nationalism as a credible threat to economic cooperation, we find that when the THAAD crisis escalated, popular nationalism was significantly less intense compared to that in the Diaoyu Islands dispute. The Chinese government cautiously controlled public gatherings and strictly banned mass protests in major cities. Citizens’ expression of anger was largely limited to the internet, and the nationalist discourse was orchestrated by the official media. Furthermore, when China

accepted South Korea's reassurance, there was no observable public disagreement from nationalist groups – we interpret it as the suggestive evidence of weak nationalism in line with small “audience costs” (Weiss, 2013).

Given China's constrained nationalism and high dependence on South Korea, we predict that the overall influence of the THAAD crisis on Chinese imports from South Korea is much smaller compared to that of the Diaoyu Islands dispute. We present the SCM output in Figure 3.3 and find the conflict had no persistent impact on Chinese imports. We only observe some minor gaps when the situation escalated between March and October 2017. At that time, some Chinese citizens called for boycotting the Korean firm Lotte (which was eventually forced to exit from the Chinese market). The average value of the gap over the 24-month post-conflict period is  $-0.078$ , indicating a 7.5% drop in Chinese imports from South Korea compared to the synthetic control unit. The average value after the boycott of the South Korean Lotte Group and before the preliminary settlement of the dispute (7-months) is  $-0.139$ , indicating a larger impact in the short term.

**Trump's China Policy** During his electoral campaign in 2016, Donald Trump employed hawkish rhetoric against China and promised to bring fundamental changes to US–China relations. After being elected, Trump started his offensive by first leveraging the status of Taiwan. His phone call as the president-elect with then-Taiwanese President Tsai Ing-wen in December 2016 was unprecedented and marked rewarming US–China relations. Trump also pushed for changes in China's trade practice and started the trade war in March 2018.

Trump's tough stance on Taiwan and trade posed a severe challenge to China's political and economic interests. However, scholars argue that Chinese leaders cautiously adopted a strategy of wait-and-see and refrained from taking preemptive actions (Miura and Weiss, 2016). Responding to Trump's accusation of China's trade practice, Chinese president Xi Jinping visited the US in April 2017 and promised to increase Chinese imports from the US (the so-called “100-Day Plan”). China also refrained from mobilizing anti-American

sentiment after significant improvements of US–Taiwan relations, e.g., the introduction (2017) and final passage (2018) of the Taiwan Travel Act. It is in sharp contrast to the government’s strategy in the Diaoyu Island dispute and the THAAD crisis. Given the repressed nationalism, we expect the deteriorating US–China relations had a negligible effect on trade before 2018.

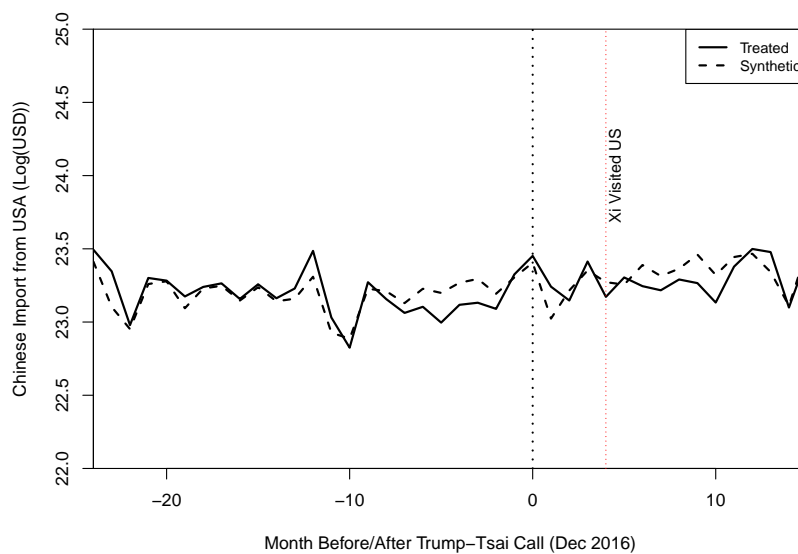


Fig. 3.4: The Economic Consequence of Conflicts: United States

Figure 3.4 shows that according to the SCM model, in the 15 months before the US–China trade war (March 2018), Chinese imports from the US were highly stable. The average value of the gap between Chinese imports from the US and that from the synthetic control unit is  $-0.033$  or 3.4% drop in Chinese imports. The t-test shows that it is insignificant from 0 ( $p = 0.28$ ). Therefore, we find no evidence that China looked for the substitutes of US products, a sensible choice if Chinese leaders believed that US-China decoupling was inevitable. Furthermore, the short-term effect of the “100-Day Plan” after Xi’s visit to the US in 2017 is anything but positive.

We limit the scope of observations to March 2018 before Trump announced to impose tariffs on Chinese products and waged the US–China trade war. There are two reasons.



First, as a formal instrument of economic statecraft, tariffs have an instant and direct effect on trade. The Chinese government adopted a tit-for-tat strategy and imposed retaliatory tariffs. Second, as the US–China trade war unfolded, the Chinese government criticized US decisions with hawkish rhetoric and stoked anti-American sentiment, abolishing its repression on nationalism. Therefore, the imposition of tariffs and the rise of popular nationalism may combine to have a joint effect on Chinese imports from the US, making the identification of the true decisive factor difficult. We discuss the overall impact of the US–China trade war in the Online Appendix. While popular nationalism may play a supplementary role, the timing of the decline in Chinese imports matched better with that of imposed tariffs.

### **The popular basis of the Dalai Lama effect**

In this section, we revisit the Dalai Lama effect, a phenomenon well-noted in the recent literature on China’s economic statecraft (Fuchs and Klann, 2013; Lin, Hu and Fuchs, 2018). The basic argument is that meetings of foreign leaders and Dalai Lama often caused political tensions and drop in Chinese imports. As Figure 3.1 shows, the political significance of the Dalai Lama effect may be exaggerated. Fuchs and Klann (2013, p.166) described popular nationalism as a possible mechanism. An extrapolation is that the magnitude of the Dalai Lama effect is contingent on the intensity of nationalism encouraged by the Chinese government.

Popular nationalism played a noticeably more significant role in China’s response to then French President Nicolas Sarkozy’s meeting with Dalai Lama in December 2008. After the 2008 Tibetan Unrest, multiple events fueled antagonism against France among the Chinese public. In April, the Beijing Olympic torch relay was disrupted in Paris by Tibetan activists, and Sarkozy proposed boycott of the Beijing Olympics and planned to meet Dalai Lama. After April 10th, hundreds of Chinese citizens gathered at the French-owned Carrefour stores in several major cities, including Hefei, Changsha, and Xi’an,

calling for boycotting French companies. official media reported these protests, indicating a welcoming attitude of the Chinese government. Despite Sarkozy’s softening stance – including sending a special envoy to China in April and attending the Beijing Olympics opening ceremony in August, he met Dalai Lama in December and caused a second round of tensions with China. Infuriated Chinese citizens renewed their calls to boycott French products.

Compared to Sarkozy’s meeting, then British Prime Minister David Cameron’s meeting with Dalai Lama in May 2012 did not cause a major upsurge of popular nationalism in China. We find no concrete evidence suggesting that the Chinese government stoked popular nationalism in order to punish the UK economically. By contrast, China’s response was routine and constrained, which was limited to restrictions over governmental interactions, including suspension of state visits and exchanges of government officials. Citizens did not call for a boycott of British products or participate in any forms of protests.

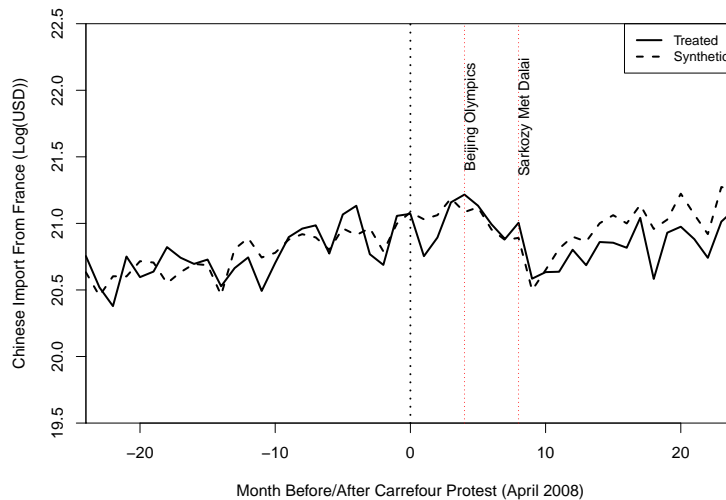


Fig. 3.5: The “Dalai Lama Effect,” France (2008)

If popular nationalism drives the Dalai Lama effect, we should observe a large negative effect on Chinese imports in the French case, but no effect in the UK case. This expectation is consistent with the SCM output in Figures 3.5 and 3.6. For the French case, we use the

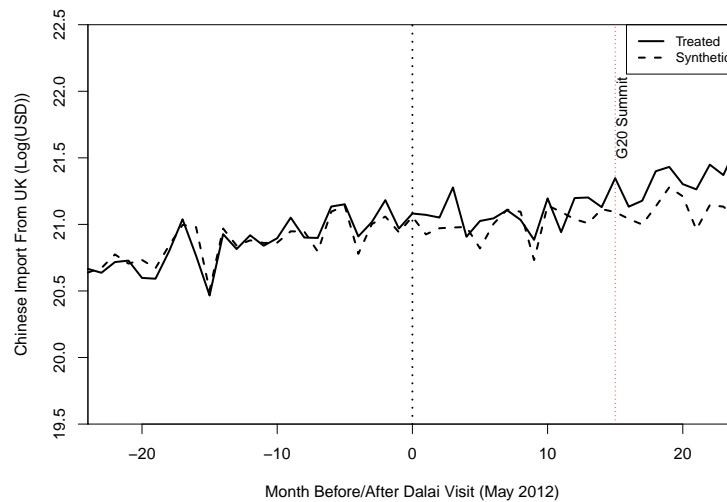


Fig. 3.6: The “Dalai Lama Effect,” UK (2012)

first round of tensions in April 2008 as the start of the conflict and detect one large dip (lasted for two months). Furthermore, after Sarkozy met with Dalai Lama in December, we observe a persistent and large negative impact. For 24 months after the initial outbreak of the conflict, the average value of the gap is  $-0.111$ , or 10.5% less imports compared to that of the synthetic control unit. The average value of the gap is  $-0.156$  after Sarkozy’s meeting with Dalai Lama. For the UK case, we use Cameron’s meeting with Dalai Lama in May 2012 as the start of the conflict and observe no negative effect on Chinese imports. And after the G20 Summit in September 2013 (when Cameroon met Xi Jinping and was invited to visit China), we even detect an increase in Chinese imports compared to that of the synthetic control unit, which corresponds to warming political relationship between China and the UK after 2013.

Taken together, the two cases suggest that there is a popular basis of the Dalai Lama effect: the decline in Chinese imports was associated with the strength of popular nationalism. The sharp contrast between the two cases also indicate China’s flexible use of sticks (France) and carrots (the UK) under different circumstances.

## **Summary**

Our analysis shows the heterogeneous effect of interstate conflict on trade. The comparison of the cases suggests that strong nationalism is associated with a sharper decline in Chinese imports, while weak nationalism is associated with limited changes in Chinese imports. The null findings can be explained by the cushioning effect of existing economic connections, in particular for the US case. To control for confounding factors, our analysis takes into account the persistent deterioration of bilateral relations (Japan, South Korea, and the US) and the nature of the conflict (France and the UK). In the Online Appendix, we examine the impact of conflict on different types of tradable products. For the cases of France and Japan, a large proportion of the decline in Chinese imports is differentiated products that are more complicated and relationship-specific, e.g., machinery and precision instruments.

## **The Impact of Nationalism: Evidence from Subnational Data**

In this section, we present additional analysis on the Diaoyu Islands dispute. As discussed above, the outbreak of the Diaoyu Islands dispute had an instant and dramatic impact on China–Japan relations and aroused strong popular nationalism in China. One may suggest that dramatic international events arouse popular nationalism and disrupt international trade; the connection is nevertheless correlative not causal. To mitigate this concern, we utilize the geographical variations in popular nationalism and examine its effect on trade at the province and city levels using a conventional DID design.

### **Data and empirical strategy**

We propose two indicators of popular nationalism at the subnational level. Due to data quality concerns, we exclude four western inland provinces or autonomous regions (Ningxia, Qinghai, Tibet, and Xinjiang). At the subnational level, we treat the central government's mobilization of popular nationalism in this territorial dispute as an exogenous shock that

affected citizens from top down. Two factors possibly contributed to regional variations in popular nationalism. One is the intrinsic nationalist preference that varies across regions (Pan and Xu, 2018). The other is local governments' response to changes in public sentiment and citizens' capacity of organizing collective actions (Weiss, 2013).

The first indicator we use is the degree of nationalist activism measured by the occurrence of early and large protests on or before September 15, 2012.<sup>3</sup> Compared to latecomers, early protestors face more political risks, as the local government may still repress mass gatherings, citing the lack of official permits (Mattingly et al., 2020). Therefore, the degree of nationalist activism should be strong enough to overcome such political risks, making the occurrence of early and large protests a sensible indicator. In total, we record early protests in 84 cities (out of 277) with a sizable crowd marching in the streets (at least 500 protestors).<sup>4</sup> At the province level, we calculate the prevalence of nationalist protests at the province level by taking the average of early and large protests weighted by city population.<sup>5</sup>

The second indicator we use is citizens' exposure to the conflict information, measured by the aggregate Baidu searches for the Diaoyu Islands at the city and province levels when the standoff escalated on August 15, 2012. We validate these two indicators of nationalism with the logistic regression by predicting the occurrence of early and large protests with information exposure at the city level. The relationship between the two indicators is positive and strong at the city level. The two indicators are also positively correlated at the province level after controlling for GDP and population. We relegate the information to

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<sup>3</sup>We choose this date as the cut point for it is the first day on which large protests spread nationwide and had taken place in at least one city of all provinces and autonomous regions in the date set.

<sup>4</sup>77 of these 84 cities had at least 2 large protests on different days or in different metropolitan areas between August 19 and September 23. To determine the crowd's size, we collected photos and videos recording protests from the Chinese social media and cross-checked protest information with news reports in both Chinese and Japanese.

<sup>5</sup>Reweighting the indicator using the city GDP instead of the population does not render substantively different empirical results. For municipalities, Beijing, Shanghai, and Chongqing are coded to 1 as they all had early protests that were considerably large (estimated protestors over 5,000). Tianjin had one relatively small and peaceful protest on September 18 and is thereby coded to 0.

the Online Appendix.

As the main dependent variable, we obtain official data of international trade at the city and province levels from 2010 to 2015. We obtain annual trade data for 277 cities and monthly trade data for 27 provinces and municipalities. For supplementary analysis, we also examine the impact of popular nationalism on economic growth and foreign investment and relegate the results to the Online Appendix. We adopt the following OLS models with the standard DID assumptions:

$$\log(Imports)_{prov,t} = \alpha_{prov} + \gamma_t + \theta \log(Imports)_{prov,t-1} + \beta Post_t * Nationalism_{prov} + \lambda X + \varepsilon$$

$$\log(Imports)_{city,t} = \alpha_{city} + \gamma_t + \beta Post_t * Nationalism_{city} + \lambda X + \varepsilon$$

The coefficient of the interaction term between the post-conflict dummy and the strength of nationalism,  $\beta$ , represents the causal effect.  $\alpha_{prov}$  and  $\alpha_{city}$  are the province and city fixed effects, which control for time-invariant factors such as historical animosity (Che et al., 2015).  $\gamma_t$  is the time fixed effect, which control for common temporal trends.  $X$  is the set of covariates, including GDP per capita and population (lagged by one year). As the province level trade data is observed on the monthly basis, we include the lagged dependent variable (LDV) to control for the temporal dependence.<sup>6</sup> We also use the clustered standard errors, and re-estimate the model at the province level using the bootstrapped cluster standard errors as robustness checks (Cameron, Gelbach and Miller, 2008).

## Main results

We present the main results (using both city and province level data) in Table 3.2. To account for possible attenuating effects of the territorial dispute over time, we use different time windows of observations (2011-13, 2010-14, and 2010-15). For the yearly trade data at the city level, we set 2013 as the start of the treatment. For the monthly trade data at the

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<sup>6</sup>Readers may worry that by including the LDV, the estimation is biased due to the “Nickell Bias” (Nickell, 1981). We agree that the inclusion of the LDV is most problematic when the panel data has “small T and large N.” This issue is mitigated when T is considerably large our province-level data (> 35).

province level, we set September 2012 as the start of the treatment.

In general, we observe a significant negative effect of strong nationalist activism (measured by the occurrence of early large protests) on local imports from Japan. The coefficients of people's exposure to the conflict information (measured by the magnitude of Baidu Index) points to the negative direction, but is nevertheless insignificant. Results in Panel A show that cities having experienced early and large protests would witness a decline in Japanese imports in the first 12 to 24 months after the dispute. The effect is attenuated when observations of year 2015 is included in the regression. Results in Panel B display a similar pattern: a higher prevalence of nationalist protests in a province resulted in sharper decline in Chinese imports from Japan in 2013 and 2014. We also observe a positive effect of past trade connections (proxied by the lagged dependent variable), and this cushioning effect is unchanged before and after the conflict (with an additional interaction term with the post-conflict dummy). As a placebo test for the results presented in Panel B, we change the post-conflict dummy to 6 or 12 months before and after the actual start of conflict (September 2012), and find that the magnitude and significance of coefficients both decrease.

To rule out pretreatment trends of decline in imports from Japan, we visualize the negative effect of popular nationalism on cities' imports from Japan by year in Figure 3.7 (with 90 and 95 confidence intervals). We are interested in the coefficients of interaction terms between year dummies and the treatment, and the year of 2012 is used as the baseline group. The left plot of Figure 3.7 shows that cities having experienced early and large protests against Japan did not show significant differences before 2012 or in 2015, and that the coefficients are only significantly negative in 2013 and 2014. The right plot of Figure 3.7 shows that cities having been exposed more to conflict information did not show any significant difference from 2010 to 2015. The findings are consistent with results presented in Panel A of Table 3.2.

One concern is whether the negative effect is driven by one province or municipality

Table 3.2: The Impact of Nationalism on Chinese Imports from Japan

DV: Log(Imports from Japan)						
Panel A: City Level Data						
	(1)	(2)	(3)	(4)	(5)	(6)
Post-Conflict * Baidu Index	-0.580 (0.501)		-0.252 (0.281)		-0.121 (0.210)	
Post-Conflict * Early Large Protest		-0.583** (0.235)		-0.472** (0.185)		-0.323** (0.157)
Years Included	2011-13		2010-14		2010-15	
R-sq	0.936	0.936	0.924	0.925	0.915	0.915
Obs.	828	831	1380	1385	1656	1662
City FE	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Panel B: Province Level Data						
	(1)	(2)	(3)	(4)	(5)	(6)
Import, lagged	0.324*** (0.094)	0.312*** (0.093)	0.379*** (0.078)	0.370*** (0.077)	0.448*** (0.073)	0.447*** (0.072)
Post-Conflict * Baidu Index	-0.222 (0.186)		-0.060 (0.135)		0.080 (0.114)	
Post-Conflict * Early Large Protest		-0.377*** (0.140)		-0.255** (0.107)		-0.125 (0.081)
Years Included	2011-13		2010-14		2010-15	
R-sq	0.968	0.969	0.969	0.969	0.969	0.969
Obs.	972	972	1620	1620	1944	1944
Province FE	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

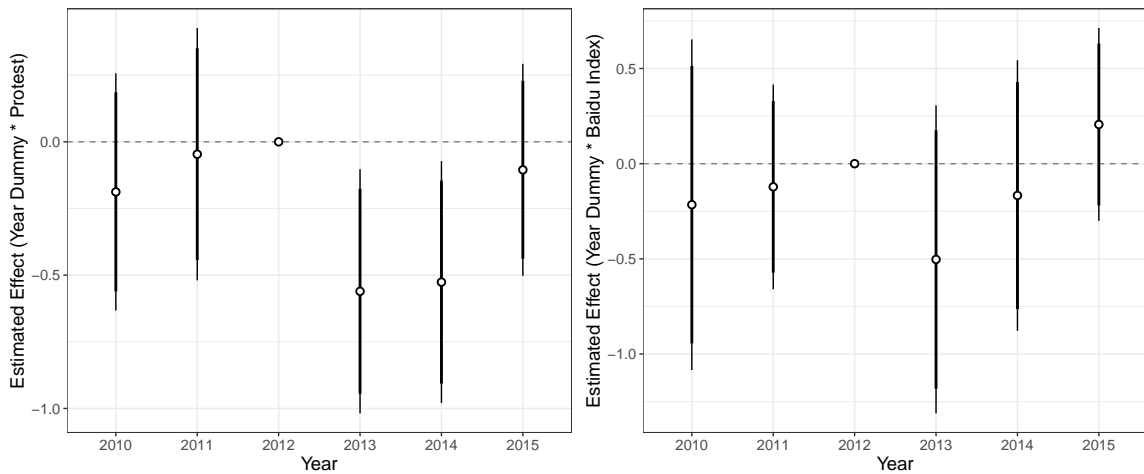


Fig. 3.7: Treatment Effects by Year (City Level Data)



given the geographical clustering of nationalist protests at the early stage of the movement. We run a sensitivity test that excludes one province or municipality from the regression at a time and re-estimate the effect of nationalist protests. We use the data from 2010 to 2014 and present the histogram of the re-estimated effects along with the corresponding p-values in Figures 3.8 (city) and 3.9 (province). The red line indicates the original estimations in Column 4 of Table 3.2. The distribution of estimated effects suggest the main findings are robust to some arbitrary exclusions of a province or municipality.

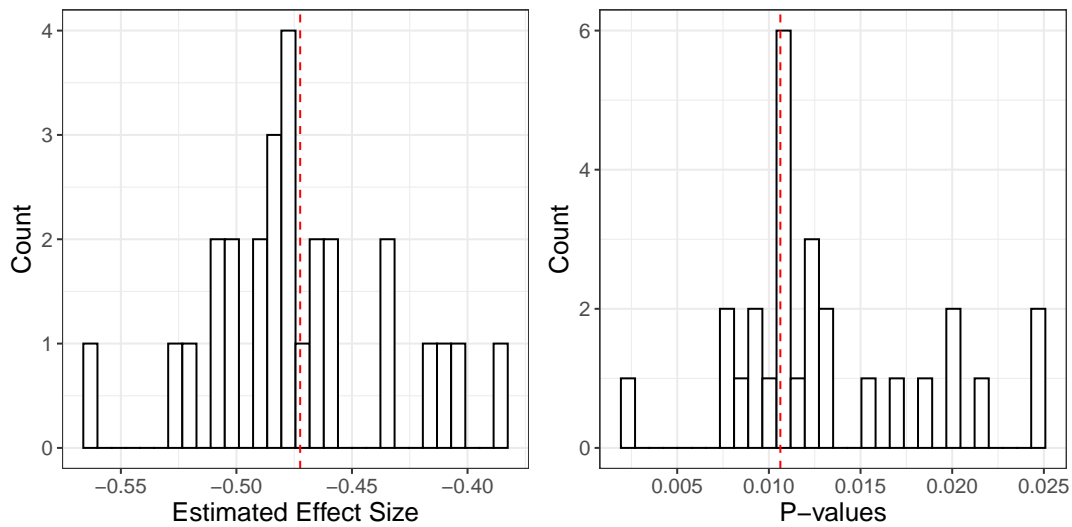


Fig. 3.8: Sensitivity Analysis (City Level Data)

We also disaggregate the imports by product types and re-analyze the province level results and relegate the results to the Online Appendix. We focus on 9 two-digit chapters of products in the harmonized system, which cover more than 80% of trade transactions between China and Japan. We find that the effect of post-conflict nationalism is most significant for differentiated and final products such as electronics and cars. The effect is also negative for intermediate industrial products such as chemicals or metal materials, but the coefficient is smaller and less significant.

As robustness checks, we consider several competing hypotheses that may also explain for the post-conflict drop in Chinese imports from Japan and relegate the results to the

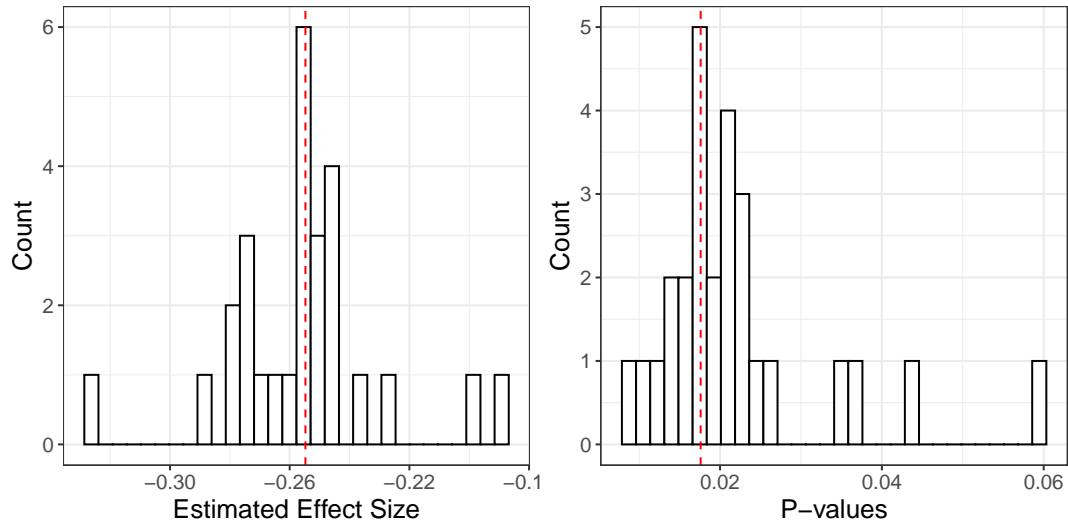


Fig. 3.9: Sensitivity Analysis (Province Level Data)

Online Appendix. One explanation is that domestic economic actors, especially the state-owned enterprises, were more susceptible to political influence and decreased their imports from Japan after the conflict. We use the percentage of domestic firms' industrial output at the city level and the percentage of SOEs' capital stock at the province level to proxy for the influence of domestic economic actors on the local economy, and add the interaction terms with the post-conflict dummy in the regression. We find no evidence that the weight of domestic economic actors exerts a direct influence on the drop in Chinese imports from Japan, while the effect of nationalist activism remains strong and negative.

A second explanation is that the territorial dispute re-ignited hostility against Japan rooted in historical legacy during World War II, even though the overall impact of historical legacy on trade is absorbed in the fixed effects. To proxy for historical legacy, we use an official source of data on the occurrence of massacres committed by the Imperial Japanese Army at the city level ([History Research Center, 2016](#)). The interaction term between historical legacy and the post-conflict dummy is negative but insignificant, and the main findings are largely robust.

### **Supplementary analysis of economic outcomes**

We discuss other possible economic impacts of popular nationalism after 2012 in the Online Appendix and present the following summary of results. First, we use foreign investment at the city level as the dependent variable and examine whether stronger nationalism reduces a city's attractiveness to foreign investors. We find a sharp decline in Japanese investment after 2012 in cities with stronger nationalism. However, we find no evidence that foreign investment from other countries was negatively affected by the rise of popular nationalism against Japan. On the contrary, the volume of utilized capital and the number of new contracts grew faster in cities that had experienced early and large protests in 2012.

Second, we examine the impact of popular nationalism on local economic growth. A sensible extrapolation is that given the disruptive effect of nationalism on trade, cities having stronger nationalism would have lower economic growth after 2012. However, we find this is not the case, and these cities grew significantly faster after the conflict. Although international conflict is often associated with economic disorder, this finding suggests the resilience of Chinese local economy.

Third, we examine the impact of interstate conflict on Chinese exports to Japan. We find that regions having stronger nationalism did not decrease exports to Japan. This finding corresponds to previous research showing that importers are more sensitive to international tension under public pressure ([Heilmann, 2016](#)). It also supports existing literature on the Chinese economic statecraft, which primarily focuses on imports instead of exports ([Davis, Fuchs and Johnson, 2018](#)).

### **Concluding Remarks**

Despite its rapid marketization process in the past decades, China still has an economic system that is still heavily influenced by the government. Scholars argue that this hybrid system constitutes the foundation of the Chinese economic statecraft, as important eco-

conomic actors seamlessly follow the state's command and swiftly divert transactions away from countries in dispute with China (Davis, Fuchs and Johnson, 2018; Norris, 2016). The Chinese government has leveraged its domestic influence and weaponized economic interdependence in its global competition for power and influence.

In this paper, we focus on a reverse, bottom-up channel and present a theory on the popular basis of the Chinese economic statecraft. We argue that popular nationalism helps materialize the state's political power in the economic realm. The mobilization of popular nationalism can disrupt economic exchanges and signal the state's resolve. The main empirical results are two-fold. First, we examine two sets of cases and perform an event analysis. We uncover the heterogeneous effect of international conflict on trade conditional on the intensity of popular nationalism. The impact is considerably large even if interdependence is high. Second, we leverage the subnational variation in popular nationalism during the 2012 Diaoyu Islands dispute and estimate its effect on trade. We find that regions having early and large nationalist protests had a sharper decline in imports from Japan.

Political support from domestic audiences is generally viewed as crucial for authoritarian leaders (Svolik, 2012). Our findings add to this argument and propose a specific role of citizens in foreign policymaking. There is a possible drawback of weaponizing popular nationalism, though; mass movements, even under the flag of patriotism, can breed chaos and disorder. State actors may weigh the utility of an international victory and the disutility of domestic instability, and choose to repress nationalism during international crises.

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# Online Appendix (Not for Publication)

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## A1 A Discussion on the Outcome of Conflict Events

In this section, we add further details to the event analysis. Specifically, we discuss the outcome of conflict events and evaluate the effectiveness of China’s economic statecraft. Reasons for the failure of economic sanctions include the lack of enforcement and the target country’s ability to internalize the cost.

In the following, we report that a large decrease in Chinese imports from the target country does not mean China would obtain a landslide victory. It supports Pape’s (1997) argument that state actors rarely achieved important political goals by imposing economic sanctions alone. However, we find that China obtained some symbolic and partial concessions from Japan and South Korea, suggesting some successes of economic statecraft. We also discuss China’s flexible use of carrots and sticks in the French and UK cases. We summarize the outcomes of conflict events in Table A.1 and present evaluations in the following.

Target	Year	Issue	Nationalism	Loss of Chinese Imports in the Next 24 Months	Concessions?
Japan	2012-14	Diaoyu Islands	High	−21.9%, High	Partial
Korea, Rep.	2016-17	THAAD Deployment	Medium	−7.5%, Medium-Low	Partial
USA	2016-18	Taiwan/Economic Policy	Low	−3.4%, Low	No
France	2008	Dalai Lama/Tibet	Medium	−10.5%, Medium	Yes
UK	2012	Dalai Lama/Tibet	Low	No Negative Effect	Yes

Table A.1: The Summary of the Outcomes

### Japan

The Diaoyu/Senkaku Islands dispute has long soured China–Japan relations. Although the unprecedented upsurge of popular nationalism in 2012 had a large economic impact, China failed to extract substantive concessions from Japan. The lack of Japan’s substantive concessions may be attributed to the indivisibility of territory that implicates domestic politics (Fang et al., 2018). The two countries only accepted the status quo while setting aside the dispute after 2014. One concession from Japan is its admission of territorial dispute in the 4-point consensus with China in 2014, a symbolic gesture showing Japan’s acknowledgment of China’s interests.<sup>1</sup> Economic incentives may partially explain Japan’s symbolic concessions, as China adopted other coercive strategies, e.g., increasing ship patrols near the Diaoyu Islands after 2012 and the promulgation of the Air Defense Identification Zone in 2014.

### Korea, Rep.

China and South Korea tightened bilateral ties between 2012 and 2015, and the dramatic deterioration of bilateral relations in 2016 was unexpected. South Korea reacted strongly to the North Korean nuclear test and decided to deploy the US-made THAAD system in 2016. As mentioned in the main text, China’s attempts to politicize the economic relationship and to sway South Korea’s realignment with the US had some short-term, limited effects on trade. The bilateral tension ebbed in November 2017, as China eventually accepted South Korea’s reassurance, or the “three no’s”: no additional THAAD deployment, no participation in

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<sup>1</sup>A China-Japan Breakthrough: A Primer on Their 4 Point Consensus, the Diplomat, November 7, 2014, retrieved on October 1, 2018, [Link](#).

the US missile defense network, and no establishment of a trilateral military alliance with the US. The concessions partially met China's expectation, and China softened its previous stance and stopped to insist on South Korea's full withdrawal from the THAAD deployment.

## **USA**

After the Trump-Tsai call in December 2016, China first downplayed Trump's actions and accused Tsai's government of playing "little tricks." Then Chinese Minister Wang Yi did not directly rebuke Trump but reiterated the so-called "One-China Policy" as the bedrock of the healthy relationship between China and US.<sup>2</sup> On December 11, 2016, Trump stated that the One-China policy may be a bargaining chip, and Chinese officials lodged "serious concerns" but their rhetoric of protests was still constrained, reiterating that China and the US should maintain the proper and healthy course of development in the future. In the hindsight, China's conciliatory posture in the first year of Trump's presidency may have conveyed a signal of weakness and encouraged Trump to adopt more coercive policies on both Taiwan and trade. Disregarding China's warnings, Trump signed the Taiwan Travel Act into law on February 28, 2018, marking a substantial upgrade to US-Taiwan relations. Trump also formally waged the trade war with China in 2018. Interestingly, China again refrained from mobilizing popular nationalism; it did not utilize Taiwan as a convenient tool or proactively link it to the trade war. Public discussions on the Taiwan Travel Act was under heavy censorship on major social media websites such as Zhihu and Weibo. We discuss the impact of the US-China trade war in Section [A.6](#).

## **France and UK**

These two cases pertain to the well-known "Dalai Lama effect" (Cuchs and Klann, 2013). In 2008, then French President Nicolas Sarkozy's provocative tongue challenged China's authority given the sensitive timing: the Tibetan Riot in March and the Beijing Olympics in August. Comparatively, in 2012, then UK Prime Minister David Cameron showed more constraints before and after his meeting with Dalai Lama. The Chinese government adopted sharply divergent strategies, suggesting its flexible use of sticks (France) and carrots (UK). On the one hand, China's threats of economic sanctions successfully changed the behavior of French leaders and set a precedent: There were no further official meetings between French leaders and Dalai Lama after 2008. When asked if he would meet with Dalai Lama, then French President Emmanuel Macron publicly stated in April 2018 that an official meeting with Dalai Lama "will create a crisis with China."<sup>3</sup> On the other hand, China did not severely punish the UK economically after 2012 and its retaliation is limited to suspending political connections. Official meetings was restarted in 2013 after the UK made new commitments to enhance economic cooperation with China. China's growing influence is best illustrated by UK's decision to join the China-led Asian Infrastructure Investment Bank in 2015.

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<sup>2</sup>Trump's Taiwan Phone Call: China Reacts, the Diplomat, December 3, 2016, retrieved on October 1, 2018, [Link](#).

<sup>3</sup>President Macron on U.S.–France Relations, April 25, 2018, Retrieved on October 1, 2018, [Link](#).

## A2 A Replication Note of Davis, Fuchs and Johnson (2017)

Davis, Fuchs, and Johnson (2017) theorized the role of the state-controlled economy in the economic statecraft. As discussed in the main text, we agree that on average, SOEs are more responsive to the state's command. In addition, we argue that popular nationalism can be a strong political signal dictated by the central leaders, motivating local underlings to act in accordance.

However, if popular nationalism generates bottom-up pressure, foreign firms are also obvious targets and thereby sensitive to political shocks. We evaluate the impact of political shocks on foreign firms using the original trade data from 1993 to 2012 in Davis, Fuchs and Johnson, 2017. We approximate the imports of foreign firms by deducting the imports of SOE and private enterprise from the total imports.<sup>4</sup> As shown in Table A.2, the impact of political tension is negative and significant for foreign firms as well (Column 4). The magnitude is also comparable to that of SOEs (Column 2, 4). The results again suggest that the top-down political control through state ownership is not the only mechanism characterizing China's economic statecraft.

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<sup>4</sup>The estimated value would include the imports of foreign firms and firms of other undefined types (such as the collectively-owned business), while we expect the vast majority (over 90 percent) to be the imports of foreign firms (including the joint-venture firms).

	(1)	(2)	(3)	(4)
	log(Imports)	log(SOE Imports)	log(Private Imports)	log(Foreign Imports)
Panel A (GDELT Negative Events, Government)				
Political Relation	-0.101** (-3.24)	-0.122** (-2.97)	0.0607 (1.05)	-0.106** (-3.58)
log(GDP)	1.413* (2.22)	1.399+ (1.78)	1.865+ (1.90)	1.145 (1.30)
log(Population)	3.070+ (1.80)	5.090* (2.46)	4.099* (2.25)	2.027 (1.30)
WTO Member	0.176 (0.48)	0.0846 (0.16)	2.043** (3.12)	0.404 (0.95)
Polity Score	0.0767+ (1.76)	0.0294 (0.52)	-0.0707 (-1.21)	0.0127 (0.37)
Observations	3003	3003	3003	3003
$R^2$	0.760	0.725	0.829	0.792
Panel B (GDELT Negative Events, Military)				
Political Relation	-0.137** (-4.60)	-0.156** (-4.21)	-0.135 (-1.41)	-0.151** (-5.02)
log(GDP)	1.417* (2.22)	1.404+ (1.78)	1.839+ (1.86)	1.148 (1.31)
log(Population)	2.982+ (1.76)	4.986* (2.42)	4.087* (2.26)	1.932 (1.25)
WTO Member	0.197 (0.53)	0.109 (0.21)	2.048** (3.13)	0.427 (1.01)
Polity Score	0.0780+ (1.79)	0.0312 (0.56)	-0.0742 (-1.28)	0.0140 (0.41)
Observations	3003	3003	3003	3003
$R^2$	0.760	0.724	0.829	0.791
Panel C (Ideal Point Distance)				
Political Relation	-0.315** (-2.99)	-0.427** (-3.77)	-0.0972 (-0.70)	-0.345** (-4.03)
log(GDP)	1.155 (1.56)	1.010 (1.24)	1.904+ (1.72)	0.897 (0.92)
log(Population)	2.919+ (1.76)	4.726* (2.40)	3.773* (2.13)	1.976 (1.29)
WTO Member	0.215 (0.58)	0.133 (0.26)	2.068** (3.07)	0.425 (1.00)
Polity Score	0.0967* (2.19)	0.0493 (0.86)	-0.0777 (-1.32)	0.0316 (0.89)
Observations	2973	2973	2973	2973
$R^2$	0.767	0.731	0.830	0.796

$t$  statistics in parentheses

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

Country and year fixed effects are omitted for simplicity.

Table A.2: The Economic Impact of Political Shock

### A3 SCM Model and Supplementary Results

The Synthetic Control Method is data-driven and creates a weighted average of the control units (countries that did not experience political shocks with China during the same time window). We first present additional information on the weighting matrix ( $W$ ) of the synthetic control unit for each case in Table A.3. In general, the choice of countries with high weights is intuitive (though the availability of potential control units for Japan, South Korea, and the US is severely limited) and good fitness is realized for the pre-shock period, i.e., the average difference between the treated and the synthetic control unit is insignificant from 0.

Since China nearly simultaneously went into conflicts with South Korea (THAAD system) and the United States (Trump’s hawkish policies on Taiwan and trade), we attempt to minimize the interference when constructing the synthetic control unit for one country by manually excluding the other country. The results do not substantively change, however, if we do not impose the exclusion as the synthetic control unit remains constant. And as mentioned in the main text, we use the European Union as a single economy for the cases of Japan and South Korea to make up for the lack of countries that have comparably high volumes of trade with China.

<b>France</b>	<b>UK</b>	<b>Japan</b>	<b>United States</b>	<b>South Korea</b>
United States 0.293	United States 0.355	European Union 0.640	Japan 0.968	Japan 0.569
Japan 0.121	Greece 0.097	South Korea 0.360	Germany 0.032	European Union 0.429
Brazil 0.076				

\* Only countries with weight larger than 0.03 are reported.

Table A.3: Composition of Synthetic Control Group, Important Contributors

Country	Year	Issue under Dispute	SCM	Gravity Model
Japan	2012-14	Diaoyu Islands	-0.247	-0.286
South Korea	2016-17	THAAD Deployment	-0.078	-0.147
USA	2016-18	Taiwan/Economic Policy	-0.033	-0.076
France	2008	Dalai Lama/Tibet	-0.111	-0.126
UK	2012	Dalai Lama/Tibet	0.145	0.175

Table A.4: Comparison between SCM and Gravity Model Estimates

In Table A.4, We compare the impact of political shock estimated by SCM and the conventional gravity model. For the gravity model, we control for the country and year-month fixed effects and GDP (lagged by one year). Adding country-specific trends into the model would not substantially change the coefficient. We also limit the sample to the OECD countries for better comparison. Essentially, the gravity model makes the parallel trends assumption, and it raises new problems if developing countries are included in the sample. The effect of political shocks is identified using the interaction term between the target country and the post-conflict dummy (also see Heilmann, 2016). The time window is restricted to 24 months before and after the conflict. In general, the outputs of the two models are largely consistent, although the gravity model tends to give larger estimates of the impact.

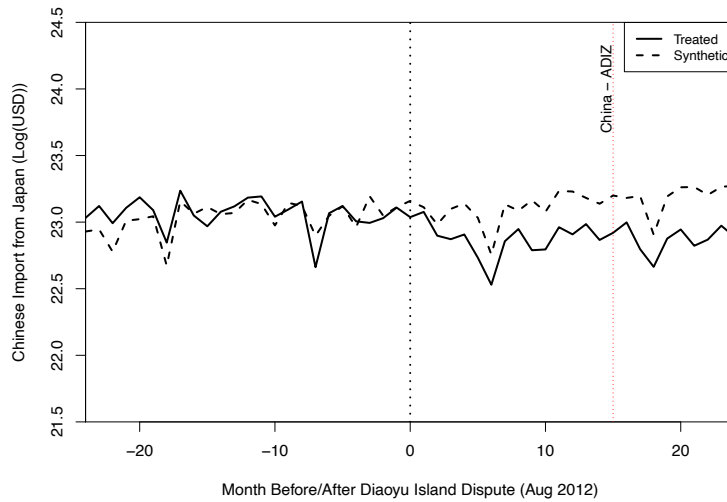


Fig. A.1: Chinese Imports from Japan  
(Differentiated Products)

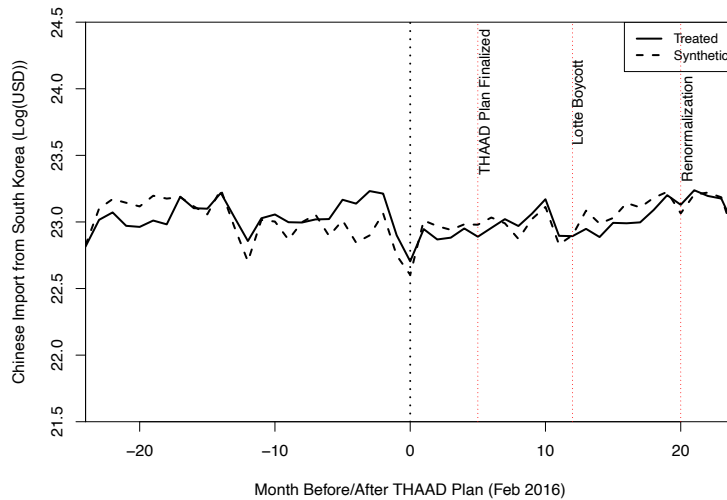


Fig. A.2: Chinese Imports from South Korea  
(Differentiated Products)

We also examine the robustness of the SCM outputs by focusing on differentiated products that are most sensitive to contract enforcement and require extensive buyer-seller interactions. Compared to homogenous products (organized exchange or reference priced; see the definitions in Rauch 1999), differentiated products are highly relationship-specific and have attributes salient to the buyers such as brand and national origin. Therefore, the trade of differentiated products may be more sensitive to the influence of interstate conflict and nationalist sentiment. However, the characteristics of differentiated products indicate that the cost of finding qualified substitutes is also high, which may partially offset the negative



impact of interstate conflict. Therefore, the overall effect on differentiated goods has an uncertain direction.

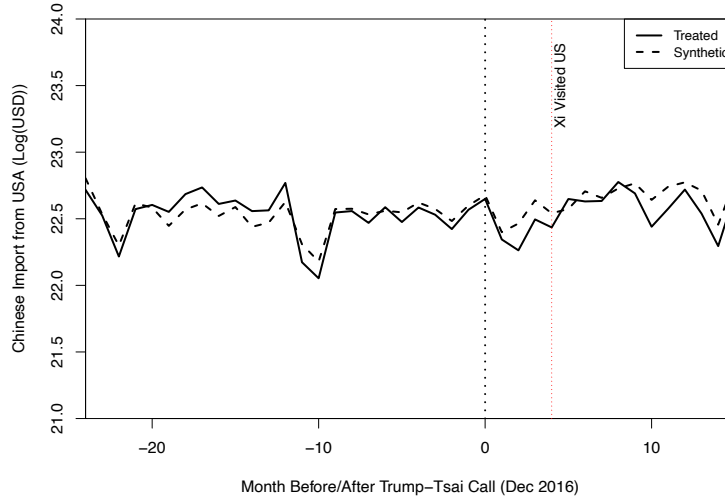


Fig. A.3: Chinese Imports from the US (Differentiated Products)

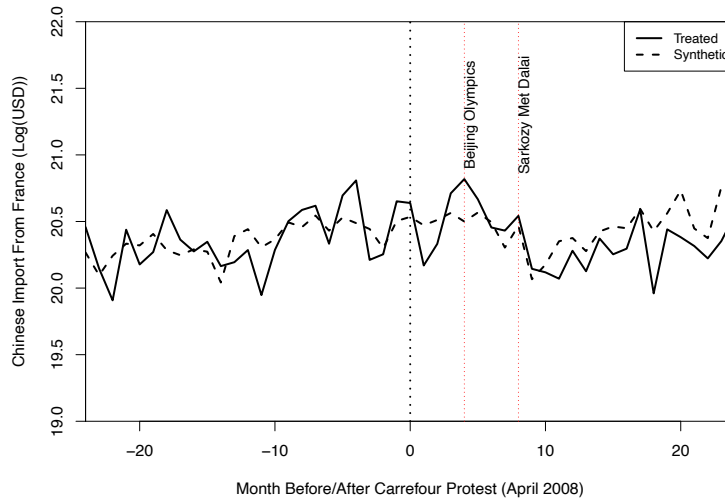


Fig. A.4: Chinese Imports from France (Differentiated Products)

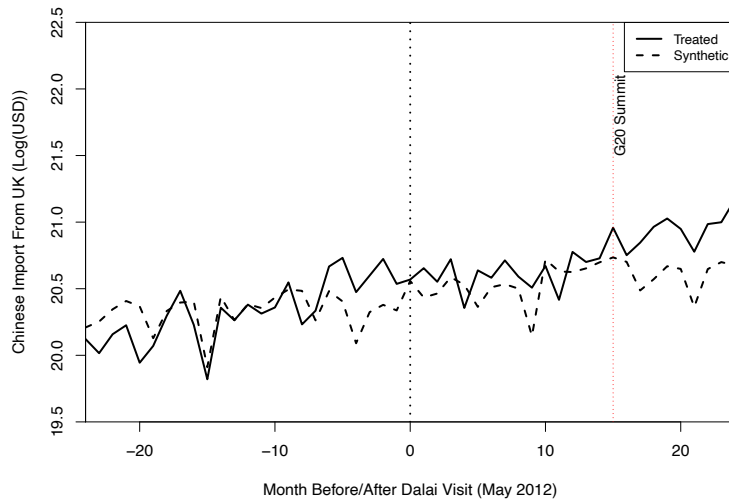


Fig. A.5: Chinese Imports from UK  
(Differentiated Products)

We limit the scope of differentiated products to machinery and electrical equipment (HS Section 16), transport equipment (HS Section 17), and optical, photographic and cinematographic equipment (HS Section 18) and implement the SCM again, using the imports of differentiated products as the dependent variable. The output is presented in Figure A.4 - A.3. When the dependent variable changes, the weighting matrix in the SCM model also changes and in each case there is a slightly different synthetic control unit. To summarize, we obtain a similar negative effect of interstate conflict on Chinese imports from Japan. And for the cases of South Korea and the US, the SCM outputs suggests the impact of political tensions on differentiated products is relatively small. Other results of the Dalai Lama effect are also largely consistent with the findings reported in the main text.

## A4 Formal Tools of Economic Sanctions: The US–China Trade War

We theorize that interstate conflict has a negative effect on economic exchanges through popular nationalism encouraged by the state. The 2018-19 US–China trade war provided an opportunity for us to compare formal and informal instruments of economic statecraft. We use the same model settings in the main text but extend the observations to June 2019, after two main tranches of China’s tariffs on the US products between July and September 2018 (\$50 billion worth of products with 25% tariffs and \$60 billion worth of products with 5% - 10% tariffs).

The main results in Figures A.6 and A.7 show that the SCM model captures a large gap between the actual Chinese imports and the synthetic unit for the total imports after July 2018. The gap for the high-end differentiated products (HS16, 17, and 18) appears much smaller, indicating difficulties of searching for substitutes. As mentioned in the main text, there was a strong association between the outbreak of the trade war and the rise of popular nationalism against the US. However, the time when the gap first appeared matched well with the imposition of tariffs, suggesting that the gap should be attributed to the formal sanction instrument (for other recent work, see Fajgelbaum et al. 2019).

Another conclusion we draw from the US–China trade war is that the escalation of political disputes does not necessarily disrupt economic exchanges. The impact of interstate conflict can be mitigated by the cushioning effect of interdependence. As we have discussed in the main text, the political tension between China and the US had started to build up after Trump was first elected in 2016. In August 2017, Trump authorized a Section 301 investigation into China’s “unfair” trade practice, and the tariff plan was announced in March-April 2018. Yet we only observe a large and persistent decline in Chinese imports from the US after the tariffs were eventually imposed in July 2018.

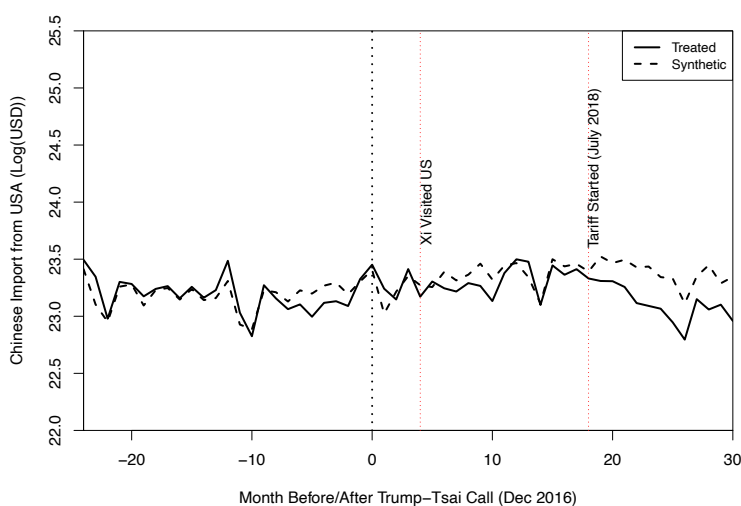


Fig. A.6: Chinese Imports from the US  
(January 2015 - June 2019)

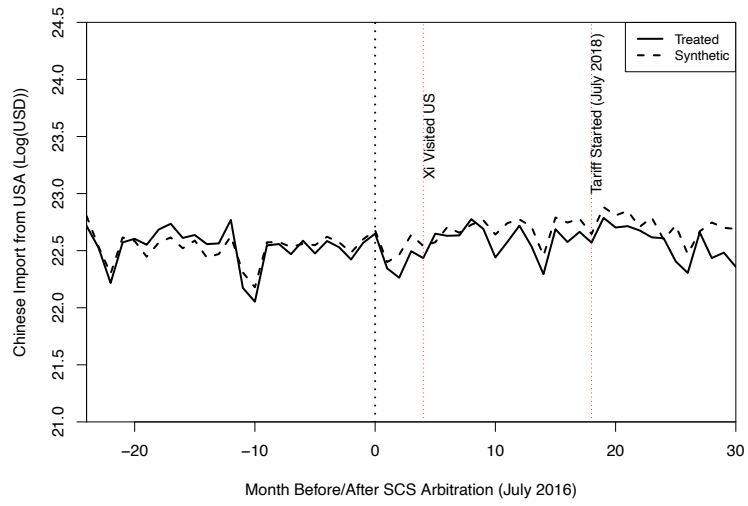


Fig. A.7: Chinese Imports from the US  
(Differentiated Products January 2015 - June 2019)

## A5 Descriptive Statistics, Subnational Data (Diaoyu Island Disputes)

In this section, we present the summary of subnational data (city and province level) for the analysis of the Diaoyu Islands Dispute between 2010 and 2015.

Variable	n	Min	$\tilde{x}$	$\bar{x}$	Max	IQR	s	#NA
Import from Japan (1000 USD), Log	1662	0.0	9.6	9.0	17.4	4.5	4.0	0
Import from South Korea (1000 USD), Log	1662	0.0	9.1	8.3	17.1	5.3	4.4	0
Import from USA (1000 USD), Log	1662	0.0	10.0	9.4	17.2	4.3	3.7	0
Total Import (1000 USD), Log	1662	0.0	13.0	12.8	19.7	3.3	3.0	0
GDP Per Capita (RMB), Log	1662	8.4	10.4	10.4	12.6	0.9	0.6	0
Population (10,000), Log	1662	2.9	5.9	5.9	8.1	0.8	0.7	0
College Students (10,000), Log	1652	0.0	1.5	1.6	4.6	1.2	1.0	10
GDP Growth, %	1662	-26.8	11.7	12.5	49.6	10.9	8.2	0
Industrial Output, Log	1662	3.5	7.4	7.4	10.4	1.4	1.2	0
Industrial Output: Domestic, %	1662	23.4	91.8	85.7	100.0	16.8	15.0	0
Industrial Output: Foreign, %	1662	0.0	4.6	8.3	51.5	9.2	9.7	0
Utilized Foreign Capital (10,000 USD), Log	1607	3.8	10.1	10.2	14.6	2.1	1.7	55
No. Foreign Contracts, Log	1566	0.7	2.9	3.2	8.7	2.3	1.6	96
WWII Massacre	1662	0.0	0.0	0.3	1.0	1.0	0.5	0
Early and Large Protest	1662	0.0	0.0	0.3	1.0	1.0	0.5	0
Baidu Search (Diaoyu Islands)	1656	2.5	3.4	3.4	4.7	0.3	0.3	6
No. JAP Investment, log	1662	0.0	0.0	0.5	6.4	0.7	1.0	0
No. KOR Investment, Log	1662	0.0	0.0	0.7	5.8	1.1	1.1	0
No. USA Investment, Log	1662	0.0	0.0	0.6	5.7	0.7	1.0	0
No. USA Investment, Log	1662	0.0	2.4	2.7	8.4	2.2	1.7	0

Table A.5: Summary Statistics, City-Level

Variable	n	Min	$\tilde{x}$	$\bar{x}$	Max	IQR	s	#NA
GDP (100 million RMB), Log	1620	7.4	9.6	9.6	11.0	0.8	0.7	0
Population (10,000), Log	1620	6.8	8.4	8.3	9.3	0.9	0.6	0
Fixed Investment (100 million RMB)	1620	6.9	9.2	9.2	10.5	0.9	0.7	0
Import (USD), Log	1620	12.5	18.7	18.5	22.3	3.0	2.1	0
Import Intermediate Product, Log	1620	7.7	16.9	17.1	21.0	2.9	2.3	0
Import Differentiated Product, Log	1620	10.9	18.4	18.0	21.8	2.8	2.2	0
Export (USD), Log	1620	14.0	18.1	18.5	21.9	2.6	1.8	0
Trade Total (USD), Log	1620	14.7	19.2	19.3	22.6	2.8	1.8	0
SOE Capital (%)	1620	15.1	50.3	51.7	90.0	30.9	19.7	0
Private Firm Capital (%)	1620	2.0	20.6	21.7	57.8	16.5	12.1	0
Foreign Firm Capital (%)	1620	4.6	21.3	26.7	64.9	27.7	17.6	0
Baidu Search (Diaoyu Islands)	1620	3.3	3.9	3.9	4.5	0.5	0.3	0
Prevalence of Early and Large Protest	1620	0.0	0.3	0.4	1.0	0.3	0.3	0

Table A.6: Summary Statistics, Province-Level

## A6 Measurements of Popular Nationalism

In Table A.7 and Table A.8 we compare the two measurements of nationalism. Table A.7 shows the linear regression results at the province level, and there is a positive relationship between the information exposure (Baidu Index) and the prevalence of early and large protests at the province level. The correlation is weaker if no other controls are included in the regression. In Table A.8, utilizing the city level data we run the logistic regression and predict the occurrence of early protests at the city level; the positive relationship is still significantly positive. Furthermore, variables that may contribute to collective actions (i.e., college graduates) become insignificant after introducing the information exposure of the conflict information. We visualize the logistic model in Column 2 in Figure A.8.

	<i>Dependent variable:</i>		
	Baidu Index (Province)		
	(Province Level)		
	(1)	(2)	(3)
Prevalence of Early Large Protests	0.279 (0.193)		0.201* (0.100)
SOE Capital (%)		-0.0002 (0.002)	0.0002 (0.002)
GDP Per Capita (log, yuan)		0.467*** (0.094)	0.449*** (0.072)
Population (log, 10 thousand)		0.351*** (0.022)	0.363*** (0.023)
No. Obs	27	27	27
R-sq	0.036	0.832	0.859

*Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Table A.7: Exposure to Conflict Information and Protest (Province)

<i>Dependent variable:</i>			
Early Large Protests = 1(City Level)			
	(1)	(2)	(3)
Baidu Index (City)	5.549*** (0.990)		5.950*** (1.976)
WWII MASSACRE		0.440 (0.471)	0.486 (0.489)
Population (log)		0.628 (0.482)	-0.268 (0.629)
GDP Per Capita (log)		0.659 (0.596)	-0.477 (0.767)
College Students (log)		0.908*** (0.302)	0.218 (0.369)
GDP growth (%)		-0.002 (0.034)	0.017 (0.029)
Domestic Industrial Output (%)		-0.006 (0.028)	0.016 (0.034)
Province FE	Y	Y	Y
No. Obs	276	274	273
McFadden's pseudo R-sq	0.337	0.305	0.342

*Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Table A.8: Exposure to Conflict Information and Protest (City)

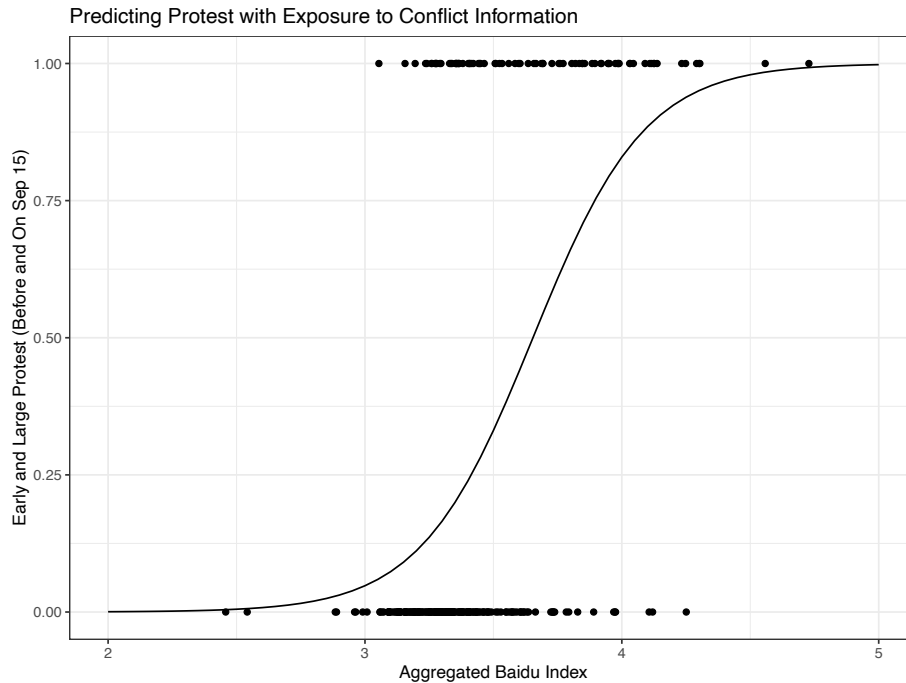


Fig. A.8: Predicting Protests with Baidu Index

## A7 The Economic Impact of Popular Nationalism on Trade

### A7.1 Alternative Explanations

In this section, we discuss two alternative factors that drive the decline in Chinese imports from Japan mentioned in the main text: domestic firms (including the state-owned ones) and historical legacies of animosity. For the influence of domestic firms, we use domestic firms' industrial output at the city level and the percentage of state-owned enterprises' capital stock at the province level. For the influence of historical animosity, we use the occurrence of massacres at the city level. The replication of main findings are presented in Tables A.9 and A.10.

	<i>Dependent variable:</i>							
	Log(Import)							
	Years included: 2011-13				Years included: 2010-14			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
GDP, Log	-2.724 (2.612)	-2.975 (2.771)	-2.709 (2.619)	-2.959 (2.777)	-0.735 (1.145)	-0.781 (1.155)	-0.724 (1.152)	-0.766 (1.164)
Population, Log	0.157 (0.937)	0.279 (0.978)	0.161 (0.935)	0.280 (0.978)	0.163 (0.858)	0.209 (0.854)	0.155 (0.865)	0.198 (0.861)
GDP Growth	0.021 (0.021)	0.021 (0.021)	0.020 (0.021)	0.021 (0.021)	-0.006 (0.011)	-0.006 (0.011)	-0.006 (0.011)	-0.006 (0.011)
Domestic Firm Output		0.008 (0.019)		0.007 (0.020)		-0.007 (0.016)		-0.008 (0.016)
Post * Early and Large Protest	-0.583** (0.235)	-0.561** (0.239)	-0.569** (0.254)	-0.551** (0.261)	-0.472** (0.185)	-0.466** (0.191)	-0.458** (0.201)	-0.451** (0.208)
Post * Domestic Firm Output (%)		0.004 (0.007)		0.004 (0.006)		0.001 (0.004)		0.001 (0.004)
Post * WWII Massacre			-0.051 (0.203)	-0.038 (0.203)			-0.053 (0.173)	-0.058 (0.176)
Observations	831	831	831	831	1385	1385	1385	1385
R-sq	0.936	0.936	0.936	0.936	0.925	0.925	0.925	0.925

*Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01  
City and year FEs are omitted for simplicity.

Table A.9: Nationalism and Trade Disruption (City Level)

	<i>Dependent variable:</i>			
	Log(Import)			
	Years included: 2011-13		Years included: 2010-14	
	(1)	(2)	(3)	(4)
Log(Import), Lagged	0.311*** (0.092)	0.309*** (0.089)	0.369*** (0.076)	0.369*** (0.076)
SOE Capital (%)		0.007 (0.006)		-0.001 (0.004)
GDP	-0.324 (0.675)	-0.427 (0.571)	0.024 (0.572)	0.104 (0.543)
Fixed Investment	-0.533 (0.412)	-0.541 (0.430)	-0.489* (0.274)	-0.495* (0.265)
Population	-1.307 (1.587)	-1.761 (1.864)	-0.465 (1.001)	-0.387 (0.971)
Post * Prevalence of Early and Large Protest	-0.377*** (0.140)	-0.366*** (0.131)	-0.255** (0.107)	-0.261** (0.104)
Post * SOE Capital (%)		0.001 (0.002)		-0.001 (0.002)
Observations		972	972	1620
R-sq		0.969	0.969	0.969

*Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01  
City and year-month FEs are omitted for simplicity.

Table A.10: Nationalism and Trade Disruption (Province Level)



## A7.2 Heterogeneous Effect: Product Type

We discuss the heterogenous effect of nationalist activism on different types of imports from Japan. We argue that trading differentiated products is more sensitive to political shocks, for it is relationship-specific and highly contingent on contextual factors such as political institutions (Berkowitz et al., 2006; Nunn, 2007). But the nature of differentiated products also makes it difficult to relocate substitutes and the transaction cost of finding replacements is substantially higher, which may offset the destructive consequences of political shocks.

Here we limit the scope of differentiated products to machinery and electrical equipment (HS Section 16), transport equipment (HS Section 17), and optical, photographic and cinematographic equipment (HS Section 18). China's other major imports from Japan are chemicals and allied industries (HS Section 6), plastics and rubbers (HS Section 7), pulp of wood or other fibrous material (HS Section 10), textiles (HS Section 11), stone and glass (HS Section 13), and base metals (HS Section 15) that are comparatively less complicated manufactured products or intermediate products. We separate the imports into two types and re-rerun the regression in the main text. As shown in Table A.11, the prevalence of early and large nationalist protests at the province level has a larger impact on both types of products, and the effect becomes insignificant after 5 years.

Product Type	DV: Log(Imports from Japan)					
	Panel A: 2011-13		Panel B: 2010-14		Panel C: 2010-17	
	(1)	(2)	(3)	(4)	(5)	(6)
	Differentiated	Intermediate	Differentiated	Intermediate	Differentiated	Intermediate
Post-Conflict * Protest	-0.433** (0.214)	-0.292 (0.214)	-0.291** (0.127)	-0.235* (0.136)	-0.164 (0.119)	-0.203 (0.138)
Prov FE	Y	Y	Y	Y	Y	Y
Year-month FE	Y	Y	Y	Y	Y	Y

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Covariates (Provincial GDP, fixed investment volume, and population) are omitted for simplicity.

Table A.11: Popular Nationalism and Imports from Japan, Product Tyle

### A7.3 Sensitivity Analysis

Tables A.12 and A.13 provides the information of the sensitivity analysis in the main text. In each regression, we leave out one province/Municipality and re-estimate the negative effect of nationalism on trade. It mitigates concerns that early and large protests are geographically clustered and the results may be driven by a few observations within a province.

Province/Municipality Left Out	Effect Size	P-value
Anhui	-0.484	0.013
Beijing	-0.474	0.011
Chongqing	-0.476	0.011
Fujian	-0.474	0.012
Gansu	-0.433	0.020
Guangdong	-0.518	0.008
Guangxi	-0.563	0.002
Guizhou	-0.386	0.021
Hainan	-0.481	0.010
Hebei	-0.485	0.012
Heilongjiang	-0.416	0.025
Henan	-0.465	0.017
Hubei	-0.461	0.015
Hunan	-0.523	0.008
Jiangsu	-0.505	0.011
Jiangxi	-0.457	0.019
Jilin	-0.486	0.010
Liaoning	-0.486	0.011
Inner Mongol	-0.437	0.020
Shaanxi	-0.506	0.007
Shandong	-0.501	0.012
Shanghai	-0.475	0.011
Shanxi	-0.402	0.011
Sichuan	-0.410	0.025
Tianjin	-0.472	0.011
Yunnan	-0.463	0.013
Zhejiang	-0.502	0.009
Beijing, Tianjin, Chongqing, Shanghai	-0.483	0.010

Table A.12: Sensitivity Analysis (Leaving One Out), City

Province/Municipality Left Out	Effect Size	P-value
Beijing	-0.253	0.034
Tianjin	-0.324	0.013
Hebei	-0.253	0.023
Shanxi	-0.245	0.023
Inner Mongolia	-0.187	0.036
Liaoning	-0.253	0.014
Jilin	-0.275	0.014
Heilongjiang	-0.247	0.019
Shanghai	-0.264	0.017
Jiangsu	-0.255	0.017
Zhejiang	-0.262	0.016
Anhui	-0.255	0.016
Fujian	-0.249	0.016
Jiangxi	-0.279	0.009
Shandong	-0.252	0.018
Henan	-0.227	0.059
Hubei	-0.257	0.020
Hunan	-0.244	0.024
Guangdong	-0.274	0.018
Guangxi	-0.281	0.010
Hainan	-0.270	0.012
Chongqing	-0.289	0.026
Sichuan	-0.275	0.019
Guizhou	-0.199	0.044
Yunnan	-0.237	0.021
Shaanxi	-0.246	0.020
Gansu	-0.252	0.022
Beijing, Tianjin, Chongqing, Shanghai	-0.420	0.059

Table A.13: Sensitivity Analysis (Leaving One Out), Province

## A8 Supplementary Results: Economic Impact of Nationalism

In this section, we present additional analysis on the economic influence of interstate conflict, including foreign investment, Chinese exports to Japan (province- and city-level), and economic growth.

### A8.1 The effect of nationalism on Chinese exports to Japan

Table A.14 shows the effect of nationalism on Chinese exports to Japan. There is no observation disruption, and we find that provinces exposed to more information about the Diaoyu Islands dispute exported more to Japan after the conflict (Panel A); the coefficient is positive and significant.

DV: Log(Imports from Japan)						
Panel A: City Level Data						
	(1)	(2)	(3)	(4)	(5)	(6)
Post-Conflict * Baidu Index	0.277 (0.282)		0.218 (0.244)		0.209 (0.232)	
Post-Conflict * Early Large Protest		0.081 (0.144)		0.060 (0.128)		0.054 (0.125)
Years Included	2011-13		2010-14		2010-15	
R-sq	0.936	0.936	0.920	0.920	0.916	0.916
Obs.	828	831	1380	1385	1656	1662
City FE	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Panel B: Province Level Data						
	(1)	(2)	(3)	(4)	(5)	(6)
Export, lagged	0.429*** (0.109)	0.462*** (0.106)	0.573*** (0.077)	0.594*** (0.075)	0.586*** (0.069)	0.606*** (0.066)
Post-Conflict * Baidu Index	0.353*** (0.113)		0.270*** (0.103)		0.260** (0.114)	
Post-Conflict * Early Large Protest		0.025 (0.117)		0.072 (0.120)		0.097 (0.115)
Years Included	2011-13		2010-14		2010-15	
R-sq	0.968	0.969	0.969	0.969	0.969	0.969
Obs.	972	972	1620	1620	1944	1944
Province FE	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Table A.14: The Impact of Nationalism on Chinese exports to Japan

## A8.2 The trend of Chinese and Japanese investment

In Figure A.9 we show the number of newly-established firms by Japan, South Korea, and the United States from 2010 to 2015. It can be observed that only for Japan the number of newly established firms significantly dropped after 2012. For the United States, there was a steady decline from 2010, and for South Korea, the temporal trend was a U-curve (lowest in 2012) and the number of investments increased after 2012.

As the benchmark, we also plot China's outward direct investment (ODI) in Japan, Korea, and the US from 2010 to 2015 in Figure A.10 using the data from the Ministry of Commerce. It can be observed that the territorial dispute does not have any impact on China's ODI in Japan, and is roughly at the same level as China's ODI in South Korea. Comparatively, China's ODI in the US increased at a fast pace and skyrocketed in 2014 and 2015. One may also draw tentative conclusions from the disproportionate impact of the conflict on Japanese and Chinese investors: 1) Japan is a democratic government and foreign investment is protected by law; 2) Popular nationalism in Japan had a limited impact on Chinese investors.

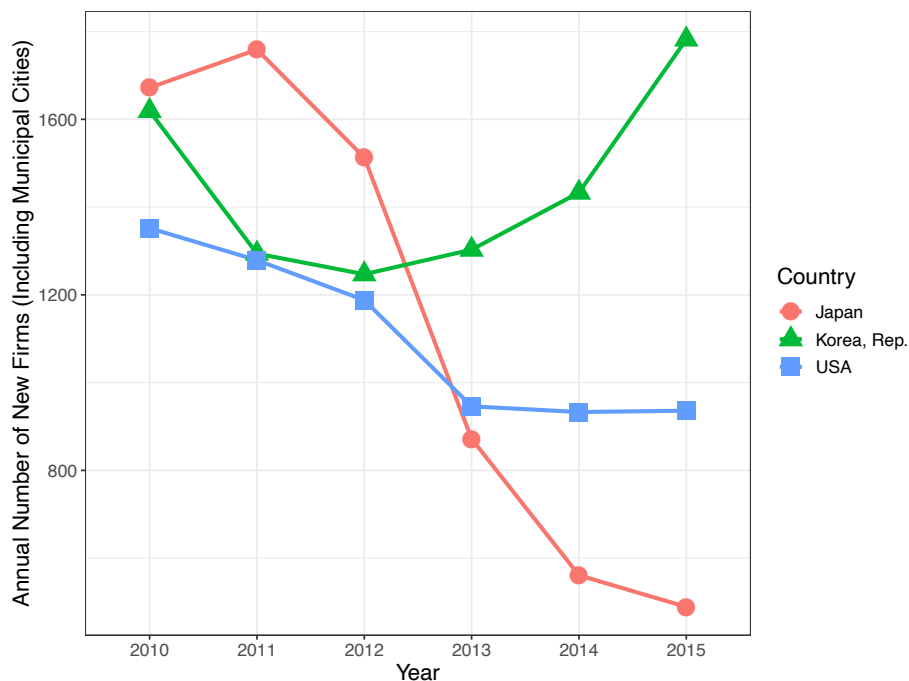


Fig. A.9: Total Number of Newly Established Firms by Country-Year

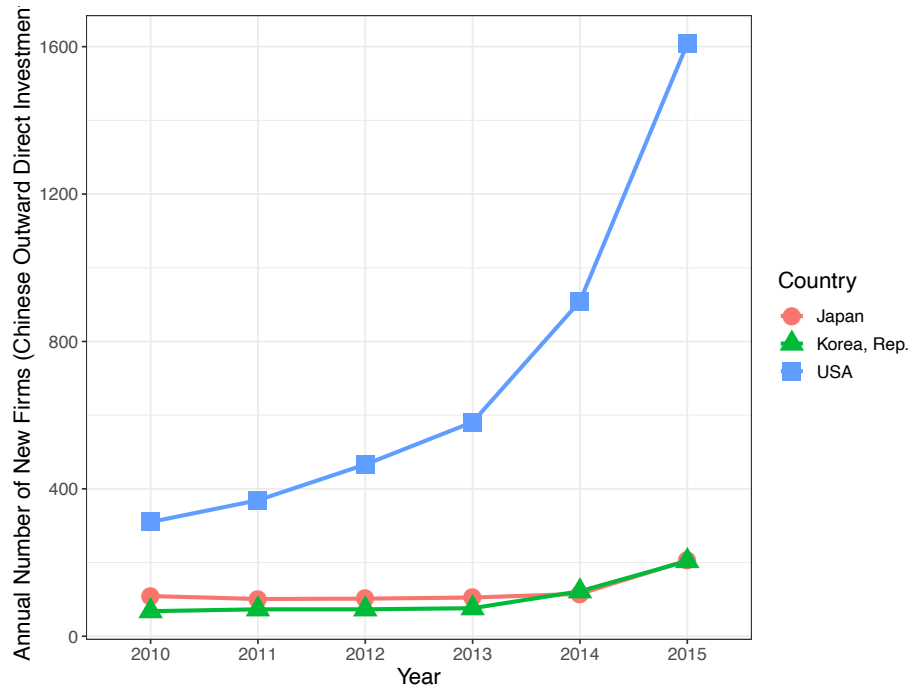


Fig. A.10: Total Number of Newly Established Firms by Country-Year (China ODI)

### A8.3 The effect of nationalism on Japanese investment in China

In this section, we discuss whether the decline in Japanese investment can be explained by the geographical variations in popular nationalism after 2010. We focus on cities that have hosted foreign investment between 2010 and 2015. It makes no substantive difference if all the cities are included in the regression.

In addition to the measurements of popular nationalism, we examine several competing mechanisms. First, we consider the historical legacy of hostility after the WWII (Columns 1-3). Although the interaction term between the post-conflict dummy and WWII Massacre is significant at the 0.1 level (Column 1), the coefficient shrinks and becomes insignificant after adding interaction terms between the post-conflict dummy and popular nationalism (Columns 2-3). Next, we control for the substitute effect of South Korea and US firms and examine the independent effect of popular nationalism on Japanese investment (Column 4-7). The coefficients shrink and the treatment effect of protest becomes insignificant (Columns 4 and 6). The results suggest that the decline in Japanese investment may be driven by increasing competition of South Korean and US firms, which can also be correlated with nationalism.

	DV: log(No. New Japanese Firms + 1)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Population (log)	-0.372 (0.310)	-0.187 (0.290)	0.071 (0.328)	-0.134 (0.333)	-0.041 (0.344)	0.039 (0.346)	0.068 (0.353)
Domestic Firm Output (%)	-0.013 (0.008)	-0.013* (0.007)	-0.012* (0.006)	-0.010 (0.007)	-0.009 (0.007)	-0.011 (0.007)	-0.010 (0.007)
Industrial Output (log)	0.474*** (0.143)	0.447*** (0.138)	0.273** (0.129)	0.276** (0.123)	0.227* (0.125)	0.273** (0.122)	0.230* (0.122)
College Graduate (log)	0.060 (0.143)	0.102 (0.141)	0.093 (0.132)	0.049 (0.129)	0.048 (0.125)	0.015 (0.135)	0.015 (0.131)
GDP PC (Log)	-0.342* (0.187)	-0.319* (0.184)	-0.264 (0.178)	-0.230 (0.183)	-0.225 (0.181)	-0.174 (0.172)	-0.181 (0.173)
log(No. New South Korea Firms + 1)				0.090* (0.049)	0.084 (0.051)		
Post-2012 * log(No. New South Korea Firms + 1)				-0.177*** (0.032)	-0.145*** (0.041)		
log(No. New US Firms + 1)						0.186*** (0.041)	0.163*** (0.046)
Post-2012 * log(No. New US Firms + 1)						-0.156*** (0.026)	-0.105** (0.043)
Post-2012 * WWII Massacre	-0.130* (0.075)	-0.099 (0.076)	-0.063 (0.069)				
Post-2012 * Early and Large Protest		-0.164** (0.077)		-0.068 (0.071)		-0.098 (0.070)	
Post-2012 * Baidu Index			-0.574*** (0.114)		-0.269* (0.153)		-0.334* (0.174)
Obs	1026	1026	1026	1026	1026	1026	1026
R-sq	0.86	0.87	0.87	0.87	0.87	0.87	0.87
City FE	Y	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y	Y

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

City and year fixed effects are omitted for simplicity.

Covariates are lagged by one year.

Table A.15: Alternative Channels: Historical Legacy and Foreign Competition

Table A.16 displays regression results based on other common transformation of the count variable, including square-root transformation and inverse hyperbolic sine (IHS) transformation while retaining the flexibility of the OLS model (Shi and Xi, 2018). The coefficients of popular nationalism are robust compared to Columns 2-3 in Table A.15, and there is a strong negative effect of popular nationalism on the number of new Japanese firms.

	DV: ihs(No. New Japanese Firms)				DV: sqrt(No. New Japanese Firms)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WWII Massacre	-0.078 (0.109)		-0.056 (0.108)		-0.182 (0.167)		-0.142 (0.166)	
Capital City	0.052 (0.288)		-0.222 (0.330)		-0.472 (0.536)		-0.969 (0.631)	
Early and Large Protest	0.041 (0.134)				0.014 (0.209)			
Baidu Index			1.466*** (0.504)				2.649*** (0.813)	
Population (log)	0.366* (0.207)	0.213 (0.418)	0.240 (0.194)	0.212 (0.439)	0.833** (0.398)	0.540 (0.456)	0.610* (0.359)	0.650 (0.519)
Industrial Output (log)	0.119 (0.158)	0.254 (0.167)	-0.0003 (0.152)	0.212 (0.166)	-0.020 (0.243)	0.364* (0.202)	-0.237 (0.255)	0.278 (0.187)
College Graduate (log)	0.093 (0.100)	0.006 (0.169)	0.013 (0.096)	0.019 (0.163)	0.130 (0.165)	0.032 (0.216)	-0.012 (0.156)	0.094 (0.202)
Domestic Firm Output (%)	-0.036*** (0.005)	-0.012 (0.009)	-0.033*** (0.006)	-0.012 (0.008)	-0.051*** (0.011)	-0.017** (0.008)	-0.045*** (0.010)	-0.017** (0.007)
GDP PC (log)	0.784*** (0.271)	-0.040 (0.249)	0.589** (0.252)	-0.124 (0.245)	1.500*** (0.519)	0.124 (0.304)	1.139** (0.457)	-0.035 (0.285)
Post-2012 * GDP PC (log)	-0.321*** (0.083)	-0.319*** (0.087)	-0.208** (0.092)	-0.202** (0.098)	-0.668*** (0.163)	-0.627*** (0.160)	-0.440*** (0.142)	-0.388*** (0.139)
Post-2012 * Early and Large Protest	-0.200** (0.085)	-0.174* (0.092)			-0.252** (0.116)	-0.215* (0.126)		
Post-2012 * Baidu Index			-0.504*** (0.168)	-0.474*** (0.175)			-0.943*** (0.250)	-0.906*** (0.256)
Obs	1026	1026	1026	1026	1026	1026	1026	1026
R-sq	0.66	0.86	0.66	0.86	0.61	0.89	0.62	0.89
Prov FE	Y	N	Y	N	Y	N	Y	N
City FE	N	Y	N	Y	N	Y	N	Y
Year FE	Y	Y	Y	Y	Y	Y	Y	Y

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

City, province and year fixed effects are omitted for simplicity.

Covariates are lagged by one year.

Table A.16: Alternative Model Specification of the Outcome Variable



#### A8.4 The effect of nationalism on foreign investment and economic growth

Table A.17 uses FDI statistics from the alternative source, the City Statistical Yearbook. We also revisit the general economic impact of popular nationalism in terms of GDP growth in Table A.18. We find no evidence that the upsurge of popular nationalism is in general detrimental to the local economy, in terms of attracting overall less foreign investment or reducing the economic growth rate. On the contrary, the coefficients indicate a positive direction, although we refrain from reaching a strong conclusion such that popular nationalism is beneficial to the local economy based on this single piece of evidence.

	DV: log(Utilized Capital)		DV: log(No. Contracts + 1)	
	(1)	(2)	(3)	(4)
GDP PC (log)	0.209 (0.166)	0.228 (0.175)	0.049 (0.188)	0.045 (0.201)
Population (log)	0.630 (0.462)	0.803* (0.466)	1.828*** (0.623)	1.863*** (0.670)
Domestic Firm Output (%)	-0.0003 (0.009)	-0.001 (0.010)	0.001 (0.007)	0.0001 (0.007)
Industrial Output (log)	0.511*** (0.141)	0.511*** (0.148)	0.129 (0.129)	0.181 (0.138)
College Graduate (log)	0.188 (0.235)	0.244 (0.231)	-0.052 (0.249)	-0.016 (0.254)
Post-2012 * Early Large Protest	0.220** (0.088)		0.186** (0.094)	
Post-2012 * Baidu Index		0.100 (0.132)		0.230* (0.118)
Obs	1195	1195	1179	1179
R-sq	0.91	0.91	0.91	0.91
City FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

City, province and year fixed effects are omitted for simplicity.

Covariates are lagged by one year.

Table A.17: Nationalism and FDI Inflow  
(City Statistics Year Books)

	DV: GDP Growth (%)	
	(1)	(2)
GDP PC (log)	-4.481** (1.803)	-4.787** (1.908)
Population (log)	-17.778** (7.776)	-18.457** (7.451)
Domestic Firm Output (%)	0.098 (0.066)	0.082 (0.065)
Industrial Output (log)	-0.713 (2.025)	0.672 (2.175)
College Graduate (log)	0.261 (1.912)	0.741 (1.919)
Post-2012 * Early Large Protest	3.061*** (0.799)	
Post-2012 * Baidu Index		5.354*** (1.304)
Obs	1197	1197
R-sq	0.76	0.76
City FE	Y	Y
Year FE	Y	Y

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

City, province and year fixed effects are omitted for simplicity.  
Covariates are lagged by one year.

Table A.18: Nationalism and GDP Growth

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