

Internet Appendix for
Small Business Judging Judges

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A Variable Descriptions

This subsection reports definitions of our main treatment variables, business dynamism variables, and additional variables. FJC refers to Federal Judicial Center, BDS refers to Census Business Dynamics Statistics data set, and BEA refers to U.S. Bureau of Economic Analysis.

- **Liberal Count_{i,t}** : This variable captures the probability that the majority of a three-judge panel, which is present in most circuit court cases, will be liberal in a given county i (within the given circuit) and year t. It is equal to $\left[\frac{C(d,3)+C(d,2) \times C(g-d,1)}{C(g,3)} \right]$, where d is the number of Democratic appointees in the circuit, g is the total number of judges in the circuit, and $C(n,r)$ is a binomial coefficient indicating the number of possible combinations of r objects from a set of n distinct objects. In the above formula, Democratic appointees refer to the judges that are appointed by Democratic presidents. Source: FJC.
- **Δ Liberal Count_{i,[Ann,Eff-5]}** : Equals the change in *Liberal Count* during the seven years starting 5 years after the effective year and ending during the announcement year. For example, if the dependent variable is measured ending on March 12, 2000, then this measure will include ideology changes that become effective between March 12 2000 and March 12, 2001 (i.e., the announcement year, which we argue was known prior to March 12, 2000) as well as any shifts in the previous 6 years. Figure A2 further details the timing.
- **Δ Liberal Count_{i,[Eff-5,Eff-10]}** : **Liberal Count_{i,Eff-5}** - **Liberal Count_{i,Eff-10}**.
- **Estabs_{i,t}**: Refers to the number of establishments in a given county i, measured as of March 12 of year t. An establishment is a single physical location where business is conducted or where services or industrial operations are performed. Source: BDS.
- **Firms_{i,t}**: Refers to the number of firms in a given county i, measured as of March 12 of year t. A firm is a business organization consisting of one or more domestic establishments that were specified under common ownership or control. The firm and the establishment are the same for single-establishment firms. Source: BDS.
- **% Δ Estabs_{i,t}** or **% Change in Estabs_{i,t}** = $100 \times \left[\text{Log}(\text{Estabs}_{i,t}) - \text{Log}(\text{Estabs}_{i,t-1}) \right]$. Source: BDS.
- **% Δ Firms_{i,t}** or **% Change in Firms_{i,t}** = $100 \times \left[\text{Log}(\text{Firms}_{i,t}) - \text{Log}(\text{Firms}_{i,t-1}) \right]$. Source: BDS.
- **Entry Rate_{i,t}**: $100 \times (\text{Estab. Entry}_{i,t} \text{ divided by the average of Estabs at } t \text{ and } t-1)$. Estab entry is defined as the count of establishments born within county i during the last 12 months of year t. BDS defines being born as going from zero March 12 employment in year t-1 to positive March 12 employment in year t (the measure therefore contains but is not limited to *de novo* establishments). Establishments can be entrants with age greater than zero in

year t if, for example, they have positive March 12 employment in year $t-3$, have zero March 12 employment in both year $t-2$ and year $t-1$, and then have positive March 12 employment again in year t . Winsorized at 1% in each tail. Source: BDS.

- **Exit Rate $_{i,t}$** : $100 \times (\mathbf{Estab. Exit}_{i,t}$ divided by the average of **Estabs** at t and $t-1$), where establishment exits are the count of establishments exiting county i during the last 12 months of year t . BDS defines exits as employing no employees in year t and a positive number of employees in year $t-1$. Winsorized at 1% in each tail. Source: BDS.
- **Exit Rate 1 to 5 $_{i,t}$** : $100 \times$ the number of firms with age between 1 and 5 that exit divided by the average of 1 to 5 year old establishments at t and $t-1$). Winsorized at 1% in each tail. Source: BDS.
- **Exit Rate 6 to 10 $_{i,t}$** : $100 \times$ the number of firms with age between 6 and 10 that exit divided by the average of 6 to 10 year old establishments at t and $t-1$). Winsorized at 1% in each tail. Source: BDS.
- **Exit Rate over 10 $_{i,t}$** : $100 \times$ the number of firms with age over 10 that exit divided by the average of over 10 year old establishments at t and $t-1$). Winsorized at 1% in each tail Source: BDS.
- **Excess Young Exits $_{i,t}$** : **Exit Rate 1 to 5 $_{i,t}$** - **Exit Rate over 10 $_{i,t}$** . Winsorized at 1% in each tail. Source: BDS.
- **Δ Young Firm Rate $_{i,t}$** : $100 \times$ the year over year change (between time $t-1$ and t) in the fraction of firms aged 5 or less. Winsorized at 1% in each tail Source: BDS.
- **Δ Young Estab Rate $_{i,t}$** : $100 \times$ the year over year change (between time $t-1$ and t) in the fraction of firms aged 5 or less. Winsorized at 1% in each tail Source: BDS.
- **% Change per capita GDP $_{i,t-1}$** : The change in the income per capita in county i from year $t-2$ to $t-1$. Source: BEA.
- **Net Job Creation Rate $_{i,t-1}$** : Equals jobs created minus jobs destroyed divided by total employees in the previous period, measured from year $t-2$ to year $t-1$. Winsorized at 1% in each tail. Source: BDS.
- **% Δ Population $_{i,t-1}$** : The change in population of county i from year $t-2$ to $t-1$. Source: BEA.
- **Emp. Churn $_{i,t-1}$** : Equals jobs created plus jobs destroyed divided by total employees in the previous period, measured from year $t-2$ to year $t-1$. Winsorized at 1% in each tail. Source: BDS.

B Back-of-the-Envelope Legal Cost Estimates

In this section, we construct a back-of-the-envelope estimate of how a one standard deviation change in $\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$ might map to changes in actual legal costs for small businesses. Most of this discussion focuses on the component of legal costs that is most observable from information on the federal court system. Thus, we stress that this benchmark is a conservative estimate for small business legal costs, for the reasons we discuss throughout the paper. For example, it uses only filed federal business cases, treats expected losses purely through the lens of trial-level outcomes, and does not attempt to price related increases in insurance premia, internal compliance investments, or foregone growth opportunities. Below we present estimates for litigation costs as measured via $P(\text{lawsuit}) \times P(\text{losing}) \times E[\text{damage}]$.

(a) $P(\text{lawsuit})$: *focusing on employer small businesses*. Klemm’s report distinguishes between employer small businesses and the much larger pool of non-employer businesses. Of roughly 23.7 million businesses in 2003, only 5.7 million have employees; the remaining 17 million are non-employer entities.²⁰ Federal employment, wage-and-hour, ADA, and many diversity-jurisdiction commercial disputes — the types of cases where federal judicial ideology matters most — arise overwhelmingly in employer firms.

Klemm estimates that about 4.5% of federal cases involve businesses and reports roughly 45,000 business cases per year, with small businesses comprising a large share. To stay conservative and avoid double counting, we assume that about two-thirds of these business cases involve small employer firms, yielding roughly 30,000 federal business cases per year for our population of interest. If we hypothetically allocate all 30,000 to the 5.7 million employer small businesses, we obtain an annual lawsuit probability of about 0.53%. To reflect the fact that some federal business cases will involve non-employer firms, we treat this as the upper end of a plausible range and also consider the case where only half of the 30,000 cases involve employer firms, which yields an annual lawsuit probability of roughly 0.26%. In other words, we view 0.26–0.53% per year, or around 1.8–3.7% over seven years, as a realistic range for the unconditional probability that an employer small business experiences at least one federal business case.

(b) $E[\text{damage}]$: *diversity jurisdiction and six-figure all-in costs*. Klemm’s \$50,000–\$100,000 cost figure is an estimate of litigation through trial and explicitly excludes settlement amounts. It is also an average across all federal civil cases, including many relatively low-stakes disputes. When we focus on the categories where federal judicial ideology is most salient for small businesses — federal employment-law and civil-rights cases, ADA Title III accessibility suits, and diversity-jurisdiction commercial disputes — the stakes are substantially higher.²¹ Industry and legal sources consistently

²⁰Klemm Analysis Group, “Business Civil Litigation in Federal Courts,” report prepared for the U.S. Small Business Administration Office of Advocacy (2005).

²¹See, for example, Novian & Novian LLP, “The Average Cost to Defend an Employment Lawsuit” (2025), which reports typical defense costs of about \$75,000 for cases that settle pre-trial and notes that pre-trial defense costs “easily exceed \$125,000” when cases progress in court, with higher totals when cases proceed through trial. ILR and other small-business organizations have publicized case studies in which individual small firms report six-figure all-in costs from single ADA/Proposition 65 enforcement episodes. Please also see [here](#).

place the combined cost of defense, settlement, and compliance remediation in the \$25,000–\$75,000 range even for more routine small-business cases, and case studies of small California businesses facing Proposition 65 or ADA enforcement describe all-in costs in the hundreds of thousands of dollars for a single dispute. Diversity-jurisdiction cases form a substantial share of the federal docket and will be especially common near state borders. These cases must involve at least \$75,000 in controversy by statute. Even when these disputes settle, the expected combination of indemnity, defense fees, and compliance investments for business defendants is plausibly in the low six figures, especially around the state borders we study, where out-of-state employees, customers, and counterparties are common. Against this backdrop, an average all-in cost of \$150,000 for the subset of business cases in which federal judicial ideology plausibly bites (employment, ADA, diversity-based commercial disputes) is conservative. It sits near the lower end of the combined defense-plus-settlement-plus-remediation range implied by Klemm’s trial-only cost plus typical settlement and compliance amounts in these categories.

(c) $P(\text{losing}) \times E[\text{damage}]$: empirical work in law and political science shows that moving from more conservative to more liberal appellate courts can change the probability of pro-plaintiff or pro-regulation outcomes by several tens of percentage points in domains such as labor, civil rights, and environmental law. One recent example with even larger estimates is the evidence in [Gormley et al. \(2025\)](#), which states “the assignment of an environmental case to a Democratic judge results in monetary damages that are, on average, about 144% larger than what we observe for cases assigned to a Republican judge. For cases involving immigration law and the hiring of illegal workers, the fine is about 968% higher for Republican judges. Democrat-appointed judges also assess fines in bribery-related cases that are, on average, 85.1% higher.” Although their study focuses on larger firms, the conjecture that because fines do not scale proportionately with firm size, the relative magnitude of fines for private, smaller firms is likely even more significant.

We stay relatively conservative with the projections here, adopting a 25% shift in damages for a one standard deviation (or 25 percentage point) change in the liberal tilt of the court. Applying this to a \$150,000 base \$37,500 in expected cost conditional on being in such a case.

(d) *Putting the pieces together*. Using the $P(\text{lawsuit}) \times P(\text{losing}) \times E[\text{damage given loss}]$ structure above, we get:

- Expected number of lawsuits over seven years: $7 \times 0.0026\text{--}0.0053 \approx 0.0182\text{--}0.0371$.
- Incremental loss per case: \$37,500.

Multiplying, we obtain

$$0.0182\text{--}0.0371 \times \$37,500 \approx \$682\text{--}\$1,365$$

per employer small business over a seven-year horizon. Taking the midpoint of the ranges (probability ≈ 0.0039) gives an estimate around \$1,020.

Appendix Table A1. **District Analysis Summary Statistics**

This table reports summary statistics on judicial characteristics and business dynamics at the county-year level. We use data from the Federal Judicial Center, the Bureau of Economic Analysis, and the U.S. Census Bureau. Variable definitions are presented in Section A. Percent changes and rates are reported in percentage terms. The sample includes county-year observations between 1985 and 2019, and it is restricted to counties on the border of two U.S. circuit courts as shown in Figure 1.

	Count	Mean	Median	Std.	P5	P95
Δ District Liberal Count $_{i,[Ann, Eff-5]}$	19,492	-0.01	0.00	0.23	-0.40	0.35
Δ District Liberal Count $_{i,[Eff-5, Eff-10]}$	19,492	-0.02	0.00	0.20	-0.35	0.33
Estabs $_{i,t}$	19,492	3,510.72	683.00	12,440.19	195.00	14,479.00
Firms $_{i,t}$	19,492	3,042.54	634.00	10,532.41	185.00	12,417.00
% Change in Estabs $_{i,t}$	19,492	0.70	0.67	2.61	-3.61	5.22
% Change in Firms $_{i,t}$	19,492	0.60	0.55	2.66	-3.75	5.24
Estab. Entry Rate $_{i,t}$	19,492	10.38	10.15	2.83	6.15	15.49
Estab. Exit Rate $_{i,t}$	19,492	9.69	9.46	2.20	6.44	13.72
Excess Young Exits	19,492	11.88	11.04	5.90	3.21	23.19
Estab. Exit Rate 1 to 5	19,492	18.20	17.80	4.63	11.07	26.67
Estab. Exit Rate 6 to 10	19,492	9.79	9.89	4.57	0.00	17.39
Estab. Exit Rate over 10	19,492	6.28	6.65	3.59	0.00	11.77
Δ Young Estab Rate $_{i,t}$	19,492	-0.44	-0.40	1.58	-3.14	2.18
Δ Young Firm Rate $_{i,t}$	19,492	-0.43	-0.38	1.63	-3.22	2.27
% Change per capita GDP $_{i,t-1}$	19,492	0.04	0.04	0.03	-0.01	0.10
Net Job Creation Rate $_{i,t-1}$	19,492	1.29	1.41	5.35	-7.84	10.06
Δ Population $_{i,t-1}$	19,492	0.01	0.01	0.01	-0.01	0.03
Emp. Churn $_{i,t-1}$	19,492	28.22	27.27	7.00	18.33	41.36

Appendix Table A2. Robustness to County Fixed Effects

This table reports the relation between changes in judicial ideology and percentage changes in numbers of firms in U.S. counties. The explanatory variables of interest are changes in circuit court ideology measures over different horizons (e.g., $\Delta \text{Liberal Count}_{i,[Ann, Eff]}$), which are formally defined in Appendix Section A. Column 1 controls for the lagged number of firms in a county-year, while Column 2 further adds county fixed effects. Column 3 adds controls for absolute changes in the circuits judicial ideology. In Columns 4 and 5 we include measures of district-level judicial ideology as additional controls, where Column 5 sets the measure to zero when the state's U.S. senators have a different political party than the sitting U.S. president. The sample is restricted to counties on the border of two U.S. circuit courts and all columns include state border group $\times$ year fixed effects, where state border groups refer to a pair of states that share a U.S circuit border. ***, **, and * indicate that the coefficient estimate is significantly different from zero at the 1%, 5%, and 10% levels, respectively.

	% $\Delta \text{Firms}_{i,t}$			
	(1)	(2)	(3)	(4)
$\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$	-0.306** (-2.17)	-0.542* (-1.93)	-0.618** (-2.09)	-0.570* (-1.83)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	-0.072 (-0.42)	-0.410 (-1.46)	-0.529 (-1.60)	-0.445 (-1.32)
% Chg. in GDP $_{i,t-1}$	7.600*** (11.41)	7.614*** (10.23)	5.572*** (2.82)	7.642*** (10.07)
Net Job Creation Rate $_{i,t-1}$	0.016*** (2.82)	0.044*** (3.71)	0.058** (2.43)	0.044*** (3.69)
$\Delta \text{Population}_{i,t-1}$	57.792*** (18.98)	60.412*** (10.59)	64.708*** (12.07)	59.789*** (10.27)
Emp. Churn $_{i,t-1}$	0.007** (2.27)	0.016** (2.12)	0.011*** (3.03)	0.016** (2.11)
$\text{Ln}(\text{Firms})_{t-1}$			-0.062* (-1.90)	0.041 (1.28)
Liberal Count $_{t-10}$			-0.485 (-1.40)	-0.234 (-0.86)
State Border-Year FE	Y	Y	Y	Y
County FE	Y	Y	N	Y
Firm Weight	N	Y	Y	Y
Adj. R-squared	0.370	0.576	0.541	0.577
Observations	17,767	17,767	17,742	17,742

Appendix Table A3. Robustness to Circuit Clustering

This table reports the main results from Panel A of Table 2 using standard errors clustered at the circuit level. Variable definitions are provided in Table 2 and Appendix Section A. Coefficients marked ***, **, and * are statistically different from zero at the 1%, 5%, and 10% levels, respectively.

	$\% \Delta Firms_{i,t}$			
	(1)	(2)	(3)	(4)
$\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$	-0.443*** (-3.26)	-0.609** (-2.65)	-0.352*** (-3.31)	-0.558** (-2.77)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	-0.115 (-0.96)	-0.611** (-2.30)	-0.083 (-0.89)	-0.441** (-2.35)
State Border-Year FE	Y	Y	Y	Y
Firm Weight	N	Y	N	Y
Controls	N	N	Y	Y
Adj. R-squared	0.296	0.447	0.365	0.539
Observations	17,767	17,767	17,767	17,767

Appendix Table A4. Alternative Ideology Measure: Results Using JuDJIS

This table reports the relation between changes in judicial ideology and firm growth in U.S. counties, defined as the percentage change in the number of firms in a county-year. The sample is restricted to counties on the border between two U.S. circuit courts. We measure judicial ideology using the Jurist-Derived Judicial Ideology Scores (JuDJIS) of Cope (2025), an expert-sourced measure of U.S. federal judges' ideology. For each judge, we use the judge's initial JuDJIS score available since 1990. The JuDJIS scores are constructed from qualitative evaluations collected through the *Almanac of the Federal Judiciary*, which has gathered systematic, professionally surveyed lawyer assessments since 1990. For each judge, the Almanac compiles written evaluations from a rotating sample of lawyers and former clerks who have personally appeared before that judge at different courts multiple times. Judges enter the dataset once the Almanac has accumulated a sufficient number of evaluations—typically ten lawyers per survey round. In our sample, the median initial evaluation year for a given judge is 1996. We use each judge's initial JuDJIS score and treat it as constant over time, carrying it forward through year $t + 4$ when the last available review occurs in year t . The scores are normalized to lie on a $[-1, 1]$ scale, with higher values indicating a more conservative ideology. First judges with an initial JuDJIS score below zero are classified as more liberal (Democratic-leaning) and those with a score above zero as more conservative (Republican-leaning). Second, using judge-level scores we produce liberal change variables $\Delta\text{JuDJIS Liberal Count}_{i,[Ann, Eff-5]}$ and $\Delta\text{JuDJIS Liberal Count}_{i,[Eff-5, Eff-10]}$ similar to those constructed in Section 3.1. Sampling period is 2000–2019. See Appendix Section A for additional variable definitions. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

	% $\Delta Firms_{i,t}$			
	(1)	(2)	(3)	(4)
$\Delta\text{JuDJIS Liberal Count}_{i,[Ann, Eff-5]}$	-0.566* (-1.81)	-1.258*** (-3.06)	-0.522* (-1.89)	-1.068** (-2.64)
$\Delta\text{JuDJIS Liberal Count}_{i,[Eff-5, Eff-10]}$	0.091 (0.33)	-0.549* (-1.73)	0.120 (0.48)	-0.317 (-1.25)
State Border-Year FE	Y	Y	Y	Y
Firm Weight	N	Y	N	Y
Controls	N	N	Y	Y
Adj. R-squared	0.248	0.402	0.308	0.479
Observations	10,314	10,314	10,314	10,314

Appendix Table A5. **Dynamic Effect of Judicial Ideology on Firm Growth**

This table reports the relation between changes in judicial ideology and firm growth in U.S. counties, defined as the percentage change in the number of firms in a county-year. Columns 2-4 add firm weighting, while Columns 3 and 4 add the interactions between the post-2001 period and the presence of a state Good Faith exemption to at-will employment. The sample is restricted to counties on the border of two U.S. circuit courts and all columns include state border group $\times$ year fixed effects, where state border groups refer to a pair of states that share a U.S circuit border. ***, **, and * indicate that the coefficient estimate is significantly different from zero at the 1%, 5%, and 10% levels, respectively.

	$\% \Delta Firms_{i,t}$			
	(1)	(2)	(3)	(4)
$\Delta \text{Liberal Count}_{i,[Ann, Eff]}$	-0.628*** (-2.77)	-0.970** (-2.31)	-0.986** (-2.26)	-0.991* (-1.96)
$\Delta \text{Liberal Count}_{i,[Eff, Eff-5]}$	-0.236* (-1.68)	-0.386* (-1.85)	-0.463* (-1.75)	-0.392 (-1.51)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	-0.114 (-0.70)	-0.487* (-1.74)	-0.569 (-1.65)	-0.489 (-1.38)
% Chg. in GDP $_{i,t-1}$	7.727*** (11.66)	5.228** (2.21)	5.579*** (2.85)	7.652*** (10.21)
Net Job Creation Rate $_{i,t-1}$	0.018*** (2.96)	0.059** (2.42)	0.058** (2.44)	0.044*** (3.73)
$\Delta \text{Population}_{i,t-1}$	61.613*** (21.71)	64.899*** (12.65)	64.699*** (12.04)	59.757*** (10.23)
Emp. Churn $_{i,t-1}$	0.009** (2.39)	0.009** (2.08)	0.011*** (3.10)	0.016** (2.06)
$\text{Ln}(\text{Firms})_{t-1}$			-0.062* (-1.90)	0.042 (1.29)
Liberal Count $_{t-10}$			-0.478 (-1.41)	-0.224 (-0.85)
State Border-Year FE	Y	Y	Y	Y
County FE	N	N	N	Y
Firm Weight	N	Y	Y	Y
Adj. R-squared	0.365	0.539	0.541	0.577
Observations	17,767	17,767	17,742	17,742

Appendix Table A6. Main Results with Relocation Controls

This table reports the main results after controlling for firm relocations. All specifications include circuit border-group $\times$ year fixed effects. $\% \Delta$ Relocation Inflow $_{i,t}$ measures the change in inflows of relocating firms into county i from neighboring states from year $t - 1$ to year t , scaled by the number of firms in county i in year t . $\% \Delta$ Relocation Outflow $_{i,t}$ measures the change in outflows of relocating firms from county i to neighboring states between year $t - 1$ and year t , scaled by the number of firms in county i in year t . Relocation data are from Data Axle and available between 1997 and 2019 within our sampling period. To construct these measures, we use the full Historical Business dataset from Data Axle, identify ABI identifiers that appear in multiple states, and then build separate inflow and outflow series for each county-year. We restrict both inflows and outflows only to neighboring states. Both relocation variables are in percentage terms. See Table 2 and Appendix Section A for additional variable definitions. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

	$\% \Delta Firm s_{i,t}$					
	(1)	(2)	(3)	(4)	(5)	(6)
Δ Liberal Count $_{i,[Ann, Eff-5]}$	-0.506*** (-2.72)	-0.744** (-2.51)	-0.450*** (-2.89)	-0.749*** (-3.19)	-0.442*** (-2.85)	-0.755*** (-3.22)
Δ Liberal Count $_{i,[Eff-5, Eff-10]}$	-0.239 (-1.17)	-0.788* (-2.00)	-0.141 (-0.73)	-0.560** (-2.02)	-0.140 (-0.73)	-0.557* (-2.01)
$\% \Delta$ Relocation Inflow $_{i,t}$	-0.117 (-0.58)	-0.201 (-1.36)	-0.088 (-0.43)	-0.133 (-0.95)	-0.158 (-0.71)	-0.176 (-0.90)
$\% \Delta$ Relocation Outflow $_{i,t}$	-0.321** (-2.29)	-0.307** (-2.25)	-0.348** (-2.27)	-0.320** (-2.31)	-0.337* (-1.78)	-0.404** (-2.26)
Δ Liberal Count $_{i,[Ann, Eff-5]} \times$ Relocation Inflow $_{i,t}$					-1.579 (-1.11)	1.993 (1.40)
Δ Liberal Count $_{i,[Ann, Eff-5]} \times$ Relocation Outflow $_{i,t}$					-0.231 (-0.41)	0.022 (0.06)
Δ Liberal Count $_{i,[Eff-5, Eff-10]} \times$ Relocation Inflow $_{i,t}$					-1.349 (-1.31)	-2.186 (-1.39)
Δ Liberal Count $_{i,[Eff-5, Eff-10]} \times$ Relocation Outflow $_{i,t}$					0.824 (1.31)	0.714 (1.34)
State Border-Year FE	Y	Y	Y	Y	Y	Y
Firm Weight	N	Y	N	Y	N	Y
Controls	N	N	Y	Y	Y	Y
Adj. R-squared	0.257	0.403	0.320	0.483	0.320	0.483
Observations	11,875	11,875	11,875	11,875	11,875	11,875

Appendix Table A7. Forum Shopping Through Relocation

This table reports evidence on the influence of judicial ideology on forum shopping. Panel A reports all firm relocations, Panel B reports relocations of firm headquarters, Panel C reports branch relocations, Panel D reports subsidiary relocations, and Panel E reports relocations of single-location firms. Panel F presents additional information, including the set of controls and the number of observations for Panels A–E. The relocation data are sourced from Data Axle. $\% \Delta \text{Inflow}_{i,t}$ measures the change in inflows of relocating firms into county i from year $t-1$ to year t , scaled by the number of firms in county i in year t . $\% \Delta \text{Outflow}_{i,t}$ measures the change in outflows of relocating firms from county i to neighboring states between year $t-1$ and year t , scaled by the number of firms in county i in year t . $\% \Delta \text{Net}_{i,t}$ is the corresponding first-difference in net relocations, defined as the inflow change minus the outflow change. Relocation data are available between 1997 and 2019 within our sampling period. To construct these measures, we use the full Historical Business dataset from Data Axle, identify ABI identifiers that appear in multiple states, and then build separate inflow and outflow series for each county–year. We restrict both inflows and outflows to neighboring states, and both relocation variables are expressed in percentage terms. In Panels B–E, relocations are classified using Data Axle business status codes: headquarters (code 1), branches (code 2), subsidiaries (code 3), and single-location firms (code 9). By contrast, Panel A uses all relocating establishments, regardless of business status code. See Appendix Section A for additional variable definitions. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Relocation of Firms			
	$\% \Delta \text{Inflow}_{i,t}$	$\% \Delta \text{Outflow}_{i,t}$	$\% \Delta \text{Net}_{i,t}$
	(1)	(2)	(3)
$\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$	-0.003 (-1.17)	0.002 (0.53)	-0.005 (-0.77)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	0.000 (0.12)	0.002 (0.46)	-0.001 (-0.31)
Mean dep. var. (weighted)	0.00325	0.00324	0.00001
Mean dep. var. (unweighted)	0.00277	0.00395	-0.00118
Std. dev. dep. var. (unweighted)	0.09618	0.13475	0.15763
Adj. R-squared	0.115	0.071	-0.082
Panel B: Relocation of Firm Headquarters			
	$\% \Delta \text{Inflow}_{i,t}$	$\% \Delta \text{Outflow}_{i,t}$	$\% \Delta \text{Net}_{i,t}$
	(1)	(2)	(3)
$\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$	-0.000 (-1.33)	0.000 (0.50)	-0.001 (-0.86)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	0.000 (1.00)	-0.000 (-0.18)	0.000 (0.96)
Mean dep. var. (weighted)	0.00007	0.00010	-0.00003
Mean dep. var. (unweighted)	0.00002	0.00002	0.00001
Std. dev. dep. var. (unweighted)	0.01103	0.01144	0.01615
Adj. R-squared	0.065	0.080	0.002

Panel C: Relocation of Branches			
	$\% \Delta \text{Inflow}_{i,t}$	$\% \Delta \text{Outflow}_{i,t}$	$\% \Delta \text{Net}_{i,t}$
	(1)	(2)	(3)
$\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$	-0.001 (-1.61)	0.000 (0.25)	-0.001 (-0.86)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	0.000 (0.11)	0.000 (0.50)	0.000 (0.96)
Mean dep. var. (weighted)	0.00026	0.00021	-0.00003
Mean dep. var. (unweighted)	0.00018	0.00034	0.00001
Std. dev. dep. var. (unweighted)	0.02683	0.02686	0.01615
Adj. R-squared	0.063	0.012	0.002
Panel D: Relocation of Subsidiaries			
	$\% \Delta \text{Inflow}_{i,t}$	$\% \Delta \text{Outflow}_{i,t}$	$\% \Delta \text{Net}_{i,t}$
	(1)	(2)	(3)
$\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$	-0.000 (-0.20)	0.000 (0.60)	-0.001 (-0.86)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	0.000 (1.36)	-0.001 (-1.37)	0.000 (0.96)
Mean dep. var. (weighted)	0.00009	0.00009	-0.00003
Mean dep. var. (unweighted)	0.00005	0.00003	0.00001
Std. dev. dep. var. (unweighted)	0.01289	0.01639	0.01615
Adj. R-squared	0.039	0.042	0.002
Panel E: Relocation of Single-Location Firms			
	$\% \Delta \text{Inflow}_{i,t}$	$\% \Delta \text{Outflow}_{i,t}$	$\% \Delta \text{Net}_{i,t}$
	(1)	(2)	(3)
$\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$	-0.001 (-0.52)	0.002 (0.37)	-0.001 (-0.86)
$\Delta \text{Liberal Count}_{i,[Eff-5, Eff-10]}$	-0.000 (-0.24)	0.002 (0.50)	0.000 (0.96)
Mean dep. var. (weighted)	0.00284	0.00284	-0.00003
Mean dep. var. (unweighted)	0.00251	0.00354	0.00001
Std. dev. dep. var. (unweighted)	0.08441	0.11481	0.01615
Adj. R-squared	0.110	0.077	0.002
Panel F: Additional Information for Panels A–E			
State Border-Year FE	Y	Y	Y
Firm Weight	Y	Y	Y
Controls	Y	Y	Y
Observations	11,875	11,875	11,875

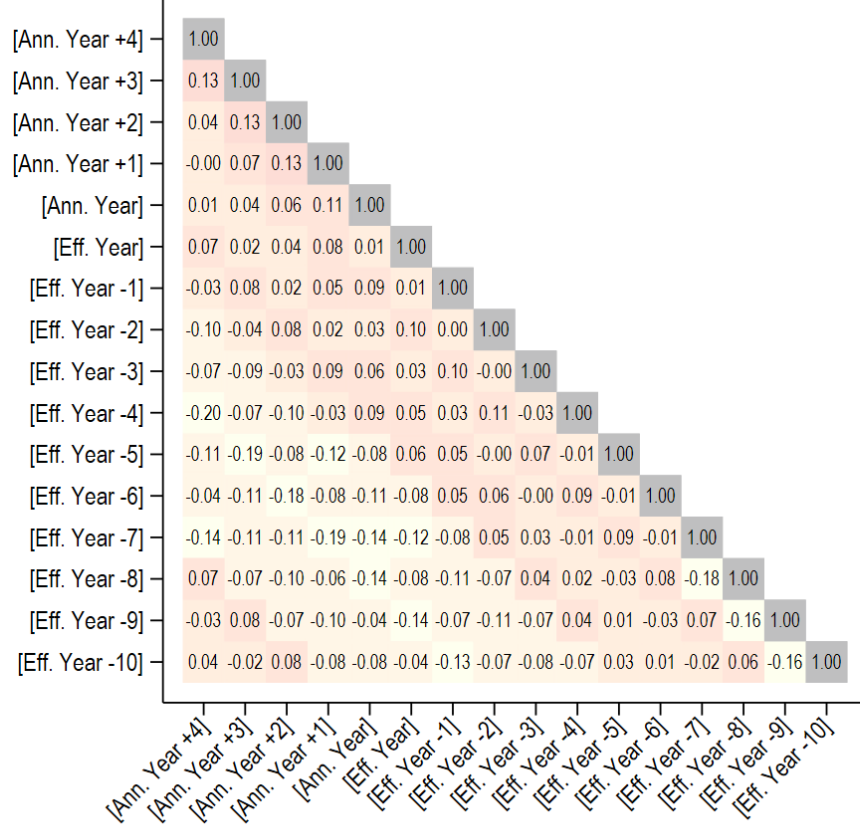
Appendix Table A8. **Effects of Judicial Ideology on Young Firms**

This table reports the relation between changes in judicial ideology and the young firm rate (Columns 1 and 2) and young establishment rate (Columns 3 and 4) in U.S. counties. The explanatory variables of interest are changes in circuit court ideology measures over different horizons (e.g., $\Delta\text{Liberal Count}_{i,[Ann, Eff]}$), which are formally defined in Appendix Section A. The sample is restricted to counties on the border of two U.S. circuit courts and all columns include state border group $\times$ year fixed effects, where state border groups refer to a pair of states that share a U.S. circuit border. ***, **, and * indicate that the coefficient estimate is significantly different from zero at the 1%, 5%, and 10% levels, respectively.

	$\Delta\text{Young Firm Rate}_{i,t}$		$\Delta\text{Young Estab. Rate}_{i,t}$	
	(1)	(2)	(3)	(4)
$\Delta\text{Liberal Count}_{i,[Ann, Eff]}$	-0.286** (-2.05)		-0.266** (-2.04)	
$\Delta\text{Liberal Count}_{i,[Eff, Eff-5]}$	-0.294*** (-4.44)		-0.290*** (-4.54)	
$\Delta\text{Liberal Count}_{i,[Ann, Eff-5]}$		-0.291*** (-6.10)		-0.283*** (-5.54)
$\Delta\text{Liberal Count}_{i,[Eff-5, Eff-10]}$	-0.239* (-1.93)	-0.240* (-1.96)	-0.227** (-2.15)	-0.229** (-2.26)
% Chg. in GDP _{$i,t-1$}	0.863 (0.90)	0.863 (0.90)	0.491 (0.53)	0.491 (0.53)
Net Job Creation Rate _{$i,t-1$}	0.003 (1.46)	0.003 (1.47)	0.002 (1.04)	0.002 (1.04)
$\Delta\text{Population}_{i,t-1}$	4.159*** (2.72)	4.159*** (2.72)	3.380** (2.16)	3.380** (2.17)
Emp. Churn _{$i,t-1$}	-0.008*** (-2.86)	-0.008*** (-2.86)	-0.008*** (-3.91)	-0.008*** (-3.92)
State Border-Year FE	Y	Y	Y	Y
Firm Weight	Y	Y	Y	Y
Adj. R-squared	0.454	0.454	0.444	0.444
Observations	17,767	17,767	17,767	17,767

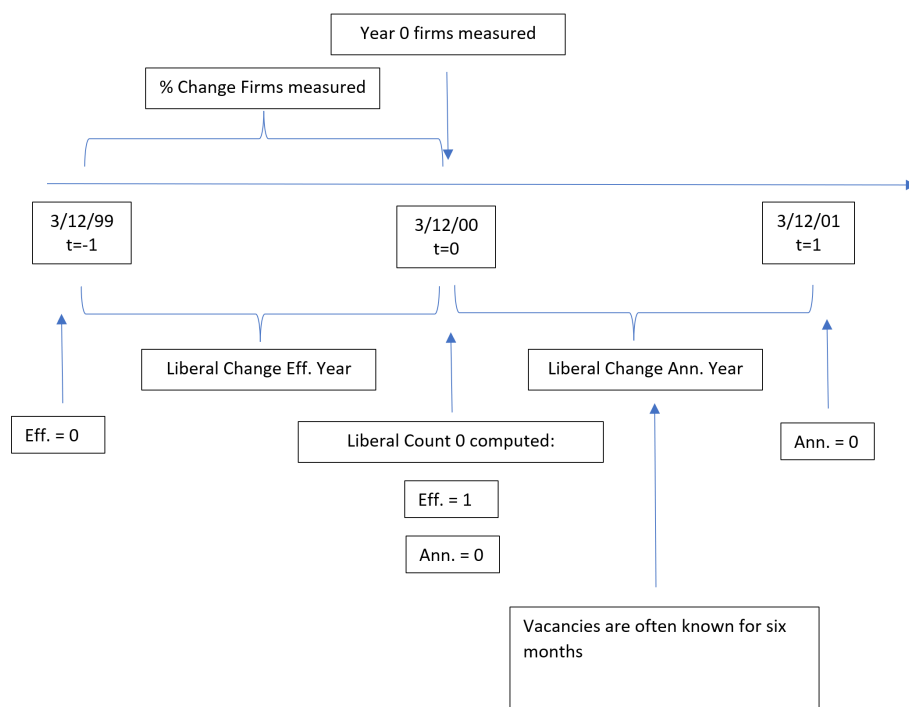
Appendix Figure A1. Correlation Matrix

This figure presents a correlation matrix for our main variable of interest $\Delta\text{Liberal Count}_{i,[t-x,t-y]}$ for circuit i across different x and y values. Effective and announcement years (*Eff Year* and *Ann Year*) are explained in Section 3.



Appendix Figure A2. Timing of Events

This figure details how we calculate changes in *Liberal Count* over time. We also detail when changes in business outcomes are measured.



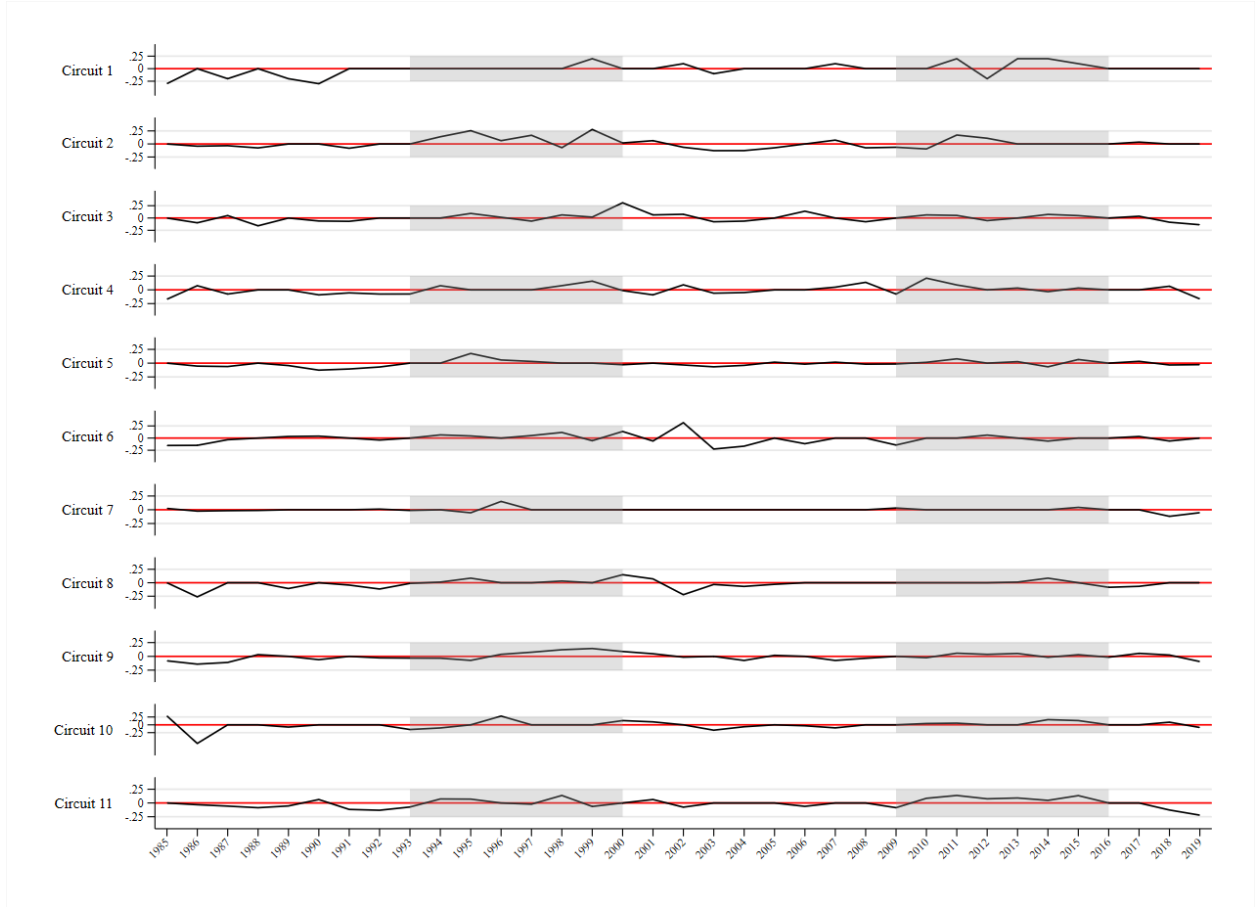
Appendix Figure A3. Example of the Lag Between Announced and Effective Ideology Changes

This is a screenshot from the United States Courts website as of 10/11/2022. It shows 29 total vacancies on federal courts. Seven of these were on circuit courts (denoted CCA above). The dates of notification for these seven positions were: 3/1/22, 10/6/21, 12/14/21, 5/13/21, 12/10/21, 12/1/21, and 3/11/22. Replacements for all of these positions were nominated between May and September of 2022. Given this timing, it is reasonable to expect that the presence of a vacancy (as well as the extent to which it is a liberal change since that is defined by the sitting president) is known approximately one year before an effective change in the courts.

Court	Incumbent	Vacancy Reason	Notification Date	Vacancy Date	Nominee	Nomination Date
01 -CCA	Lynch, Sandra L	Senior	3/1/2022	TBD	Rikelman, Julie	8/1/2022
02-CCA	Cabranes, Jose A	Senior	10/6/2021	TBD	Kahn, Maria Araujo	8/1/2022
02-CT	Underhill, Stefan R.	Senior	8/23/2022	11/1/2022		
02-NY-S	Briccetti, Vincent L	Senior	9/15/2022	4/21/2023		
03-CCA	Ambro, Thomas L	Senior	12/14/2021	TBD	Montgomery Reeves, Tamika R.	7/11/2022
03-NJ	Wolfson, Freda L	Retired	6/17/2022	2/1/2023		
04-MD	Grimm, Paul W.	Senior	12/11/2021	12/11/2022		
04-NC-W	Cogburn Jr., Max O.	Senior	2/25/2022	TBD		
05-CCA	Dennis, James L	Senior	5/13/2021	TBD	Douglas, Dana M.	6/15/2022
05-TX-S	Alvarez Micaela	Senior	6/22/2022	6/8/2023		
05-TX-W	Guaderrama, David C	Senior	6/1/2022	5/27/2023		
06-CCA	Cole Jr. Ransey Guy	Senior	12/10/2021	TBD	Bloomekatz, Rachel	5/25/2022
06-KY-E	Caldwell, Karen K	Senior	6/22/2022	TBD		
07-CCA	Hamilton, David F.	Senior	12/1/2021	TBD	Pryor, Doris L	5/25/2022
07-IL-C	Myerscough, Sue E	Senior	5/12/2022	TBD	Lawless, Colleen R.	9/6/2022
07-IL-N		New Position	10/3/2022	12/5/2022		
07-IL-N	Lee, John Z	Elevated	4/25/2022	TBD	Jenkins, Lindsay C	9/19/2022
07-IN-N	DeGuilio, Jon E	Senior	9/12/2022	7/17/2023		
07-IN-S	Young Richard L	Senior	7/26/2021	TBD		
08-MO-E	Fleissig, Audrey G.	Senior	4/14/2022	4/14/2023		
08-MO-E	Sippel, Rodney W.	Senior	1/21/2022	TBD		
08-NE	Gerrard, John M.	Senior	2/7/2022	2/6/2023		
09-CA-S	Curiel, Gonzalo P	Senior	6/23/2022	9/7/2023		
09-CCA	Thomas, Sidney R.	Senior	3/11/2022	TBD	Johnstone, Anthony Devos	9/6/2022
09-WA-W	Jones, Richard A	Senior	12/25/2021	TBD	Whitehead, Jamal N.	7/13/2022
10-CO	Moore, Raymond P	Senior	7/27/2022	6/20/2023		
10-CO	Martinez, William Joseph	Senior	2/10/2022	2/10/2023	Gallagher, Gordon P	9/6/2022
11-FL-S	Scola Jr., Robert N.	Senior	5/18/2022	10/31/2023		
DC-DC	Kollar Kotelly, Colleen	Senior	12/3/2021	TBD	Reyes, Ana C	5/19/2022

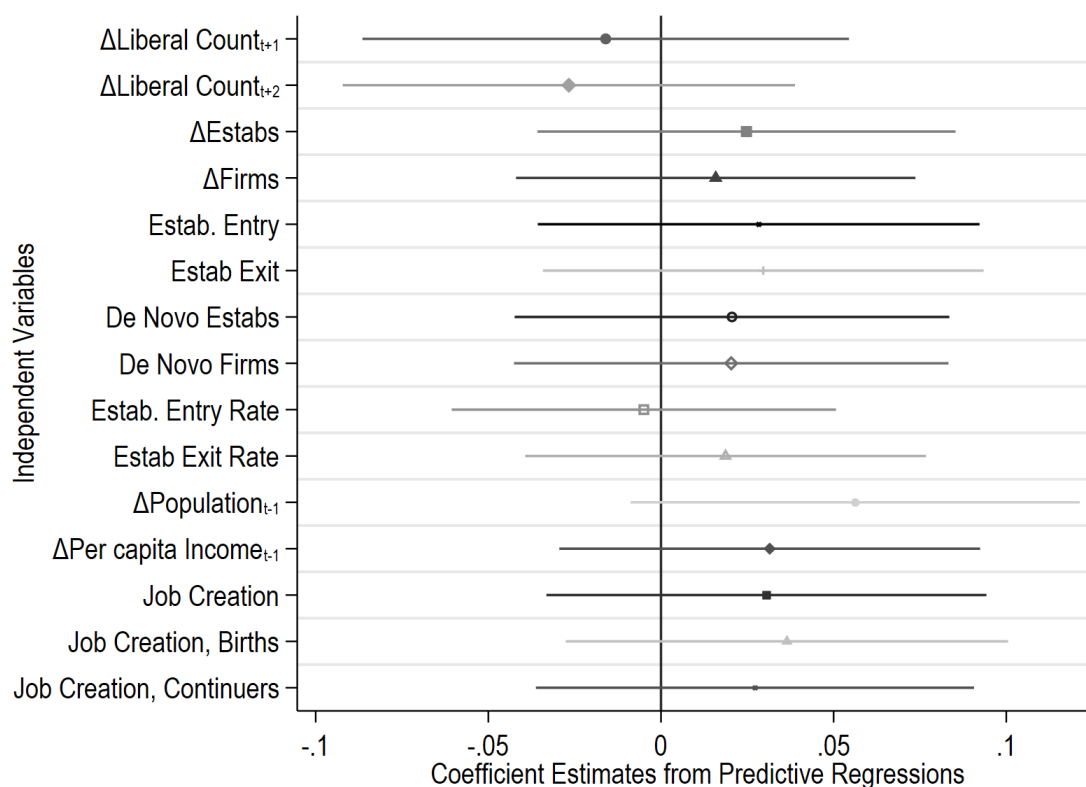
Appendix Figure A4. Changes in Liberal Judicial Ideology

This figure presents year-to-year changes in *Liberal Count*—i.e., $\Delta \text{Liberal Count}_{i,[t,t-1]}$ —across the eleven U.S. court of appeals circuits between 1985 and 2019. *Liberal Count* captures the probability that the majority of a three-judge panel, which is present in most circuit court cases, will be liberal. It is defined as $\left[\frac{C(d,3) + C(d,2) \times C(g-d,1)}{C(g,3)} \right]$, where $C(n,r)$ is a binomial coefficient indicating the number of possible combinations of r objects from a set of n distinct objects, d is the number of Democratic appointees in the circuit j , and g is the total number of judges in the circuit. Democratic appointees refer to the judges that are appointed by Democratic presidents. The years with Democratic presidents are shaded.



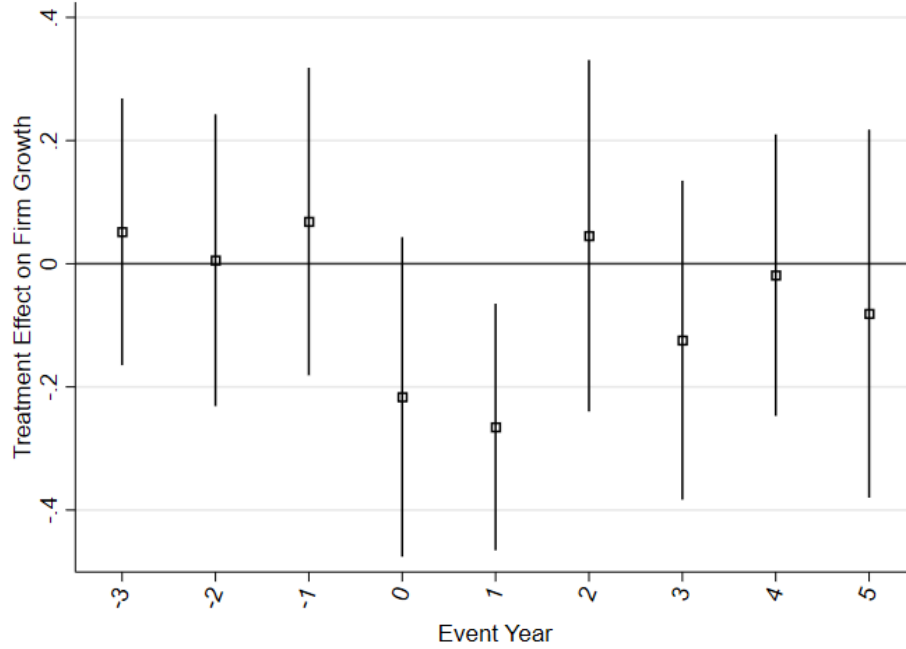
Appendix Figure A5. Can Economic Conditions Predict Compliance to Senior Status?

The diagram illustrates our research on factors influencing the decision of judges to adopt senior status. It displays the results of univariate ordinary least squares regressions, comparing judges who transitioned to senior positions (referred to as ‘Compliers’, 61 out of 212 instances from 1985 to 2016) against those who did not (referred to as ‘Deniers’, 151 out of 212 instances in the same period). The chart’s y-axis represents each independent variable, while the x-axis shows the coefficient estimates from the regression. All independent variables have been normalized for consistency. The study also incorporates robust standard errors and employs a 95% confidence interval in its analysis.



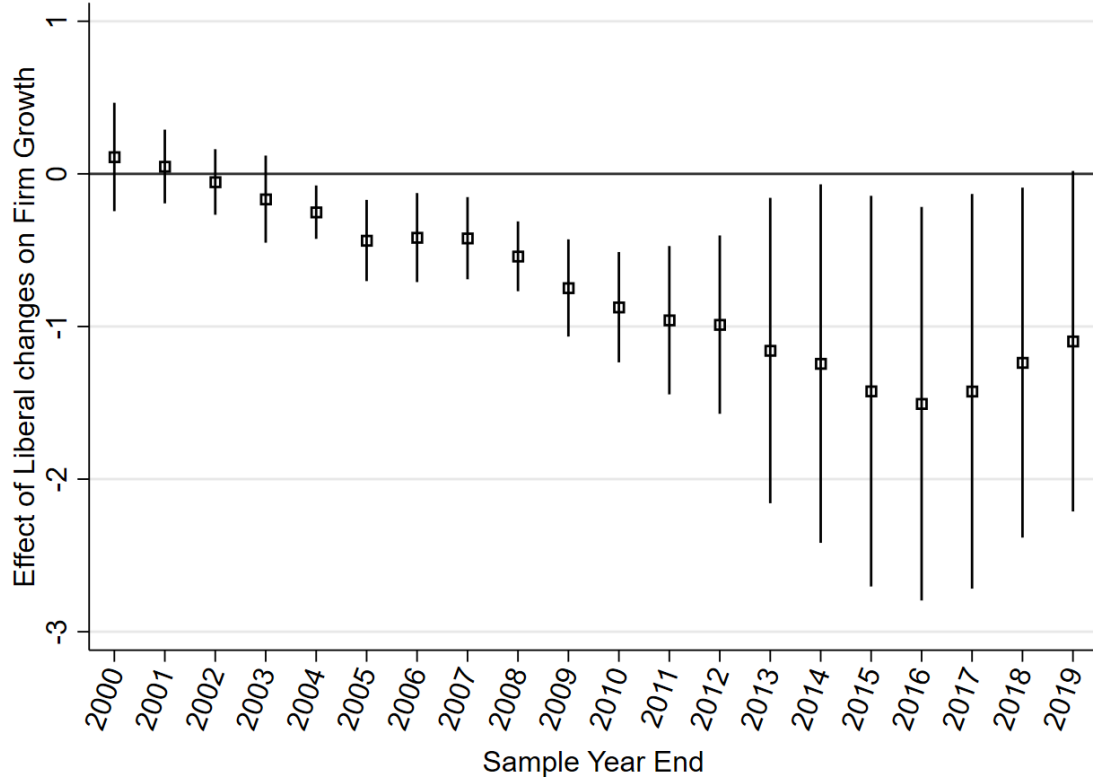
Appendix Figure A6. Stacked Event Study Estimates

This figure presents stacked event study estimates for the effect of large relative shocks to liberal ideology on the relative growth in firm counts around the shock. Shocks are defined as top quintile relative shifts in the liberal ideology on either side of the circuit border (with no similarly large shocks in the preceding two years). Event year 0 is the announcement year of the liberal ideology change and event year 1 is the effective year, corresponding to our $\Delta\text{Liberal Count}_{i,[Ann, Eff]}$ measure. Each point derives from regressions of the percentage change in firm counts on an indicator for counties on the side of the circuit border exposed to more liberal ideology. All regressions are restricted to the event year on the x-axis and include circuit border-year fixed effects in addition to controls for lagged percent changes in county GDP, population and lagged county net job creation and employee churn. All point estimates are accompanied by 90% confidence intervals using circuit border clustered standard errors.



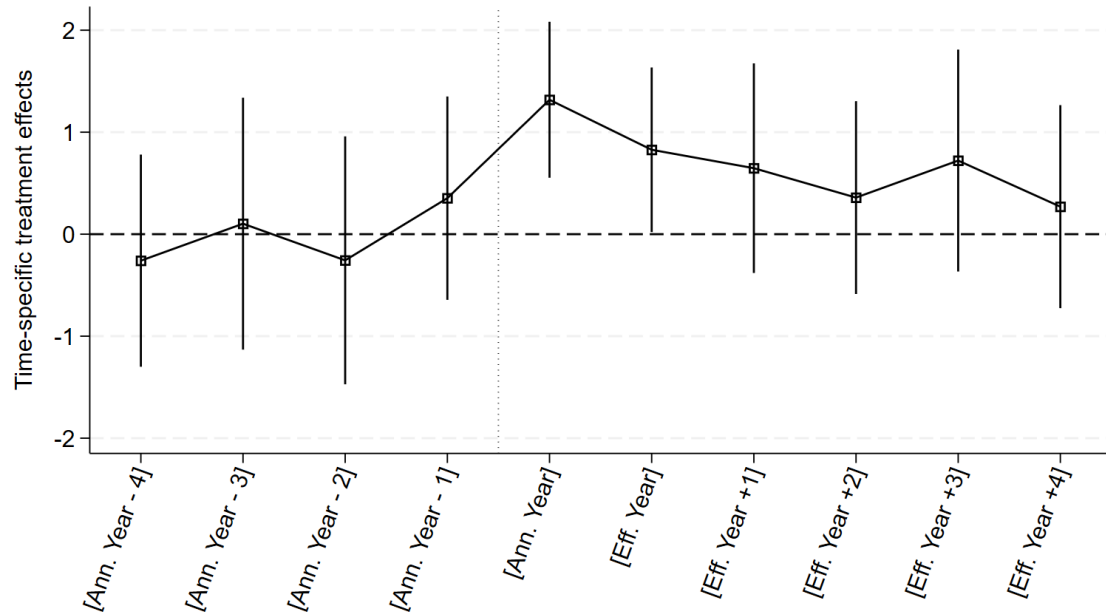
Appendix Figure A7. Rolling Sample Evidence on Firm Count Growth

This figure presents the estimated relation between our seven year change in liberal ideology measure (i.e., $\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$) and the percentage change in firm count. Each point estimate reproduces the estimate in Column 4 of Table A5 using a fifteen year sample ending in the year denoted on the x-axis. we present corresponding 95% confidence intervals. All regressions include year by circuit border by sector fixed effects.



Appendix Figure A8. Judicial Ideology and Abnormal Young Firm Exits

This figure presents the estimated relation between the change in liberal ideology during the two year period year denoted on the x-axis and abnormal young firm exits, along with 95% confidence intervals. For example, the estimated effects in year Ann -1 and -2 are the relation between judicial ideology changes that we estimate will be announced one or two years after the firm exit measures are observed. All regressions include year by circuit border by sector fixed effects.



Appendix Figure A9. Heterogeneity Across Industries

This figure presents the estimated relation between the change in liberal ideology during the announcement and effective years as well as the subsequent five years (i.e., $\Delta \text{Liberal Count}_{i,[Ann, Eff-5]}$) and the establishment growth rate in the industry denoted on the x-axis winsorized at the 10% and 90% levels. The figure includes all sectors with an average of over 100 firms per county-year. All regressions include year by circuit border by sector fixed effects.

