

Bring Home the Bacon:

Politician Ambassadors and Home State Trade

Minju Kim & Shu Fu

Syracuse University & University of Chicago

October 28, 2022

Ambassadors Promote Exports



As chief of mission, ambassadors "have a principal duty to promote the United States goods and services for export to such country."

— *Foreign Service Act*, Section 3927 (c)

Research Question

- Who benefits from trade-promoting activities of ambassadors?

Research Question

- Who benefits from trade-promoting activities of ambassadors?
- How are the benefits from ambassadors' promotion of trade distributed domestically?

Literature Review

- Ambassadors promote exports. (Malis 2021; Ahmed and Slaski n.d.)

Literature Review

- **Ambassadors promote exports.** (Malis 2021; Ahmed and Slaski n.d.)
- **Personal characteristics of a leader shape policy outcomes.**
(Dreher et al 2019; Dafoe and Caughey 2016; Saunders 2017; Gift and Krcmaric 2017; Horowitz and Stam 2014; Colgan 2013)

Literature Review

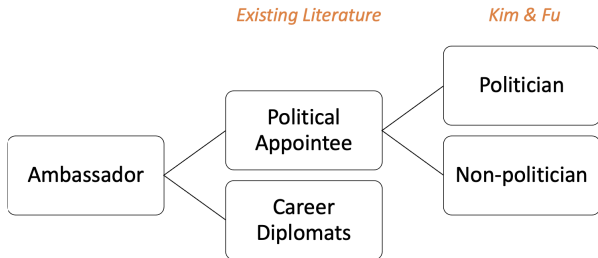
- **Ambassadors promote exports.** (Malis 2021; Ahmed and Slaski n.d.)
- **Personal characteristics of a leader shape policy outcomes.**
(Dreher et al 2019; Dafoe and Caughey 2016; Saunders 2017; Gift and Krcmaric 2017; Horowitz and Stam 2014; Colgan 2013)
- **Elected officials distribute resources in return of votes.**
(Berry, Burden and Howell, 2010; Cox and McCubbins, 1986; Ferejohn, 1974; Kriner and Reeves 2015; Levitt and Snyder, 1995; Shepsle and Weingast, 1981)

United States Ambassadors

- Appointed by the president, confirmed by the Senate
- Serve two to four years
- Career Diplomats vs. Political Appointees

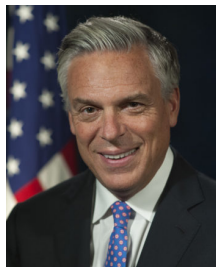
United States Ambassadors

- Appointed by the president, confirmed by the Senate
- Serve two to four years
- Career Diplomats vs. Political Appointees
- Among political appointees, some of them are former governors and members of Congress ("Politician ambassadors")



Jon Huntsman Jr.

- Ex-governor of Utah (2005-2009)
- Ambassador to China (2009-2011)
- Ran for the presidential election (2012)
- Re-ran for a gubernatorial election (2020)



Argument

- Politician ambassadors bring home the bacon.

Argument

- Politician ambassadors bring home the bacon.
- **Home-State Effect**
When politician ambassadors hold office, their home states enjoy a disproportionate increase in exports compared to the other states.

Two Mechanisms

Information

Politician ambassadors, compared to other types of ambassadors, know better about the business environment of their home states.

Two Mechanisms

Information

Politician ambassadors, compared to other types of ambassadors, know better about the business environment of their home states.

Electoral incentives

If politician ambassadors consider returning to their home states for re-election in the future, they would be inclined to favor home-state firms while serving as ambassadors.

Data

- Originally construct a panel dataset at the level of country, U.S. state, industry, and month-year (four million observations)
- Biographic information of the U.S. ambassadors (N = 57)
- Export to ten major export destination countries from 2002 to 2020
[▶ Country list](#)
- Three-digit NAICS, in total of 34 industries (e.g., 111: Agricultural products) [▶ NAICS list](#)

Data

- Originally construct a panel dataset at the level of country, U.S. state, industry, and month-year (four million observations)
- Biographic information of the U.S. ambassadors (N = 57)
- Export to ten major export destination countries from 2002 to 2020
[▶ Country list](#)
- Three-digit NAICS, in total of 34 industries (e.g., 111: Agricultural products) [▶ NAICS list](#)

→ Unit of analysis: How much agricultural products (**industry**) did Alabama (**state**) export to China (**country**) in June 2005 (**month**)

Measure: Politician Ambassadors

- Had an ambassador ever worked for a home state government before ambassadorial nomination?
(e.g. Governors, Members of Congress)

Measure: Politician Ambassadors

- Had an ambassador ever worked for a home state government before ambassadorial nomination?
(e.g. Governors, Members of Congress)
- Among 57 ambassadors, 13 of them (22.8%) are politician ambassadors. [▶ Distribution](#)

Measure: Home State

Where did they reside at the time of their nominations?

The screenshot shows the CONGRESS.GOV website interface. At the top, there is a navigation bar with "CONGRESS.GOV" in large blue letters, followed by "Advanced Searches" and "Browse". On the right side of the navigation bar, there are links for "Search Tools", "Support", and "Sign In". Below the navigation bar, there is a search bar with "Nominations" selected and a search icon. The search bar contains the text "Examples: PN217, John Smith". Below the search bar, there is a "MORE OPTIONS" button. The main content area shows the breadcrumb "Home > Nominations > 113th Congress > PN886" and a list of actions: "Citation", "Subscribe", "Share/Save", and "Site Feedback". The main heading is "PN886 — Bruce Heyman — Department of State" with the subtext "113th Congress (2013-2014)". Below this, there is a "NOMINATION" section with a "Hide Overview X" button. The section contains the following information:

Description Bruce Heyman, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada.	Latest Action 01/03/2014 - Returned to the President under the provisions of Senate Rule XXXI, paragraph 6 of the Standing Rules of the Senate.
Organization Department of State	Date Received from President 09/23/2013
	Committee Senate Foreign Relations

Research Design

- Dependent variable: Logged export value (USD)

Research Design

- Dependent variable: Logged export value (USD)
- Independent variable: Home State \times Ambassador Type
 - Ambassador Type: Politician, Non-Politician, Diplomat
 - Baseline: Diplomat

Research Design

- Dependent variable: Logged export value (USD)
- Independent variable: Home State \times Ambassador Type
 - Ambassador Type: Politician, Non-Politician, Diplomat
 - Baseline: Diplomat
- OLS with multiple fixed effects

Model Specification

$$\begin{aligned} \text{Log}(\text{Export}_{c,s,i,t} + 1) = & \beta_1 \text{Home States}_{c,s,t} + \\ & \beta_2 \text{Home States}_{c,s,t} \times \text{Politician}_{c,t} + \\ & \beta_3 \text{Home States}_{c,s,t} \times \text{Non-Politician}_{c,t} + \\ & \beta_4 \text{Core States}_{c,s,t} + \beta_5 \text{Swing States}_{c,s,t} + \\ & \alpha_{c,s,i} + \delta_{c,t} + \delta_{s,t} + \delta_{i,t} + \epsilon_{c,s,i,t} \end{aligned}$$

Model Specification

$$\begin{aligned} \text{Log}(\text{Export}_{c,s,i,t} + 1) = & \beta_1 \text{Home States}_{c,s,t} + \\ & \beta_2 \text{Home States}_{c,s,t} \times \text{Politician}_{c,t} + \\ & \beta_3 \text{Home States}_{c,s,t} \times \text{Non-Politician}_{c,t} + \\ & \beta_4 \text{Core States}_{c,s,t} + \beta_5 \text{Swing States}_{c,s,t} + \\ & \alpha_{c,s,i} + \delta_{c,t} + \delta_{s,t} + \delta_{i,t} + \epsilon_{c,s,i,t} \end{aligned}$$

- Covariates: Core states and swing states (Kriner and Reeves 2015)

Model Specification

$$\begin{aligned} \text{Log}(\text{Export}_{c,s,i,t} + 1) = & \beta_1 \text{Home States}_{c,s,t} + \\ & \beta_2 \text{Home States}_{c,s,t} \times \text{Politician}_{c,t} + \\ & \beta_3 \text{Home States}_{c,s,t} \times \text{Non-Politician}_{c,t} + \\ & \beta_4 \text{Core States}_{c,s,t} + \beta_5 \text{Swing States}_{c,s,t} + \\ & \alpha_{c,s,i} + \delta_{c,t} + \delta_{s,t} + \delta_{i,t} + \epsilon_{c,s,i,t} \end{aligned}$$

- Covariates: Core states and swing states (Kriner and Reeves 2015)
- Fixed Effects:
 - $\alpha_{c,s,i}$: All unobservable time-invariant characteristics
 - $\delta_{c,t}$: Exchange rate and demand shock in international trade
 - $\delta_{s,t}$: Supply shock that originates from the US states
 - $\delta_{i,t}$: Industry shock at the global level

Model Specification

$$\begin{aligned} \text{Log}(\text{Export}_{c,s,i,t} + 1) = & \beta_1 \text{Home States}_{c,s,t} + \\ & \beta_2 \text{Home States}_{c,s,t} \times \text{Politician}_{c,t} + \\ & \beta_3 \text{Home States}_{c,s,t} \times \text{Non-Politician}_{c,t} + \\ & \beta_4 \text{Core States}_{c,s,t} + \beta_5 \text{Swing States}_{c,s,t} + \\ & \alpha_{c,s,i} + \delta_{c,t} + \delta_{s,t} + \delta_{i,t} + \epsilon_{c,s,i,t} \end{aligned}$$

- Covariates: Core states and swing states (Kriner and Reeves 2015)
- Fixed Effects:
 - $\alpha_{c,s,i}$: All unobservable time-invariant characteristics
 - $\delta_{c,t}$: Exchange rate and demand shock in international trade
 - $\delta_{s,t}$: Supply shock that originates from the US states
 - $\delta_{i,t}$: Industry shock at the global level
- Standard errors: clustered at the country-state level

Result: The Home-State Effect

Table: The Home-State Effect

	<i>Dependent Variable:</i>	
	Logged Export Value	
	(1)	(2)
Ambassador Home State	0.047 (0.039)	-0.018 (0.066)
Ambassador Home State × Politician		0.223** (0.115)
Ambassador Home State × Non-Politician		0.006 (0.073)
Core State in Non-vacant Months	0.002 (0.018)	0.001 (0.018)
Swing State in Non-vacant Months	0.022* (0.018)	0.031* (0.018)
Country-State-Industry FE	✓	✓
Country-Time FE	✓	✓
State-Time FE	✓	✓
Industry-Time FE	✓	✓
Observations	3,953,520	3,953,520
R ²	0.816	0.816

Notes: * p<0.1; ** p<0.05; *** p<0.01.

Testing the Mechanisms

Information

Empirical expectation: The home-state effect is larger among more experienced politician ambassadors.

Testing the Mechanisms

Information

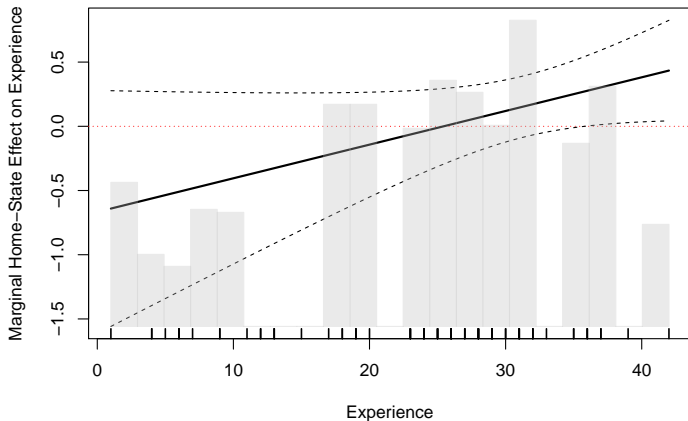
Empirical expectation: The home-state effect is larger among more experienced politician ambassadors.

Electoral Incentives

Empirical expectation: The home-state effect is larger among younger politician ambassadors.

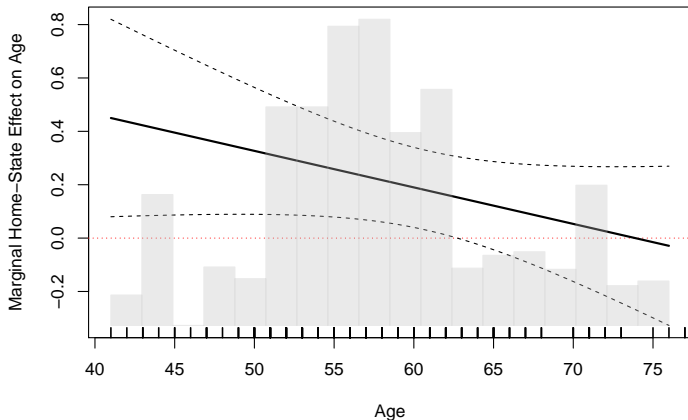
Marginal Effect on Experience

Marginal Home-State Effect of Politician Ambassadors on Experience

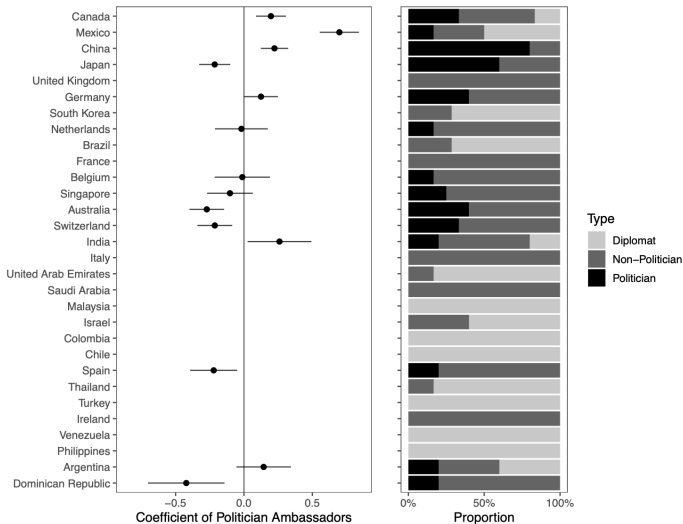


Result: Marginal Effect on Age

Marginal Home-State Effect of Politician Ambassadors on Age



Concentration of the Home State Effect



Conclusion

- Politician ambassadors bring trade benefits to their home states.

Conclusion

- Politician ambassadors bring trade benefits to their home states.
- Some political appointees perform better than career diplomats.

Conclusion

- Politician ambassadors bring trade benefits to their home states.
- Some political appointees perform better than career diplomats.
- Where ambassadors are from can explain how the benefits of diplomacy are distributed domestically.

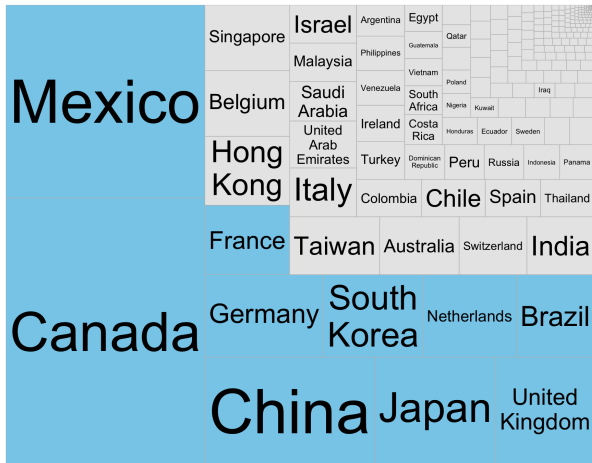
Appendix

1. Major Export Destinations
2. Ambassador Types by Country
3. NAICS List
4. Signing of MOUs
5. A Model with Relaxed FEs
6. Extensive vs. Intensive Margin of Trade

Top Ten Export Destinations

[← Go Back](#)

The US Exports to Top10 Destinations, 2002-2020



Ambassador Types by Country

[← Go Back](#)

Table: Background of ambassadors, 2002-2020

	Country	Politician	Non-politician	Career Diplomat	Total
1	Canada	2	3	1	6
2	Mexico	1	2	3	6
3	China	4	1	0	5
4	Japan	3	2	0	5
5	United Kingdom	0	5	0	5
6	Germany	2	3	0	5
7	South Korea	0	2	5	7
8	Netherlands	1	5	0	6
9	Brazil	0	2	5	7
10	France	0	5	0	5
	Total	13	30	14	57

Note: Interim ambassadors are excluded from the count.

NAICS List

◀ Go Back

State Exports by NAICS Commodities

Author: U.S. Census Bureau: Economic Indicators Division USA Trade Online. Source: U.S. Import and Export Merchandise trade statistics

Commodity

Select by:

Members

Totals

Percentages

Custom groups

Calculated members

Members 1-35 of 35

Select/Clear

Select/Clear

Default member: All Commodities

Tip: Use "Expand all" dropdown list to expand to a given level

members by level

All

Range...



- All Commodities (Default member) ✓✗
- 111 Agricultural Products ✓✗
- 112 Livestock & Livestock Products ✓✗
- 113 Forestry Products, Nesoi ✓✗
- 114 Fish, Fresh/chilled/frozen & Other Marine Products ✓✗
- 211 Oil & Gas ✓✗
- 212 Minerals & Ores ✓✗
- 311 Food & Kindred Products ✓✗
- 312 Beverages & Tobacco Products ✓✗
- 313 Textiles & Fabrics ✓✗
- 314 Textile Mill Products ✓✗
- 315 Apparel & Accessories ✓✗
- 316 Leather & Allied Products ✓✗
- 321 Wood Products ✓✗
- 322 Paper ✓✗
- 323 Printed Matter And Related Products, Nesoi ✓✗
- 324 Petroleum & Coal Products ✓✗
- 325 Chemicals ✓✗
- 326 Plastics & Rubber Products ✓✗

Signing of MOUs

SUBSCRIBE NOW
New Year's Sale

Des Moines Register

News Sports Things To Do Opinion Business USA TODAY Obituaries E-Edition Legals

NEWS

Chinese investors, tourists eyeing Iowa

William Petroski bpetrosk@dmreg.com

Published 2:05 p.m. CT Dec. 19, 2016 | Updated 2:19 p.m. CT Dec. 19, 2016

[View Comments](#)



Iowa's growing ties to China could help spur the state's businesses and especially tourism in Muscatine, where Chinese President Xi Jinping was warmly welcomed as a low-ranking agricultural official more than three decades ago, says Gov. Terry Branstad.

Branstad, who will soon be [nominated by President-elect Donald Trump as the new United States ambassador to China](#), was asked Monday about the state's economic relationship with China. The question was posed by a journalist from a San Francisco-based Chinese news crew at the governor's weekly news briefing at the Iowa Capitol. The event was also attended by a small group of Chinese and Chinese-American investors who met with Branstad afterward.

Branstad, who visited China and Japan last month on an economic development trade mission, noted that the Iowa delegation called on a number of companies in Beijing and Hebei Province during the trip. He said he can't disclose the names of the companies, but he noted that memorandums of understanding were signed by Trans Ova Genetics, based in Sioux Center, and Hy-Line International of West Des Moines, and a third memorandum of understanding will allow the establishment of an Iowa-style demonstration farm in China.

A Model with Relaxed FEs

	<i>Dependent Variable:</i>
	Logged Export Value
	(1)
Ambassador Home State	-0.028 (0.077)
Politician	0.111 *** (0.022)
Non-Politician	-0.047 *** (0.015)
Ambassador Home State × Politician	0.236 ** (0.110)
Ambassador Home State × Non-Politician	0.016 (0.086)
Core State in Non-Vacant Months	-0.037 ** (0.019)
Swing State in Non-Vacant Months	-0.005 (0.018)
GDP of Host Countries (in log)	0.657 *** (0.034)
Population of Host Countries (in log)	1.968 *** (0.430)
Country-State-Industry FE	✓
Country-Time FE	
State-Time FE	✓
Industry-Time FE	✓
Observations	3,953,520
R ²	0.816

Extensive vs. Intensive Margin of Trade

	<i>Dependent Variable:</i>	
	$\mathbb{1}[\text{Non-zero Export}]$ <i>Product Diversity</i>	$\log(\text{Non-zero Export})$ <i>Export Volumes</i>
	(1)	(2)
Ambassador Home State	-0.003 (0.006)	0.024 (0.029)
Ambassador Home State × Politician	0.011 (0.008)	0.115** (0.048)
Ambassador Home State × Non-Politician	0.005 (0.006)	-0.060* (0.031)
Core State in Non-vacant Months	-0.0004 (0.002)	0.005 (0.010)
Swing State in Non-vacant Months	0.003** (0.001)	-0.006 (0.010)
Country-State-Industry FE	✓	✓
Country-Time FE	✓	✓
State-Time FE	✓	✓
Industry-Time FE	✓	✓
Observations	3,953,520	2,321,008
R ²	0.721	0.834

Notes: Standard errors are clustered at the level of country-state.

*p<0.1; **p<0.05; ***p<0.01.