Bringing Home the Bacon:

Politician Ambassadors and Home State Trade

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Abstract

Ambassadors promote domestic exports to a host country and represent the interest of their home country at large. However, are trade benefits equally distributed domestically? In the United States, a substantial number of ambassadors are former governors or legislators ("politician ambassadors"). We argue that politician ambassadors are particularly equipped with knowledge and incentives to promote exports from their home states to host countries. Leveraging the biographic information of 164 ambassadors and US state-level exports to 30 major export destinations from 2002 to 2020, we find that the home states of politician ambassadors, compared to other states, on average enjoy a 10 percentage point increase in exports to host countries. The home-state effect is particularly apparent in countries where the US exports the most, and in industries that export final goods. The past career path and future career aspirations of ambassadors can shape how the benefits of diplomacy are distributed domestically.

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Ambassadors, as official envoys and the highest-ranking diplomats accredited to another sovereign country or an international organization, represent the government of their country of origin. Existing studies consistently find that ambassadors as heads of foreign missions facilitate international trade and promote export performance (Rose, 2007; Malis, 2021; Ahmed and Slaski, 2022; Casler, Connelly, and Hicks, Casler et al.). Similarly, ambassadors help domestic firms resolve disputes with a host country behind closed doors (Gertz, 2018; Gray and Potter, 2020). The literature suggests that ambassadors promote commercial diplomacy by representing their country as a whole.

How are the benefits from ambassadors' promotion of trade distributed domestically? In this paper, we examine how the personal background of ambassadors shapes their performance in promoting exports. Ambassadors of the United States accumulate diverse career backgrounds before their nominations. The US is distinct in having two types of ambassadors. Some ambassadors are career diplomats who serve their entire career in the US Foreign Service. Others are political appointees who never served as Foreign Service officers before their nominations as ambassadors. Among politically appointed ambassadors, a substantial number are former elected officials who served as governors or members of Congress; we refer to them as "politician ambassadors."[1]

We argue that the home states of politician ambassadors enjoy disproportionately more export benefits compared to the other states, which we refer to as the "home-state effect." In other words, politician ambassadors can "bring home the bacon" from abroad. To identify the home-state effect, we collect monthly export data from the US states to the 30 major export destinations from 2002 to 2020. US exports to the 30 countries comprise around 85% of the total US exports. We also originally collect biographic information of 164 US ambassadors who served in these 30 countries during the period.

To assess the home-state effect for different types of ambassadors, we employ an inter-

[1]For example, Terry Branstad became the US ambassador to China after serving as the governor of Iowa for 22 years. Dan Coats became the US ambassador to Germany after serving in the US House of Representatives from Indiana's fourth district.

action model with multiple fixed effects. Recognizing that the US states export different products to different countries, we include the country-state fixed effects. We also take into account demand and supply shocks in international trade by including country-time and state-time fixed effects. In this within-country-state analysis, we estimate average changes in logged dollar values that a US state exports to a host country before and after an ambassador holds office. In our research design, the identification comes from one state being the home state of an ambassador designated to a specific country at a time and the others not. Essentially, we adopt a differences-in-differences design for each ambassador using the country-state fixed effects, and pool together the home-state effects of the ambassadors by ambassador types.

We find that home states seize more export benefits when politician ambassadors hold office. Our analysis shows that the home states of politician ambassadors on average experience a 10 percentage point increase in exports compared to other states. The pattern is unique to politician ambassadors who previously served a particular constituency before working as an ambassador. The 10 percentage point increase in home-state exports is substantial, given that the pattern we identify is particularly apparent in countries that the US exports the most. At the industry level, we find that the home-state effect of politician ambassadors is particularly apparent in industries that export final goods such as beverages and tobacco products (NAICS 312) as well as electrical equipment (NAICS 335). In contrast, the presence of politician ambassadors does not increase home-state exports in industries that heavily rely on global value chains, as in the case of forestry products (NAICS 113) and oil and gas (NAICS 211). The findings together illuminate the opportunities and limits of commercial diplomacy through ambassadors.

To the question of why we observe the home-state effect, we propose two mechanisms. The first mechanism is based on information. Home states export more goods because politician ambassadors are familiar with the business environment of their home states. The second mechanism is based on electoral incentives. Politician ambassadors favor their

home states to gain support from home-state exporters when they run for elections after their ambassadorial terms. We provide evidence for both the information and electoral incentive mechanisms. Using politician ambassadors' length of experience as a proxy of information, we find that a longer past career in the home-state government is associated with a larger home-state effect. To test the electoral incentive mechanism, we leverage the age of ambassadors at the time of nomination. If electoral incentives drive the home-state effect, older ambassadors who are about to retire should be less motivated to promote exports from their home states. Consistent with the electoral incentive mechanism, we find that younger politician ambassadors bring larger export benefits to their home states.

Our findings yield three implications. First, our analyses demonstrate that the ambassadors' performance is contingent on their personal characteristics. We demonstrate that the professional background of ambassadors can shape commercial diplomacy. This extends the literature on the effect of a leader's personal characteristics on policy outcomes. Where a leader was born (Dreher et al., 2019), raised (Dafoe and Caughey, 2016) and educated (Gift and Krcmaric, 2017), as well as the predisposition (Colgan, 2013), previous professional experience of a leader (Horowitz and Stam, 2014; Saunders, 2017) can explain how that person handles foreign policy. Similarly, the career trajectory of bureaucrats can shape how foreign policy is implemented.

Second, we challenge the conventional wisdom that political appointees perform worse than career diplomats. Policy reports and previous research discount the performance of ambassadors who are not career diplomats, describing them as incompetent and less qualified (American Academy of Diplomacy, 2015; Scoville, 2019). The home-state effect we identify explicates the condition under which politically appointed ambassadors excel in their performances. According to our analyses, politician ambassadors are competent and qualified with regard to their past and future constituencies.

Lastly, our findings introduce a distributive consequence of ambassadors. We unpack the effect of commercial diplomacy at the US state level, and demonstrate that some domestic

constituencies benefit more from export promotions of their ambassadors. The home-state effect indicates that appointing a politician as an ambassador can generate a relative winner and loser in exports even within regions with a similar comparative advantage. Ambassadors in office promote exports in aggregate (Rose, 2007; Malis, 2021; Ahmed and Slaski, 2022), and the professional background of ambassadors can tilt that export promotion in favor of a particular domestic audience.

The paper proceeds as follows. The first section introduces the background of US ambassadors, including their nomination process, their task as export promoters, and their representation. Next is the theory section that offers our typology of US ambassadors. We then discuss the home-state effect and introduce two potential mechanisms. In the following, we present the data and illustrate the home-state effect with the case of Terry Branstad, a former US ambassador to China. We then discuss the estimation strategy and present our main results, along with the discussion on the heterogeneity of the home-state effect across industries and countries. The information and electoral incentive mechanisms are tested in the subsequent section. The final section concludes and discusses the implications of our findings.

Ambassadors of the United States

Ambassadors of the United States are nominated by the president, and each nomination must be confirmed by the Senate. Unlike many other countries that fill ambassadorial posts solely with career diplomats, the US adopts multiple channels to appoint ambassadors. In this section, we discuss how ambassadors are appointed and the ways in which they can promote exports.

Appointment of Ambassadors

Most commonly, ambassadors are appointed by progressing through the career track. This track requires pursuing an entire career in the Foreign Service and working as a career diplomat for, on average, over 20 years. Among 8,000 foreign service officers working at the State Department, those who are in the senior ranks[2] are considered for ambassadorial nominations.[3]

The other route to nomination is the non-career track. Historically, the president fills 25%–45% of ambassadorial positions with political appointees who are not on the career track, and this proportion varies lightly across different presidential administrations (see Online Figure A.1). This track does not mandate decades-long commitment as a foreign service officer yet requires a political, economic, or personal relationship with the president (Jett, 2014). Contributing generously to the president's election campaign is one common way to build an economic relationship. Occasionally, a president appoints their friend as an ambassador. For instance, Thomas Stewart Udall, an incumbent ambassador to New Zealand, is a longtime friend of President Joe Biden (McClure, 2021). In addition to donors and friends, political allies comprise a significant portion of ambassadors nominated under the non-career track. For instance, Eric Garcetti, an incoming ambassador to India, worked as a national co-chair of Biden's presidential campaign and is known as a prominent surrogate for Biden (Pager, 2021).

Nominees on both tracks undergo a process of selection, clearance, and confirmation. A committee composed of high-level State Department officials recommends a list of candidates on the career track to the president. White House officials and informal advisors provide a list of candidates who are not on the career track to the president. Once the president approves the nominees, candidates on both tracks undergo clearance and confirmation. The

[2]The senior ranks include counselor, minister counselor, career minister, and career ambassador.

[3]There are six ranks below the senior ranks. Ambassadorial nominees in the senior ranks began their careers in the lower ranks and were promoted to the senior ranks. According to 2020 State Department statistics (Department of State, 2020), it takes about 21.3 years for a foreign service officer to enter the senior ranks.

State Department's Bureau of Security conducts security checks, and the nominations that pass the security checks are sent to the Senate. The Senate Foreign Relations Committee then holds confirmation hearings. After obtaining a majority of votes in the Senate, the nominees may begin their terms as ambassadors.[4]

While the two-track system is often used to explain how ambassadors are appointed, the dichotomous distinction overshadows career trajectories of ambassadors. Whereas career-track ambassadors are homogeneous in their service at the Department of State, non-career-track ambassadors vary in their career trajectories. We pay attention to the pattern that some US ambassadors are former businesspersons or lawyers while some others had served local constituencies as governors or members of Congress. Politically appointed ambassadors are often nominated for their close ties with the president,[5] yet their performance may vary depending on their past career path and future career aspirations. Therefore, we need a new typology of US ambassadors to assess their performance, which we will discuss in detail in a later section.

Ambassadors as Export Promoters

One important goal of ambassadors of the US is to promote trade and investment between the US and the rest of the world (Malone, 2013). As chief of mission, they "have a principal duty to promote the United States goods and services for export to such country."[6] Consistent with the legal Foreign Service Act, recent studies confirm that ambassadors promote exports (Moons and van Bergeijk, 2017; Malis, 2021; Ahmed and Slaski, 2022). The export promotion directly benefits domestic firms by increasing their sales and employment (Munch and Schaur, 2018). Ambassadors also help domestic firms resolve conflicts with a host country behind closed doors, thereby reducing domestic firms' burden of relying on a costly legal dispute

[4]Since November 25, 2013, nominations of ambassadors are no longer subject to senate filibuster, requiring only a majority of Senate votes for confirmation.

[5]In rare cases, the president appoints ambassadors from the other political party. The two examples are Henry Cabot Lodge Jr. (Republican) during the Kennedy and Johnson Administration, and Jon Huntsman (Republican) during the Obama Administration.

[6]Section 3927 (c) of the Foreign Service Act.

settlement (Gertz, 2018; Gray and Potter, 2020).

What makes an ambassador successful in export promotion? One conventional answer is experience. Put simply, those who are experienced perform better as ambassadors (Arias, 2023). This logic validates that career diplomats are more competent than ambassadors appointed under the non-career track (Scoville, 2019). As an extension, American Academy of Diplomacy (2015) proposes to "reduce the total number of political appointees in order to allow presidents to focus on those most important to policy leadership." Unlike experience, aiming for promotions does not seem to motivate ambassadors to perform better. Arias and Smith (2018) assesses whether strong job performance results in ambassadors' promotions to more prestigious posts. They do not find evidence that strong performance is rewarded with reappointment or promotion and attribute this null finding to the design of foreign service institutions. At least in the US, "success is not highly rewarded and failure is not strongly punished" (Arias and Smith, 2018).

We challenge the existing literature on ambassadors in two ways. First, depending on how one views experience, political appointees are sometimes more experienced than career diplomats. This aligns with the literature that focuses on the personal experience of leaders in explaining their performance as individuals (Dafoe and Caughey, 2016; Saunders, 2017). Political appointees may lack knowledge about the workings of the foreign service, but they might have other kinds of knowledge that support the achievement of US foreign policy goals. In this line of inquiry, MacDonald (2021) finds that the US is less likely to experience a militarized dispute with a host country when represented by politically appointed ambassadors. Goldfien (Goldfien) argues that political appointees, in comparison to career diplomats, can better deliver understandings reached at the negotiation table using their affinity with political superiors. A review of the literature hints that political appointees may be better equipped to address a foreign policy problem, and the experience needed to do so differs depending on the nature of the foreign policy problem.

Second, even if ambassadorial institutions do not reward good performance, ambassadors

might be motivated to work harder if they plan to exit foreign service and run for elected positions in the future. If so, ambassadors might be motivated to work harder, anticipating the judgments of future voters and employees of the institutions in which they will be involved. The electoral incentive-based explanation aligns with Dreher et al. (2019)'s finding that African leaders attract more foreign aid to the area where they were born, especially when they expect to run for an election in the near future. The established literature on revolving-door politics (Gormley Jr, 1979; Cohen, 1986; Egerod, 2021) reinforces the prospect of ambassadors promoting exports more powerfully for a particular domestic audience.

Ambassadors for Whom?

Given the various career backgrounds of US ambassadors, would domestic actors benefit equally from ambassadors' trade-promoting activities? Ambassadors are expected to represent the country as a whole. According to Section 101 of the Foreign Service Act of 1980, the members of the Foreign Service "should be representative of the American people." However, they might not represent all Americans equally if we seriously consider the institutional feature of US ambassadors.

Distributive politics, also called divide-the-dollar politics or pork-barrel politics, suggests that elected officials can strategically distribute resources in return for votes (Berry et al., 2010; Cox and McCubbins, 1986; Ferejohn, 1974; Levitt and Snyder, 1995; Shepsle and Weingast, 1981). For instance, recent literature on the American presidency finds that the presidents use their political leverage to allocate federal largesse to politically valuable constituencies (Kriner and Reeves, 2015). Specific to trade policy, the presidents allocate trade protections to states where they lack a comfortable electoral majority (Lowande et al., 2018).

The distributive politics literature provides insights and informs our argument and analysis that follows. If some US ambassadors are former elected officials and if they plan to re-run for elected positions after their ambassadorial terms, they may use their discretion

as ambassadors to favor their future electoral supporters. This means ambassadors who are politically ambitious would exert effort to promote exports, particularly exports from their home states. While previous studies on distributive politics examine the behavior of elected officials, to our knowledge, this is the first paper that explains the behavior of non-elected officials. We look at the appointment of ambassadors through the lens of distributive politics. An intention to run for office in the future can motivate non-elected officials to be attentive to parochial interests.

Typology of Ambassadors and Distributive Consequences

When theorizing the performance of ambassadors, existing studies assume that ambassadors as a whole are highly motivated to improve relations between the US and their host countries (Halperin and Clapp, 2007; Malis, 2021). While this could be a fair characterization, the assumption does not seriously take into account the reason ambassadors are motivated to improve relations with a host country from the beginning. Therefore, one way to understand what motivates ambassadors to perform well would be to develop a new typology of ambassadors based on their prior and post-career paths.

Unlike career diplomats who mostly spend their career within the Department of State, politically appointed ambassadors come from diverse professional backgrounds. For example, Terry Branstad, the US ambassador to China during the Trump Administration, served as the governor of Iowa for twenty-two years before his ambassadorial nomination. David Jacobson, the US ambassador to Canada during the Obama administration, was a fundraiser for Barack Obama's presidential campaign. William Stamps Farish III, the US ambassador to the United Kingdom during the George W. Bush Administration, was a successful businessman and served on the board of directors of Zapata Petroleum Company, founded by George H. W. Bush.

We further break political appointees into two types according to their career paths –

politicians and non-politicians. We define politician ambassadors as individuals who had ever worked for a local government or as a member of Congress before their ambassadorial nominations. Non-politician ambassadors are the remaining political appointees. Many of them are businesspersons or lawyers who have close ties with the current president. Thus, we categorize US ambassadors into three types – politicians, non-politicians, and career diplomats. Table A.1 presents the distribution of ambassadorial types by country. Among 164 ambassadors to 30 major export destinations in the last 19 years (2002–2020), 23 were politician ambassadors, 79 were non-politicians, and the remaining 62 were career diplomats.

We expect that politician ambassadors would exhibit distinctive performance in trade promotion. Unlike career diplomats, politician ambassadors previously had home constituencies. Based on their experience serving their home states as governors or as members of Congress, they are familiar with the business environments of their home states. Moreover, their future career trajectories differ from those of career ambassadors who are dispatched to a different country after completing one ambassadorial term. Politician ambassadors have wider career options, including the common option of running for election as governors or legislators. Among 23 politician ambassadors in Table A.1, 35% of them (8 out of 23) ran for election as of December 2022. This is a conservative estimate as the remaining politician ambassadors could declare their candidacy in future elections. Given their past career path and future career aspirations, we expect politician ambassadors to "bring home the bacon."

Home-State Effect of Politician Ambassadors

We have demonstrated that a substantial portion of US ambassadors are former politicians. Different from career diplomats, politician ambassadors have served their home constituencies, and they have options to continue serving their constituencies after finishing their term as ambassadors. These features together unlock possibilities for distributive consequences. Some would benefit from seizing more export opportunities than others. Our intuition is

that home constituencies of politician ambassadors would particularly benefit by obtaining greater access to the ambassador's host country market. We term the export benefits that politician ambassadors bring the "home-state effect."

We do not expect to see the home-state effect under the leadership of other types of ambassadors. Non-politician ambassadors and career diplomats also could be politically ambitious. Similar to politician ambassadors, they might want to run for an election after their ambassadorial terms end. This is quite plausible if non-politician ambassadors donated a large sum of money precisely to start their own political careers. However, we expect the home-state effect, in this case, to be much weaker than the home-state effect for politician ambassadors. This is because politician ambassadors understand their home states' economic geographies better than the other types of ambassadors. From their previous experience serving local constituencies, politician ambassadors know the industries in which their home states specialize. Politician ambassadors also understand whether the firms in these industries generally want more access to export markets or protection from foreign competition. The knowledge of local economic geography would generate the most apparent home-state effect under politician ambassadors.

We propose two main mechanisms for the home-state effect of politician ambassadors. The first mechanism is *information*. Where ambassadors get information can shape the content of commercial diplomacy (Thrall, 2023). Politician ambassadors have rich contact points with local business interest groups in comparison to other types of ambassadors. Using their own sources of information, they understand better the business environment of their home states. They thus can better match home-state sellers and buyers in their host countries. Ambassadors in the host countries can "choose which events to attend" and have "different talking points that can influence export outcomes" (An interview with a government official who previously worked at the Department of Commerce, March 4, 2022). By choosing which events to attend and which topics to discuss, politician ambassadors can provide high-quality information that is particularly helpful to their home states.

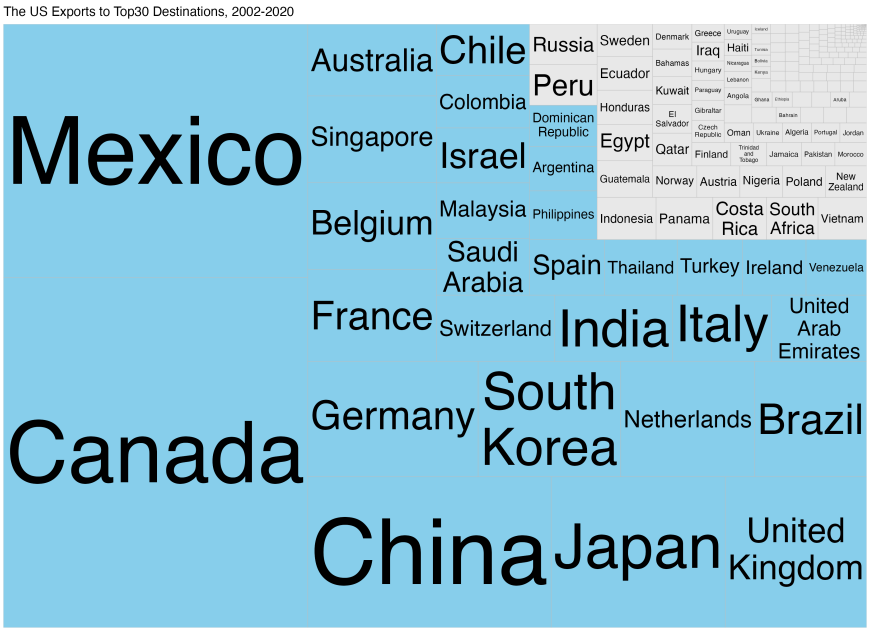
The second mechanism is *electoral incentives*. Some politician ambassadors run for an election after completing their ambassadorial terms. If politician ambassadors consider returning to their home states for re-election in the future, they would be inclined to favor exporters from their home states while serving as ambassadors. By helping home-state exporters to export more, politician ambassadors may expect quid-pro-quo electoral support from home-state exporters in the future. The mechanism is consistent with the literature that links incentives of individual bureaucrats to their performance in diplomacy (Gray, 2015; Poulsen and Aisbett, 2016). Whereas the information mechanism originates from politician ambassadors' prior experience, the electoral incentive mechanism is driven by politician ambassadors' anticipation of future career paths.

Data

We first collect monthly export data from the US Census Bureau. The data include exports from 50 states and Washington D.C. to the US's top 30 export destinations from 2002 to 2020. We construct a monthly panel dataset in which each row is a US state and a country dyad. US exports to these 30 countries comprise 84.2% of the total US exports, based on the average annual export shares from 2002 to 2020. The monthly export data has 348,840 observations (50 states plus Washington D.C. $\times$ 30 countries $\times$ 19 years $\times$ 12 months). In Figure 1, the colored cells present the extent to which the United States exports to these 30 countries. The bigger the size of a cell, the larger the export amount in dollar terms. For an industry-level analysis that follows after the main analysis, we also collect the monthly export data at the level of industry. The industry information is recorded at the level of 3-digit NAICS (see Online Figure A.5).

Along with the monthly export data, we originally collect biographic information of 164 US ambassadors who served in the 30 major export destination countries from 2002 to 2020. We identify the home state of each ambassador based on where the ambassador resided at

Figure 1: Top 30 Export Markets of the United States, 2002-2020



Source: The US Census Bureau.

the time of their nomination.[7] We retrieve the ambassador's residence information from the Congress website (www.congress.gov). The website discloses the home states of ambassadors (see Online Figure A.4). It is worth noting that the home states of politician ambassadors are the states where they once served in elected office. For instance, Dan Coats's home state is coded as Indiana. Prior to his ambassadorship in Germany, Dan Coats served as the House Representative of Indiana from 1981 to 1989. The home states of non-politician ambassadors are often where their corporate headquarters or their law firms are located. The home states of career diplomats are based on their domestic residential addresses.

To control for macroeconomic factors that could affect the export-promotion performance of ambassadors, we collect macroeconomic indicators inside and outside the US. We retrieve the monthly data on state-level unemployment from the US Bureau of Labor Statistics. We

[7]Online Table A.3 presents the distribution of ambassadors' home states. Among the 164 ambassadors in our dataset, 33 states and Washington D.C. have been identified as ambassadors' home states at least once.

acquire information about the annual Gross Domestic Product (GDP) and population of host countries from the International Monetary Fund. Annual bilateral trade deficit data are from the US Census Bureau.

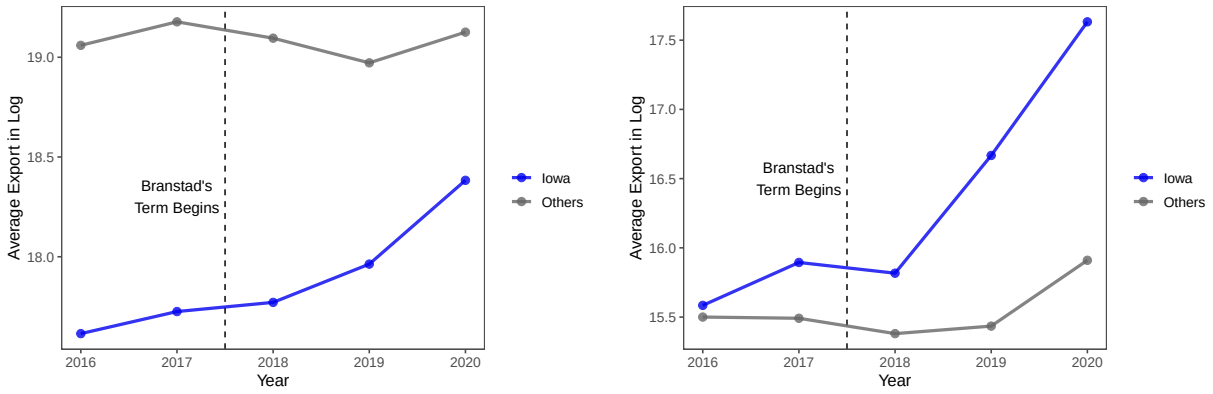
The Case of Terry Branstad

In this section, we exemplify the home-state effect by focusing on the case of Terry Branstad, the US ambassador to China under the Trump administration. After serving as the governor of Iowa for 22 years, Terry Branstad was intentionally nominated by President-elect Donald Trump to be the US ambassador to China in December 2016. Branstad arrived in Beijing to assume his post on July 12, 2017. He did not work in any federal office prior to his ambassadorial appointment because, as he said, "I love Iowa. This is where I could best serve" (Opsahl, 2020). Iowa, Terry Branstad's home state, mainly exports grains and meat products to China. In 2017, Iowa exported 1.6 billion dollars worth of grains and 58 million dollars worth of meat products to China (U.S. China Business Council, 2018).

In the same month that Trump Administration nominated Terry Branstad to be an ambassador, the Iowa delegation, including Terry Branstad, visited China to promote Iowa's trade relations with China. In an interview with a local newspaper in December 2016, Branstad noted that Iowa-based companies, such as Trans Ova Genetics and Hy-Line International, signed memorandums of understanding during the visit (see Online Figure A.2).[8] Signing memorandums of understanding itself does not guarantee an increase in exports, but this anecdote explains how a politician ambassador can provide a rich network of customers to firms from his or her home state. A year later, Branstad warmly welcomed another trade mission from Iowa. Branstad invited the traveling representatives from Iowa to the ambassadorial residence; they also met high-ranking government officials and industry partners in China (Boshart, 2017). Those two examples indicate that an ambassador can actively

[8]Trans Ova Genetics exports cattle embryos, and Hy-Line International raises and sells commercial and industrial laying chickens.

Figure 2: Export to China from Branstad's Home State vs. Other States



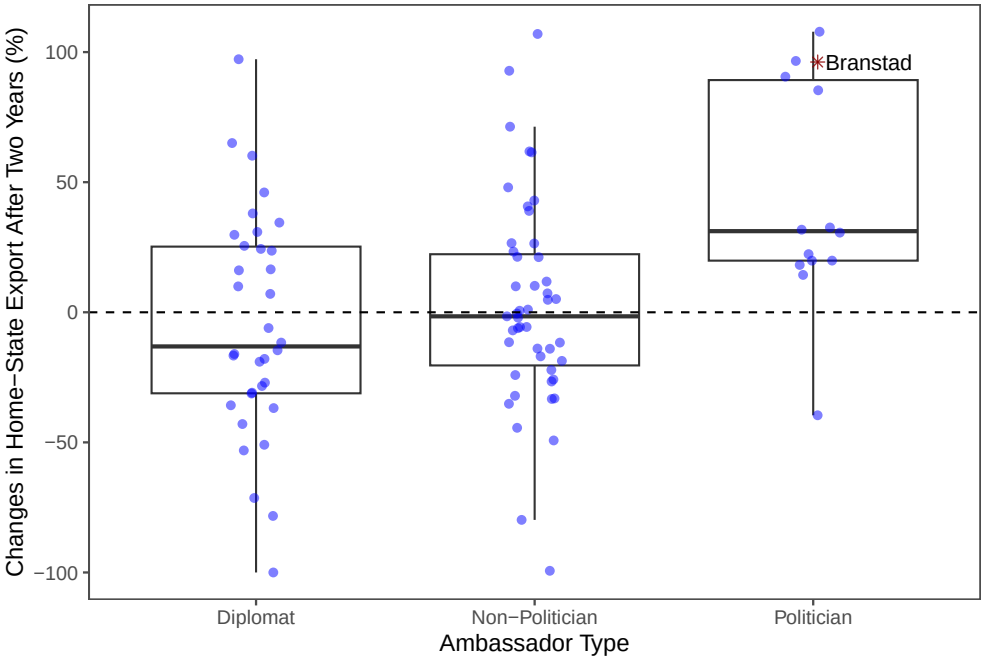
(a) Total Export **(b) Food Related Export (NAICS 311)**

connect domestic exporters with host-country importers, and in particular, businesses in an ambassador's home state can accrue benefits.

Figure 2(a) visualizes Iowa's total export value (in log) export value (in log) to China compared to that of other states from 2016 to 2020. Although the total export volume from Iowa to China is smaller than the average export volume from other states to China, during Branstad's term, Iowa experienced a noticeable surge in exports to China, compared to the average of other states. More remarkably, about six months after Branstad was sworn in on July 12, 2017, Iowa's food exports to China skyrocketed. Figure 2(b) demonstrates Iowa's food-related export (in log) to China compared to the average of other states. This is striking given that the average dollar amount of food exported to China by other states slightly decreased until 2018 and recovered modestly afterward.

Terry Branstad was an exemplary politician ambassador, but he is not the sole contributor to the home-state effect. Figure 3 visualizes the changes in home state exports by ambassadorial types. Each dot represents an ambassador and marks the change in the percentage of home-state exports to the host country after two years of his or her ambassadorial service. The three boxplots present the changes in the distribution of the home-state exports by types of ambassadors. Among ambassadors who are career diplomats, there is a negative

Figure 3: Changes in Home-state Exports by Ambassador Types



Note: Among 164 ambassadors, we omit 52 who do not have corresponding export data for two full years (N=112). We collect the export data from 2002 to 2020, and the 52 ambassadors who are appointed closer to 2002 and 2020 do not have export data for their full two years of service.

change in home-state exports after two years of service for the median, but the dots are scattered with high variance. As for non-politician ambassadors, the dots have a median of around zero. Politician ambassadors, however, exhibit a different pattern. Not only Terry Branstad (highlighted with a red asterisk), but all other politician ambassadors except one consistently boosted exports from their home states. The descriptive comparison suggests the possibility of politician ambassadors bringing home the benefits.

In this section, we have exemplified the home-state effect of politician ambassadors through the case study of Terry Branstad. However, it only focuses on the export change in home states, and it does not consider the counterfactual. We now proceed to describe the details of our estimation strategy and the results it yields.

Estimation Strategy

To test the home-state effect, we run regressions of the following form:

$$Log(\text{Export}_{c,s,t} + 1) = \beta_1 \text{Home State}_{c,s,t} + \alpha_{c,s} + \delta_{c,t} + \gamma_{s,t} + \epsilon_{c,s,t}, \tag{1}$$

where the subscript c refers to destination countries, s represents US states, and t denotes month-year. $Log(\text{Export}_{c,s,t} + 1)$ is the logged monthly export value from a US state to a country in US dollars. $\text{Home State}_{c,s,t}$ is an indicator of the home state of the US ambassador designated to country c while this ambassador is at service during the time t. $\alpha_{c,s}$ is country-state fixed effects, which account for all observable and unobservable time-invariant characteristics in a given country-state pair. To control time-variant characteristics, $\delta_{c,t}$ and $\gamma_{s,t}$ flexibly control secular changes in international trade over time. In specific, the country-time fixed effects, $\delta_{c,t}$, control for the exchange rate between countries and demand shock in international trade. The state-time fixed effects, $\gamma_{s,t}$, hold the state of origin supply shock constant.

To test the home-state effect for different types of ambassadors, we add interaction terms in the model. We categorize ambassadors into three types—career diplomats, politicians, and non-politicians—and we set career diplomats as the baseline in the interaction model. The specification is as follows:

$$\begin{aligned} Log(\text{Export}_{c,s,t} + 1) = & \beta_1 \text{Home State}_{c,s,t} + \\ & \beta_2 \text{Home State}_{c,s,t} \times \text{Politician}_{c,t} + \\ & \beta_3 \text{Home State}_{c,s,t} \times \text{Non-Politician}_{c,t} + \\ & \alpha_{c,s} + \delta_{c,t} + \delta_{s,t} + \epsilon_{c,s,t}. \end{aligned} \tag{2}$$

The interaction terms are the main variables of interest. The baseline group is career diplomats, so β_1 is the home-state effect of career diplomat ambassadors. β_2 is the home-state

effect difference between politician ambassadors and diplomatic ambassadors, and β_3 reveals the home-state effect difference between non-politician ambassadors and diplomatic ambassadors. We are more interested in the home-state effect for each type of ambassador, instead of comparing the effect between types. Therefore, for the clarity of the presentation, we present the home-state effect of career diplomat (β_1), politician ($\beta_1 + \beta_2$), and non-politician ($\beta_1 + \beta_3$) ambassadors in the regression tables. Note that the two constitutive terms of this interaction model, $\text{Politician}_{c,t}$ and $\text{Non-Politician}_{c,t}$, are subsumed in $\delta_{c,t}$. The vacant months when there is no US ambassador on duty are also subsumed in $\delta_{c,t}$.

In estimating the coefficients, we use a Weighted Least Squares (WLS) regression, a regression weighted by the total export values of a country-state pair. We use a WLS regression for a couple of reasons. First, a higher volume of exports is substantively more significant, so we want to put more weight on the dyads where there is a lot of trade. For example, a 50% increase from a large baseline is more important than a 50% increase from a small baseline. Second, we use a WLS regression because of heteroskedasticity: the error terms of large country-state pairs are systematically different from the error terms of small country-state pairs. From the residual plot, we see that the country-state pairs with small trade volumes have larger residuals (Online Figure A.6). For example, in an unweighted OLS regression, the Wyoming-Turkey pair, the pair with small trade volumes, has a much larger residual than the Texas-Mexico pair, the pair with large trade volumes. We thus adjust the non-constant residual variance by assigning a weight according to the total export value.[9]

In estimating the uncertainty, we calculate the standard errors by clustering the standard errors at the country-state level (Abadie et al., 2017). This is the unit where the "as-if" treatment of an ambassador's home state is implemented. Clustering the standard errors at the country-state level provides a correction for the possibility that the treatment assignment is correlated within each country-state dyad.

We use a differences-in-differences design in which the identification comes from one state

[9]As a robustness check, we also weigh the model by the total export values of the country-state-year pair. We confirm that the result is robust to an alternative specification of weight.

being the home state of an ambassador designated to a specific country at a time and the others not. Intuitively, we adopt a differences-in-differences design for each ambassador using the country-state fixed effects, and pool together the home-state effects for the ambassadors by ambassador types. The parallel trend assumption is that the export trend from an ambassador's home state to her destination country would, in expectation, be similar to the export trend from the remaining states to her destination country.

One caveat of our research design is that we cannot rule out the possibility of selection in ambassadorial appointments. Politician ambassadors are not appointed at random (Hollibaugh, 2015; Lindsey, 2017; Calin and Buterbaugh, 2019). The selection can also arise at the stage of an appointee accepting a presidential nomination. Politicians sometimes turn down an offer to become an ambassador, as in the case of Senator Bob Corker declining the Trump Administration's offer to become an ambassador to Australia (The Tennessean, May 21, 2018).[10] Although our research design cannot entirely rule out the selection in ambassadorial appointments, we address one important source of selection by controlling for an electoral calculation of the president. One important reason why the president appoints politician ambassadors would be to win an election. The president would allocate more resources to swing and core states to satisfy swing voters and co-partisans (Kriner and Reeves, 2015). Likewise, the president could appoint politician ambassadors to deliver more export benefits to swing and core states. We re-estimate the home-state effect controlling for presidents' swing and core states when there is an ambassador on duty, see Table A.5 in Online Appendix. This alternative model specification does not alter the main results.

[10]U.S. Sen. Bob Corker turns down offer to become next U.S. ambassador to Australia, *The Tennessean*, May 21, 2018, https://www.tennessean.com/story/news/politics/2018/05/21/u-s-sen-bob-corker-turns-down-trump-administration-offer-become-next-u-s-ambassador-australia/629726002/.

Results

We find the home-state effect among politician ambassadors. Column 1 of Table 1 shows that the home states of ambassadors, on average, export more than the other states by 4.1 percentage points. The coefficient of Column 1 is the estimate that pools all types of ambassadors. Column 2 of Table 1 presents the home-state effect for each type of ambassador. We find that the home-state effect identified in Column 1 is driven by politician ambassadors. Column 2 indicates that the home states of politician ambassadors, in comparison to the other states, enjoy around a 10 percentage point increase in monthly exports to the host countries.[11] On the contrary, the estimated home-state effects for diplomat and non-politician types of ambassadors are not distinguishable from zero.

The 10 percentage point increase in monthly exports is substantial in dollar values. Consider that in 2010, for the top 30 trade partners included in our analysis, the average monthly export value from a US state to a host country is around 55 million US dollars. Applying the 10% monthly increase in exports, the home states of politician ambassadors would roughly enjoy an export increase worth 5.5 million dollars in a given month, compared to the other states.

The home-state effect is particularly apparent in countries that the US exports the most. We estimate the home-state effect by country ranked in order of export values. Table 2 shows that the home-state effect is strongest among the US's top export destinations. Columns 1 to 6 present the home-state effects for each type of ambassador estimated in the sub-samples of the top 5, top 10, top 15, top 20, top 25, and top 30 export destinations of the US. We find that the home-state effect for politician ambassadors is particularly acute among the ambassadors who are designated to countries that receive larger export volumes from the United States. The estimated home-state effect for politician ambassadors ranges from 8

[11] Having dependent variable in log transformation allows us to approximately interpret coefficients as proportionate changes. From the definition of the natural log, the exact predicted proportionate change is $exp(\beta) - 1$, so the exact proportionate change for the politician ambassador's home state is $exp(0.95) - 1 = 0.0997$, which is equivalent to around 10 percentage points.

Table 1: Home-State Effect and Ambassador Types

	Dependent Variable:	
	Logged Export Value	
	(1)	(2)
Home State	0.041*	
	(0.024)	
Diplomat's Home State		0.008
		(0.035)
Politician's Home State		0.095*
		(0.051)
Non-politician Home State		0.014
		(0.023)
Country-State FE	✓	✓
Country-Time FE	✓	✓
State-Time FE	✓	✓
Observations	348,840	348,840
R^2	0.959	0.959

*Notes: Points estimates are calculated by WLS regressions, weighted by the total export values of a country-state pair. Standard errors, clustered by a country-state pair, in parentheses. *p<0.1; **p<0.05; ***p<0.01.*

percent to 15 percentage points. The largest home-state effect of 15 percentage points is found in the sub-sample of the top 10 export destinations. As we include more countries in the analysis, the home-state effect for politician ambassadors decreases in its magnitude. Table 1 and 2 together indicate that there is a home-state effect among politician ambassadors and the pattern is strong and consistent, particularly among superstar export destinations.

It is worth noting, regardless of the number of countries being considered, we do not find the home-state effect for career diplomats nor non-politician ambassadors. For the two remaining types of ambassadors, we continue to find null results with point estimates that hover around zero. This is consistent with our expectations that ambassadors who are career

Table 2: Home-State Effect Across Different Cutoffs of Export Partners

	Dependent Variable: Logged Export Value					
	Top 5	Top 10	Top 15	Top 20	Top 25	Top 30
	(1)	(2)	(3)	(4)	(5)	(6)
Diplomat's Home State	0.052	0.020	0.017	0.031	0.008	0.008
	(0.083)	(0.045)	(0.042)	(0.046)	(0.038)	(0.035)
Politician's Home State	0.131**	0.146**	0.109**	0.081	0.089*	0.095*
	(0.065)	(0.058)	(0.053)	(0.053)	(0.052)	(0.051)
Non-politician's Home State	−0.003	0.012	0.008	0.009	0.013	0.014
	(0.033)	(0.024)	(0.023)	(0.023)	(0.023)	(0.023)
Country-State FE	✓	✓	✓	✓	✓	✓
Country-Time FE	✓	✓	✓	✓	✓	✓
State-Time FE	✓	✓	✓	✓	✓	✓
Observations	58,140	116,280	174,420	232,560	290,700	348,840
R^2	0.981	0.975	0.967	0.963	0.962	0.959

*Notes: Points estimates are calculated by WLS regressions, weighted by the total export values of a country-state pair. Standard errors, clustered by a country-state pair, in parentheses. *p<0.1; **p<0.05; ***p<0.01.*

diplomats, on average, do not bring home the bacon, nor do non-politician ambassadors who are friends and allies of the presidents. Only politician ambassadors who previously had their home constituencies deliver to home states with disproportionate export benefits.

Home-State Effect by Industry

One question that can arise from the previous analyses is whether every industry equally benefits from the home-state effect. To answer the question, we retrieve the US export data from the US Census Bureau at the level of industry. We leverage the information at the level of 3-digit NAICS, with a total of 30 sectors.[12] We pull the export data for each of the

[12]We exclude NAICS 990 (Other Special Classification Provisions), NAICS 980 (Goods returned, exports for Canada only), NAICS 920 and NAICS 930 (Used or Second-hand Merchandise), because it is hard to capture the industry characteristics based on their names.

30 sectors and then separately estimate the home-state effect by sector, focusing on the top 10 export destinations that exhibit the strongest home-state effect in Table 2. We use the industry-specific export values of a country-state pair as the weight for the WLS estimation. Standard errors of the estimates are clustered at the country-state level.

We find that the politician ambassador's home-state effect is driven by industries that export final goods. Figure 4 is the coefficient plot that shows the politician ambassador's home-state effect for each of the 30 industries. The industries in the figure are ranked in the order of the magnitude of the home-state effect. We find that products often exported as final products mainly drive the home-state effect. These are the products of which destinations can be quickly adjusted depending on the ambassadors in the office.

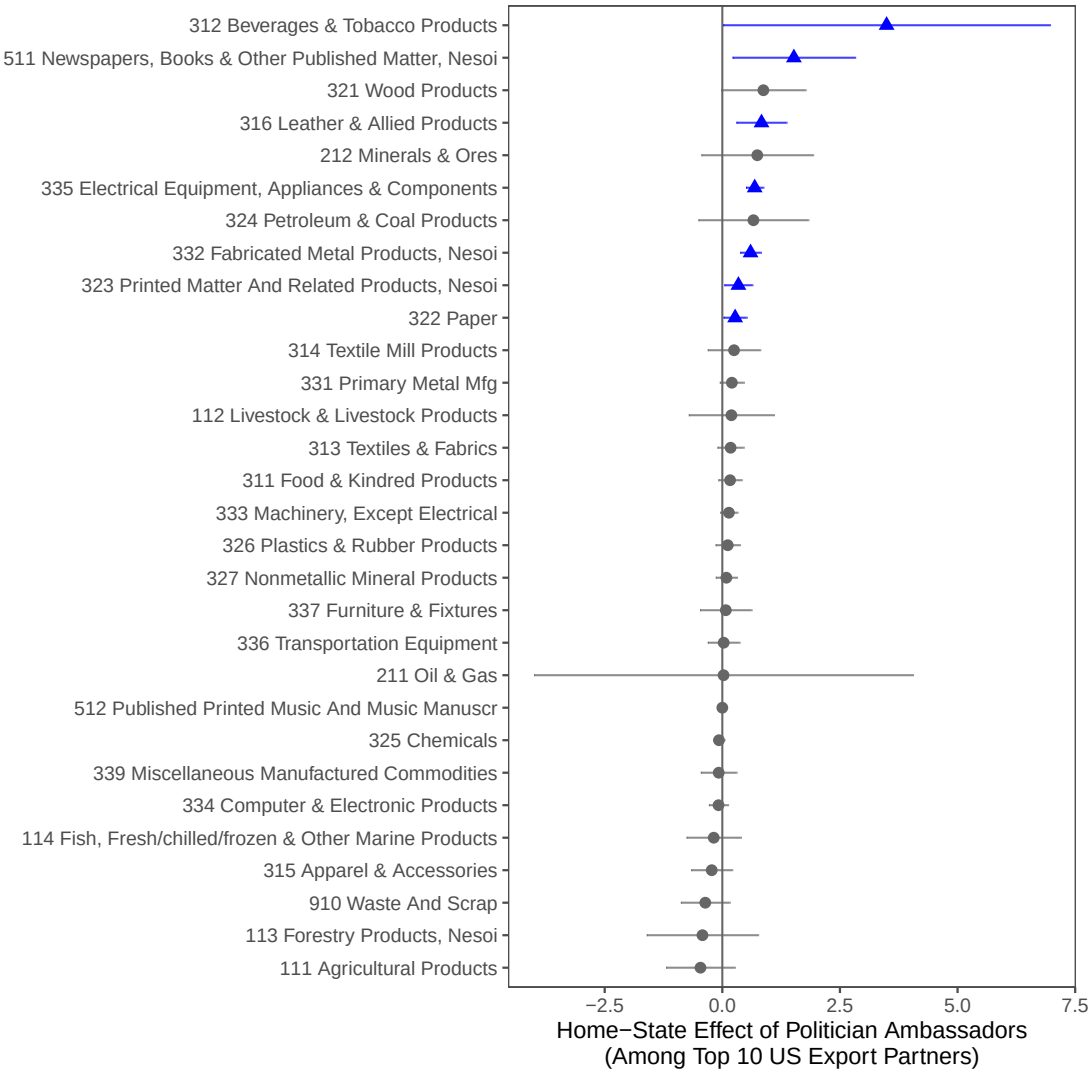
To further investigate the relationship between the home-state effect and industry characteristics, we use the measure of industry upstreamness in US production. Industry upstreamness is a measure of the production's average distance from final use (Antràs et al., 2012). If industries are low in upstreamness (downstream industries), almost all of their outputs go directly to the end user. Downstream industries mostly produce final goods. If industries are high in upstreamness (upstream industries), most of their outputs go to intermediary producers. Upstream industries tend to be involved in processing raw materials.

If the home-state effect is salient in industries that export final goods, we should see a negative relationship between industry upstreamness and the home-state effect. To test the relationship, we leverage the measure of industry upstreamness in US production from Antràs et al. (2012). As Antràs et al. (2012)'s measure is recorded at the level of the six-digit United States Input-Output industry, we first aggregate the upstreamness measure to the level of the three-digit NAICS by taking the average.[13] We then match the aggregated upstreamness measure to the home-state effect estimated at the industry level. After the matching, we plot a bivariate correlation plot.

We find a negative relationship between industry upstreamness and the home-state effect.

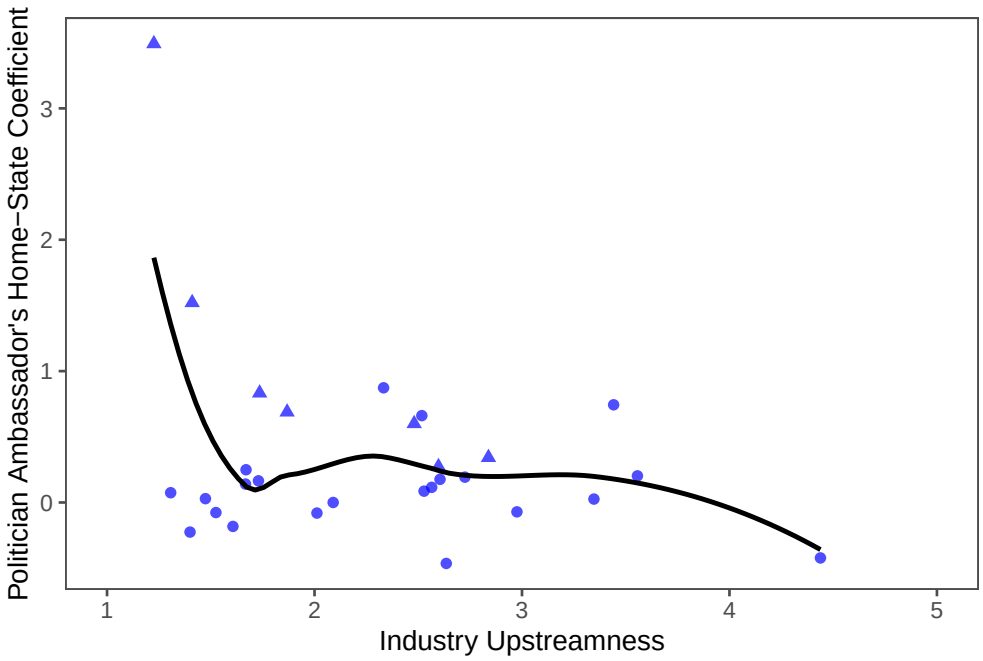
[13]Table A.7 provides a list of industry upstreamness at the level of the three-digit NAICS.

Figure 4: Politician Ambassador's Home-State Effect by Industry



Note: Each point refers to the home-state effect of politician ambassadors, and the error bars are 95% confidence interval. The blue triangles highlight the industries that statistically benefit from the home-state effect of politician ambassadors. Four industries are omitted from the coefficient plot, including NAICS 990 (Other Special Classification Provisions), NAICS 980 (Goods returned, exports for Canada only), NAICS 920, and NAICS 930 (both labeled as Used or Second-hand Merchandise), as it is hard to capture the industry characteristics based on their names. The regression results for each 30 industries are available in Appendix Table A.6a–A.6b.

Figure 5: Home-State Effect and Industry Upstreamness



Note: Each dot refers to a three-digit NAICS industry. N=29. Waste and Scrape (NAICS 910) does not have the industry upstreamness information and is omitted from the analysis. The triangles highlight the industries that benefit from the home-state effect (p-value < 0.05). The fit line is drawn by LOESS. Table A.7 presents a table that ranks industry upstreamness in US production.

The Pearson correlation coefficient is -0.291 ($p\text{-value} = 0.103$). Figure 5 shows that downstream industries mostly benefit from the home-state effect, as in the case of beverage and tobacco products (NAICS 312) as well as electrical equipment (NAICS 335).[14] On the contrary, the home-state effect does not apply to upstream industries that produce intermediary goods such as forestry products (NAICS 113) and oil and gas (NAICS 211).

The findings illuminate both the opportunities and limits of commercial diplomacy through ambassadors. Ambassadors can create opportunities for exporting products that are clearly "Made in the USA." However, the opportunities do not extend to products that are assem-

[14]Firms in electrical equipment industry(NAICS 335) produce products such as household appliance and electric lighting equipment.

bled across borders. At the same time, the industry-level heterogeneity raises the question of why we observe the home-state effect exclusively among politician ambassadors. In the following section, we test the validity of the information and electoral incentive mechanisms, the two mechanisms that can explain the home-state effect.

Mechanisms: Information and Electoral Incentives

In this section, we test the information and electoral incentive mechanism. These two mechanisms are not mutually exclusive, nor do they comprise the whole universe of possible explanations. The mechanisms yet encompass some of the salient possibilities.

To test the information mechanism, we use the experience of politician ambassadors serving their home states as the proxy of information. If the information mechanism drives the home-state effect, more experienced former politicians should further benefit their home states. The longer politician ambassadors serve home constituencies as governors or legislators, the more they will be familiar with the local business environment. Politician ambassadors' length of experience should thus amplify the home-state effect.

We measure politician ambassadors' length of experience by counting their total years of service until the beginning of their ambassadorial terms. We then compare that with career diplomats' length of experience by counting their total years in foreign service until the beginning of their ambassadorial terms. We rely on the Department of State archive to retrieve biographies of career diplomats.

Note that non-politician ambassadors are excluded from the analysis for a cleaner comparison. Most non-politician ambassadors did not hold government positions before becoming ambassadors, and the measure of how much information non-politician ambassadors have varies too much depending on how we define the experience. The exclusion of non-politician ambassadors reduces the number of observations in the regression analysis, but the setting allows us to neatly examine whether the professional background serving a particular audience

in a home-state government versus a general audience in the State Department generates differences in the way ambassadors promote home-state exports.[15]

If electoral incentives generate the home-state effect, politician ambassadors would have more incentives to promote exports from their home states when they are more likely to return to their home states after completing their ambassadorial terms. If the electoral incentives are the main driver, the desire for holding an elected office in the future should independently determine the intensity of the home-state effect regardless of ambassadors' observed performance in promoting exports.

We use the age of ambassadors as a proxy for electoral incentives. If politician ambassadors plan ahead to run for an elected office in the future, the home-state effect should be particularly apparent among younger politician ambassadors. On the contrary, the home-state effect would be less apparent among relatively old ambassadors, as they will either retire or go to the private sector as consultants after their ambassadorial terms. Descriptively, we compare the age of politician ambassadors who ended up running for an election or not, and we find that those who run for an election are younger by 4.8 years (Figure A.7).

One might be concerned that the measure of information and electoral incentives are highly correlated. However, the age of ambassadors and their length of service are two different features. An ambassador who starts his or her career earlier than the others has a long job experience. Moreover, if a politician ambassador worked long in other sectors before working for the home-state government, his or her length of experience serving the home-state government would be relatively short in comparison to peer politician ambassadors. Tables A.4a–A.4b present the career trajectory of politician ambassadors, including their age,

[15] We partially recover the number of lost observations by tracing the experience of non-politician ambassadors in their disclosure documents. All ambassadors by law must submit their disclosure documents (OGE Form 278e). The disclosure documents submitted after 2016 can be downloaded from the US Office of Government Ethics website (https://www.oge.gov). A disclosure document entails information about a filer's positions held outside of the US government, along with a detailed description of the name of the affiliated organization, the physical location of the organization, as well as the start and end date of each position. Using the disclosure documents submitted after 2016, we retrieve the experience of nine non-politician ambassadors. Our result is robust even after incorporating the experience of the nine non-politician ambassadors into the analysis.

experience, and career before and after serving as ambassadors. In our dataset, ambassadorial age is positively correlated with their length of experience (0.36), but the correlation is not statistically significant at the 0.05 level.

We investigate the two mechanisms by running triple interaction regressions. To estimate the marginal effect on experience, we run a triple interaction regression that consists of the ambassadorial type, the home state of an ambassador, and the experience of an ambassador. To estimate the marginal effect on age, we run a triple interaction term that consists of the ambassadorial type, the home state indicator, and the ambassador's age at the time of nomination. For both analyses, the dependent variable is the logged export value of the top 10 export destinations, the countries that exhibit the strongest home-state effect in the earlier analyses (Table 2). As described earlier, we exclude non-politician ambassadors for a cleaner comparison when testing the information mechanism. The regression model that tests the marginal effect of experience thus has a smaller number of observations (45,237 observations instead of 96,849 observations).

We find suggestive evidence in support of the information mechanism. Table 3 presents the marginal home-state effect conditional on the experience and age of ambassadors. In Column 1, the coefficient of *Home State* $\times$ *Politician* $\times$ *Experience* is positive (0.029) and statistically significant at the 0.1 level. This indicates that a stronger home-state effect is observed among ambassadors with longer experience serving home constituencies. In substantive terms, among politician ambassadors, one more year of working experience in the home-state government yields around a 3 percentage point increase in the home-state effect. The coefficient of *Home State* $\times$ *Experience* is not distinguishable from zero, which indicates that the information mechanism does not work for other types of ambassadors but only applies to politician ambassadors.

Our analysis also validates the electoral incentive mechanism. In Column 2, the coefficient of *Home State* $\times$ *Politician* $\times$ *Age* is negative (-0.012) and statistically significant at the 0.1 level. Substantively, among politician ambassadors, one year younger brings a 1.2 percentage

point increase in export benefits to the home state. Furthermore, as shown in the marginal figures (Figure A.8) in Online Appendix, even considering the uncertainty of the estimate, we are confident at the 0.1 level that if a politician ambassador is younger than 52 years old, the home state enjoys a significant increase in its exports to the host country. Again, the coefficient of *Home State* × *Age* is statistically insignificant, indicating that the electoral incentive mechanism applies uniquely to politician ambassadors.

Table 3: Home-State Effect by Ambassadorial Experience and Age

	Dependent Variable:	
	Logged Export Value (Top 10)	
	(1)	(2)
Home State	0.433	0.335
	(0.305)	(0.209)
Home State × Politician	−0.624*	0.626*
	(0.343)	(0.336)
Home State × Experience	−0.015	
	(0.011)	
Home State × Politician × Experience	0.029*	
	(0.016)	
Home State × Age		−0.005
		(0.004)
Home State × Politician × Age		−0.012*
		(0.006)
Country-State FE	✓	✓
Country-Time FE	✓	✓
State-Time FE	✓	✓
Observations	45,237	96,849
R^2	0.986	0.976

*Notes: Points estimates are calculated by WLS regressions, weighted by the total export values of a country-state pair. Standard errors, clustered by a country-state pair, in parentheses. *p<0.1; **p<0.05; ***p<0.01.*

Comparative Case Study

To complement a small number of politician ambassadors in the regression analyses, we additionally conduct a comparative case study of the US ambassadors to Japan. Host countries vary in their distribution of politician ambassadors, and Japan is the host country in which the US has appointed multiple politician ambassadors. Among the five US ambassadors to Japan from 2002 to 2020, three of them are politician ambassadors. By comparing the three politician ambassadors sent to one country, we can examine how experience and electoral incentives can affect politician ambassadors' performance in promoting home-state exports. The comparative case study is beneficial as a country-specific factor is no longer a confounder in explaining observed changes in exports.

The three ambassadors sent to Japan vary in their experience, age, and their choice of career after serving as ambassadors. Bill Hagerty served as an ambassador to Japan at the age of 58. Previously, he worked at the Tennessee state government as the Commissioner of Economic and Community Development. After finishing his term as an ambassador, Bill Hagerty competed for a US Senate seat in his home state Tennessee. Bill Hagerty won the election. Tom Schieffer served his ambassadorship in Japan also at the age of 58. Similar to Bill Hagerty, Tom Schieffer ran for a gubernatorial election after finishing his term as an ambassador. Unlike Bill Hagerty, however, Tom Schieffer failed to be elected. Howard Baker, the oldest among the three, became an ambassador to Japan at the age of 76. Howard Baker did not launch any campaign for public office after finishing his duty as an ambassador.

We estimate the home-state effect of each politician ambassador designated to Japan. Online Table A.8 shows the result. Ambassador Hagerty is the one who performed the best among the three in terms of promoting the home-state exports. The coefficient of *Home State* $\times$ *Politician* is 0.26 (*p-value* < 0.01). This is in contrast with the case of Ambassador Schieffer who failed to be elected. The coefficient of *Home State* $\times$ *Politician* is -0.41 (*p-value* < 0.01). This indicates that the home-state export to Japan decreased during Ambassador Schieffer's term.

By comparing the three politician ambassadors, we can better understand information and electoral incentive as potential mechanisms. The fact that Howard Baker did not run for an election indicates that an older ambassador is indeed less likely to run for an election after finishing an ambassadorial term. It thus provides support for our usage of age as a proxy for electoral incentives. Also, the comparative case study between Ambassador Hagerty and Ambassador Schieffer hints that promoting home-state exports could help ambassadors garnet support from their constituencies.

Conclusion

The United States employs both career diplomats and political appointees as ambassadors. Among political appointees, many previously worked as governors or members of Congress. Using US state-level export data to thirty major export destinations from 2002 to 2020, we demonstrate that these politician ambassadors disproportionately promote exports from their home states. When politician ambassadors sit on foreign missions, their home states export more. We suggest information and electoral incentives as two potential mechanisms behind the home-state effect and find empirical support for both mechanisms.

The findings illuminate the importance of understanding the personal characteristics of a leader. Focusing on the performance of the president, existing studies provide evidence that where a leader was born (Dreher et al., 2019), raised (Dafoe and Caughey, 2016), educated (Gift and Krcmaric, 2017), as well as predisposition (Colgan, 2013), accumulated experience (Horowitz and Stam, 2014; Saunders, 2017) matter in explaining how foreign policy is crafted. Similarly, our findings indicate that professional background of a bureaucrat can explain how foreign policy is implemented. Our study illuminates the importance of understanding a bureaucrat's past career path and future career aspirations. Strong performance as an ambassador might not be directly rewarded with a more prestigious ambassadorial post (Arias and Smith, 2018). Some ambassadors who consider exiting foreign service in the

future, however, may have incentives to exhibit strong performance targeted at a particular domestic audience.

The home-state effect we identify also has a direct policy implication. To the criticism that politically appointed ambassadors are inexperienced (American Academy of Diplomacy, 2015; Scoville, 2019), our findings hint that a group of domestic actors can particularly benefit from the experience of politician ambassadors. Along with MacDonald (2021) and Goldfien (Goldfien), we caution against labeling politically appointed ambassadors as inexperienced. The balance between career diplomats and politically appointed ambassadors ultimately hinges on the people's expectations of foreign service, and our findings elucidate one trade-off of choosing one type of ambassador over others.

One promising avenue of future research based on our findings is to examine who interacts with politician ambassadors, and how the interactions can amplify the home-state effect. The two mechanisms examined in the paper, information and electoral incentives, are centered around expertise and career incentives of politician ambassadors. Future research can look into the role of actors other than politician ambassadors in amplifying the home-state effect. Host government and home-state firms, for example, are the two actors worth further investigation. Knowing that politician ambassadors care about promoting home-state exports, host governments may import more products from home states of politician ambassadors as part of a political deal. Being optimistic about the prospect of the export market, home-state firms may increase their exports under politician ambassadors. The mechanisms could potentially clarify the extent to which relevant actors, taking advantage of information and electoral incentives of politician ambassadors, promote home-state exports.

More broadly, our analyses disaggregate the effect of commercial diplomacy, which often had been studied at the level of a country as a whole (Rose, 2007; Gertz, 2018; Malis, 2021; Ahmed and Slaski, 2022). We show that politician ambassadors can bring home the bacon by increasing their home states' exports to a host country. The home-state effect is substantial as the pattern is salient among countries in which the US exports the most. When analyzed

at the industry level, the home-state effect is driven by industries that export final goods, the kinds of industries that can directly benefit the local economy. The findings together indicate that politician ambassadors may steer resources in a way that can better serve the interests of their home states. By attending to career trajectories of ambassadors, we can better understand how the benefits of diplomacy are distributed domestically.

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Bringing Home the Bacon:

Politician Ambassadors and Home State Trade

Supplemental Information

List of Figures

List of Tables

Table A.1: 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
11	Belgium	1	5	0	6
12	Singapore	1	3	0	4
13	Australia	2	3	0	5
14	Switzerland	2	4	0	6
15	India	1	3	1	4
16	Italy	0	5	0	5
17	United Arab Emirates	0	1	5	6
18	Saudi Arabia	0	6	0	6
19	Malaysia	0	0	6	6
20	Israel	0	2	3	5
21	Colombia	0	0	5	5
22	Chile	0	0	6	6
23	Spain	1	4	0	5
24	Thailand	0	1	5	6
25	Turkey	0	0	6	6
26	Ireland	0	6	0	6
27	Venezuela	0	0	4	4
28	Philippines	0	0	5	5
29	Argentina	1	2	2	5
30	Dominican Republic	1	4	0	5
	Total	**23**	**79**	**62**	**164**

Note: Interim ambassadors are excluded from the count. The countries listed are the top 30 U.S. export destinations.

Figure A.1: Ambassador Types by Presidencies (2002-2020)

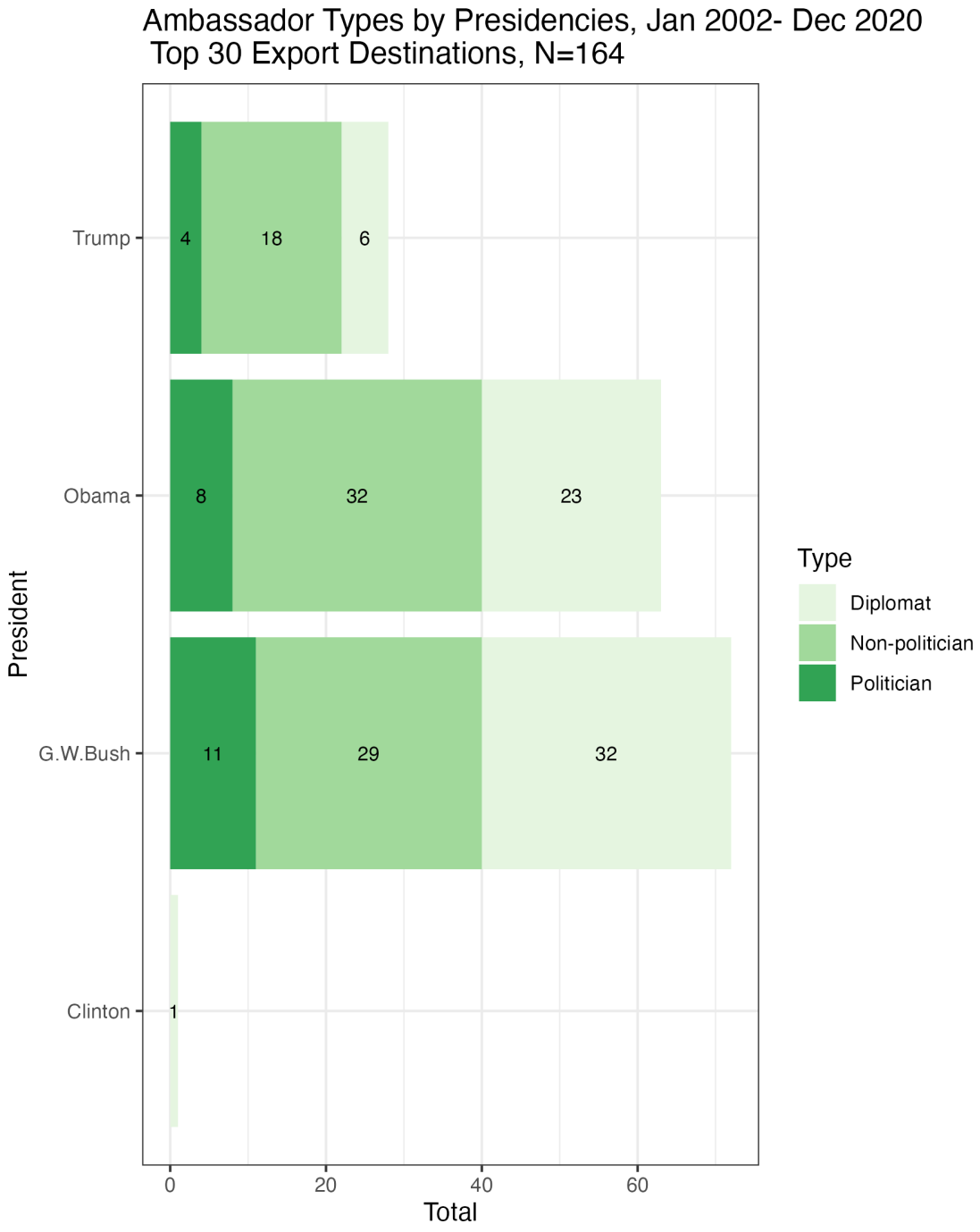
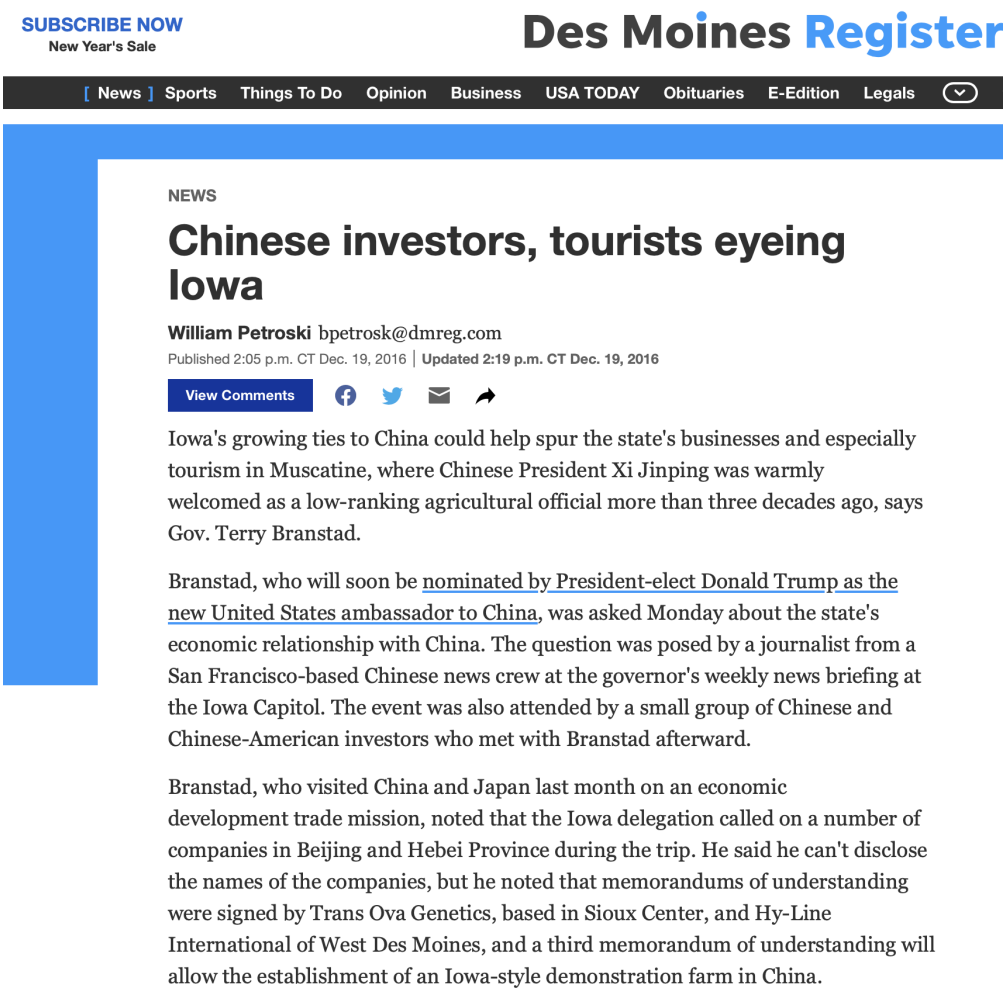


Figure A.2: Signing of MOUs



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NEWS

Chinese investors, tourists eyeing Iowa

William Petroski bpetrosk@dmreg.com

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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.

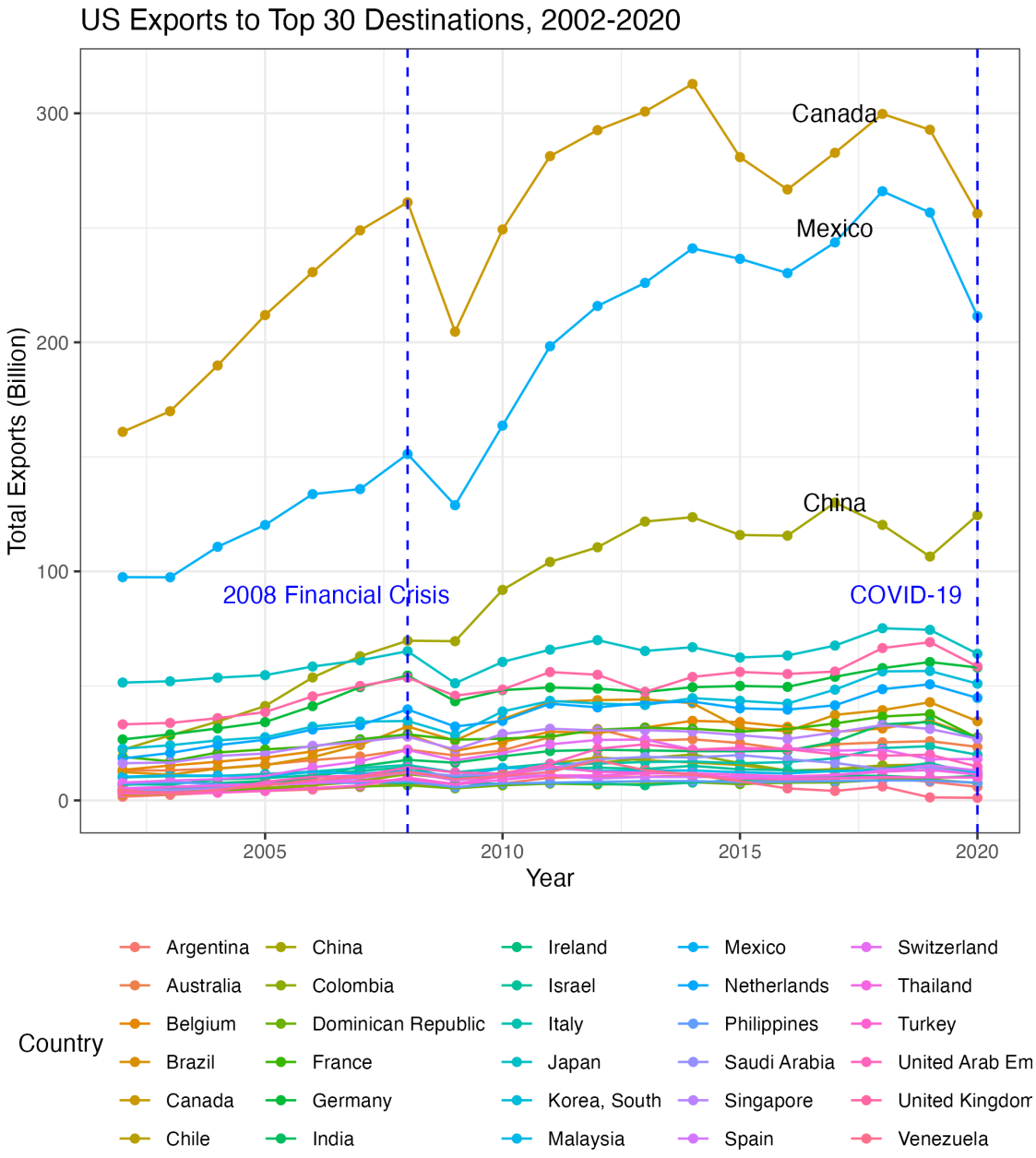
Branstad, who visited China and Japan last month on an economic development trade mission, noted that the Iowa delegation called on a number of companies in Beijing and Hebei Province during the trip. He said he can't disclose the names of the companies, but he noted that memorandums of understanding 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.

Table A.2: Top 30 Export Markets of the United States, 2002–2020

	Country	Average Annual Export (Export Share)
1	**Canada**	252 (19.6%)
2	**Mexico**	182 (14.2%)
3	**China**	87 (6.7%)
4	**Japan**	62 (4.8%)
5	**United Kingdom**	50 (3.9%)
6	**Germany**	46 (3.6%)
7	**South Korea**	39 (3%)
8	**Netherlands**	37 (2.8%)
9	**Brazil**	30 (2.4%)
10	**France**	28 (2.2%)
11	**Belgium**	26.5 (2.1%)
12	**Singapore**	26.3 (2.0%)
13	**Australia**	22 (1.7%)
14	**Switzerland**	19 (1.45%)
15	**India**	18 (1.44%)
16	**Italy**	16 (1.2%)
17	**United Arab Emirates**	15 (1.16%)
18	**Saudi Arabia**	12.5 (0.97%)
19	**Malaysia**	12.3 (0.95%)
20	**Israel**	12.1 (0.94%)
21	**Columbia**	11.5 (0.90%)
22	**Chile**	11.3 (0.88%)
23	**Spain**	10 (0.77%)
24	**Thailand**	9.5 (0.74%)
25	**Turkey**	8.6 (0.67%)
26	**Ireland**	8.3 (0.65%)
27	**Venezuela**	7.9 (0.62%)
28	**Philippines**	7.8 (0.61%)
29	**Argentina**	7.1 (0.56%)
30	**Dominican Republic**	6.6 (0.51%)

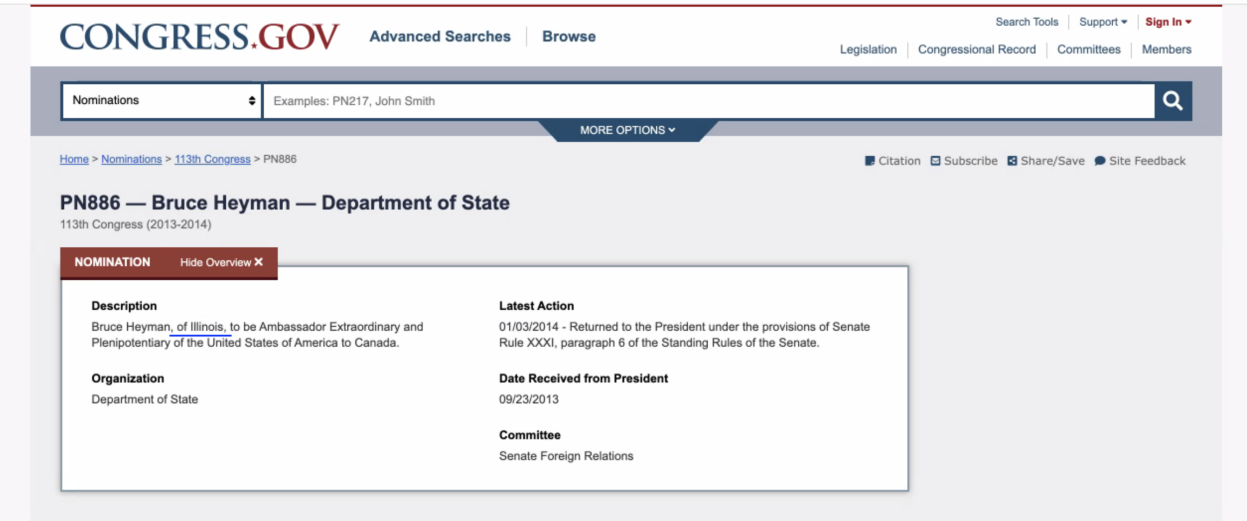
Note: The unit is billion USD. Hong Kong and Taiwan are excluded from the analyses as the United States do not send ambassadors to these places. The US exports to the 30 countries comprise 84.2% *of the total US exports.*

Figure A.3: Export trend by year and country



Source: The US Census Bureau.

Figure A.4: Coding Home State of an Ambassador

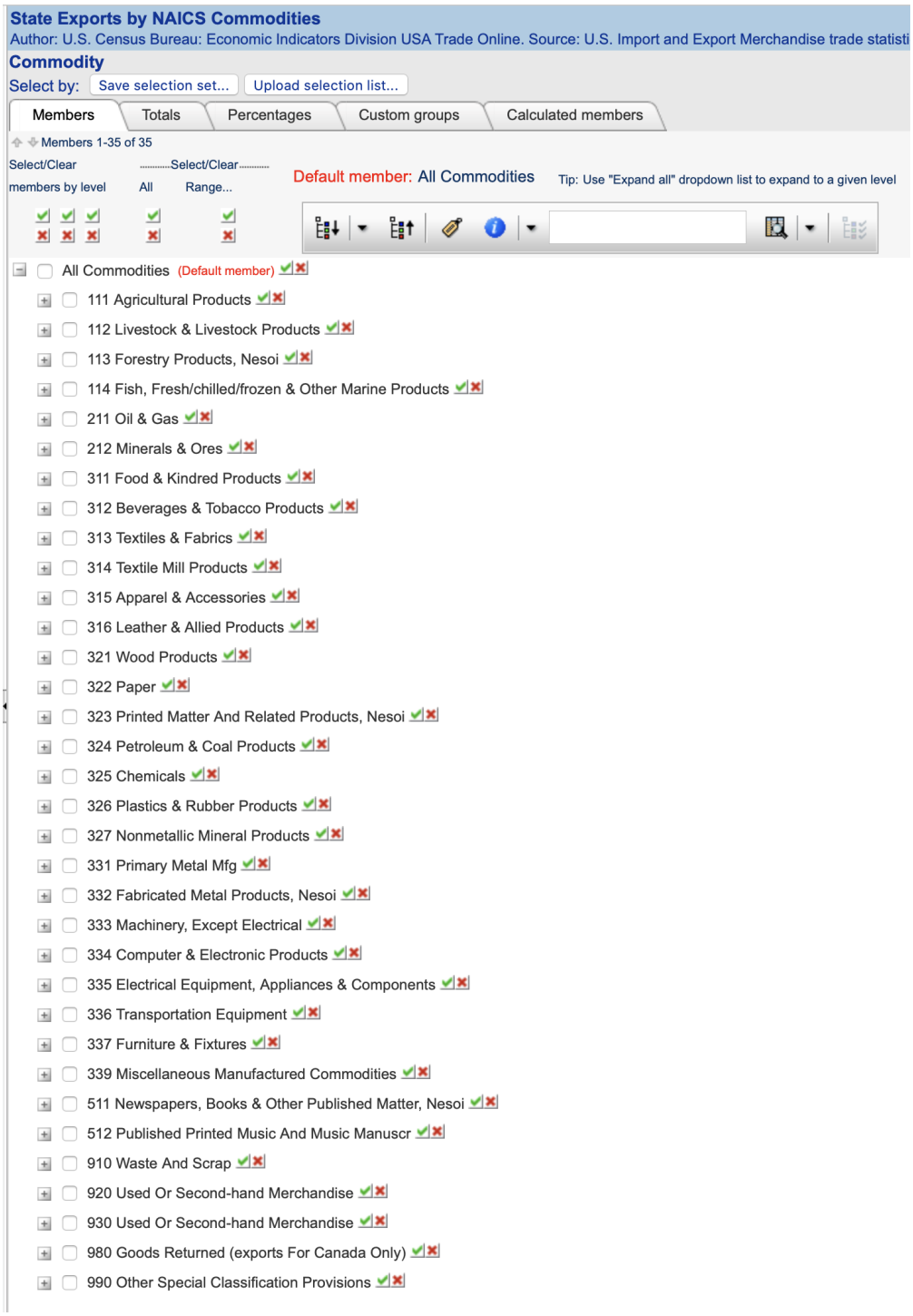


Note: We code Illinois as the home state of Bruce Heyman.

Table A.3: Distribution of Ambassadors' Home States in Top 30 Export Markets, N=164

	Home State	Frequency
1	California	23
2	Virginia	16
3	Texas	15
4	Maryland	13
5	New York	12
6	Illinois	9
7	D.C.	8
8	Florida	7
9	Massachusetts	7
10	Missouri	5
11	Ohio	5
12	Connecticut	4
13	Tennessee	4
14	Washington	4
15	Georgia	3
16	Indiana	3
17	New Jersey	3
18	South Carolina	3
19	Iowa	2
20	Kentucky	2
21	Michigan	2
22	Montana	2
23	Arizona	1
24	Maine	1
25	Nebraska	1
26	Nevada	1
27	New Hampshire	1
28	New Mexico	1
29	North Carolina	1
30	Oregon	1
31	Pennsylvania	1
32	Puerto Rico	1
33	Rhode Island	1
34	Utah	1

Figure A.5: List of Industries (Three-digit NAICS)



Source: The US Census Bureau

Table A.4a: Career Path of Politician Ambassadors in Top 30 Export Destinations

	Name	Country	Home State	Age	Experience	Prior Career	Post Career
1	Paul Cellucci	Canada	Massachusetts	53	26	Governor	Private Sector (Magna International Inc.)
2	David Wilkins	Canada	South Carolina	59	25	Member of the House	Private Sector (Nelson Mullins Riley & Scarborough LLP)
3	Tony Garza	Mexico	Texas	43	17	Texas Secretary of State	Private Sector (White & Case LLP)
4	Jon Huntsman	China	Utah	49	5	Governor	Re-ran for governor, failed to be re-elected
5	Gary Locke	China	Washington	61	17	Governor	Private Sector (AMC Theatre)
6	Max Baucus	China	Montana	73	42	Senator	Private Sector & Non-profit (Alibaba Group & Max S. Baucus Institute)
7	Terry Branstad	China	Iowa	71	36	Governor	Private Sector (Summit Carbon Solutions)
8	Howard Baker	Japan	Tennessee	76	19	Senator	Non-profit (Bipartisan Policy Center)
9	Bill Hagerty	Japan	Tennessee	58	4	Commissioner	Ran for senator for the first time, elected
10	Tom Schieffer	Japan	Texas	58	7	Member of the House	Declared running for governor, later withdrew from the race
11	Dan Coats	Germany	Indiana	58	9	Member of the House	Ran for senator for the first time, elected
12	Philip Murphy	Germany	New Jersey	52	1	NJ Benefits Task Force	Ran for governor for the first time, elected
13	Pete Hoekstra	Netherlands	Michigan	65	19	Member of the House	Private Sector (Dickstein Shapiro LLC)

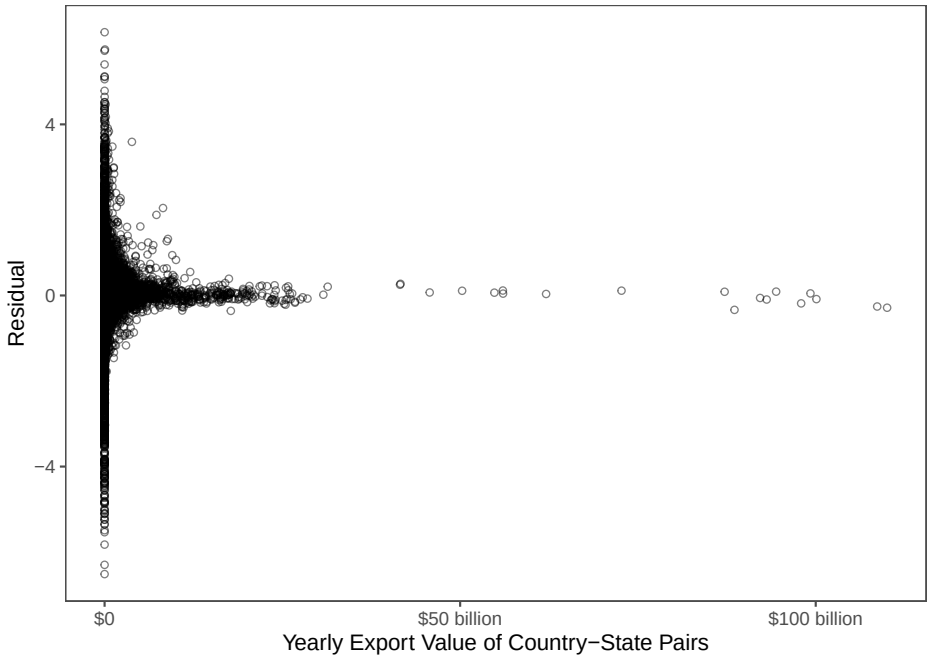
Note: Age is based on the year of ambassadorial nomination.

Table A.4b: Career Path of Politician Ambassadors in Top 30 Export Destinations (continued)

	Name	Country	Home State	Age	Experience	Prior Career	Post Career
14	Timothy Roemer	India	Indiana	53	13	Member of the House	Private Sector (APCO Worldwide)
15	Ronald Gidwitz	Belgium	Illinois	73	13	Chairman of Illinois State Board of Education	Acting US Ambassador to the EU
16	Patricia Herbold	Singapore	Washington	64	9	City Mayor	NA
17	Thomas Schieffer	Australia	Texas	53	6	Member of the House	Declared gubernatorial candidacy, later withdrew
18	John Berry	Australia	Maryland	54	12	Maryland Senate Finance Committee	President of American Australian Association
19	Peter Coneway	Switzerland	Texas	62	6	Board of Regents of the Univ Texas System	Private Sector (Riverstone Holdings LLC)
20	Donald Beyer	Switzerland	Virginia	59	12	Lieutenant Governor of Virginia	Member of the House
21	Eduardo Aguirre	Spain	Texas	59	NA	Board of Regents of the Univ Houston System	NA
22	Noah Mamet	Argentina	California	46	NA	California Democratic Party	Private Sector (H Code Media)
23	Robert Fannin	Dominican Republic	Arizona	72	4	Chairman, Arizona Republican Party	NA

Note: Age is based on the year of ambassadorial nomination.

Figure A.6: Heteroskedasticity of the Unweighted OLS



Note: The residuals are calculated in the unweighted OLS regression $Log(\text{Export}_{c,s,t}+1) = \beta_1 \text{Home State}_{c,s,t} + \alpha_{c,s} + \delta_{c,t} + \delta_{s,t} + \epsilon_{c,s,t}$. The dots demonstrate the average residuals for the yearly export value of country-state pairs. The country-state pairs with small trade volumes have larger residuals. The pattern indicates the need to use Weighted Least Squares (WLS) regression.

Table A.5: Robustness Checks Controlling Selection Effects

	Dependent variable:	
	Logged Export Value	
	(1)	(2)
Home State	0.040*	
	(0.024)	
Diplomat's Home States		0.008
		(0.035)
Politician's Home States		0.094*
		(0.051)
Non-politician's Home States		0.013
		(0.023)
Swing State in Non-vacant Months	0.003	0.003
	(0.016)	(0.016)
Core State in Non-vacant Months	0.020	0.019
	(0.018)	(0.018)
Country-State FE	✓	✓
Country-Time FE	✓	✓
State-Time FE	✓	✓
Observations	348,840	348,840
R^2	0.959	0.959

*Note: Swing State is a state where the presidential vote share in the past presidential election is between 45% and 55%. Core state is a state where the presidential vote share in the past presidential election is above 55%. Non-vacant months refer to the time when there is a US ambassador serving in the designated country. Points estimates are calculated by WLS regressions, weighted by the total export values of a country-state pair. Standard errors, clustered by a country-state pair, in parentheses. *p<0.1; **p<0.05; ***p<0.01.*

Table A.6a: Home-State Effect by Industry

	Dependent Variable: Logged Export Value				
	NAICS 336 Transportation	NAICS 334 Computer	NAICS 325 Chemicals	NAICS 333 Machinery	NAICS 339 Manufactured
Diplomat's Home State	0.233***	−0.235***	−0.025	−0.025	0.067
	(0.087)	(0.085)	(0.056)	(0.074)	(0.144)
Politician's Home State	0.029	−0.081	−0.071	0.140	−0.077
	(0.172)	(0.104)	(0.060)	(0.094)	(0.194)
Non-politician's Home State	−0.022	−0.049	0.050	−0.021	0.123**
	(0.076)	(0.032)	(0.048)	(0.037)	(0.054)
Observations	116,280	116,280	116,280	116,280	116,280
R^2	0.897	0.969	0.919	0.942	0.899
	NAICS 324 Petroleum	NAICS 331 Metal	NAICS 111 Agricultural	NAICS 311 Food	NAICS 335 Electrical
Diplomat's Home State	0.186	−0.225**	0.475*	0.210***	0.102
	(0.390)	(0.101)	(0.265)	(0.076)	(0.152)
Politician's Home State	0.661	0.203	−0.464	0.165	0.688***
	(0.596)	(0.131)	(0.373)	(0.127)	(0.094)
Non-politician's Home State	−0.231	−0.057	−0.222	0.014	0.055
	(0.300)	(0.070)	(0.228)	(0.053)	(0.069)
Observations	116,280	116,280	116,280	116,280	116,280
R^2	0.853	0.895	0.765	0.864	0.950
	NAICS 332 Metal	NAICS 326 Plastics	NAICS211 Oil&Gas	NAICS 322 Paper	NAICS 910 Waste
Diplomat's Home State	−0.027	0.136	4.234***	0.025	0.985***
	(0.104)	(0.085)	(1.265)	(0.169)	(0.352)
Politician's Home State	0.600***	0.115	0.026	0.273**	−0.362
	(0.112)	(0.132)	(2.055)	(0.125)	(0.265)
Non-politician's Home State	−0.093	0.082*	−2.362**	−0.055	−0.400
	(0.060)	(0.046)	(0.916)	(0.087)	(0.272)
Observations	116,280	116,280	116,280	116,280	116,280
R^2	0.940	0.951	0.935	0.845	0.804

*Note: Country-state, country-time, and fixed effects are included in all models. Points estimates are calculated by WLS regressions, weighted by the total export values of a country-state pair. Standard errors, clustered by a country-state pair, in parentheses. *p<0.1; **p<0.05; ***p<0.01.*

Table A.6b: Home-State Effect by Industry (Continued)

	Dependent Variable: Logged Export Value				
	NAICS 212	NAICS 327	NAICS 313	NAICS 312	NAICS 323
	Minerals	Mineral	Textiles	BeverageTobacco	Printed
Diplomat's Home State	0.549	−0.224	−0.174	−0.773	0.502**
	(0.501)	(0.198)	(0.161)	(0.767)	(0.225)
Politician's Home State	0.743	0.086	0.176	3.492**	0.342**
	(0.606)	(0.115)	(0.142)	(1.771)	(0.152)
Non-politician's Home State	−0.301	−0.011	−0.247	−0.150	0.044
	(0.412)	(0.090)	(0.184)	(0.403)	(0.063)
Observations	116,280	116,280	116,280	116,280	116,280
R^2	0.644	0.863	0.909	0.841	0.860
	NAICS 321	NAICS 114	NAICS 315	NAICS 337	NAICS 316
	Wood	Fish	Apparel	Furniture	Leather
Diplomat's Home State	−0.548	0.215	0.119	0.097	−0.334
	(0.341)	(0.470)	(0.266)	(0.200)	(0.314)
Politician's Home State	0.873*	−0.182	−0.225	0.074	0.833***
	(0.458)	(0.295)	(0.223)	(0.280)	(0.272)
Non-politician's Home State	−0.318*	0.239	0.156**	0.110	−0.032
	(0.192)	(0.277)	(0.078)	(0.133)	(0.178)
Observations	116,280	116,280	116,280	116,280	116,280
R^2	0.810	0.838	0.868	0.818	0.803
	NAICS 314	NAICS 113	NAICS 112	NAICS511	NAICS 512
	Mill	Forestry	Livestock	Books	Music
Diplomat's Home State	0.108	1.316**	0.338	−0.600*	0.000
	(0.206)	(0.643)	(0.515)	(0.361)	(0.000)
Politician's Home State	0.249	−0.422	0.193	1.521**	0.000
	(0.285)	(0.604)	(0.462)	(0.665)	(0.000)
Non-politician's Home State	−0.021	0.107	−0.402	−0.126	0.000
	(0.091)	(0.416)	(0.291)	(0.182)	(0.000)
Observations	116,280	116,280	116,280	116,280	116,280
R^2	0.833	0.776	0.734	0.963	

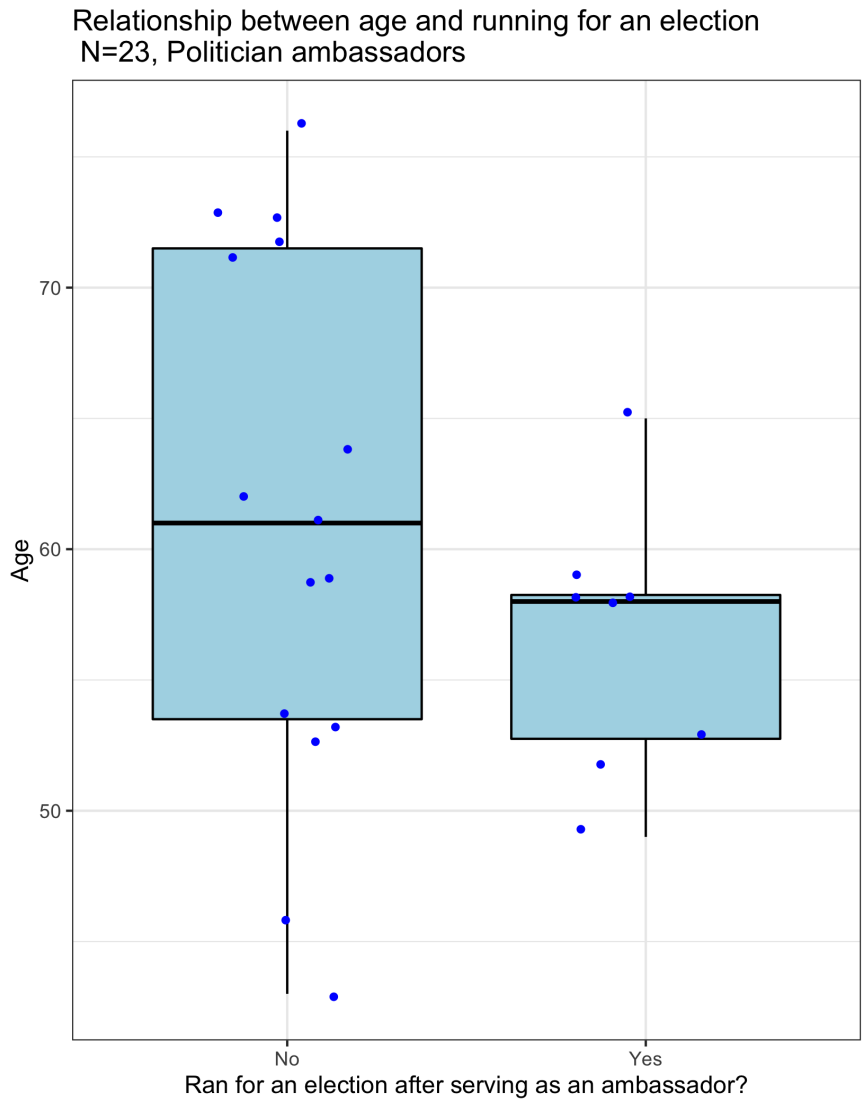
*Note: Country-state, country-time, and state-time fixed effects are included in all models. Points estimates are calculated by WLS regressions, weighted by the total export values of a country-state pair. Standard errors, clustered by a country-state pair, in parentheses. *p<0.1; **p<0.05; ***p<0.01.*

Table A.7: Industry Upstreamness of US Production

	3-digit NAICS	Description	Upstreamness
1	113	113 Forestry Products, Nesoi	4.44
2	331	331 Primary Metal Mfg	3.54
3	212	212 Minerals & Ores	3.44
4	211	211 Oil & Gas	3.35
5	325	325 Chemicals	2.98
6	323	323 Printed Matter And Related Products, Nesoi	2.84
7	112	112 Livestock & Livestock Products	2.72
8	111	111 Agricultural Products	2.64
9	313	313 Textiles & Fabrics	2.60
10	322	322 Paper	2.60
11	326	326 Plastics & Rubber Products	2.56
12	327	327 Nonmetallic Mineral Products	2.53
13	324	324 Petroleum & Coal Products	2.52
14	332	332 Fabricated Metal Products, Nesoi	2.48
15	321	321 Wood Products	2.33
16	512	512 Published Printed Music And Music Manuscr	2.09
17	334	334 Computer & Electronic Products	2.01
18	335	335 Electrical Equipment, Appliances & Components	1.87
19	316	316 Leather & Allied Products	1.74
20	311	311 Food & Kindred Products	1.73
21	314	314 Textile Mill Products	1.67
22	333	333 Machinery, Except Electrical	1.67
23	114	114 Fish, Fresh/chilled/frozen & Other Marine Products	1.61
24	339	339 Miscellaneous Manufactured Commodities	1.52
25	336	336 Transportation Equipment	1.47
26	511	511 Newspapers, Books & Other Published Matter, Nesoi	1.41
27	315	315 Apparel & Accessories	1.40
28	337	337 Furniture & Fixtures	1.31
29	312	312 Beverages & Tobacco Products	1.23

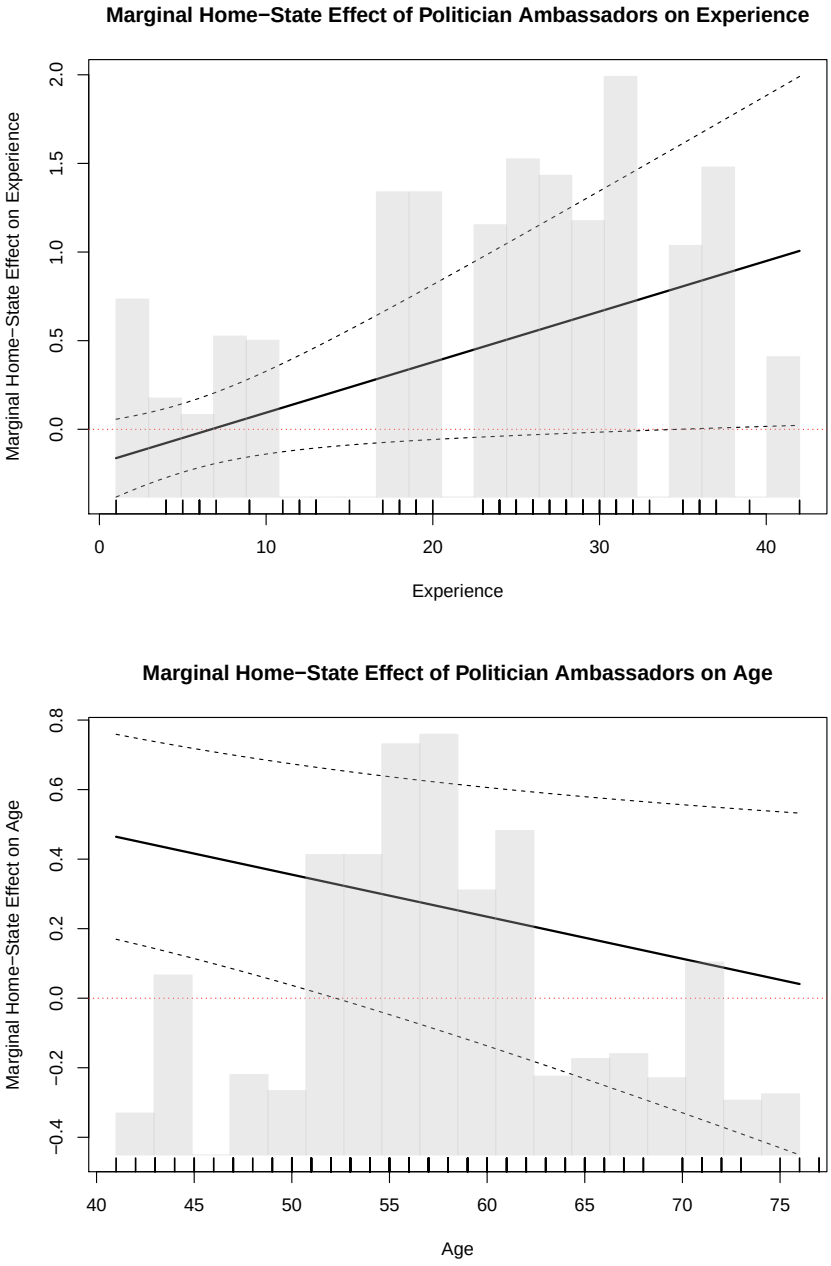
Note: Industry upstreamness information is retrieved from Antràs et al. (2012). The measure is based on the 2002 US benchmark Input-Output Table which is available on the Bureau of Economic Analysis (BEA) website. Waste and Scrape (NAICS 910) does not have the industry upstreamness information and is omitted.

Figure A.7: Age of Politician Ambassadors to Run for an Election



Note: Among 164 ambassadors in 30 countries, 23 of them are politician ambassadors.

Figure A.8: Marginal Plots of Home-State Effect on Experience and Age



Note: The dark black line indicates the marginal home-state effect on experience or age. The dashed black lines represent the 90% confidence interval. The histogram demonstrates the distribution over the experience and age in the data. The regression table is presented in Table 3.

Table A.8: Home-State Effect of Politician Ambassadors to Japan

	Dependent variable:
	Log Export Value
Hagerty's Home State	0.257^{***}
	(0.079)
Schieffer's Home State	-0.414^{***}
	(0.035)
Baker's Home State	-0.645^{***}
	(0.055)
State FE	✓
Time FE	✓
Observations	9,639
R^2	0.947

Note: State and Month fixed effects are included. Points estimates are calculated by WLS regressions, weighted by the total export values of each state to Japan. Standard errors, clustered by state, in parentheses. $^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$.