

Informational Lobbying and Commercial Diplomacy

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Abstract

What determines the *content* of bilateral diplomacy? I argue that the foreign policy issues prioritized by specific embassies are influenced by their diplomats' sources of information. For evidence, I study the proliferation of foreign branches of the American Chamber of Commerce (AmChams)—private interest groups composed of U.S. firms that are operating in specific host states—over the 20th and early 21st centuries. AmChams became key sources of information for U.S. embassies, particularly on issues of relevance to the private sector (such as tax, trade, and investment regulations). Using novel text data from approximately 1,500 oral history interviews with former diplomats, and leveraging the institutional structure of diplomatic rotation, I show that diplomats who were exposed to active AmCham branches paid significantly greater attention to commercial issues. These results identify a new avenue through which interest groups can influence foreign policy, help explain the proliferation of pro-business international agreements over the past several decades, and contribute to the growing literature on diplomacy in the international political economy.

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Despite the proliferation of international organizations and other fora for multilateral diplomacy over the post-war era, the vast majority of interstate relations continue to occur at the bilateral level. While bilateral diplomacy is a key issue for leaders, who often spend as much as one-third of their terms conducting visits with their foreign counterparts (Malis and Smith, 2021), they are unable to monitor all of their state's diplomatic relationships simultaneously. For this reason, most states delegate the maintenance of bilateral affairs to diplomats stationed in foreign embassies; over 8,000 embassies are currently in operation worldwide (Bayer, 2006). Regardless of whether their host state is a priority for the leader, diplomats continue to work on issues such as trade and investment promotion, immigration and consular policy, security coordination, and the negotiation of bilateral treaties and accords. Yet despite the primacy of delegated diplomacy in international relations, and the fact that diplomats tend to be agents with substantial authority over which issues and policy areas to pursue (Kopp and Naland, 2017), relatively little work seeks to explain variation in the content of diplomacy across partners and time. Where does on-the-ground, bilateral foreign policy come from?

I argue that the content of bilateral diplomacy is shaped by the sources from which diplomats receive information about their host states. Embassies are given broad mandates to advance their home state's foreign policy goals; however, they face substantial time and personnel constraints, and want to allocate their effort to the issues that will best advance their state's goals. Knowing this, host state interest groups seek access to diplomats in order to communicate actionable information about the problem areas of greatest interest to themselves, hoping to shift diplomatic attention towards their preferred issues by reducing the diplomatic effort (e.g., intelligence gathering) required to address them. I argue that this process of *bottom-up* foreign policy influence is akin to informational lobbying (Hall and Deardorff, 2006), in which special interests provide policy-relevant information that subsidizes diplomatic action on certain issues relative to others.

I focus in particular on explaining variation in commercial diplomacy, defined broadly as

any action or intervention that diplomats engage in with the goal of supporting the commercial interests of their home states' firms operating abroad (Gertz, 2018, p. 95); examples include export and investment promotion, the settlement of commercial disputes, and the negotiation of economic treaties. Commercial diplomacy is an important case for three distinct reasons. First, it constitutes one of the main ways that liberal market economies actively intervene to promote the foreign expansion of their firms, and several analyses have demonstrated that diplomats are effective trade and investment promoters (Ahmed and Slaski, 2022; Malis, 2021; Moons and van Bergeijk, 2017; Munch and Schaur, 2018). Second, as evidenced by the rapid but uneven growth of bilateral economic treaty networks over the late 20th and early 21st centuries (Barthel and Neumayer, 2012; Elkins, Guzman and Simmons, 2006; Thrall, 2021), there is a great degree of within-state, across-partner variation in commercial diplomacy. Finally, while several studies demonstrate the effect of commercial diplomacy on international business, the impact of interest group lobbying on the *allocation* of commercial diplomacy has received little attention in the literature.¹

I use original data on the proliferation of American Chambers of Commerce (hereafter “AmChams”) abroad to study the effect of informational lobbying on U.S. diplomacy at the bilateral level. AmChams are interest groups composed of U.S. firms operating in particular host states, such as Mexico or Japan; over 120 states currently have an AmCham branch, with the vast majority having begun operations after 1980. Their key purpose is to engage in advocacy for pro-business (specifically, pro-*American* business) policies at both domestic and bilateral levels. AmChams historically have had a close relationship with U.S. diplomats, so much so that an Embassy’s Ambassador and Economic Officer are customarily appointed as honorary members of the local AmCham board. The opening of a new AmCham in a state therefore gives firms increased access to high-ranking foreign policy officials, allowing them to engage in informational lobbying, and increases the proportion of the embassy’s information that is provided by business interests.

¹Noteable exceptions include Manger (2012) on trade negotiations and Maurer (2013) on historical commercial diplomacy.

To measure foreign policy attention at the bilateral level over time, I draw on a unique source of data: oral history interviews. The Association for Diplomatic Studies and Training (ADST), a nonprofit collaborator of the U.S. State Department’s Foreign Service Institute, has conducted thousands of highly detailed interviews with retired diplomats; these interviews span the length of the diplomats’ careers, and primarily consist of the diplomats recounting the main problems, topics, and events that occurred in each of their positions. These interviews provide insight into foreign policymaking at a much more fine-grained level than the public is typically given access to, and the fact that the interviewed diplomats are retired allows them to speak more candidly than they could have during their careers. I process these interviews into a large (34M+ words) text dataset and use modern natural language processing techniques to generate measures of economic/business language at the interview (and country-year) level.

The results of fixed effects regressions and [Imai, Kim and Wang \(2020\)](#)’s PanelMatch estimator broadly support my theory: after a new AmCham branch opens, diplomats in that state use significantly more economic/business language than those in other states that are comparable on several political and economic dimensions. Further, I leverage the fact that diplomats typically rotate to several different states over the course of their careers, as well as rich diplomat-level covariates provided by ADST, to conduct a *within-diplomat* analysis. I find that the same diplomats tend to focus on business issues significantly more when stationed in a country with an AmCham than they do when stationed in a country without one. As a validity check, I also find that the effect is driven primarily by economic officers and ambassadors—the two types of diplomat who are typically appointed to the AmCham board, and thus the primary targets of informational lobbying.

These results provide novel micro-evidence on the role of firms and business associations as foreign economic policy-*makers*, rather than simply foreign economic policy-*takers*, contributing to the long and rich literature on the relationship between globalization and foreign policy ([Gilpin, 1975](#); [Strange, 1992](#); [Farrell and Newman, 2019](#)). Importantly, this evidence

is not limited to one specific policy issue, such as trade or investment, but instead applies to foreign economic policy broadly construed. I show that business interests can successfully influence diplomacy without engaging in coercive or *quid pro quo* lobbying, but rather by simply providing a high volume of information that lowers the cost to diplomats of pursuing commercial issues. As a result, the informational lobbying mechanism is likely to apply across the broad range of policy areas in which host state interest groups interact with diplomats, even when the interest groups' motives are normative rather than commercial; key examples include environmental politics and humanitarian aid, in which globally-active interest groups such as Greenpeace and Doctors Without Borders (respectively) are key informants.

While my focus is on economic policy, the ADST oral histories data could be used similarly to study a wide range of U.S. foreign policy topics at a fine-grained, bilateral level; for example, the ADST maintains oral history collections on subjects including arms sales, human rights in Latin America, and foreign aid. More generally, my approach to creating longitudinal data using oral history interviews could easily be expanded to a wide range of other organizations and research areas. In particular, many government offices and international organizations maintain oral history collections: examples include the Department of Defense,² the Federal Reserve,³ the Census Bureau,⁴ and the United Nations.⁵ Oral histories are excellent sources of text data because they tend to be methodical, comprehensive, and chronological; they are particularly useful for gaining insight into the internal operations of otherwise opaque organizations. As scholars are just beginning to leverage oral histories as text data,⁶ the vast majority of collections have yet to be analyzed, and the potential contributions of doing so—and developing tools to assist in this analysis—are numerous.

²See <https://history.defense.gov/Historical-Sources/Oral-History-Transcript-3/>.

³See <https://www.federalreserve.gov/aboutthefed/centennial/federal-reserve-oral-history-interviews.htm>.

⁴See https://www.census.gov/history/www/reference/oral_histories/.

⁵See https://oralhistoryportal.library.columbia.edu/document.php?id=ldpd_9050863.

⁶See for example Abramitzky et al. (2021) and Milliff (2022).

1 Foreign Policy from Below

Across states, foreign policy is typically the domain of the executive. However, while leaders' foreign policy preferences matter (Saunders, 2014, 2022), recent scholarship has identified two avenues by which diplomatic engagement can be influenced from below. First, like other issue areas, foreign policy creates domestic winners and losers; interest groups therefore compete to shape their leaders' preferences via lobbying. Second, leaders delegate a great deal of control over their bilateral relationships to the diplomats that staff their foreign embassies. Recent work has shown that, rather than simply serving as mouthpieces for their sending governments, diplomats themselves exert meaningful influence on international affairs.

1.1 The Foreign Policy Lobby

Foreign policy frequently has redistributive effects: economic sanctions redistribute wealth in sanctioned economies (Draca et al., 2022), trade agreements redistribute market share among firms within and across industries (Baccini, Pinto and Weymouth, 2017), and international conflict creates several sets of winners and losers both at home and abroad (see e.g. Oatley, 2015). As a result, similar to other policy areas, foreign policy issues are the subject of a great deal of lobbying from interest groups. Because the cleavages created by foreign policy issues tend to cross national boundaries, foreign policy lobbyists often have the choice to lobby multiple national governments (Lee and Stuckatz, 2023). States themselves even lobby other governments on foreign policy; for example, states employ lobbyists in the U.S. to improve their human rights ratings (Pevehouse and Vabulas, 2019) and to mitigate (or head off) economic sanctions (Peksen and Peterson, 2023).

While a variety of organizations engage in foreign policy lobbying, most extant scholarship has focused on the private sector. Firms have a strong interest in a wide variety of foreign policy issues—trade and investment regulations, sanctions and travel bans, immi-

gration and consular affairs, and so on—as these policies directly impact their profitability. Multinational firms are especially likely to lobby on foreign policy, as their ownership of productive assets abroad increases their stake in international affairs (Kim and Milner, 2020). A large literature examines corporate lobbying on trade, demonstrating that firms affect the creation and design of preferential trade agreements (Manger, 2005, 2012), tariff rates (Kim, 2017), and even tariff category classifications (Mangini, 2022). Recent studies suggest that firms successfully lobby the U.S. government on immigration policy (Liao, 2023) and energy security policy (Evers, 2023) as well.

Like individuals, firms themselves also form groups in order to lobby collectively on foreign policy issues of mutual interest. Often this lobbying occurs via industry associations, as firms in the same industry frequently hold similar policy positions (Bombardini and Trebbi, 2012; Osgood, 2017). Firms may also join *ad hoc* coalitions in order to collectively lobby on specific topics, such as trade agreements (Osgood, 2021) or environmental policy (Cory, Lerner and Osgood, 2021). By engaging in foreign policy lobbying firms inform leaders of the likely domestic consequences of various foreign policy choices, informing the first level of diplomacy’s “two-level game” (Putnam, 1988).

1.2 Bureaucratic Politics and Foreign Policy

Bottom-up foreign policy influence can arise from interest groups’ lobbying of leaders and legislators, which translates to action when leaders issue directives to diplomats stationed abroad. However, another source of foreign policy from below comes from the actions, preferences, and presence (or absence) of diplomats themselves. Diplomats, as official representatives of their sending governments in their host states, are given substantial authority and autonomy over the maintenance of bilateral relationships. Diplomats can therefore affect foreign policy directly not only through carrying out the tasks of diplomacy (reporting, negotiating, export promotion, etc), but also by applying their own expertise and preferences to aid in the formulation of foreign policy strategy; advances in econometrics and data

availability have allowed scholars to begin providing systematic evidence for the long-positied bureaucratic politics model of foreign policy ([Allison and Halperin, 1972](#)).

Do diplomats meaningfully affect international politics? Many scholars have investigated this question in the area of commercial diplomacy, as the metrics for diplomatic success are clear (e.g. increased exports and investment) relative to other policy areas. In a meta-analysis of observational commercial diplomacy papers in economics, [Moons and van Bergeijk \(2017\)](#) find that embassies are strong predictors of increased bilateral trade and investment. Several papers use research designs that exploit regularly occurring ambassadorial vacancies in order to identify the effects of diplomacy at the bilateral level; these papers have shown that diplomats positively impact the settlement of investment disputes ([Gertz, 2018](#)) and bilateral trade flows ([Ahmed and Slaski, 2022](#); [Malis, 2021](#)), and negatively affect the occurrence of militarized disputes ([Malis, 2021](#)). [Gray and Potter \(2020\)](#) show that bilateral diplomatic involvement catalyzes the consensual settlement of WTO disputes, identifying otherwise-classified diplomatic meetings via records of gift-giving between parties.

Diplomats also, through some combination of selection and socialization, tend to hold a specific set of preferences that shape their actions and their ensuing influence on foreign policy ([Halperin, Clapp and Kanter, 2006](#)). In particular, they tend to be strong advocates for cooperative interaction between their sending and host states; for example, [Lindsey \(2022\)](#) shows that bilateral visa issuance rates dropped after the UK reassigned visa approval authority to centralized bureaucrats rather than diplomats posted abroad. At the highest levels, and in line with [Allison and Halperin \(1972\)](#)'s bureaucratic politics model of foreign policy, diplomats also have regular opportunities to advise high-level policymakers on bilateral affairs. For example, [Malis \(2023\)](#) shows that the U.S. President spends a significant amount of time meeting with ambassadors to discuss foreign policy.

Foreign policy is not only passed down from on high, but is also shaped from below. There exists substantial empirical evidence that firms lobby their governments on foreign policy topics, as well as mounting evidence that diplomats have agency and meaningfully

affect bilateral policy outcomes. To date, however, these realms have evolved separately: the direct influence of interest group lobbying on diplomats has not been examined, despite a wealth of anecdotal evidence suggesting that diplomats maintain close relationships with many host state organizations that could be conceptualized as interest groups. In the section that follows, I combine insights from both lobbying and bureaucratic politics literatures to develop a theory of how interest groups *abroad* shape the conduct of diplomacy.

2 Informational Lobbying and Diplomacy

While the conveyance of their home government’s preferences to their host government is one crucial role for the diplomat (Lindsey, 2017), I focus on two other important roles: diplomats as collectors of information, and diplomats as policy advocates within their own governments. In brief, I argue that time- and resource-constrained diplomats—tasked with staying abreast of on-the-ground political, economic, and social developments in their host states—typically receive much of their information from host state organizations that can be thought of as interest groups. Interest groups communicate private information about issues that, if addressed, would disproportionately benefit their members; diplomats are better able to address issues on which they have better information, making it relatively more rewarding to work on these issues relative to others. These views translate to action in two ways: first, diplomats often have autonomy to pursue specific policies of their own choosing, provided that they advance one of their government’s broad policy goals. Second, diplomats can advocate upwards, petitioning foreign ministers and leaders to take specific actions in the bilateral relationship.

2.1 Informational Lobbying

According to former U.S. Secretary of State George P. Schultz, “[G]ood diplomacy relies on accurate information that is relevant. The job of sifting out what is critical is crucial.

So is the process of analysis of what the information means... The person on the spot, respected and well-connected, comfortable linguistically, can make essential contributions.”⁷ Information gathering, both for immediate operational use and for transmission back to the home government, is a constant requirement for diplomats; U.S. diplomats alone send 10,000 communiqués (or “cables”) to Washington each day.⁸ Further, as Schultz’s quote indicates, collecting intelligence requires developing connections with local informants.

From a diplomat’s perspective, the ideal informants are those who have valuable information and incentive to communicate it honestly. The latter can be achieved by selecting informants who are likely to hold similar preferences to the embassy, and thus have little to gain from sabotaging their operations. However, providing information to diplomats is not costless, and informants would not do so unless they expected to benefit in some way. I argue that informants will therefore provide diplomats with information that they believe is likely to spur action on a shared (foreign) policy interest, winning them private benefits while furthering the embassy’s national interests. This situation closely mirrors the type of informational lobbying described by [Hall and Deardorff \(2006\)](#): interest groups provide information in order to *subsidize* action on the part of government officials (in this case, diplomats) that are already inclined to support their cause. Note that information need not only concern facts on the ground, such as corruption among customs agents; it could also be information regarding the interest group’s preferred policies, or on the likely impact of a policy decision on the interest group.⁹

An illustrative example comes from Nadia Tongour, an American diplomat, speaking on her experience in Rio de Janeiro from 1994-1997: “I don’t think you could say that

⁷Keynote address to USIP Virtual Diplomacy Conference, 1997. See <https://www.usip.org/sites/default/files/Diplomacy-in-the-Information-Age.pdf>.

⁸See Alan Greenblatt, “Diplomatic Cables: The Ties That Bind Foreign Policy”, *NPR*, 02 December 2010.

⁹For example, a former U.S. Economic Counselor to South Korea recalls: “[W]e also worked very, very closely with the American business community [in Seoul], with the Chamber of Commerce... [W]hat we again pressed them to do was prioritize the things they needed to get done, so we used our leverage most effectively.” Association for Diplomatic Studies and Training oral history interview, conducted by Charles Stuart Kennedy, 12 February 2001. See <https://adst.org/OH%20TOCs/McConville,%20Donald.toc.pdf>.

there were major crises in our relationship with Brazil at that time. To be sure there were various pressures, including from environmental groups and NGOs to take a strong stand on developments in the Amazon or on human rights issues. On the latter, we really did try. I personally met with a lot of NGOs who frequently came in and provided invaluable information on human rights abuses in Brazil.”¹⁰ While domestic interest groups did not need to persuade diplomats that human rights issues were important—promoting human rights in Latin America has long been on the U.S. foreign policy agenda—the goal of the informational lobbying was to provide intelligence that would make pursuing human rights issues less costly for the embassy, in hopes that they would in turn make it a larger part of their agenda. Anecdotal evidence suggests that such lobbying does affect diplomatic effort; John Bushnell, former Assistant Secretary of State for Inter-American Affairs, admitted that most of the U.S. State Department’s work on human rights in Latin America focused on the countries “where there were domestic political pressures driven principally by the NGOs and exiles instead of on the countries with the worse human rights and much less sign of improvement.”¹¹

2.2 Diplomats as Autonomous Agents

In order for the lobbying efforts of host state interest groups to affect bilateral relations, diplomats must be able to act on the information that they receive. I argue that they do so in two ways: first, by autonomously dedicating more attention to the issue being lobbied without first pursuing higher authorization. Second, diplomats can repackage the information and transmit it back to their home government along with policy recommendations, playing an advisory role for higher-level foreign policymaking.

Diplomats have both professional and, often, ideological (see e.g. [Lindsey \(2023\)](#)) incentives to further the achievement of their governments’ foreign policy goals: for the U.S., these

¹⁰Association for Diplomatic Studies and Training oral history interview, conducted by Charles Stuart Kennedy, 15 November 2007. See <https://adst.org/OH%20TOCs/Tongour,%20Nadia.toc.pdf>

¹¹Association for Diplomatic Studies and Training oral history interview, conducted by John Harter, 19 December 1997. See <https://adst.org/OH%20TOCs/Bushnell,%20John%20A.toc.pdf>

goals include promoting U.S. business abroad, defending and strengthening human rights, promoting democracy, and so on. However, diplomats are given substantial leverage over how to best achieve these relatively broad goals. This creates slack that allows diplomats to change their approach to a policy issue—or to shift their allocation of time among different issues—without requiring higher authorization. For example, former U.S. Ambassador to Colombia Charles Gillespie, Jr. recounts a shift in attention towards intellectual property rights protection: “Jack Valenti, the President of the Motion Picture Exporters’ Association, came to Colombia several times to discuss this matter. He stayed with me at the Embassy residence. We would go in to see Colombian Government officials on this matter... we were able actually to develop some cooperative efforts with the U.S. Patent Office to send people down to Colombia to move this issue along.”¹² Given that intellectual property rights violations are a barrier to U.S. exports and investment—and U.S. diplomats are given a broad mandate to open and expand markets for American exports¹³—Ambassador Gillespie Jr. was able to act independently on information received from the trade organization.

Even for those issues on which they cannot act independently, diplomats can also influence bilateral foreign policy through the reports that they send back to their home government. A defining feature of the diplomatic cable is that it contains not only information, but also analysis and practical policy recommendations (Kopp and Naland, 2017). Leaders and foreign affairs ministers place substantial weight on diplomatic reporting when formulating bilateral foreign policy, and diplomats are known to be fierce advocates for policies that they feel will strengthen bilateral relations (Halperin, Clapp and Kanter, 2006). In one case, former U.S. Ambassador to Guinea William Attwood directly (and successfully) petitioned President John F. Kennedy to approve his proposed plan to fund the construction of an aluminum plant in order to combat Soviet influence in Guinea (Attwood, 1967). Interest group influence can therefore filter up to the highest levels of government through diplomats’

¹²Association for Diplomatic Studies and Training oral history interview, conducted by Charles Stuart Kennedy, 19 September 1995. See <https://adst.org/OH%20TOCs/Gillespie-Charles-Anthony-Jr..pdf>.

¹³See Foreign Affairs Manual, 2 FAM 113.1.

advocacy, affecting high-level foreign policy decisions that in turn drive diplomatic attention; in other words, diplomats are skilled at managing upwards.

Diplomats need to collect information about their host states in order to do their jobs successfully; interest groups that are aligned with the embassy provide information about their own pet issues, seeking to subsidize diplomatic attention to these issues. Having received information, diplomats can either act on it directly under broad mandates or they can pass it along to their superiors alongside recommendations for particular policy responses. I focus here on one observable implication of this theory: the entrance of new interest groups to a host country should change the distribution of information received by diplomats in that country, which in turn should drive diplomatic attention towards the interest groups' preferred issues. In the following section, I introduce the context in which I will evaluate this prediction: the proliferation American Chambers of Commerce.

3 Setting: AmChams and U.S. Commercial Diplomacy

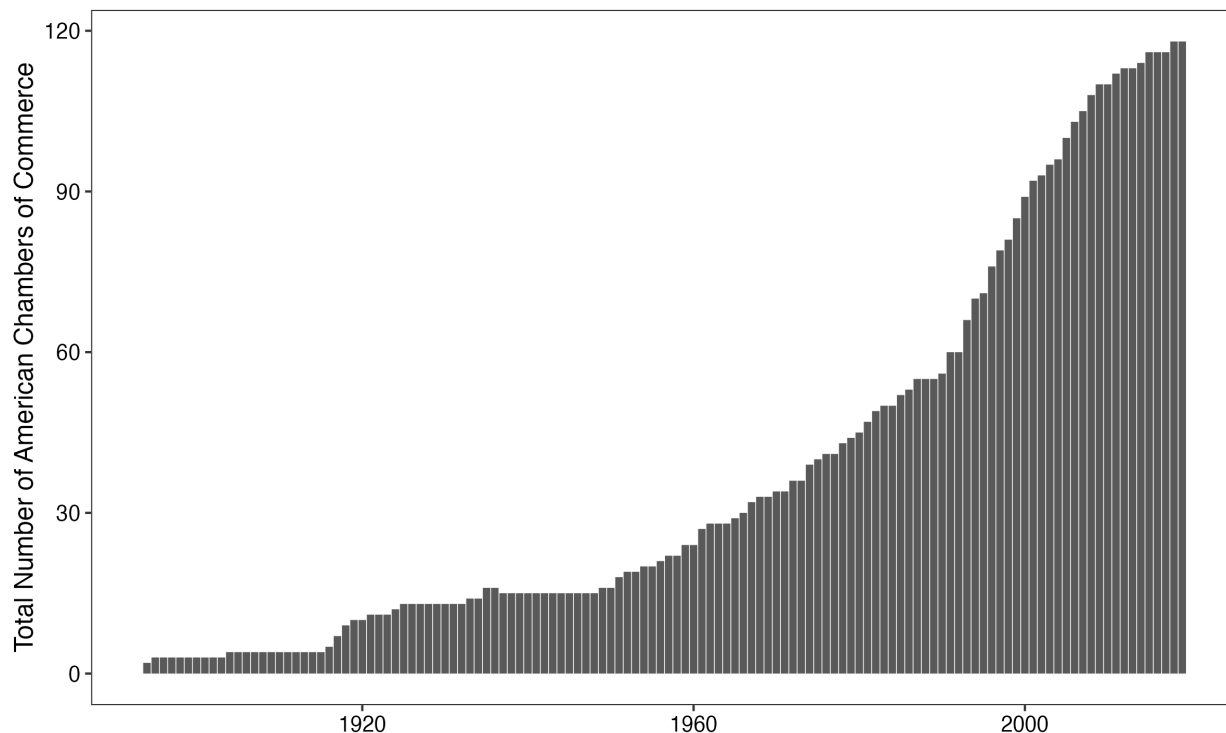
I focus on the expansion of particularly influential interest groups—American Chambers of Commerce—into new foreign markets over the 20th and 21st centuries. AmChams are loosely affiliated with the U.S. Chamber of Commerce, the premier organization dedicated to the advancement of the policy interests of American firms and the U.S.'s largest lobbyist.¹⁴ Groups of firms operating abroad may decide to form a bilateral Chamber of Commerce (hereafter, an “AmCham”) in order to focus on issues of relevance to the American business community in specific host states. Original data presented in Figure 1 shows that AmChams have proliferated widely since the mid-20th century; the number of states with an operating AmCham tripled between 1960 and 2000.¹⁵

AmChams' primary goal is to engage in policy advocacy on behalf of their dues-paying

¹⁴See <https://www.opensecrets.org/federal-lobbying/top-spenders>.

¹⁵I identified only one case of formal AmCham closure: AmCham China closed in 1937 and did not reopen until 1981. Unfortunately, I cannot identify periods during which AmChams paused operations but did not close. However, AmChams are surprisingly resilient organizations: AmCham Russia and AmCham Ukraine continued to hold regular events during the 2022 Russian invasion of Ukraine, for example.

Figure 1: **Proliferation of foreign branches of the U.S. Chamber of Commerce, 1894-2019**



Notes: This figure plots the number of states that have at least one American Chamber of Commerce over time.

member firms. Since their members are almost exclusively U.S. firms operating in particular states, their advocacy tends to focus on issues of relevance either to bilateral flows of goods/capital/people or to discrimination against foreign firms operating in the host state. For example, securing bilateral economic agreements tends to be a key issue; AmCham Croatia operates a task force (members include each of the “Big Four” accounting firms) dedicated to lobbying for a bilateral tax treaty between Croatia and the United States.¹⁶ The protection of intellectual property rights is another key concern for U.S. firms, and many AmChams (like those in Greece¹⁷ and Venezuela¹⁸) have special committees dedicated

¹⁶See <https://www.amcham.hr/en/double-taxation-task-force-a326>.

¹⁷See <https://www.amcham.gr/committees/#1551879778935-71c25286-4724>.

¹⁸See <https://www.venamcham.org/comites-venamcham/>.

to identifying IP violations and petitioning for redress. AmChams also engage in advocacy on a wide variety of country-specific policy issues, such as changes to the value added tax policy on international school tuition in Norway.¹⁹

Diplomats stationed in U.S. Embassies are some of the most important targets of AmChams' advocacy efforts, so much so that the local embassy's Ambassador and highest-ranking economic/commercial officer are customarily made honorary members of the AmCham board and invited to attend regular programming. The close working relationship can be understood from the standpoint of informational lobbying; AmChams collect valuable information about barriers to U.S. business in the host state, transmit it to diplomats who share the goal of increasing market access for U.S. firms, and therefore catalyze greater diplomatic attention towards commercial issues.

Two examples highlight the nature of the relationship between AmChams and embassies, and the ability of informational lobbying to affect policy outcomes. First, former China Desk Officer Joan Plaisted reflected that "The U.S. Senate was blocking a tax treaty the... Chamber of Commerce and the business community really wanted concluded with China."²⁰ In response to information from the AmCham regarding the importance of the treaty for bilateral commerce, Plaisted worked alongside the former Secretary of the Treasury to convince China to sign an additional protocol on expropriation, satisfying the Senate and allowing the tax treaty to be ratified.

Second, former Consul General in Seoul Edward Wilkinson recounted: "I worked closely with the Korean-American Chamber of Commerce there on a variety of issues, one of which was providing a special sort of nonimmigrant visa procedure for people in which the Chamber was interested."²¹ Wilkinson had been attending an AmCham luncheon when he was

¹⁹See <https://amcham.no/wp-content/uploads/2020/10/A-Call-for-Stable-and-Predicable-Conditions-VAT-Compensation-for-International-Schools-October-2020.pdf>.

²⁰Association for Diplomatic Studies and Training oral history interview with Joan M. Plaisted, conducted by Charles Stuart Kennedy, 30 July 2001. See <https://adst.org/OH%20TOCs/Plaisted,%20Joan%20M.toc.pdf>

²¹Association for Diplomatic Studies and Training oral history interview with Edward Wilkinson, conducted by Charles Stuart Kennedy, 05 April 2002. See <https://adst.org/OH%20TOCs/Wilkinson,%20Edward%20H.toc.pdf>.

informed by a Boeing representative that the company had been unable to acquire visas for their Korean partners who needed to travel to the U.S. on business. In response, Wilkinson “worked closely with the AmCham there to try to ensure expeditious processing for appropriate non-immigrant visa applications... we made it as easy as we possibly could for those people who were of interest to the U.S. of A. to make the visa application processing as convenient as we could... We got a lot of pats on the back for this.” This example nicely illustrates the informational lobbying process: through contact with the AmCham, diplomats are informed about a specific barrier to U.S. business abroad (inability to acquire visas for host state partners), and are able to achieve a professional victory by working to remove the barrier.

AmChams are created by firms that were already operating in the host state. A natural concern, then, is that the creation of a new Chamber may not actually change the composition of information received by the embassy if the individual member firms were already in communication with the embassy prior to the AmCham’s creation. While it is certainly the case that individual firms maintain relationships with diplomats as well, I argue that AmChams are likely to make a difference for two reasons. First, AmChams provide diplomats with a centralized source of information on commercial issues; attending a single meeting of the Chamber is much more efficient than attempting to meet with dozens of firms individually, as more information can be conveyed in less time. Second, relative to information received from individual firms, diplomats can have greater confidence that information received from AmChams reflects the interests of American business as a *collective* rather than the idiosyncratic (and potentially conflicting) interests of specific firms. Joan Plaisted (quoted above) noted that, in comparison to speaking with individual firms, “[AmCham China] itself can be more conservative. When there were issues that were really important for the business community, they could take a unified stance.”²²

AmChams are influential interest groups that advocate for the commercial interests of

²²See footnote 20.

U.S. firms operating abroad, they have substantial access to U.S. embassies, and dozens of new branches opened since the mid-20th century. My theory predicts that diplomats stationed in states with an active AmCham will receive more of their information from the business community and will therefore shift their attention in the direction of commercial diplomacy.

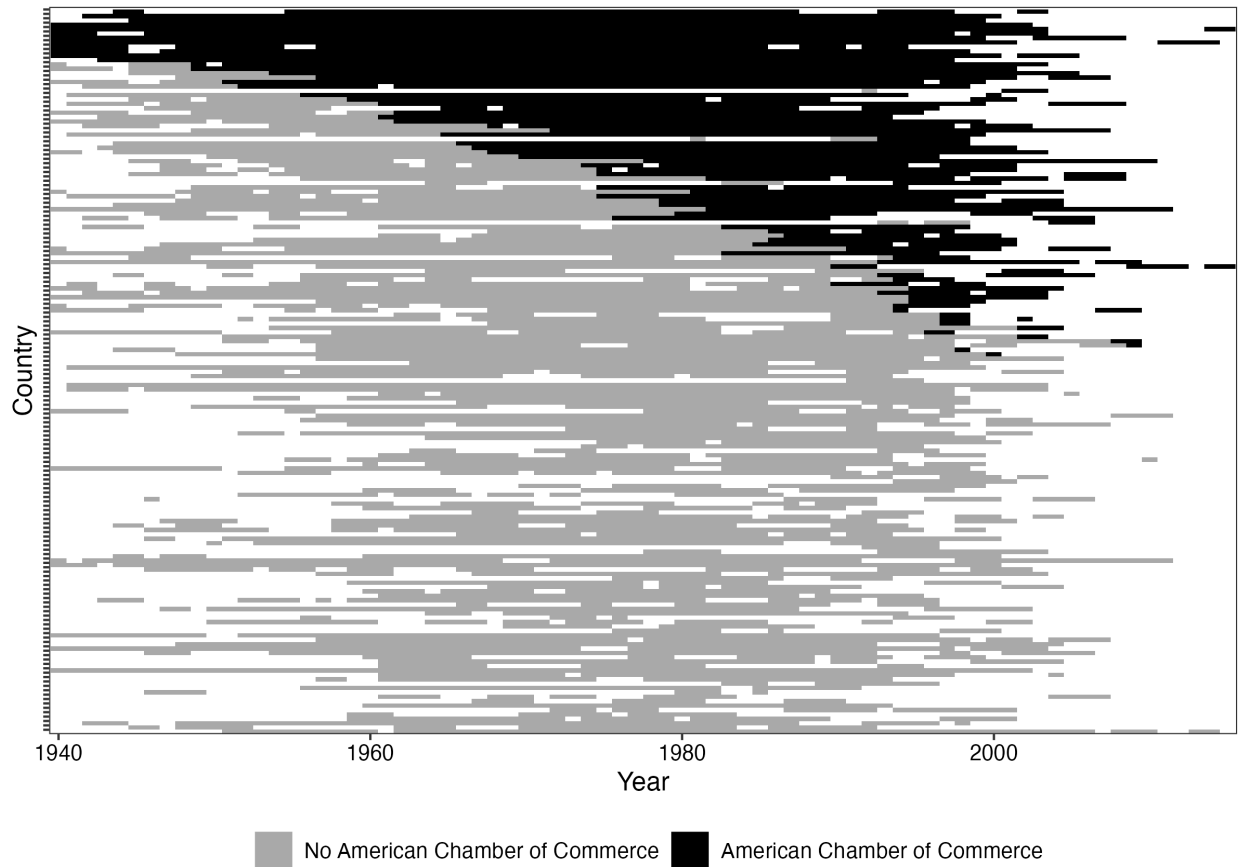
4 Data and Measurement

4.1 Measuring Diplomatic Attention through Oral Histories

In order to evaluate the predictions of my theory, I need a measure of the extent to which diplomats worked on commercial issues in specific host states over time. The primary barrier to creating such a measure is the classified nature of diplomatic affairs; while we may occasionally observe select outputs of diplomacy (such as treaties), the actions that produced them (e.g., negotiations) are not typically visible to the public. To overcome this obstacle, I turn to a novel form of text data: oral history interviews with retired diplomats.

Oral histories are interviews in which the interviewee is asked to recount past events to the best of their recollection, often to preserve some record of historical events that weren't otherwise chronicled; they tend to be relatively structured and proceed in chronological order. The Association for Diplomatic Studies and Training (ADST), a nonprofit associated with the Foreign Service Institute, has conducted over 2,000 oral history interviews with retired diplomats since 1984. The interviews cover each posting that a diplomat held during their career, in which they recount the key concerns and issues that their embassy was facing. Crucially, the fact that the interviewed diplomats are retired means that they can speak openly about behind-the-scenes diplomatic affairs from years past. The ADST oral histories present an unprecedented opportunity to examine the allocation of diplomatic time and effort across different issues, as well as how these allocations shift across host states and over time.

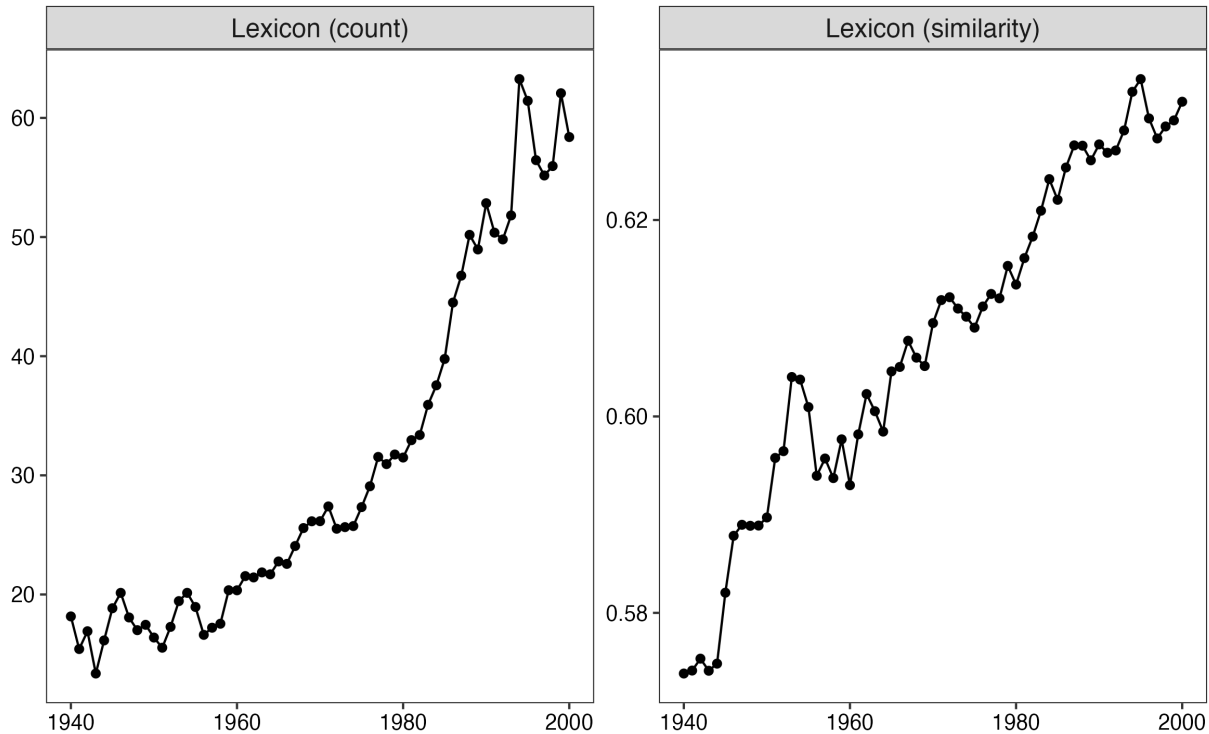
Figure 2: Sample composition and treatment assignment over time



Notes: Each row represents a unique country. White cells indicate that a country-year combination is not covered by the data.

To turn these oral histories into data, I begin by collecting text from ADST’s Country Readers, large documents that extract all interview segments that discuss postings in specific countries and compile them in chronological order. I then split the readers into their constitutive interview segments, creating a dataset in which the unit of observation is the officer-posting (for example, a Political Officer discussing his experience in India from 1973-1975); there are 8,005 of these officer-posting segments drawn from 1,480 interviews, with an average length of approximately 4,300 words per segment. Figure 2 demonstrates the breadth of countries and years that are covered by the oral histories data. The me-

Figure 3: American diplomats’ attention to commercial issues, 1940-2000



Notes: Both facets plot yearly averages across all interviews.

dian country-year is covered by three separate interviews and the mean is ~ 4.7 , assuaging concerns that the sample is driven by the idiosyncratic experiences of individual diplomats.

Using the text from the ADST interviews, I create two different measures of attention to commercial issues. Both measures make use of word embeddings, which represent words as real-valued vectors based on the other words that tend to appear around them in natural language; two words with similar vectors are likely semantically similar. An advantage of the embedding model is that—since vectors for multiple words can be averaged—documents of any length can be “embedded” in the same vector space and compared to one another using standard distance metrics from linear algebra. I draw my embeddings from [Pennington, Socher and Manning \(2014\)](#)’s GloVe model, which was trained on a massive ($>6B$ word) corpus of Wikipedia and news articles.²³

²³While it is possible to create custom embeddings, [Rodriguez and Spirling \(2022\)](#) find that pretrained

First, I simply count the number of commerce/business-related words that appear in each interview segment. To compile a list of business-related words, I begin by selecting ten words that I know to be used frequently in the context of commercial diplomacy.²⁴ I then average the word embedding vectors for each of these ten initial words, creating a single vector that captures commerce-specific language. I next identify the 100 words in the set of pretrained embeddings that have the highest cosine similarity to this commerce-specific vector, essentially automating the selection of business-related words in order to minimize arbitrariness.²⁵ I label these words my commercial diplomacy lexicon, and create my first dependent variable by counting the number of times these words are used in each interview segment.

To create the second measure, I follow [Ash, Chen and Naidu \(2022\)](#) in noting that word embeddings can be used to calculate the position of entire documents in vector space. Drawing on methods developed by [Rodriguez, Spirling and Stewart \(2023\)](#), I first compute the interview segment-specific vector for all interview segments, applying the SIF-reweighting suggested by [Arora, Liang and Ma \(2017\)](#). I then calculate the cosine similarity (bounded between 0 and 1) between the segment-specific vectors and the average vector of the commercial diplomacy lexicon. This method generates a smooth, continuous outcome measure that takes into account the fact that some interview segments may still be related to commercial issues even if they do not frequently use the terms in the lexicon. As [Figure 3](#) shows, both measures indicate that attention to commercial diplomacy has increased substantially over the sample period.

I take various steps to validate the claim that these measures capture actual commercial diplomacy. First, [Table 1](#) shows that diplomats becoming economic officers or ambassadors—the two positions within embassies that focus most closely on commercial issues—is strongly

models perform very similarly in a range of tasks. Following their advice, I use the model with a 6-word window and 300-dimensional vectors.

²⁴The words are: business, company, trade, commerce, investment, manufacturing, industry, taxation, economy, and economic.

²⁵I do, however, remove words such as “development” that may have a non-commercial meaning in a diplomatic context. The full lexicon can be seen in appendix [Section A.1](#).

and positively associated with both outcome measures. Second, I follow [Ash, Chen and Naidu \(2022\)](#) in calculating both measures at a disaggregated (in this case, paragraph) level and excerpting paragraphs with particularly high scores in order to demonstrate that the measures capture actual discussion of commercial diplomacy. The paragraphs, which can be read in [Section A.2](#), clearly contain discussion of diplomatic action on commercial issues. Third, I benchmark my measures against the universe of declassified U.S. diplomatic cables available through the Central Foreign Policy File. While these cables could be considered the gold standard of measuring bilateral diplomacy, they are only available for a narrow timespan (1973-1979); in [Figure A.1](#) I show that both of my commercial diplomacy measures are strong predictors of cable traffic on commercial issues at the country-year level, but not other types of issues (such as consular or military).

5 Research Design

My inferential goal is to estimate the effect of a new AmCham branch in a country on the extent to which diplomats posted in that country focus on commercial issues. To do so, I adopt two different research designs. First, I aggregate the measures of commercial diplomacy up to the country-year level²⁶ and use [Imai, Kim and Wang \(2020\)](#)'s PanelMatch estimator to account for the staggered assignment of treatment (e.g., new AmChams opening). The basic intuition of PanelMatch is that, when identifying a proper comparison group for a unit i that receives treatment at time t , we want to select units were not treated at time t and that share similar treatment and covariate *histories* as i . After identifying an appropriate comparison group for each treated country-year, the following estimator is applied:

$$\hat{\delta}(F, L) = \underbrace{\frac{1}{\sum_{i=1}^N \sum_{t=L+1}^{T-F} D_{it}} \sum_{i=1}^N \sum_{t=L+1}^{T-F} D_{it}}_{\text{Average over all treated observations}} \underbrace{\left\{ (Y_{i,t+F} - Y_{i,t-1}) - \sum_{i' \in M_{it}} w_{it}^{i'} (Y_{i',t+F} - Y_{i',t-1}) \right\}}_{\text{Treated observation-specific diff-in-diff estimate}}$$

²⁶For more detail on the aggregation procedure, see appendix [Section A.4](#).

I match on several covariates that may potentially drive both the opening of an AmCham branch and an embassy’s focus on commercial diplomacy: host state GDP and GDP growth; whether or not the host state is a democracy; the presence of a militarized interstate dispute between the U.S. and the host state; the presence of a bilateral investment treaty between the U.S. and the host state; bilateral trade flows (exports and imports) between the U.S. and the host state; and the proportion of interviewees for each country-year that held the position of ambassador or economic officer, to ensure results aren’t driven by sample selection. I set $L = 4$, meaning that I am comparing treated countries to non-treated countries that have had similar covariate values for the four years prior to treatment. I report results for two different types of comparison group refinements (propensity score weighting and Mahalanobis matching) across three pre-treatment and fifteen post-treatment periods.

The primary threat to identification for the country-year design is the possibility that AmChams are formed *after* the U.S. and/or host governments have decided to invest more resources in specific bilateral economic relationships, such that both AmCham formation and diplomatic attention to commercial issues are driven by a shift in national (foreign) policy focus. I argue that this is unlikely given the costs inherent in collective action: organizing and joining an AmCham is costly for firms, who must not only pay membership dues but must also accept less particularistic policy concessions than they might want were they to be lobbying on their own. Rationally, firms should only create and join an AmCham when they believe that doing so is necessary to achieve their desired policy outcomes; an increase in national interest towards promoting business interests in a particular host state should reduce the effort necessary to lobby for pro-business policies, likewise reducing the incentive to lobby collectively through an AmCham. Empirically, I model AmCham formation and show that factors such as bilateral trade/investment, economic openness, and UN voting alignment with the U.S. are not significant within-country predictors of AmCham formation; the results are available in Appendix Table [B.1](#).

Second, I leverage the fact that most diplomats are rotated through multiple different

countries over the course of their careers to estimate the within-diplomat effect of being rotated to a country that has an AmCham branch. Diplomats in the U.S. Foreign Service are not assigned to posts at random; rather, they are presented with a list of relevant positions that will be coming open, and they are required to bid on (e.g., apply for) their preferred openings.²⁷ However, I argue that the primary threat to identification—namely, that diplomats who take an interest in commercial issues during their career will select into countries with active AmChams—is unlikely for two reasons. First, diplomats must select their broad specialty (“cone”) at the time when they first apply for the Foreign Service, and mid-career transitions into economic/commercial positions are rare. Second, empirically, I find that economic officers are no more likely than other diplomats in my sample to be assigned to a post that has an active AmCham; ambassadors are 12 percentage points *less* likely than other diplomats to be assigned to posts with active AmChams. This suggests that, on balance, diplomats rotate to new countries for reasons unrelated to the presence or absence of an AmCham branch.

To conduct the within-diplomat analysis, I treat the officer-posting as my unit of analysis; because most postings span multiple years, I measure all covariates as of the last year of the posting.²⁸ Using the same covariates listed above—except for that the ambassador and economic officer variables are now measured as dummies rather than proportions—I estimate OLS models of the following form:

$$Y_{dt} = \delta D_{dt} + \beta X_{dt} + \alpha_d + \gamma_t + \epsilon_{dt}$$

Individual diplomats are indexed by d , and the final year of their posting is indexed by t . I also test for potential heterogeneity by officer position: since economic officers and ambassadors are the diplomats who interact most directly with AmChams, it is plausible

²⁷For a thorough description of the process, see Aaron Garfield, “It’s time to reform the Foreign Service assignments process”, *Georgetown Institute for the Study of Diplomacy*, 1 Dec 2021.

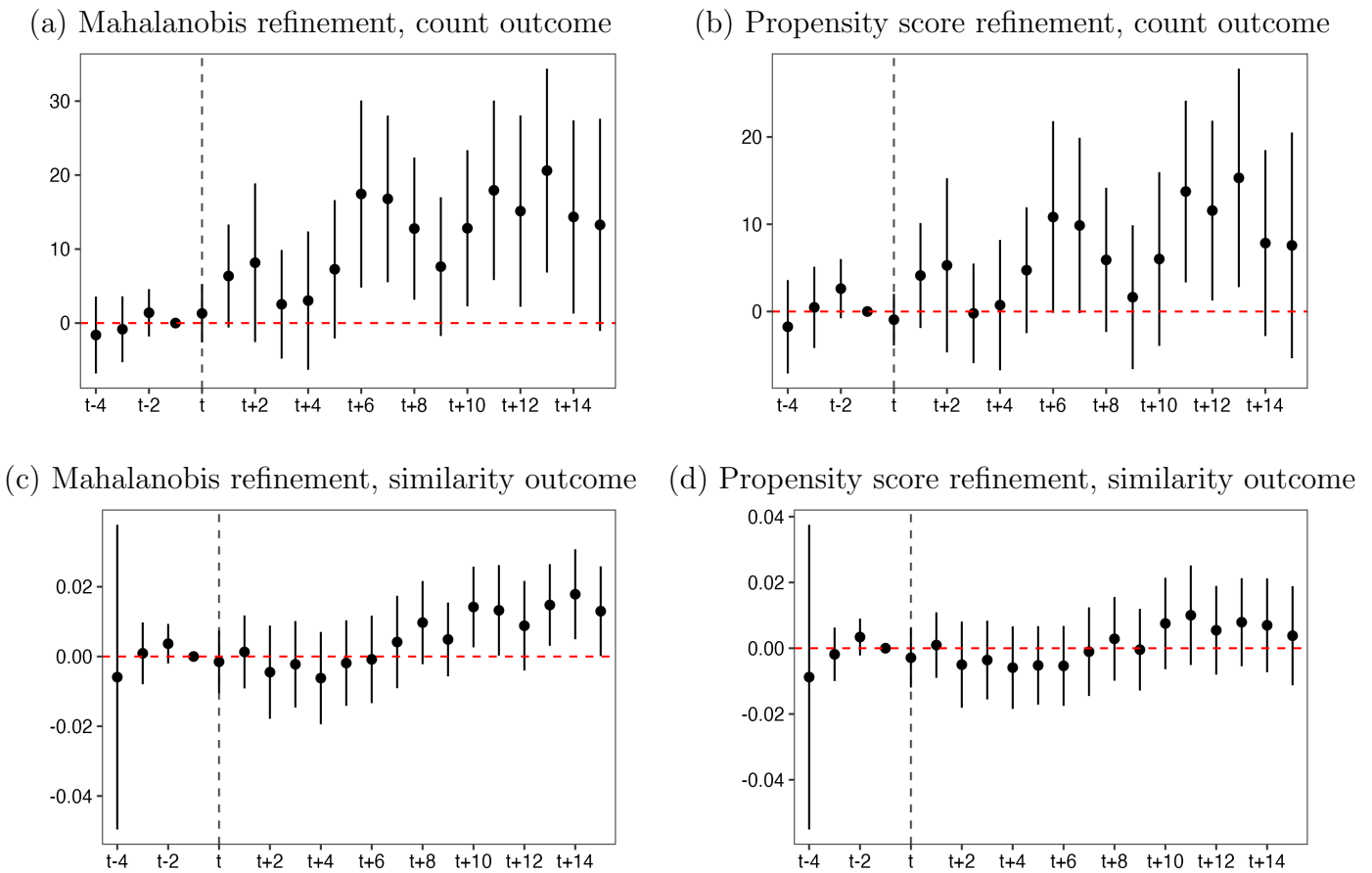
²⁸As a result, diplomats are considered to be treated if an AmCham opened at any point during their posting. While I would ideally be able to disaggregate interview segments at the yearly level, this is not possible for most interviews.

that we should see the strongest effects among these groups.

6 Results

6.1 Country-Year Analysis

Figure 4: Country-year results: American Chambers of Commerce and attention to commercial diplomacy



Notes: Plotted coefficients were estimated via PanelMatch, with bootstrapped 95% confidence intervals.

Figure 4 presents the PanelMatch estimates for both outcome measures and both methods for constructing counterfactual groups. Across three of the four outcome-refinement pairs, the models indicate that diplomats do indeed increase their attention to commercial

issues after an AmCham is opened in their state. The effects are fairly large in magnitude, reaching a maximum of 0.41 standard deviations for the similarity outcome and 0.58 standard deviations for the count outcome, and they appear to be persistent rather than transitory.

Two aspects of the results in particular should inspire confidence in their validity. First, there are no significant differences nor obvious trends in the pre-treatment periods across any of the models, indicating that the results are unlikely to be driven by the selection of inappropriate counterfactual units. Second, note that the effects appear to be persistent rather than transitory; this accords with my proposed model of informational lobbying in which the AmCham, upon establishing a relationship with the embassy, provides a steady stream of information that subsidizes attention to commercial issues.²⁹

6.2 Within-Diplomat Analysis

The results presented in Figure 4 demonstrate that, at the country-year level, new AmCham branches drive increased diplomatic focus on commercial issues. Due to the structure of diplomatic careers, I am also able to test the theory using a different source of variation: the regular rotation of diplomats to embassies in different countries over the course of their service. Rotation is a key aspect of the U.S. foreign service, and the prevailing norm is to assign diplomats to new posts every three years (Malis, 2021). In the ADST data, the median posting length is indeed three years; over an average career length of approximately 22 years, the median diplomat works in five different host states. I can therefore estimate the *within*-diplomat effect of being rotated from a host state without an AmCham branch to a host state that has an active AmCham.

Table 1 presents the results of six OLS models, with robust standard errors clustered on diplomat and year; the unit of analysis is the diplomat-posting, and the year fixed effects capture the final year of each posting. First, note that even after adjusting for unobserved

²⁹In additional models reported in Appendix Table B.2, I show that the effect of AmChams on commercial diplomacy appears to be increasing over time.

Table 1: **Within-diplomat results: American Chambers of Commerce and attention to commercial diplomacy, by diplomat type**

DV:	Lexicon (Count)			Lexicon (Similarity)		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
American Chamber of Commerce	2.883** (1.068)	2.042 (1.390)	-1.373 (1.498)	0.014** (0.001)	0.007** (0.002)	0.002 (0.002)
Economic Officer		21.855** (2.425)	22.112** (2.760)		0.034** (0.003)	0.030** (0.003)
Ambassador		20.894** (3.693)	15.521** (2.675)		0.005* (0.002)	0.011** (0.003)
American Chamber of Commerce × Economic Officer			4.603 (3.780)			0.013** (0.005)
American Chamber of Commerce × Ambassador			24.836** (7.632)			-0.006 (0.004)
Controls	No	Yes	Yes	No	Yes	Yes
Diplomat FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Num.Obs.	7924	6823	5925	7924	6823	5925
R2	0.465	0.495	0.517	0.591	0.637	0.660

Notes: † $p < 0.1$, * $p < 0.05$, ** $p < 0.01$. Diplomats discuss commercial issues more often when rotated to a state with an active American Chamber of Commerce; effects are driven by ambassadors and economic officers. The unit of observation is the officer-posting segment. Estimates presented with robust standard errors clustered on diplomat and year.

heterogeneity at the individual level, the results strongly suggest that diplomats focus more on commercial issues when rotated to a host state with an AmCham branch. The effect is robust to the inclusion of controls,³⁰ though it is less precisely estimated for the count-based outcome measure.

Models 3 and 6 provide another test of the informational mechanism; since ambassadors and economic officers are the two types of diplomats that work most closely with AmChams

³⁰The full set of controls is listed in the previous section.

(and who receive honorary appointments to the board), we would expect them to shift towards commercial issues more strongly than other types of diplomats when rotated to a host state with an active AmCham. The results bear out this expectation: the interaction term for economic officers is positive for both outcome measures and significant for the similarity-based measure, and the interaction term for ambassadors is positive and significant for the count-based measure. Reassuringly, the significant interaction term coefficients are very similar in magnitude to the respective country-year level PanelMatch estimates presented in Figure 4.

6.2.1 AmCham Mentions

The previous analyses demonstrated that diplomats shift their attention towards commercial issues when they are rotated to a state that has an active AmCham branch. Is this effect actually driven by the presence of an AmCham, or by some other unmeasured factor that is correlated with AmChams' presence? A straightforward way to address this concern is simply to test whether diplomats are more likely to directly mention their interactions with an AmCham when serving in a state where the organization is active; such interactions are not clandestine, and if AmChams are indeed important sources of diplomatic information then we should expect them to appear in the oral history interviews. Further, as the officers who most directly interact with AmChams, we should expect ambassadors and economic officers to directly reference the chamber at a higher rate than other types of diplomats if informational lobbying is occurring.

To evaluate this expectation, I replicate the within-diplomat analysis using an alternate outcome variable: the number of times that a diplomat directly mentions an AmCham during their discussion of each past assignment.³¹ Table 2 displays the results of five OLS regressions with robust standard errors clustered on diplomat and year. First, note that both the bivariate model and the basic two-way fixed effects model report a strong positive

³¹To create this variable, I search for the following non-case sensitive strings: {chamber_of_commerce, american_chamber, us_chamber, u.s._chamber, amcham, am_cham}.

Table 2: **Within-diplomat results: direct mentions of American Chambers of Commerce, by diplomat type**

	DV: Count of American Chamber of Commerce mentions.				
	Model 1	Model 2	Model 3	Model 4	Model 5
American Chamber of Commerce	0.101** (0.011)	0.067** (0.015)	0.038** (0.013)	0.008 (0.020)	-0.039 (0.033)
Economic Officer			0.041 [†] (0.025)	0.027 (0.031)	0.031 (0.032)
Ambassador			-0.040** (0.015)	-0.009 (0.018)	-0.023 (0.021)
American Chamber of Commerce × Economic Officer			0.136* (0.062)	0.139* (0.065)	0.125* (0.061)
American Chamber of Commerce × Ambassador			0.191** (0.071)	0.184* (0.084)	0.213* (0.088)
Controls	No	No	No	Yes	Yes
Diplomat FE	No	Yes	Yes	Yes	Yes
Year FE	No	Yes	Yes	Yes	Yes
Country FE	No	No	No	No	Yes
Num.Obs.	7996	7924	7924	5925	5925
R2	0.011	0.283	0.290	0.324	0.346

Notes: [†] $p < 0.1$, * $p < 0.05$, ** $p < 0.01$. Diplomats mention American Chambers of Commerce more often when rotated to a state with an active American Chamber of Commerce; effects are driven by ambassadors and economic officers. The unit of observation is the officer-posting segment. Estimates presented with robust standard errors clustered on diplomat and year.

relationship between AmChams and AmCham mentions; diplomats who are rotated to posts with active AmChams do directly discuss the chamber more often in their oral history interviews.

Second, when we examine heterogeneity by position type in Models 3-5, we see that the relationship between AmChams and AmCham mentions is even larger in magnitude than the pooled effect for both economic officers and ambassadors. In Model 5, the effect

size for economic officers is 0.26 standard deviations and the effect size for ambassadors is 0.45 standard deviations; these effect sizes are relatively large, and comport well with the estimates from Table 1. Further, while these effects are robust to the inclusion of controls as well as country fixed effects, the estimated effect of AmChams goes to zero (or at least is imprecisely estimated) for all other types of officers.³²

Taken together with the results from Table 1, the results presented in Table 2 provide strong support for the informational lobbying theory. First, not only do diplomats increase their use of commercial language when they rotate to a post with an active AmCham, they also increase their direct mentions of interactions with AmChams. Second, *both* of these effects are driven primarily by ambassadors and economic officers, the diplomats who have the greatest direct contact—and thus, the greatest informational exchange—with AmChams.

6.3 Robustness and Alternative Explanations

Oral history interviews require interviewees to recount events from the entirety of their careers; for retired diplomats, this sometimes involves describing embassy affairs decades after they occurred. This raises a perennial concern with oral histories, namely that memories of the distant past may be less accurate than memories of more recent events (Hoffman and Hoffman, 1994). If this was indeed the case in the ADST data, it might reduce the precision of my estimates and potentially introduce bias if diplomats are more likely to forget about certain types of events. To account for this issue, I first construct a set of diplomat-posting specific weights as follows:

$$\omega_{dt} = \frac{1}{[\text{year of } d\text{'s interview}] - [\text{last year of posting } t] + 1}$$

I then reestimate the models from Table 1 using these weights (which take values from 1 to $\epsilon > 0$). The intuition is that, if interview segments discussing events that occurred more

³²Results are largely robust to the use of negative binomial regression; see Appendix Table B.3.

recently contain higher-quality information, these segments should be given greater influence over model estimates. As table B.4 shows, all results are robust to this approach.

An alternative explanation for the results of the within-diplomat analysis is that, rather than transmitting actionable information, AmChams socialize diplomats into believing that commercial issues are inherently important. If this is true, diplomats who held a post in a state with an active AmCham should carry this belief with them to future posts.³³ To evaluate this possibility, I replicate the within-diplomat analysis with the inclusion of a variable (`EVER AMCHAM`) that is equal to 1 if any of the diplomat’s prior posts have been in a state with an active AmCham. The results, presented in Table B.5, provide some reassurance; prior exposure to an AmCham is far less predictive of commercial focus than present exposure, suggesting that the mechanism indeed involves direct and ongoing contact between AmChams and their local Embassies.

Finally, another alternative explanation for AmChams’ effect on commercial diplomacy is that new AmChams lead—through advocacy efforts, mobilizing member firms, match-making, etc—to increased bilateral trade and investment flows between the U.S. and the host state. If this were to be the case, diplomats may simply be responding to heightened levels of economic exchange rather than turning towards commercial issues due to a change in their informational environment. To account for this possibility, I again use PanelMatch to estimate whether new AmChams increase host states’ bilateral trade with or investment from the United States.³⁴ The results, presented in Figure B.2, show that while AmChams may have a very short-run impact on bilateral trade, the effect does not persist for more than one year; there is no detectable effect on U.S. FDI. It is therefore unlikely that increased bilateral commerce can explain the less immediate, but much more persistent, effects of AmChams on commercial diplomacy as presented in Figure 4. Further, in Appendix Figure B.1, I disaggregate the PanelMatch results and demonstrate that effect sizes are similar for states

³³Clark and Zucker (2022) show that this is the case in the setting of IMF bureaucrats and climate issues.

³⁴Covariates include distance to U.S., dummy for prior colonial relationship with U.S., host log GDP, host GDP growth, presence of BIT with U.S., MID with U.S., and regime type.

with both high and low levels of U.S. FDI; this should inspire confidence that AmChams are not merely a proxy for U.S. business activity abroad.

7 Conclusion

In this paper, I identify an underappreciated source of influence on the content of bilateral diplomacy: informational lobbying by interest groups in the host state. By providing private information to sympathetic diplomats, interest groups can subsidize diplomatic action on the foreign policy issues that they care about. I test the core prediction of this theory—namely, that diplomats shift their focus to issue areas that are more heavily subsidized by interest group information—using original data on the proliferation of AmChams over the last several decades, as well as a large original text dataset based on nearly 1,500 oral history interviews with former diplomats. Using both within-country and within-diplomat research designs, I demonstrate that diplomats who work in a state with an active AmCham focus more of their attention on commercial issues, and that this effect is driven by the types of diplomats that have the most interaction with AmChams. The effect is large—approximately 0.5 standard deviations, for both outcome measures—and persists over time.

While this study focuses on the United States, most capital-exporting states (such as Germany, the UK, and France) have AmCham-equivalent networks of bilateral business associations, and there is little reason to think that similar dynamics would not apply in these states' diplomatic corps as well. Further, as evidenced by the examples presented in the theory section, diplomatic engagement on a range of non-commercial issues such as human rights protection, environmental sustainability, and development aid are likely to be influenced by the NGOs that are active in the host state.³⁵ One likely case is that of Amnesty International, an influential human rights NGO that has opened 70 country offices worldwide since its founding in the 1960s.³⁶ Future research should apply the informational

³⁵An important scope condition, however, is that the theory can only apply in states that allow interest groups to organize freely.

³⁶See <https://www.amnesty.org/en/countries/>.

lobbying approach to other states and across other issue areas.

In addition to predicting shifts in diplomatic attention, the framework of informational lobbying could be fruitfully applied to explain a wide variety of diplomatic outcomes of interest. For example, a large literature studies the proliferation of bilateral economic treaties, such as BITs, tax treaties, and labor agreements, over the late 20th century. Most existing studies provide supply-side theories of treaty-making, highlighting states' strategic incentives to create new treaties;³⁷ however, informational lobbying provides a robust framework for measuring and estimating the impact of *demand* for treaties among interest groups, allowing for a richer understanding of the formation of international legal regimes. More broadly, this study highlights the existence and influence of bilateral-specific lobbies; the extent to which these groups are responsible for broader patterns of atomization and bilateralism in foreign policy over the last several decades is an important open question in global governance.

³⁷See e.g. [Barthel and Neumayer \(2012\)](#); [Elkins, Guzman and Simmons \(2006\)](#).

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Supplementary Information

Table of Contents

A : Commercial diplomacy measures: validation and aggregation

A.1 : Full commercial diplomacy lexicon

A.2 : Validation via paragraph-level application

A.3 : Validation via comparison to cable traffic

A.4 : Aggregation to country-year level

B : Robustness

B.1 : Modeling AmCham creation

B.2 : Disaggregating PanelMatch results by host state FDI level

B.3 : Effect of AmChams on commercial diplomacy over time

B.4 : AmCham mentions: negative binomial regressions

B.5 : Addressing the fallibility of memory

B.6 : Testing for socialization effects

B.7 : Do AmChams increase bilateral trade?

A Commercial diplomacy measures: validation and aggregation

A.1 Full commercial diplomacy lexicon

Table A.1: Commercial diplomacy lexicon.

business	company	enterprises	labor
industry	finance	management	corporations
economy	consumer	goods	prices
economic	markets	investors	consumers
investment	tourism	tax	downturn
sector	employment	infrastructure	transportation
trade	sales	spending	auto
businesses	economies	marketing	increased
companies	corporate	manufacturers	growing
growth	retail	expanding	costs
commerce	boost	revenues	recovery
manufacturing	technology	services	investing
firms	agriculture	analysts	imports
financial	agricultural	moreover	construction
market	product	policies	environment
export	increase	expected	interest
industries	jobs	foreign	overseas
sectors	revenue	enterprise	energy
exports	products	firm	earnings
industrial	profits	slowdown	trading
investments	commercial	increasing	improve
global	telecommunications	booming	decline
banking	demand	competitiveness	private

A.2 Validation via paragraph-level application

To allow for a more qualitative, contextual validation of the commercial diplomacy measures, I compute them at the paragraph level for a randomly selected subset of 500 interview-segments (covering 22,566 paragraphs in total). Below, I present several paragraphs with high levels of commercial diplomacy content according to my measures, alongside some paragraphs with very low levels.

A.2.1 High levels of commercial diplomacy

1. “We had always been actively involved in promoting American business in Indonesia. It was an essential part of my job as economic counselor when I was at the embassy in Jakarta in the early 1980s and that remained a focus of interest and attention. But, we didn’t beat the drums looking for individual companies to go into Indonesia. We didn’t really feel that was our mission. We wanted to change the environment. I took the initiative for a Memorandum of Understanding on investment between the United States and Indonesia that Secretary Shultz signed, I think on one of his trips to Jakarta. Again, it was more symbolic to demonstrate to the American business community that Indonesia was interested in foreign investment, welcomed foreign investment and to provide a basic framework of the rules of the game that were appropriate. It wasn’t anything binding. The investment environment was always difficult in Indonesia primarily because if foreign investors wanted to invest in Indonesia to serve the domestic market, they would be running head on into private interests that already were serving investment in the domestic market and the politics of that were very bad. The investors who wanted to go into Indonesia for export didn’t have so much of a problem - energy, mining, or even manufacturing for export.” (Lexicon count: 26 — Lexicon similarity: 0.84)
2. “The U.S. trade centers around the world sponsor shows, organized by sector or specific products, in order to promote the export of American goods and services. If you have a developed economy like those in Western Europe the task is fairly easy. You don’t have to do a lot of research on your own since it is readily available through the private sector,

or sometimes through World Bank or IMF sources. You normally need good statistics for market research, on the basis of which you can decide whether or not there is a good market for U.S. goods and services. There are readily available and reliable statistics on German imports and exports, for example, so finding out what a given economic sector is all about not very difficult. In a place like Iran that was not the case. What they needed, at least in my mind, was a good political or economic officer who could apply traditional Foreign Service skills to going around meeting with people in any given sector and getting a rough but informed view of what the demand for certain products or services might be. This is especially so in a country where statistics are at best unreliable, and at worst are cooked in some way to get around tariffs - or import duties. The import statistics in Iran, for example, showed more agricultural equipment imports than could possibly be used by the country, so they were actually importing something else. Automobiles, or mink coats, or something else that would have had a much higher import duty than agricultural equipment come to mind. So if you do this kind of research then the people in the Commerce Department trade promotion offices could decide whether it would be worthwhile to put on a show in this area and recruit companies to exhibit at a trade center.” (Lexicon count: 28 — Lexicon similarity: 0.85)

3. “A considerable portion of my time was spent attempting to persuade Japanese decision makers both privately and publicly to deal with issues such as capital and trade liberalization. These initiatives were individually not of earthshaking importance, but progress would largely take place only through a series of relatively minor actions that individually would not arouse serious domestic opposition within Japan. This at least would be true until the two governments were prepared to enter into major bilateral or multilateral trade negotiations. For example one of my initiatives was to persuade the Director General of the Ministry of Trade and Industry (MITI), the highest ranking civil servant in the Ministry, to agree to permit foreign firms establish wholly owned wholesale companies to enable them to distribute imported products and bypass the powerful Japanese trading companies. Now, this was deemed to be an accomplishment since one of the hurdles for foreign firms was to get their products accepted and distributed by the incredibly complex Japanese distribution system,

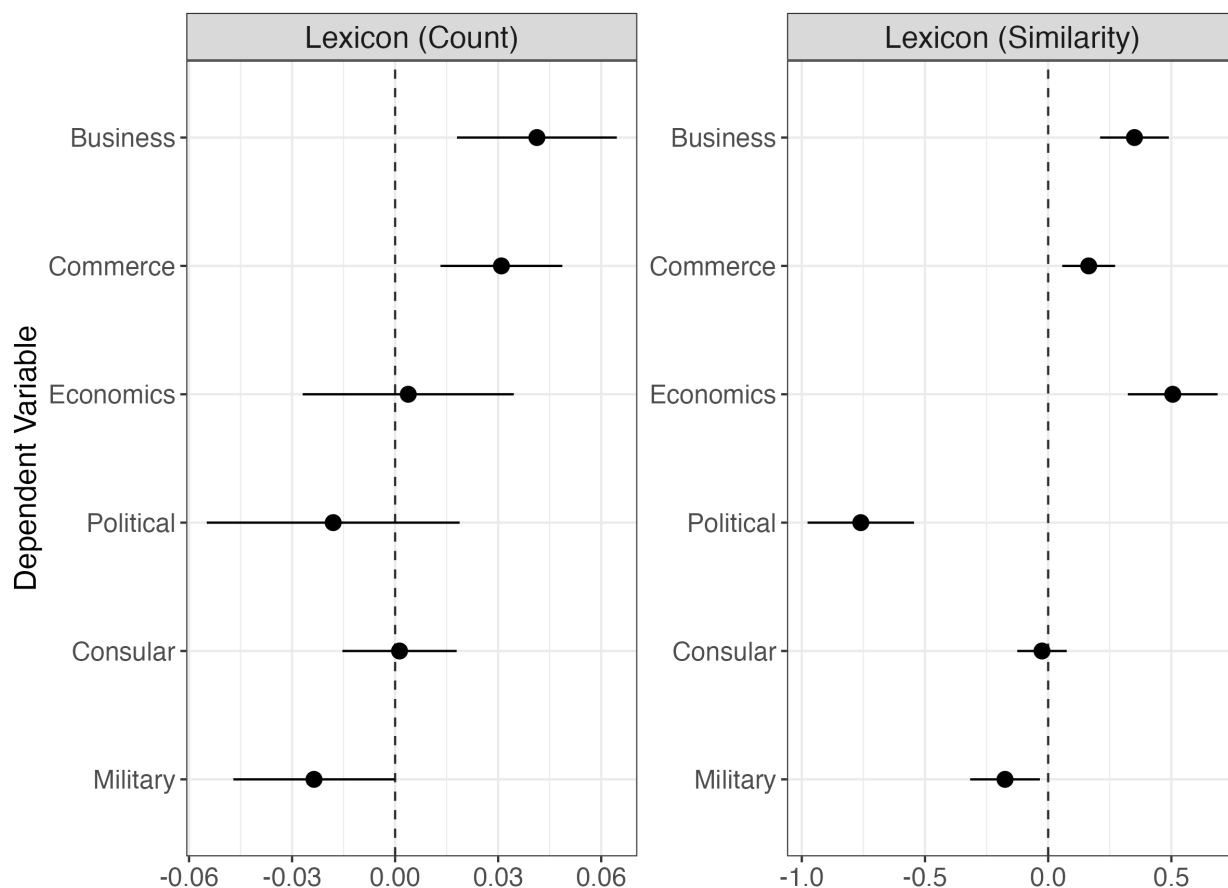
which deliberately or inadvertently favored Japanese products. In actuality, not very much was accomplished by this development. Although it enabled American firms to overcome one obstacle there were many other hurdles that thwarted American exporters. ” (Lexicon count: 15 — Lexicon similarity: 0.82)

A.2.2 Low levels of commercial diplomacy

1. “I had some very excellent USIS officers who were there with me and I worked for two excellent ambassadors, Henry Byroade and Arthur Hummel. Arthur Hummel became my first ambassador who had been a former USIA officer. Later, John Reinhardt was another former USIA officer who I worked for as an ambassador.” (Lexicon count: 0 — Lexicon similarity: 0.18)
2. “On another occasion we went out to the ruins of a church, outside of Tallinn. It had been destroyed a couple of hundred years ago, I guess. When we got there, he explained that it was done by Latvians. This led him into a dissertation on the evils of the Latvians, which ended with his saying, ‘And in 1917 they fought with the Bolsheviks against us.’ Which they did. The Latvians had a rifle regiment that fought with the Bolsheviks.” (Lexicon count: 0 — Lexicon similarity: 0.21)

A.3 Validation via comparison to cable traffic

Figure A.1: Both measures of commercial diplomacy predict cable traffic on commercial issues, but not on non-commercial issues.



The plotted coefficients are each the product of a different bivariate OLS regression; in each regression, the independent variable is the text-based commercial diplomacy measure,³⁸ and the outcome is the proportion of cables in each country-year that concern each of the topics listed on the Y-axis. All cable topics besides Commerce are determined using the State Department’s TAGS system, while the Commerce topic reflects the proportion of cables that were sent from embassies to the Commerce Department.

³⁸For ease of comparison with the similarity measure, the plotted coefficients for the Count measure reflect a 100-word increase in the lexicon.

A.4 Aggregation to country-year level

Both of my dependent variables are measured at the officer-posting level; each posting is associated with only one country, but postings typically cover multiple years. Since I cannot disaggregate the ADST data beyond the posting level, I below describe the process for aggregating the officer-posting outcomes to the country-year level.

First, define each officer-posting outcome as π_{dsr} , where d is the diplomat, s is the host state, and r is a set containing each calendar year that the diplomat spent in that post. To generate the country-year measure π_{st} , calculate:

$$\pi_{st} = \frac{1}{D} \sum_{d=1}^D \pi_{dsr} \quad \forall r \ni t$$

In words, to aggregate to the country-year level I take the average value of the outcome measure for all diplomats that were posted in country s during year t . Note that, as a result, officer-postings that spanned multiple years will influence the outcome measures for multiple country-years. For example, consider the following three officer-postings in the same state:

$$\pi_{d=1,s=1,r=1990} \equiv \pi_1 \tag{1}$$

$$\pi_{d=2,s=1,r=1991} \equiv \pi_2 \tag{2}$$

$$\pi_{d=3,s=1,r=\{1990,1991,1992\}} \equiv \pi_3 \tag{3}$$

Country-year outcomes would then be calculated as follows:

$$\pi_{s=1,t=1990} = \frac{\pi_1 + \pi_3}{2}$$

$$\pi_{s=1,t=1991} = \frac{\pi_2 + \pi_3}{2}$$

$$\pi_{s=1,t=1992} = \pi_3$$

B Robustness

B.1 Modeling AmCham creation

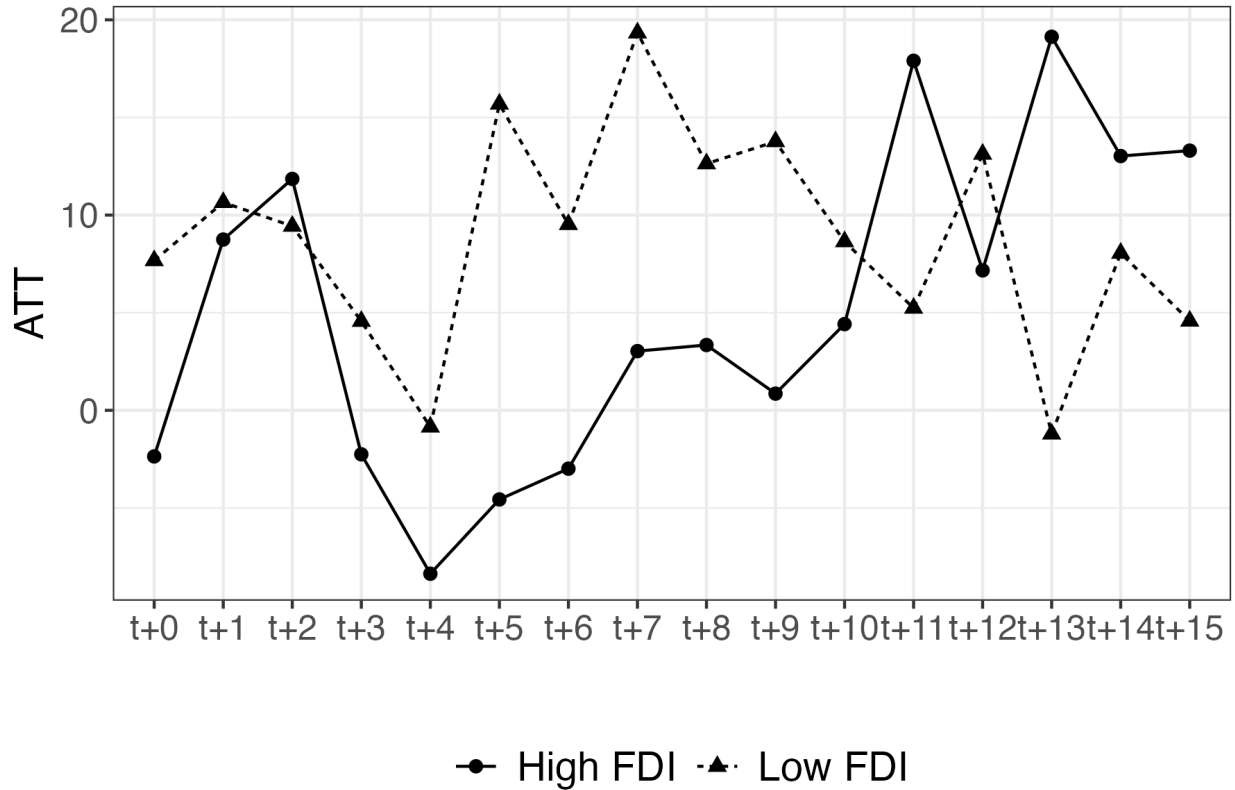
Table B.1: **Other than GDP growth, few variables are significant predictors of AmCham creation.**

	DV: created AmCham			
	Model 1	Model 2	Model 3	Model 4
MID (host state)	0.027 (0.049)	0.069 (0.042)	0.020 (0.030)	0.064 (0.056)
UN ideal point dist. from U.S.	-0.007 (0.038)	-0.025 (0.040)	0.036 (0.031)	0.021 (0.043)
Trade w/ U.S. (log)	0.002 (0.004)	0.005 (0.005)	-0.026 (0.018)	0.007 (0.008)
BIT w/U.S.	0.128 (0.080)	0.135* (0.074)	0.085 (0.068)	0.172* (0.088)
V-dem regime type (host state)	0.099** (0.043)	0.071 (0.045)	0.027 (0.035)	0.102* (0.056)
GDP (host, log)	0.057 (0.052)	0.073 (0.062)	-0.098 (0.080)	0.074 (0.066)
GDP growth (host state)	0.000*** (0.000)	-0.000 (0.001)	0.003*** (0.001)	0.000 (0.001)
KOF econ. globalization index (host)		-0.001 (0.002)		
V-dem private liberties index (host)		0.106 (0.135)		
# of U.S. firms in host (log)			0.041 (0.057)	
Total assets of U.S. firms in host (log)			0.023 (0.024)	
U.S. FDI in host (log)				0.000 (0.006)
Year FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Num.Obs.	4515	3262	1380	2803
R2	0.772	0.832	0.911	0.824

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

B.2 Disaggregating PanelMatch results by host state FDI level

Figure B.1: Effect of new AmChams on commercial diplomacy, by host state level of U.S. FDI.



Results obtained by:

1. Manually disaggregating the Mahalanobis-matched, Lexicon count DV model from Figure 4 (upper left quadrant) into country-year specific diff-in-diff estimates;
2. Merging in data from the BEA on U.S. FDI positions;
3. Sorting country-years into “high” or “low” FDI categories based on whether their U.S. FDI position was greater or less than the average;
4. Re-aggregating the estimates according to relative treatment timing.

B.3 Effect of AmChams on commercial diplomacy over time

Table B.2: The effect of AmChams on commercial diplomacy has grown over time.

DV:	Lexicon (Count)		Lexicon (Similarity)	
	Model 1	Model 2	Model 3 ^a	Model 4 ^b
AmCham	-17.679*** (4.539)	-9.543* (5.334)	-0.004 (0.005)	-0.005 (0.006)
Linear time trend	0.478*** (0.079)	0.616*** (0.088)	0.001*** (0.000)	0.001*** (0.000)
AmCham * Time trend	0.390*** (0.098)	0.261** (0.110)	0.000** (0.000)	0.000* (0.000)
Controls	Yes	Yes	Yes	Yes
Diplomat FE	Yes	Yes	Yes	Yes
Country FE	No	Yes	No	Yes
Num.Obs.	6823	6823	6823	6823
R2	0.486	0.518	0.631	0.689

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

^aMarginal effect of AmCham becomes positive in 1941.

^bMarginal effect of AmCham becomes positive in 1957.

B.4 AmCham mentions: negative binomial regression

Table B.3: AmCham mentions results are largely robust to the use of negative binomial regression.

	DV: Count of AmCham mentions.							
	1 (OLS)	2 (NB)	2 (OLS)	2 (NB)	3 (OLS)	3 (NB)	4 (OLS)	4 (NB)
AmCham	0.101*** (0.011)	1.544*** (0.141)	0.324*** (0.082)	1.059*** (0.202)	0.211*** (0.073)	1.029*** (0.275)	0.107 (0.102)	0.792** (0.331)
EconOff					0.205* (0.106)	1.255*** (0.341)	0.176 (0.121)	1.208*** (0.449)
Ambassador					-0.261** (0.103)	-0.606 (0.442)	-0.131 (0.120)	0.170 (0.449)
AmCham × EconOff					0.371* (0.218)	-0.232 (0.406)	0.346* (0.186)	-0.106 (0.523)
AmCham × Ambassador					0.980*** (0.292)	2.079*** (0.636)	1.096*** (0.360)	1.854*** (0.713)
Controls	No	No	No	No	No	No	Yes	Yes
Diplomat FE	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Num.Obs.	7996	7996	1371	1371	1371	1371	1012	1012
R2	0.011		0.284		0.309		0.355	
R2 Pseudo		0.035		0.183		0.208		0.243

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Note that, as an MLE-based modeling approach, negative binomial regression models drop all fixed effect groups (diplomats and years) that have no variation in the dependent variable, resulting in much smaller samples. To create a fair comparison between the two methods, I follow current best practices by pairing each negative binomial model with an OLS regression restricted to the same sample (Beck, 2020). Despite the small sample sizes, results are largely similar to those reported in Table 2.

B.5 Addressing the fallibility of memory

Table B.4: **Results of within-diplomat analysis are robust to downweighting observations that occurred farther into the past.** All models include temporal weights.

DV:	Lexicon (Count)			Lexicon (Similarity)		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AmCham	4.787*** (1.723)	1.789 (2.198)	-1.914 (2.209)	0.016*** (0.002)	0.005*** (0.002)	0.001 (0.002)
Economic Officer		25.046*** (3.826)	23.100*** (3.432)		0.037*** (0.003)	0.033*** (0.003)
Ambassador		25.187*** (4.057)	21.363*** (3.541)		0.010*** (0.003)	0.015*** (0.003)
AmCham x EconOff			7.261 (6.650)			0.010* (0.005)
AmCham x Ambassador			17.016* (9.547)			-0.006 (0.006)
Controls	No	Yes	Yes	No	Yes	Yes
Diplomat FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Num.Obs.	7,839	6,755	5,866	7,924	6,755	5,866
R2	0.624	0.630	0.643	0.591	0.676	0.692

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Weights were constructed as follows:

$$\omega_{dt} = \frac{1}{[\text{year of } d\text{'s interview}] - [\text{last year of posting } t] + 1}$$

The intuition is that observations for which officers discussed a posting that they held many years before the interview was conducted may contain lower quality information, and should therefore be downweighted.

B.6 Testing for socialization effects

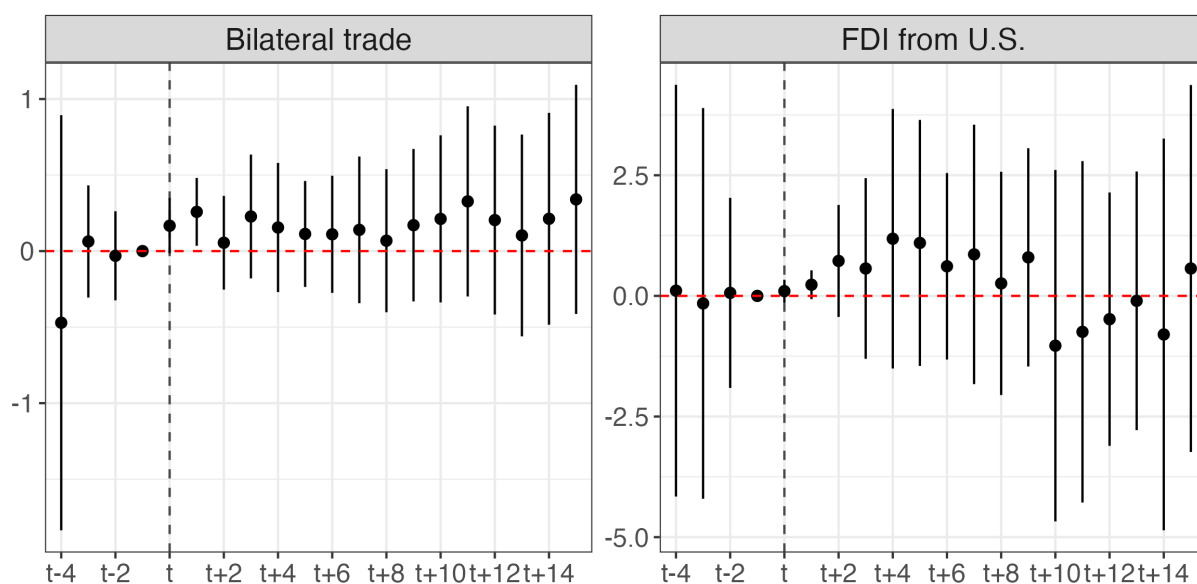
Table B.5: The AmCham effect does not persist after diplomats rotate on to posts that do not have active AmChams.

DV:	Lexicon (Count)			Lexicon (Similarity)		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AmCham	2.999** (1.205)	1.386 (1.751)	-0.827 (1.718)	0.014*** (0.001)	0.003** (0.002)	0.002 (0.002)
Ever AmCham	-0.396 (1.968)	-0.787 (2.489)	-1.332 (2.536)	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.003)
Economic Officer		24.285*** (2.868)	17.477*** (3.082)		0.036*** (0.003)	0.030*** (0.005)
Ambassador		23.550*** (3.543)	14.774*** (3.303)		0.009*** (0.003)	0.015*** (0.005)
AmCham x EconOff			0.850 (4.782)			0.014*** (0.005)
AmCham x Ambassador			24.340*** (8.582)			-0.005 (0.005)
Ever AmCham x EconOff			8.593* (5.081)			-0.000 (0.006)
Ever AmCham x Ambassador			1.163 (4.047)			-0.005 (0.005)
Controls	No	Yes	Yes	No	Yes	Yes
Diplomat FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Num.Obs.	7924	5925	5925	7924	5925	5925
R2	0.465	0.513	0.517	0.591	0.658	0.660

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

B.7 Do AmChams increase bilateral trade/FDI?

Figure B.2: New AmChams do not make a persistent impact on bilateral trade or investment flows.



The dependent variable for the trade model is the logged sum of imports and exports between the U.S. and the host state in a given year. The dependent variable for the FDI model is the logged U.S. FDI position in the host state in a given year. Both models estimated using the same PanelMatch procedure used for the main results in Figure 4 (with Mahalanobis matching refinement).