Trade and Economic Diplomacy

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State Department Electronic Records

The State Department has declassified and released electronic records for the years 1973 through 1979. In the middle of 1973, it started to use an automated system to index its Central Foreign Policy Files, and store them electronically. Because the change was made in the middle of the year, the files for 1973 are incomplete. Files for years before 1973 are available only in hard copy and files after 1979 have not yet been released. This limits our analysis to trade between the years 1974 and 1979.

The files include classified and confidential material, and some material, e.g. the full text and some metadata of certain files, are not yet available. But except for top secret records, or records that were lost, all have metadata for each record. For the purposes of this paper, the most important metadata is the TAGS (Traffic Analysis by Geography and Subject). All records were supposed to have at least one subject tag attached to them to indicate the content of the message. They also had geographic identifiers associated with them which represents a country, colony, or region. Over the years, there have been around 188 subject TAGS used by the State Department, broken out into 9 broad categories: Administration, Business Affairs, Consular Affairs, Economic Affairs, Military Affairs, Operations, Political Affairs, Social Affairs, and Technology and Science. *Economic Affairs* is the largest category, tagged in 22.3% of the files, followed by *Operations* (17.2%) and *Political Affairs* (16.5%). *Technology and Science* is the smallest category, with only 3.6% of subject TAGS.

Our paper focuses on export promotion efforts by the State Department. There are 4 TAGS that relate directly to export promotion. Of the 3.1 million records available, 142,590, or 5%, have one of the trade promotion TAGS as a subject. Table 1 shows the trade promotion subjects and the number of records tagged with each subject. A record can have multiple TAGS so the same record can be counted in different subjects. Below we list the description of the 4 trade TAGS from the State Department.

BEXP. Trade expansion and promotion is described as “Use for routing operational and administrative correspondence relating to activities of the Department of Commerce to promote the U.S. trade , including official U.S. trade exhibitions in the United States and abroad, trade fairs, missions, centers, Trade Development Trade Information Offices (TDTIO's)”.

BTIO. Trade and investment opportunities “Use for administrative or operational messages of a routine nature on trade and investment opportunities abroad.” This tag is used when the embassies learn of a potential trade or investment opportunity. It might be the case that a foreign government is interested in partnering with U.S. firms or it could be individual firms or persons looking for an opportunity.

BPRO. Business proposals and inquiries “Use for communications regarding specific proposals and trade inquiries by U.S. Businessmen for presentation and development by the U.S. Government Trade Mission members.”

BTOP. Trade opportunity program “Used for communications regarding private trade opportunities, foreign government tenders and special handling trade opportunities in accordance with 10 FAM 161 and 162.”

Each of the files also has a geographic TAGS that identifies the location of interest in the file. This is not necessarily a country, but could also represent a colony or dependency (such as the Falkland Islands or Tuvalu) or a region (such as the Middle East). The United States is, not surprisingly, the most frequently used location across all of the CFPFs. The other countries most frequently tagged across all 3 million files reflect the most important U.S. allies (United Kingdom, France, Canada, Japan), adversaries (Soviet Union, East Germany), or those that most frequently engaged high-level diplomacy (Egypt, Israel).

We can use the subjects TAGS to identify the records about trade promotion and the geography TAGS to determine the location of interest. In this next section we give a sense of the role that State Department officials played by describing some of the records about trade promotion.

One file from the 1970s echoed the feeling that many U.S. firms lacked enough information about trading conditions:

> Embassy's commercial attache, for example, during recent business consultations in Seattle, Portland and San Francisco, was struck by relatively little apparent interest in exporting among local business communities as a whole, and especially by lack of knowledge about conditions among many of those who were interested. In all three cities, for example, businessmen seemed surprised to be informed that recent dollar devaluation had sharply increased competitivieness (*sic*) of US goods. (1973BANGKO12508)

As another example, a communication from the Seoul embassy read:

> Within the past year the ROKG [Republic Of Korea Government] has begun an unofficial Buy-American program in its own projects and among Korean industry, has encouraged the formation of purchasing missions to the United States, and has continued to support the trade center with expeditious customs clearances, import waivers for goods normally restricted, and other courtesies not available to other embassies. There is also a definite, though unquantifiable, shift towards U.S. sources as a result of our CCP major projects efforts. (1977SEOUL09827)

State Department officials also served as go-betweens between foreign and domestic firms either interested in establishing trade ties or having a dispute about trade. When foreign companies were uncertain about establishing ties with U.S. companies they could approach the Embassy for guidance. For example:

> Austrian East-West trader, Xaver Raedler, has approached embassy for assistance in locating U.S. suppliers of valves and pipe used in construction of urea plants. Raedler has stated that (unspecified) East European country intends to build four (4) urea plants, each with daily capacity of 1,500 metric tons. Raedler and his firm intend to submit bid for the first of these projects, scheduled

for completion in 1981. Valves, pipes and other material which firm requires has, according to Raedler, estimated value of US$ 3-4 million. (1979VIENNA10761)

Indeed there are around 9,000 records that have "Private trade opportunity" as the subject. These records are usually communications from overseas embassies informing the State Department that a local firm is seeking trading opportunities with U.S. firms and supplying a list of products of interest to that firm. These records were relatively consistent across time, as shown in Figure 1. Between 1974 and 1979, they averaged between 50 and 200 records a month with a spike in March 1976.

These reports suggest how the State Department attempted to increase exports. By providing actual opportunities to engage in trade, they could have eased communication and information issues between exporters and importers. The question as to whether, broadly speaking, these efforts succeeded is unanswered. In the next section, we will discuss how we quantify the trade promotion efforts and test their impact on bilateral U.S. exports.

Quantitative analysis

Using both the subject and the geographic TAGS, we created a country-year level measure of trade promotion communications. Specifically, for each report tagged as trade promotion, we keep the date, subject TAG and country TAG. Then for each year we sum up the number of trade tags for each country, giving us a count of the number of each trade promotion TAGS associated with a country in each year between 1974 and 1979.[1] We sum across these TAGS to get the total number of trade promotion reports for each country year. Because the variable is highly skewed—some countries are associated with very few trade promotion reports and others with a lot—we log the variable, but add the value of one first so that case with zero trade-related reports are not dropped.

There are a couple of limitations with this measure. First, we cannot be sure what the files actually say about trade. It could be the case that a file is asking for trade statistics with a country, for example. Given the sheer number of files with trade TAGS, however, it would be difficult to read through all of the texts to identify only those specifically about trade promotion of U.S. firms. A second limitation is that multiple countries are sometimes tagged in a single file. At the extreme, 15 countries are tagged in a single record. This is very much an outlying case. In 87% of cases, only a single country is mentioned and in another 10% of cases only two countries are mentioned.

Although the locations in the CFPFs as a whole reflect strategic importance and country size, it is important to note that the same is not true of the trade promotion communications. The countries mentioned most frequently in these do vary considerably across different trade TAGS. In other words, U.S. diplomats did not simply communicate more with the countries with whom the U.S. traded more. Table 2 lists the 25 countries the U.S. exported to between 1974 and 1979. In each column is their rank for the trade subjects based on the number of CFPFs that mention the country. For example, the U.S. exported the most by value to Canada, but it was

[1] We also run our baseline model for each of the individual TAGS. The results are shown in Appendix Tables A1-A4.

58th in terms of Business Expansion and Promotion (column 2). As the table shows there is not a lot of overlap between the overall export ranking and the CFPF mentions. In the business expansion subject 6 of the top 10 tagged countries are included, but for the other 3 subjects, only between 1 and 4 of the top 10 are listed among the top trading partners. This suggests that any results we find do not simply reflect the fact that the same countries that trade more also receive more trade-related communications. Instead, with the trade promotion files, the State Department was actively pursuing new export markets. Indeed, of the top 20 countries receiving State Department communications with the Trade Expansion tag, 13 were developing countries (see Appendix Table A2). The same pattern was found in the Trade and Investment Opportunity tag. Only 6 developed countries were found in the top 20 in both subjects. So the State Department was communicating with export markets that were not already large destinations for U.S. exports.

Our measure then goes beyond noting the presence or absence of export promotion. We can quantify how much effort the U.S. government was willing to put into trade relations with different countries. We therefore provide more of the microfoundations to the arguments about export promotion agencies and the presence of embassies that have thus far been used in the literature. In the next section, we examine whether the files had an effect on the value of exports to different countries.

Data and analysis.

The gravity model has become the standard for analyzing trade flows in economics. As the name suggests, it is based on the gravity model of physics. Trade flows should be larger between larger sized countries and countries that are closer to one another, either proximately or culturally. Thus, in regression models, GDP is included to proxy for country size while distance, contiguity, colonial relationship, and common language are included as measures of proximity.

Most of the empirical studies of trade use dyadic data and have imports as the dependent variable. Import data are seen as more reliable than export data because countries have a greater incentive to keep accurate records of imports since customs revenue is based on them (Baldwin and Taglioni 2006). In our case, we do not have dyadic data. The CFPFs are from the United States only and cover the years 1973 to 1979, so we have panel data for about 140 countries. There are two dependent variables to match the hypotheses of the paper. The first is the log of U.S. exports to its trading partner while the second is the log of imports into the U.S. from its trade partner. Both variables are from the IMF's Direction of Trade Statistics.

For the standard gravity model controls, we use data from CEPII's gravity model dataset. It includes a wealth of variables used in gravity models. GDP (in current US dollars) is logged to decrease the effect of larger countries. *GATT* is a dichotomous variable that is equal to 1 if the trading partner was a member of the GATT during the year. About half the observations take on a value of 1. We would expect the *GATT* coefficient to have a positive and significant effect—the rationale behind the GATT was to provide a multilateral forum for trade negotiations with the goal of reducing trade barriers and increasing world trade. But many of the U.S. largest trading partners were not members of the GATT during this time frame. Mexico only joined in 1986, Venezuela in 1990, and Iran, the USSR, and Saudi Arabia never joined.

Contiguity is a dichotomous variable equal to 1 if the U.S. shares a land border with its trading partner. Countries tend to trade more with contiguous countries so this variable should have a positive coefficient. The U.S. however is only contiguous to Canada and Mexico so it is unclear whether it will have much of an effect on either exports or imports. *Common language* is a dichotomous variable equal to 1 if the U.S. and its trading partner share an official common language, in this case English. A shared language not only indicates cultural similarity but it might also make transactions easier to accomplish. We therefore expect a positive coefficient on this variable. Finally, *distance* is the distance in kilometers weighted by population, which we again log.

All models also include year fixed effects. These help control for any yearly shock, whether it affected the entire world or the U.S., that is not accounted for by the variables in the models. These shocks include events such as oil price shocks, inflation, or unemployment shocks. In all the models, the standard errors are clustered by the trading partner. We also include country fixed effects in most models, except where indicated.

The models with the lagged dependent variable cover the years 1974 to 1979. Because the missing records did not affect the flow of trade, we can include 1973 values of trade in the models.

Analysis

Because we are mainly interested in the State Department's record in promoting exports. we focus on our variable that sums Trade promotion, Trade/Invest opportunities, Business inquiries, and Trade opportunities programs into a single *promotion* variable rather than looking at all TAGS mentioning international trade. We add a value of 1 and then log the summed variable. The mean value for the *promotion* variable is 3.39 (about 30 records per country-year) with a maximum of 7.65 (or 2099 records).

The first three columns of Table 3 use the log of exports as the dependent variable while columns 4 through 6 use the log of imports. The effect of the control variables is mixed. *GDP*, *distance*, *colony*, and *common language* are all significant and in the expected direction. The coefficients on *contiguity* and *GATT* membership are in the wrong direction. *Contiguity* is negative but never significant, probably because only Canada and Mexico are coded as contiguous. *GATT* membership is also negative but significant in only one import model. As mentioned above, this might be because many of the major U.S. trading partners were not in the GATT at this time.

Columns 1 and 4 present the baseline models with the logged promotion variable. It has a positive and significant effect on U.S. exports but no effect on imports into the U.S. The size of the coefficient is more than twice the size when U.S. exports is the dependent variable (0.357) as when the dependent variable is imports (0.149).

The number of communications by country changes a lot over the time period so an example of the substantive effect using real data might be more meaningful. For instance, Egypt was one of the countries with the most trade promotion records. Between 1974 and 1979, U.S. exports to Egypt increased by 215%, from about $455 million in 1974 to $1.3 billion in 1979. Egypt's GDP increased from $9 billion in 1974 to $18 billion in 1979. Based on the regression analysis, the growth of the Egyptian economy was the main driver, increasing U.S. exports to Egypt by about 81%. But State Department trade promotion also increased, by 84%, which

would have increased exports by about 30%. While not of the magnitude of GDP, trade promotion had a sizable effect on U.S. exports to Egypt. Moreover, these estimates are in line with other studies' estimates of the effect of export promotion agencies. Rose (2006) finds that an embassy or consulate in a country leads to a 6 to 10% increase in trade while Lederman, et al. (2006) find that the median export promotion agency explain about 12% of a median country's change in trade.

One potential objection to the results so far is that we are simply showing that the U.S. talks more about trade with the countries it trades the most with. It is not surprising that the coefficients are positive and significant in most cases since the U.S. will trade more with these countries. In other words, the direction of causality is not clear--we are not sure whether more export-promotion communications lead to more exports or more exports leads to more export-promotion communications.

To control for this reverse causality, many economic studies of export promotion agencies or foreign visits instrument their measure with some other variables for the desirability of the location. The main benefit of our paper is the new variable we construct from the State Department records. It does not make much sense to instrument this new variable with another variable. There is also the difficulty of finding a valid instrument (see Head and Ries 2010, p. 758). For instruments, we would need at least one variable that explains communications related to trade promotion but which has no effect on trade flows.

Relatedly, we could be picking up a size effect in that larger countries—whether economic or demographic—will have both more trade and more communications. Controlling for GDP alleviates this concern somewhat. It is capturing the fact that larger countries tend to trade more. It might not be picking up all of the size effect of larger countries, however.

In the remaining columns of Table 3 (columns 2, 3, 4, and 6), we start to address both of these concerns. First, in columns 2 and 5 we replace the log promotion variable with a count of the promotion communications divided by the population of a country (in the millions). This will reduce the importance of larger countries being the subject of more communications. If larger countries receive more communications in general, scaling them by population will affect their distribution. The change does not affect our findings. The coefficient is positive and significant for both exports and imports. Again, the effect is stronger for exports than for imports.

In columns 3 and 6, we include country-level fixed effects to control for endogeneity (Baier and Bergstrand 2007). When fixed effects are included, we are looking at the yearly change from the mean trade of a dyad or country. Many of the variables (contiguity, common language, colony, and the log of distance) will drop out of the model because there is no variation in their values. Despite the addition of the fixed effects, we find similar results as before for both exports and imports. The log of promotion mentions is positive and significant in the export model but not significant in the import model.

Our evidence so far suggests that the State Department was successful during this period in promoting exports. When there were more export-promotion communications about a country, U.S. exports to that country increased but there was not a corresponding effect on imports. Rather than just reacting to the preferences of firms, government agencies can lead trade policy as well.

Robustness checks.

In order to ensure the robustness of our results, we ran many robustness tests. Table 4 looks at different tests for the promotion variable's effect on exports. (Results for imports are available upon request.) In column 1, we include the lagged dependent variable with our promotion variable which has a highly significant effect on U.S. exports--it also has a significant effect on imports into the U.S. In column 2 we scale promotions with GDP in the billions.[1] The coefficient is positive and significant for exports but has no effect on imports. In column 4, we include promotions scaled by GDP with country fixed effects. The variable is not significant for either exports or imports, but it just misses a significant effect on exports (p-value = 0.103). Finally, in column 3 we include the log of promotions scaled by population while also including country fixed effects. Promotions has a positive and significant effect on U.S. exports. The effect on imports into the U.S. is insignificant.

Our measure of trade promotion counts each of the 4 tags so the same file could be counted multiple times. In Table 5 we rerun the analyses counting each file that mentions any of the trade promotion tags only once. Our results are unaffected. We get a significant effect of trade promotion with the logged number of files and files divided by population. Inclusion of country fixed effects also does not change the results.

One final way to examine whether the positive relationship between trade-related files and trade is a true effect is to run placebo tests. As mentioned above, the CFPF data contains a set of tags for Military Affairs. Records about military matters should not have an effect on trade. To test this, we sum for each country the number of files in a year that are tagged with any Military affairs tag. The correlation between this variable and our trade promotion variable is only 0.43 which is not very high.

In Table 6 we include the log of military communications (plus one) in half the models and the log of military communications (plus one) divided by population in the other half. As before the dependent variable in the first 2 columns is the log of exports and in the last 2 columns it is the log of imports. All models include country fixed effects. The military variables are insignificant in all instances when country fixed effects are included in the models. Indeed, the coefficient is negative in all 4 models, though in the import models the size of the coefficient is essentially 0. These findings lend credence to our argument that U.S. efforts at trade promotion did in fact increase exports with those countries.[2]

We also run the analysis separately for each year. The model includes all the variables from the baseline model, with the exception of the year fixed effects. The coefficients on the control variables (not shown) tend to be the same as in the panel models. In Figure 2, we plot the coefficient for the log of promotion communications and plot the coefficient for each year. The figure shows that the effect of the log of records on U.S. exports is significant for all years except 1974, when it just misses significance. The effect of promotion communications on imports is significant only for the year 1974 and not for any of the other years.

We then excluded countries one at a time to see whether any of them are outliers. We ran the models in Table 3, col. 1 (for exports) and Table 3, col. 4 (for imports), excluding each country one at a time. The results are consistent for both exports and imports. Promotion has a positive and significant effect on U.S. while the effect on imports is marginally significant at best. There is not a single country driving the results.

Finally, do all the trade promotion TAGS have an equal effect on trade or are the results driven by specific TAGS? We run the baseline model using the log of the number for each of the trade promotion TAGS on exports and imports. The results for exports (imports) without country fixed effects are shown in table A1 (A3). Models with country fixed effects are shown in tables A2 and A4.

Each of the 4 trade promotion variables has a positive and significant effect on exports when country fixed effects are not included in the model. The TAGS with the largest number of records also has the most substantial effect on exports, so it is not surprising that the sum of trade promotion reports is significant. The other individual TAGS, though smaller in size and effect, also have a significant effect. With country fixed effects, communications that use the two largest TAGS (Business expansion and promotion and Trade/Investment opportunities) are significant while the coefficients on the smaller two TAGS are not significant (Business Inquiries and Trade opportunity program).

The situation with imports is different. The coefficients on the largest (Business expansion and promotion) and smallest (Trade opportunity program) groups of records are significant, but at the 0.10 level. With country fixed effects, only the smallest tag (Trade Opportunity Program) has a significant effect.

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Table 1: Communications with trade promotion subjects: 1973-1979

	Abbrev	Mentions
Trade expansion and promotion	BEXP	117,540
Trade/Investment opportunities	BTIO	19,171
Business proposals and inquiries	BPRO	9,754
Trade opportunity program	BTOP	1,688

Figure 2

Table 2: Top 25 Countries U.S. exports to by record number ranking

	BEXP	BTIO	BPRO	BTOP
Canada	58	32	19	35
Japan	2	21	17	34
United Kingdom	24	5	1	48
Germany	146	130	157	105
Mexico	25	8	3	45
Netherlands	38	55	59	100
France	13	18	11	49
Italy	21	33	32	39
Brazil	11	17	2	31
Venezuela	15	46	5	61
Saudi Arabia	6	11	10	29
Australia	5	28	12	11
South Korea	12	51	15	76
Iran	9	23	13	43
Spain	48	41	30	102
USSR	7	38	21	113
Switzerland	45	9	60	66
Israel	51	31	26	40
Singapore	42	29	62	23
Hong Kong	36	97	47	163
South Africa	26	45	28	25
Sweden	8	2	67	3
India	16	15	27	13
Philippines	31	35	16	172

Table 3: Effect of promotion mentions on trade

	(1)	(2)	(3)	(4)	(5)	(6)
Log promotion mentions	0.357***		0.119***	0.149		0.074
	(0.104)		(0.045)	(0.099)		(0.055)
Log Promotion/Pop		0.302***			0.236***	
		(0.067)			(0.076)	
Log GDP	0.799***	1.021***	0.554***	0.944***	1.050***	0.499*
	(0.073)	(0.037)	(0.204)	(0.084)	(0.066)	(0.278)
GATT	-0.266	-0.222	-0.036	-0.356	-0.300	-0.239***
	(0.162)	(0.153)	(0.105)	(0.287)	(0.274)	(0.069)
Contiguity	-0.250	0.046		-0.352	-0.064	
	(0.449)	(0.399)		(0.511)	(0.509)	
Common language	0.521***	0.493***		1.037***	0.999***	
	(0.168)	(0.156)		(0.282)	(0.274)	
Colony	0.702***	1.072***		0.640*	0.863***	
	(0.224)	(0.194)		(0.331)	(0.304)	
Log distance	-1.319***	-1.072***		-1.183***	-0.999***	
	(0.216)	(0.247)		(0.286)	(0.299)	
Constant	8.318***	4.946**	-0.584	6.491**	3.918	-0.003
	(1.883)	(2.370)	(1.637)	(2.550)	(2.777)	(2.373)
N	791	791	791	774	774	774
R2	0.789	0.798	0.281	0.627	0.644	0.242
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	No	No	Yes	No	No	Yes

Note: Year fixed effects included but not shown to conserve space. Promotion mentions is the sum of Trade promotion, Business inquiries, Trade/Invest Opport, and Trade Opport Prog. A value of 1 is added before logging as the log of 0 is missing. Columns 3 and include country fixed effects. Dependent variable in columns 1 through 3 is the log of U.S. exports. In columns 4 through 6 it is the log of imports into the U.S.

Table 4: Promotion mentions robustness checks

	(1)	(2)	(3)	(4)
	b/se	b/se	b/se	b/se
Log promotion mentions	0.053***			
	(0.015)			
Promotion/GDP		0.005*		0.001
		(0.003)		(0.001)
Log promotion/pop			0.114**	
			(0.044)	
Log GDP	0.061*	1.029***	0.560***	0.595***
	(0.036)	(0.045)	(0.203)	(0.201)
GATT	-0.100***	-0.309*	-0.039	-0.004
	(0.029)	(0.172)	(0.108)	(0.108)
Contiguity	0.030	-0.386		
	(0.078)	(0.385)		
Common language	0.052	0.524***		
	(0.033)	(0.184)		
Colony	-0.004	0.932***		
	(0.049)	(0.233)		
Log distance	-0.057	-1.277***		
	(0.071)	(0.242)		
Lag log exports	0.917***			
	(0.036)			
Lag log imports				
Constant	0.575	7.404***	-0.416	-0.464
	(0.509)	(2.227)	(1.661)	(1.679)
N	779	791	791	791
R2	0.967	0.759	0.280	0.267

Note: Year fixed effects included but not shown to conserve space. A value of 1 is added to all the promotion mentions before logging as the log of 0 is missing. Country fixed effects are included in models 3 and 4. Dependent variable is exports from the U.S.

Table 5: One trade promotion mention per communication

	(1)	(2)	(3)	(4)
Log alt. promotion mentions	0.349***	0.122***		
	(0.099)	(0.039)		
Log alt. Promotion/Pop			0.291***	0.117***
			(0.064)	(0.038)
Log GDP	0.802***	0.594***	1.018***	0.605***
	(0.067)	(0.124)	(0.036)	(0.123)
GATT	-0.258	-0.031	-0.225	-0.036
	(0.158)	(0.087)	(0.149)	(0.092)
Contiguity	-0.275		0.014	
	(0.421)		(0.363)	
Common language	0.502***		0.470***	
	(0.166)		(0.153)	
Colony	0.730***		1.088***	
	(0.222)		(0.192)	
Log distance	-1.330***		-1.087***	
	(0.199)		(0.227)	
_cons	8.832***	-0.968	5.504**	-0.843
	(1.694)	(0.972)	(2.124)	(0.989)
N	918	918	918	918
Countries		140		140
R2	0.794	0.467	0.802	0.466

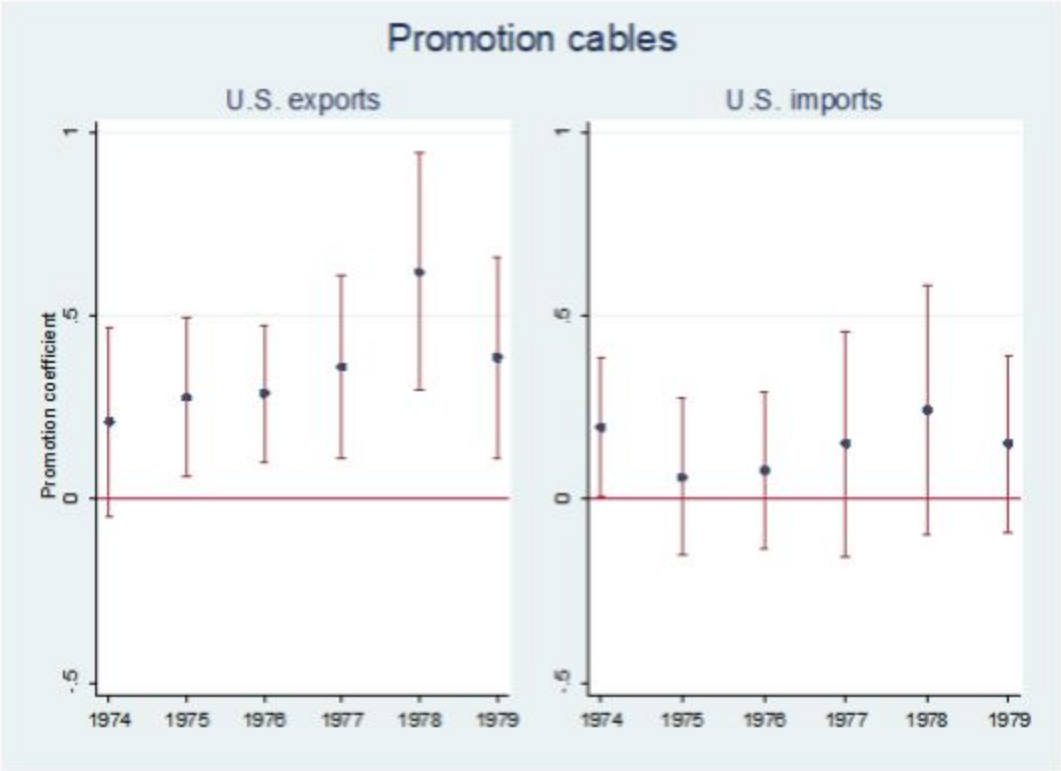
Note: Year fixed effects included but not shown to conserve space. Promotion mentions is the sum of records if any of Trade promotion, Business inquiries, Trade/Invest Opport, and Trade Opport Prog are tagged. A value of 1 is added before logging as the log of 0 is missing. Even columns include country fixed effects. Dependent variable is exports to the U.S.

Table 6: Placebo test: Communications tagged as Military Affairs

	Exports		Imports	
	(1)	(2)	(3)	(4)
Log of sum of military records	-0.034		-0.003	
	(0.038)		(0.049)	
Log of military records/Pop		-0.038		-0.007
		(0.037)		(0.050)
Log GDP	0.630***	0.626***	0.708***	0.707***
	(0.123)	(0.122)	(0.209)	(0.209)
GATT	-0.021	-0.022	-0.270***	-0.271***
	(0.102)	(0.101)	(0.069)	(0.069)
_cons	-0.800	-0.819	-1.520	-1.505
	(0.956)	(0.973)	(1.714)	(1.707)
N	909	909	886	886
Countries	140	140	140	140
R2	0.449	0.449	0.351	0.351

Note: Year and country fixed effects included but not shown to conserve space. Military records is the sum of any communication that contains one of the Military Affairs tags. A value of 1 is added before logging as the log of 0 is missing. Dependent variable in columns 1 and 2 is the log of U.S. exports. In columns 3 and 4 it is the log of imports into the U.S.

Figure 2: Promotion effect in each year



Appendix Tables

Table A1: US Exports

	(1)	(2)	(3)	(4)
Log Trade promotion	0.367***			
	(0.102)			
Log Trade/Invest Opport		0.243***		
		(0.077)		
Log Business inquiries			0.367***	
			(0.099)	
Log Trade Opport Prog				0.201***
				(0.064)
Log GDP	0.788***	0.890***	0.872***	0.983***
	(0.074)	(0.053)	(0.051)	(0.042)
GATT	-0.236	-0.321*	-0.328**	-0.337*
	(0.161)	(0.170)	(0.162)	(0.175)
Contiguity	-0.132	-0.621	-0.576	-0.428
	(0.462)	(0.393)	(0.431)	(0.374)
Common language	0.497***	0.564***	0.532***	0.551***
	(0.166)	(0.185)	(0.183)	(0.186)
Colony	0.700***	0.787***	0.546**	0.952***
	(0.223)	(0.235)	(0.260)	(0.232)
Log distance	-1.295***	-1.363***	-1.243***	-1.313***
	(0.218)	(0.223)	(0.234)	(0.234)
Constant	8.174***	9.225***	8.122***	8.307***
	(1.895)	(1.913)	(1.999)	(2.055)
N	791	791	791	791
R2	0.790	0.769	0.774	0.756

Note: Year fixed effects included but not shown to conserve space. A value of 1 is added to all the promotion mentions before logging as the log of 0 is missing.

Table A2: Exports from the U.S.: Country fixed effects

	(1)	(2)	(3)	(4)
	b/se	b/se	b/se	b/se
Log Trade promotion	0.088**			
	(0.044)			
Log Trade/Invest Opport		0.081***		
		(0.024)		
Log Business inquiries			0.033	
			(0.024)	
Log Trade Opport Prog				0.032
				(0.025)
Log GDP	0.551***	0.526**	0.568***	0.573***
	(0.206)	(0.202)	(0.203)	(0.200)
GATT	-0.028	-0.021	-0.017	0.006
	(0.098)	(0.124)	(0.126)	(0.127)
_cons	-0.415	0.059	-0.239	-0.249
	(1.669)	(1.686)	(1.689)	(1.671)
N	791	791	791	791
Countries	140	140	140	140
R2	0.273	0.283	0.266	0.266

Note: Year fixed effects included but not shown to conserve space. A value of 1 is added to all the promotion mentions before logging as the log of 0 is missing. Country fixed effects are included in all the models.

Table A3: Imports into the US

	(1)	(2)	(3)	(4)
Log Trade promotion	0.198*			
	(0.103)			
Log Trade/Invest Opport		-0.025		
		(0.094)		
Log Business inquiries			0.176	
			(0.112)	
Log Trade Opport Prog				0.147*
				(0.077)
Log GDP	0.913***	1.038***	0.967***	1.020***
	(0.086)	(0.079)	(0.078)	(0.067)
GATT	-0.334	-0.379	-0.369	-0.374
	(0.286)	(0.287)	(0.284)	(0.287)
Contiguity	-0.264	-0.424	-0.501	-0.444
	(0.516)	(0.490)	(0.504)	(0.497)
Common language	1.021***	1.055***	1.038***	1.054***
	(0.278)	(0.285)	(0.287)	(0.285)
Colony	0.612*	0.735**	0.563	0.767**
	(0.324)	(0.337)	(0.349)	(0.331)
Log distance	-1.169***	-1.178***	-1.151***	-1.192***
	(0.283)	(0.291)	(0.298)	(0.293)
_cons	6.417**	6.336**	6.437**	6.576**
	(2.527)	(2.593)	(2.608)	(2.617)
N	774	774	774	774
R2	0.631	0.622	0.626	0.623

Note: Year fixed effects included but not shown to conserve space. A value of 1 is added to all the promotion mentions before logging as the log of 0 is missing.

Table A4: Imports into the U.S.: Country fixed effects

	(1)	(2)	(3)	(4)
	b/se	b/se	b/se	b/se
Log Trade promotion	0.063			
	(0.045)			
Log Trade/Invest Opport		0.019		
		(0.045)		
Log Business inquiries			0.010	
			(0.041)	
Log Trade Opport Prog				0.109**
				(0.045)
Log GDP	0.493*	0.499*	0.507*	0.504*
	(0.276)	(0.273)	(0.277)	(0.269)
GATT	-0.237***	-0.224***	-0.224***	-0.186*
	(0.066)	(0.069)	(0.073)	(0.100)
Constant	0.100	0.291	0.231	0.247
	(2.354)	(2.304)	(2.328)	(2.258)
N	774	774	774	774
Countries	140	140	140	140
R2	0.241	0.240	0.239	0.249

Note: Year fixed effects included but not shown to conserve space. A value of 1 is added to all the promotion mentions before logging as the log of 0 is missing. Country fixed effects are included in all the models.