Foreign Agents: MNCs and WTO Disputes

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Abstract

Foreign firms play an important role in lobbying the US government for free trade. Their importance has risen along with foreign investment in the United States, which increases their stakes in US policies, and along with the rise in the number of foreign firms in the top ranks of multinationals. They lobby Congress and the White House in addition to USTR, the State Department, the Commerce Department, and a variety of other agencies, and they lobby about trade as well as many other policies. Lobbying responds as trade disputes increase or decrease its expected payoff in ways that are consistent with an informational theory of lobbying. Foreign firms face a liability of foreignness that reduces their incentives to lobby. As a result, firms with US affiliates respond more strongly to disputes if their home countries are closely aligned with the United States. Anti-dumping disputes generate distinct sets of incentives and patterns of lobbying.

KEYWORDS Lobbying, Foreign Direct Investment, Trade Disputes, WTO

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Introduction

Concern about foreign influence on the eve of the Second World War spurred Congress to pass the Foreign Agents Registration Act (FARA) in 1938, and during the Cold War FARA was amended and revised to address concerns about Communist influence activities. FARA imposes obligations on anyone acting as an "agent of a foreign principal." The expansion of the number and significance of multinational firms in recent decades has created a new class of foreign agents who are deeply engaged in political activity in the United States. Foreign business firms are permitted to register under the less-onerous Lobbying Disclosure Act (LDA) rather than FARA, and we use these disclosures to analyze the extent of their activities. The openness of the US political system and the "weak state" characteristic of a competitive pluralistic democracy provide numerous access points for foreign corporations to play important roles in shaping public policy.

We focus on trade, although the LDA data indicate that foreign corporations lobby actively on foreign relations, taxation, finance, and even defense. Foreign firms, particularly those that have made direct investments in the United States, have substantial stakes in US trade policy, and with few exceptions, they prefer the US market to be open to trade. Foreign multinationals generally import finished goods or components from their home countries, often sourcing components in other countries as well, and US trade barriers increase their operating costs. In addition, they share with business firms generally a preference for a stable and predictable policy environment that reduces transaction costs. We argue that these preferences are reflected in changes in their lobbying behavior around the announcement of World Trade Organization (WTO) disputes.

Political activity is costly and firms seek to maximize their profits, so variations in the intensity of lobbying can be read as indicating variations in the expected payoff of political activity.[1] Foreign firms operate at a political disadvantage relative to domestic firms. Although they are important employers, taxpayers, and partners in public policy endeavors, they are never

[1]This is subject to the well-known paradox that lobbying activity is under-supplied in the sense that the value of the policies at stake greatly exceeds the cost of the efforts expended, which reflects the fact that political markets are imperfect.

as fully invested in the US market as domestic firms, and they are never quite as reliably loyal to domestic law. Consequently, they invest less in the political influence game than similarly-positioned domestic firms, because the expected payoff of playing is lower. This is a version of the liability of foreignness (Zaheer 1995).

The payoff of political activity depends on the degree to which the political authorities internalize one's interests (regard the interests of BMW or Toyota, for example, as reflecting the interests of US workers and taxpayers) and how they regard the credibility of the messages that one is able to send. Much of political activity is cheap talk signaling, and the credibility of cheap talk signals depends on the degree of alignment of interests between the sender and the receiver (Crawford and Sobel 1982). So long as Congressmen and officials in Executive agencies believe there is a degree of alignment between their preferences and those of a lobbyist, they willingly listen to the lobbyist's arguments and update their beliefs. If their perspectives become too incongruent, on the other hand, lobbying fails to convey any meaningful information, and the incentive to invest in lobbying disappears. In the case of foreign firms, the degree of interest alignment depends in part on the closeness of diplomatic relations between the home country and the United States. Firms from closely aligned countries can afford to behave more like domestic firms, because they will be treated more like domestic firms. Firms from countries that have strained relations with the United States are subject to more skepticism when they seek to influence policy, so the effort has a lower expected payoff.

Variations in incentives to lobby due to the quality of diplomatic relations interact with variations in incentives due to the agenda of trade politics, because the expected payoff to lobbying depends on the product of two probabilities: the probability of lobbying effectively (which depends on firm nationality) and the probability of lobbying at an opportune time (which depends on the timing of trade disputes). Consequently, we estimate interactive models. We use firm and year fixed effects to identify the effects of changes in WTO disputes on changes in lobbying.

Lobbying over Trade Disputes

General considerations

Foreign firms are interested in lobbying the United States to reduce trade barriers and to minimize trade retaliation against their home countries. These interests are particularly strong for firms that have substantial investments in the United States. Firms with US affiliates depend on the US market for sales and depend on predictable US trade policy in order to import finished products and components. Protectionist measures increase their costs, and policy volatility increases their risks. Firms without US affiliates become engaged in US trade policy primarily as exporters, and have relatively narrow, clearly defined interests that are closely aligned with the trading interests of their countries of origin. Firms with extensive subsidiaries abroad tend to be highly productive. Those with substantial US affiliates operate substantially as US firms, have broader and more variegated interests, and are more likely to oppose the interests of their countries of origin.

Foreign firms operate at a political disadvantage vis-a-vis domestic firms in the US political system, but firms from close allies come closest to parity. Foreign firms from countries with strained relations with the United States have weak incentives to lobby the US government because US officials treat their messages with skepticism. Poor diplomatic relations make it less likely that US politicians and officials internalize their interests. Because US decision makers perceive that these firms have divergent interests, furthermore, they are less likely to credit the information that they provide; and even when these firms are able to send informative signals, the signals have to be coarse if they are to be believed at all (Crawford and Sobel 1982). Consequently, we generally expect foreign firms to participate most actively when US diplomatic relations with their home countries are strong.

On the other hand, the payoff to political participation depends on the stakes of trade policy, which shift depending on the quality of the bilateral relationship. The stakes of trade disputes are maximized when diplomatic relations are strained, and are minimized between close allies. Allies view trade disputes as aberrations in the dense webs of interdependence that link their

economies and societies. Even when important political interests are involved, there are strong incentives to resolve disputes amicably and to rely on the WTO dispute resolution system to stabilize expectations. Trade relations with adversaries and potential rivals are less predictable and may be exacerbated by mistrust. Trade disputes with rivals may be viewed as efforts to gain strategic advantages, and they may become linked to disputes about human rights or diplomatic relations with third parties. If disputes escalate, there are fewer countervailing incentives and fewer cooperative ventures available for building trust, so they are more likely to lead to serious ruptures of trade relations. The recent escalation of trade disputes between the United States and China serves as a stark illustration of the risks.

Framework hypotheses

Our first three hypotheses describe the broad framework of how trade disputes affect foreign firms' lobbying by characterizing timing, the consequences of which side initiates a dispute, and the differences between anti-dumping and other WTO disputes.

Lobbying is primarily a matter of communicating private information, so the incentive to participate is maximized before a WTO dispute is officially declared. USTR may gather information and submit reports to Congress about the trade concerns of US firms in National Trade Estimates for years before formally filing a complaint. During the period of diplomatic maneuvering and bilateral consultations that precedes the official filing of a dispute there is an opportunity to provide information to US officials that may influence the scope or objectives of the dispute. Sometimes it may be possible to provide evidence that the claims of US firms are unjustified and convince the US authorities to desist from pursuing weak cases. Once a dispute has been filed, however, the opportunity to exert influence is largely past. Consequently, we expect to see a surge of political activity that precedes the launch of WTO disputes by the United States. Similarly, firms are aware of growing trade tensions between their home countries and the United States, and they have incentives to provide information to US officials that could lead to early dispute resolution or tilt the proceedings in their favor.

***Hypothesis* 1.** *Timing: Foreign firms' lobbying responds most strongly during the period between the policy change that motivated the dispute and the filing of a formal WTO dispute.*

The stakes of trade disputes for foreign firms depend upon which side initiates them. When the home country initiates a dispute, the political risks in the US political system are minimal. On the other hand, the payoff to political engagement increases during a trade dispute because policy is in flux. In contrast, when the United States is willing to destabilize the trade policy environment by launching a WTO dispute, bilateral trade tensions are exacerbated by US domestic politics. WTO dispute resolution is useful to firms because it resolves trade tensions without resort to *ad hoc* measures that might lead to trade wars, but WTO disputes still expose firms to policy risk. When the United States launches a dispute, foreign firms from the target country have to be concerned that they will be identified with their country of origin, a country with which the United States has trade conflicts. For multinational firms with numerous US affiliates, the danger of receiving bad press is generally more important than the policy changes that might come about because of any particular trade dispute. Consequently, these firms have incentives to reduce their political exposure when the United States initiates disputes.

***Hypothesis* 2.** *Initiation: Lobbying increases when disputes concern policy changes by the United States and decreases when they concern policy changes by a firm's home country.*

The politics of WTO disputes about the imposition of anti-dumping duties differ from those of other disputes in several respects. First, the interests affected by anti-dumping (AD) duties are unusually concentrated, since the duties apply to specific exports from particular countries. Consequently, the incentives to lobby are strong even when firms hold a weak hand, because AD duties are narrowly targeted to benefit particular import-competing firms. Second, AD determinations are technical and depend on firm-level data, so the affected firms have proprietary data that they are able to present as evidence. Third, foreign firms' interests regarding AD duties diverge substantially. The firms that lobby in defense of their home country's AD actions

are less productive foreign firms that typically have few US subsidiaries. On the other hand, multinational firms with global value chains generally oppose the imposition of AD duties at home and abroad. Our first expectation about disputes over AD duties is that they should be associated with increased lobbying, regardless of which side imposed the duties and which side launches the dispute.

***Hypothesis* 3.** *Anti-dumping duties: Lobbying increases when the violation occurs, regardless of which side imposed them, because incentives to lobby are narrowly concentrated.*

Interactions: Firm type, alignment and trade disputes

The incentive to lobby depends on three factors: a firm's degree of investment in the United States; the degree of alignment between the home country and the United States; and the opportunities and risks presented by bilateral trade disputes. Our subsequent hypotheses explore the politics of trade disputes more closely by examining the interactions among these factors. As noted above, firms with and without US affiliates have different trade interests. Firms from countries with close political relationships with the United States face lower risks from trade disputes and see greater opportunities. Consequently, trade disputes of various kinds increase or decrease the incentives for firms of different types to lobby in ways that depend on the alignment of their home country towards the United States.

Lobbying is effective when firms are able to credibly convey information to policymakers. Firms have valuable information about violations of trade policy, which can be critical to the outcome of WTO disputes that reach the panel-ruling stage. This information is most credible if the firms in question are viewed as important employers and taxpayers because they have significant US affiliates and if their home countries are closely aligned with the United States. Consequently, US affiliates and close alignment complement each other and increase the effectiveness of participating in the political process. The benefits of trade policy liberalization, furthermore, scale with the number of US affiliates, which further increases incentives to lobby.

***Hypothesis* 4.** *Information, MNCs and alignment: The incentives created by trade disputes are magnified for firms with US subsidiaries when bilateral relations are strong.*

Firms that lack US affiliates have less investment in the US market and consequently less to gain from policy change. They export to the United States and to numerous other countries; they do not import commodities or semi-finished goods or manufacture in the United States. They are generally not bound by US domestic regulations and not required to pay corporate taxes. Consequently, they do not share many of the incentives that MNCs have to lobby the US government on a wide range of policies, so close political alignment is less valuable to them. On the other hand, they are most strongly incentivized to participate in the political process when risks to the bilateral trading relationship are severe, which is most likely when the political relationship with the home country is strained. Consequently, unlike MNCs, firms that lack US affiliates are expected to respond to trade disputes most intensely when home-country alignment is weak.

***Hypothesis* 5.** *Risks, domestic firms and alignment: The incentives created by trade disputes are magnified for firms without US subsidiaries when bilateral relations are strained.*

Disputes about anti-dumping duties again represent an exception to the general rule. When the home country launches a dispute concerning US anti-dumping duties, the firms that stand to benefit are foreign exporters that have been subjected to AD duties. These are generally firms that produce commodities, such as steel, and do not have US affiliates. The expected benefit from lobbying increases with close alignment with the United States because US officials are less skeptical of information provided by firms from closely-aligned countries. In contrast, multinational firms with US affiliates generally perceive more limited benefits from home-country disputes about US anti-dumping actions. On the other hand, they are exposed to increased input costs due to the imposition of anti-dumping duties and the risks of a trade dispute that could escalate. All of these risks are magnified if the home country's political relationship with the United States is strained. Consequently, multinationals should increase their lobbying most

if home-country alignment with the United States is weak.

***Hypothesis* 6.** *Anti-dumping duties and alignment: Disputes about US AD duties increase lobbying most for firms without US affiliates when relations are strong (high opportunity) and increase lobbying most for firms with affiliates when relations are strained (high risk).*

Research Design

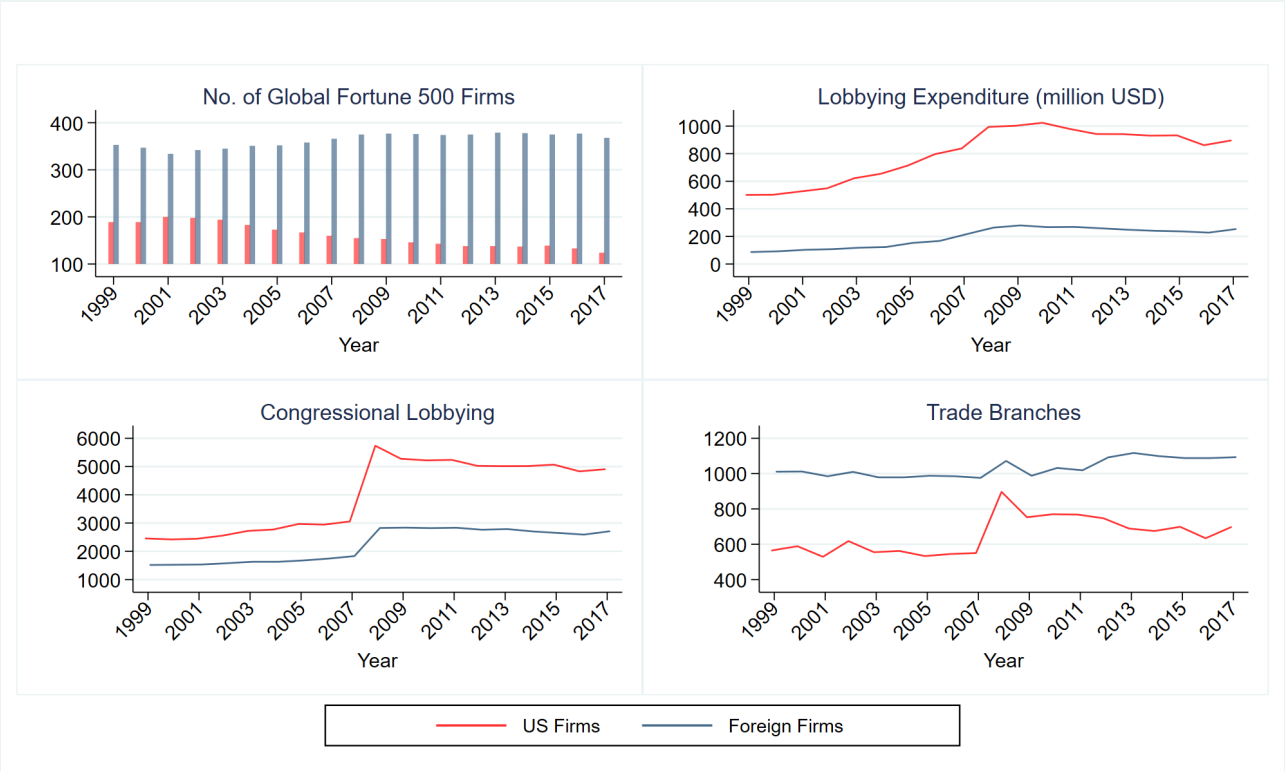
To assess the effect of WTO disputes on the pattern of corporate lobbying, we use a firm-year level lobbying dataset of 969 Global Fortune 500 companies between 1999 and 2017 that are not originated from the United States.[2] Based on the list of Global Fortune 500 firms that have ever been ranked between 1992 and 2018, we match firm names with the names of clients in LDA lobbying reports collected by LobbyView.org (Kim 2018). The data include lobbying information for each firm during the report year including the number of lobbying filings[3], the number of filings that report lobbying of each government agency, and the annual dollar amount of lobbying expenditure.

The Bar graph in Figure 1 shows the number of US and foreign firms that are ranked in the Global Fortune 500 in each year and line graphs indicate three measures of lobbying activities over time: (1) lobbying expenses, and the number of filings reporting lobbying of (2) the US Congress, and (3) trade branches. The share of American firms in the Global Fortune 500 reached a maximum in 2001 and has been decreasing since 2002. Line graphs suggest that the time trends for the two groups are similar. However, the line graphs on the top right and the bottom left show that American Global Fortune 500 firms more actively engage in lobbying process than foreign companies despite a fact that there are fewer number of American firms

[2]There are 1,352 Global Fortune 500 companies between 1999 and 2017 including US firms. However, US firms' lobbying is out of scope of this paper.

[3]Under the *Lobbying Disclosure Act* of 1995, lobbying reports were filed biannually. Yet, after the *Honest Leadership and Open Government Act* of 2007 was implemented, reports have been filed quarterly. This change makes the number of lobbying filings since 2008 systematically greater than that before 2008. To address this issue, we include year fixed effects in the analysis.

Figure 1: Corporate Lobbying of Global Fortune 500 Firms



in Global Fortune 500 over time. In contrast, many foreign firms in the list are interested in lobbying trade branches.

The maximum amount of lobbying expenses in the dataset is 17.35 million dollars spent by a British oil company, BP, in 2009, followed by 15.98 million dollars spent by a oil company of Netherlands, Royal Dutch Shell, in 2011 and 15.35 by a German pharmaceutical company, Merck, in 1999. The average amount of lobbying expenditure is 1.17 million dollars.[4] A French health-care company, Sanofi, filed more 91 reports indicating that it approaches to the US Congress in 2009, followed by 73 filings of a British aerospace company, BAE Systems, in 2008, and 71 filings of a Belgian brewing company, Anheuser-Busch InBev, in 2016. The average number of filings

[4]Among 122,700 lobbying reports filed by Global Fortune 500 firms that have ever been ranked between 1992 and 2018, 24,044 reports do not contain lobbying expenditure information. This occurs because the *Lobbying Disclosure Act* of 1995 mandates firms to report lobbying activities when they spend more than $20,000 for a half-year. This rule was amended under the *Honest Leadership and Open Government Act* of 2007, which changes the threshold to $10,000 for each quarterly reporting period. Therefore, we code $20,000 for any missing values in lobbying expenses before 2008 and $10,000 for missing values after 2008. We also estimate the main model when treating missing values as zero. Figure 13, Figure 14, **??**, and **??** in Appendix present the results which are consistent with our main findings.

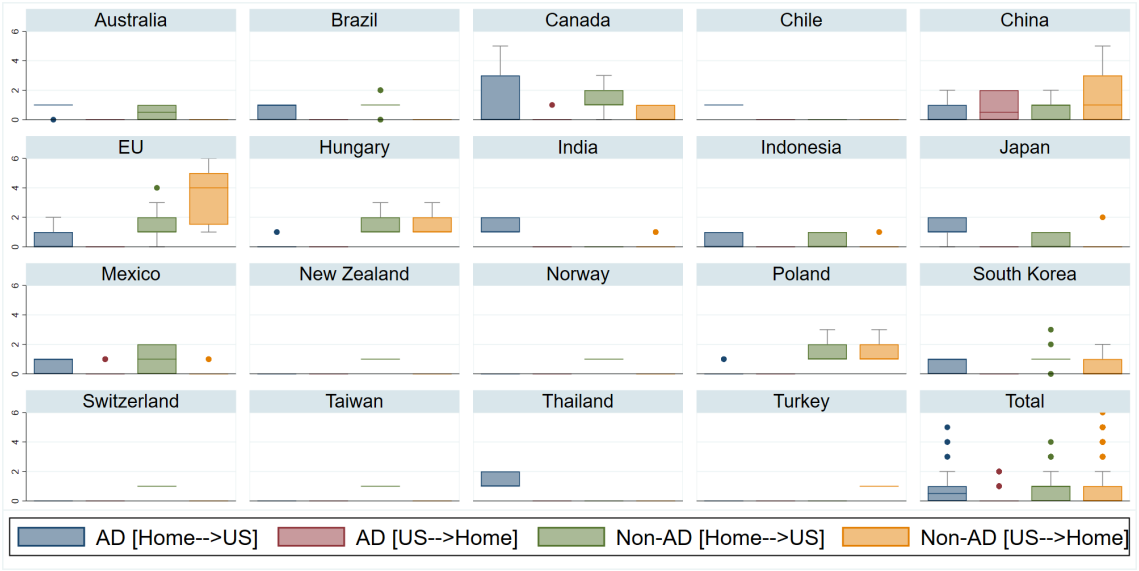
for Congressional lobbying is 2.3 per year. The trade branches that we use include Department of Commerce (DOC), Department of State (DOS), US Trade Representative (USTR), Federal Trade Commission (FTC), US International Trade Commission (USITC), US Export–Import Bank (US EXIM Bank), National Economic Council (NEC), International Trade Administration (ITA), and Council of Economic Advisers (CEA). In 2008, Anheuser-Busch InBev filed 14 lobbying reports that indicate that the firm lobbied trade-related government agencies. This is the maximum number in our dataset. The second largest lobbying firms to trade branches is a Japanese conglomerate corporation, Sony, and Royal Dutch Shell with 13 lobbying records in 2008.

Hypotheses 1-3 focus on the heterogeneous effects of WTO dispute across its types and phases. First, hence, we distinguish four types of disputes: those initiated by the United States against a firm's home country and disputes initiated by the home country against the United States, either of which may be regular WTO disputes or disputes concerning anti-dumping duties. In the dataset, there are 43 home countries of Global Fortune 500 firms.[5] Box plots in Figure 2 display the distribution of the annual number of WTO disputes by home country with the United States. Colombia, Israel, Malaysia, Panama, Russia, Saudi Arabia, Singapore, South Africa, UAE, Venezuela, and Zambia are not included in the figure, since they did not have any WTO disputes during the time covered by our dataset. Canada, China, and Mexico experienced all types of disputes with the United States. EU countries frequently engage in Non-AD disputes with the United States. Canada is the top home country which accuses the US of AD violations, while China is the most often accused of AD violations.

For each type of dispute, second, we further distinguish three phases: alleged violation; a formal dispute; and the end of a dispute. We measure the number of disputes in each phase during a year $t-1$ based on the WTO Trade Dispute Histories Data collected by Kucik and

[5] 43 home countries are as follow: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Denmark, Finland, France, Germany Federal Republic of, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Panama, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, Venezuela, Zambia.

Figure 2: WTO Disputes between the US and Home Countries of Global Fortune 500 Firms



Pelc (2016)[6] and World Bank's WTO Dispute Settlement Database[7]. The number of violations are counted throughout years until the relevant dispute cases were filed. Likewise, the number of formal disputes are counted during the entire period when the relevant cases were under the dispute settlement mechanisms. Finally. the number of disputes ended is counted only at the year of final resolution.

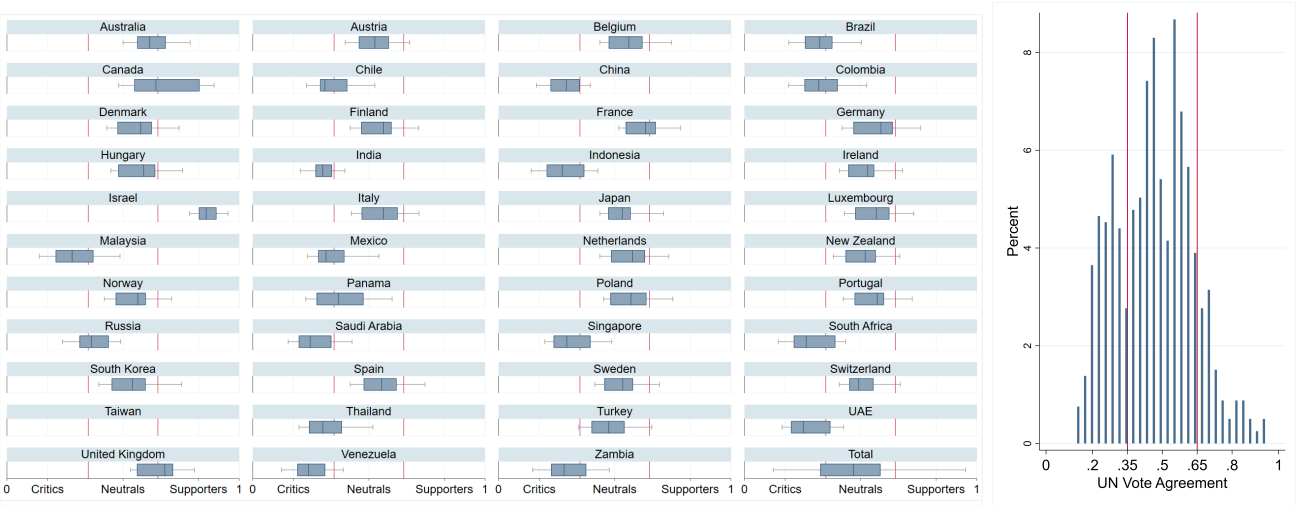
Suppose two anti-dumping duty were imposed by country A against the US in 2014 and one case was filed by the US in 2014 and the other was filed in 2015. Both disputes ended in 2016. In this case, a company from country A has 2 for AD Violation [Home→US]$_{t-1}$ in 2015 and 1 for 2016. AD DSM [Home→US]$_{t-1}$ is 1 for 2015 but becomes 2 in 2017. As the ending phase only counts the number of disputes that are ended in the past year, AD Ending [Home→US]$_{t-1}$ is 2 for 2018. The table below visualizes how the dataset would look for this example.

Home	Year	AD Violation [Home→US]$_{t-1}$	AD DSM [Home→US]$_{t-1}$	AD Ending [Home→US]$_{t-1}$
A	2014	0	0	0
A	2015	2	1	0
A	2016	1	2	0
A	2017	0	2	2
A	2018	0	0	0

[6]Available at https://www.wtodisputedata.com/
[7]Available at https://datacatalog.worldbank.org/search/dataset/0037789/

As hypotheses 4-6 posit interaction effects between the number of US subsidiaries in year t, diplomatic alignment between home country and the US, and the number of each type of disputes in each phase during a year $t-1$. Our main statistical model includes three-way interaction terms of these variables. We measure diplomatic alignment using the UN vote agreement index collected by Voeten, Strezhnev and Bailey (2009), which ranges from 0 to 1, where the larger value indicates greater agreement between the home country and the United States in the UN General Assembly voting. Due to UN non-membership status, Switzerland before 2002 and Taiwan have missing values. This implies that samples of Swiss firms before 2002[8] and Taiwanese firms[9] will be dropped in the analysis.

Figure 3: Critics, Neutrals, and Supporters



To be convenient, we categorize UN vote agreement by tree groups: critics, neutrals, and supporters. Critics score less than or equal to 0.35, neutrals score greater than 0.35 and less than

[8]There are 32 Swiss firms that have been ranked before 2002. 14 Firms have affiliates in the US before 2002: ABB, ADECCO, ALLIANCE BOOTS, CHUBB, CREDIT SUISSE, GLENCORE, MICROS, NESTLE, NOVARTIS, SANDOZ, SWISS REINSURANCE, SWISSCOM, UBS, and ZURICH INSURANCE. 18 firms do not have any subsidaries in the US before 2002: ALUSUISSE-LONZA, CIBA-GEIGY, COOP GROUP, HOLCIM, HOLDERBANK, METRO HOLDING, MIGROS, PETROPLUS HOLDINGS, PTT SUISSES, ROCHE, SCHINDLER HOLDING, SULZER, SWISS BANK CORP, SWISS LIFE INSURANCE & PENSION, SWISS POST, UNION BANK OF SWITZERLAND, WINTERTHUR GROUP, and XSTRATA

[9]There are 13 Taiwanese firms. 5 firms have US affiliates before 2002: ACER, CATHAY FINANCIAL HOLDINGS, FUBON FINANCIAL HOLDING, HON HAI PRECISION INDUSTRY, TAIWAN SEMICONDUCTOR MANUFACTURING. 8 Firms do not have any US subsidiaries: ASUSTEK COMPUTER, COMPAL ELECTRONICS, CPC, FORMOSA PETROCHEMICAL, PEGATRON, QUANTA COMPUTER, TAIWAN POWER, and WISTRON.

or equal to 0.65, and supporters score greater than 0.65. Plots in Figure 3 presents details of the distribution. According to box plots, there is no consistent critic, neutral, or supporter home country except for Israel. Among 795 unique home-year dyads of 42 home countries between 1999 and 2017, 220 (27.67%) home-years are critics, 477 (60%) are neutrals, and 98 (12.33%) are supporters.

We measure the number of US affiliates by counting the cumulative number of M&A deals since 1962, based on Bloomberg data. In the dataset, among 6,852 firm-year observations that have at least one subsidiary in the US, 1,785 (26.05%) have only one affiliate, 974 (14.21%) have two, and 779 (11.37%) have three.[10] Although 76.42% of observations have less than 10 affiliates in the US, 15 firms own more than 50 subsidiaries, including a Swedish financial company, Investor AB, which has more than 200, a Finnish information technology company, Nokia, and a German industrial manufacturing company, Siemens. We use the following specification:

$$
\begin{aligned}
\text{Lobbying}_{i,t} \;=\; & \beta_0 + \beta_1 \text{ US Subs.}_{i,t} + \beta_2 \text{ UN Vote Agreement}_{i,t} + \sum_{j=1}^{J}\sum_{k=1}^{K}\sum_{l=1}^{I} \beta_{3,j,k,l} \text{ Dispute}_{i,t-1,j,k,l} \\
+ \; & \sum_{j=1}^{J}\sum_{k=1}^{K}\sum_{l=1}^{I} \beta_{4,j,k,l} \Big(\text{US Subs.}_{i,t} \times \text{Dispute}_{i,t-1,j,k,l} \Big) + \sum_{j=1}^{J}\sum_{k=1}^{K}\sum_{l=1}^{I} \beta_{5,j,k,l} \Big(\text{Agreement}_{i,t} \times \text{Dispute}_{i,t-1,j,k,l} \Big) \\
+ \; & \beta_6 \Big(\text{US Subs.}_{i,t} \times \text{Agreement}_{i,t} \Big) + \sum_{j=1}^{J}\sum_{k=1}^{K}\sum_{l=1}^{I} \beta_{7,j,k,l} \Big(\text{US Subs.}_{i,t} \times \text{Agreement}_{i,t} \times \text{Dispute}_{i,t-1,j,k,l} \Big) \\
+ \; & \beta_8 \text{ Foreign Subs.}_{i,t} + \gamma_i + \delta_t + u
\end{aligned}
\tag{1}
$$

J is the set of types of dispute which includes AD dispute and non-AD dispute. K is the set of three different phases of dispute: violation, WTO DSM, and the end of dispute. L consists of the nationality of the plaintiff: dispute initiated by home country against the US, and dispute initiated by the US against home country. Therefore, the notation $\sum_{j=1}^{J}\sum_{k=1}^{K}\sum_{l=1}^{I} \beta_{3,j,k,l} \text{ Dispute}_{i,t-1,j,k,l}$ indicates a vector of coefficients and their corresponding disputes in j type of disputes under k phase where l accuses l' in year $t-1$. In other words, we simultaneously estimate the effects

[10] The distribution of the number of US subsidiaries are presented in Figure 7 in Appendix.

of new alleged violations, the initiation of formal disputes, and the ending of formal disputes in both AD and non-AD WTO disputes initiated by home country of a firm i against the US as well as by the US against home country in year $t-1$. γ_i represents firm fixed effects and δ_t represents year fixed effects. As the size of a firm can affect the pattern of corporate lobbying, we control for the number of foreign subsidiaries of a firm i other than in the United States in year t. Observations are firm-years, but the standard errors are clustered at the firm's home country-year level, because the independent variables that are not measured at the firm-year level are measured at that level.

Findings

Since hypotheses 1-3 do not require the interaction terms, we begin by discussing a table of results for our baseline models which omit interaction effects with US subsidiaries and UN alignment. The results of the baseline models are presented in Table 1. The dependent variables are lobbying expenditure in millions of USD in Model 1; number of reports of lobbying Congress in Model 2; and number of reports of lobbying trade-related agencies in the Executive Branch in Model 3.

H1 proposed that the period between the initiation of the policy leading to a WTO dispute and the formal filing of the dispute should be the most consequential opportunity for firm influence, so that is the time when firm lobbying should respond most significantly to changing trade relations. The results confirm that alleged violations under all four types of disputes are significantly associated with changes in the level of lobbying. The formal initiation of a dispute and the ending of the dispute have much more modest estimated effects. In contrast, alleged violations have robust estimated effects on aggregate lobbying expenditure, the number of reports of lobbying Congress, and the number of reports of lobbying the trade-related agencies of the Executive Branch. As far as firms are concerned, the politics of trade disputes begins well before a dispute is formalized, and in many cases may be essentially over by that point.

Table 1: Baseline Models

	Model 1	Model 2	Model 3
	Lobbying Exp. (millions USD)	Congressional Lobbying	Trade Branch Lobbying
No. of US Subs.$_t$	0.297***	2.113***	0.098***
	(0.029)	(0.172)	(0.027)
UN Vote Agreement$_t$	0.067	0.258	0.271
	(0.124)	(0.887)	(0.212)
AD Violation [Home→US]$_{t-1}$	1.686***	2.328**	0.479
	(0.260)	(0.955)	(0.348)
AD DSM [Home→US]$_{t-1}$	-0.009	-0.086	0.008
	(0.010)	(0.071)	(0.013)
AD Ending [Home→US]$_{t-1}$	0.005	-0.032	-0.019
	(0.009)	(0.069)	(0.015)
Non-AD Violation [Home→US]$_{t-1}$	1.282***	3.630***	0.292
	(0.177)	(0.622)	(0.231)
Non-AD DSM [Home→US]$_{t-1}$	0.006	0.005	-0.013
	(0.010)	(0.064)	(0.010)
Non-AD Ending [Home→US]$_{t-1}$	-0.031***	-0.161**	0.006
	(0.009)	(0.070)	(0.012)
AD Violation [US→Home]$_{t-1}$	2.157***	1.369	0.817*
	(0.340)	(1.272)	(0.465)
AD DSM [US→Home]$_{t-1}$	-0.010	-0.096	-0.021
	(0.014)	(0.108)	(0.018)
AD Ending [US→Home]$_{t-1}$	0.031	0.062	-0.003
	(0.023)	(0.173)	(0.037)
Non-AD Violation [US→Home]$_{t-1}$	-1.563***	-2.814***	-0.441
	(0.231)	(0.822)	(0.306)
Non-AD DSM [US→Home]$_{t-1}$	0.003	-0.014	0.005
	(0.005)	(0.037)	(0.007)
Non-AD Ending [US→Home]$_{t-1}$	0.004	0.067**	0.010
	(0.004)	(0.026)	(0.007)
No. of Foreign Subs.$_t$	-0.000	-0.031	0.001
	(0.007)	(0.040)	(0.011)
Constant	-0.025	0.877***	0.906***
	(0.046)	(0.320)	(0.076)
Observations	17963	17963	17963
Adjusted R^2	0.795	0.756	0.440
Firm and Year FE	Yes	Yes	Yes

Note: Entries in parentheses are standard errors clustered at home-year level.
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

In the full interactive model we find some evidence of effects of dispute initiation, and in some specifications the ending of a dispute restores lobbying to a prior level. The most substantial

effects, however, concern violations.

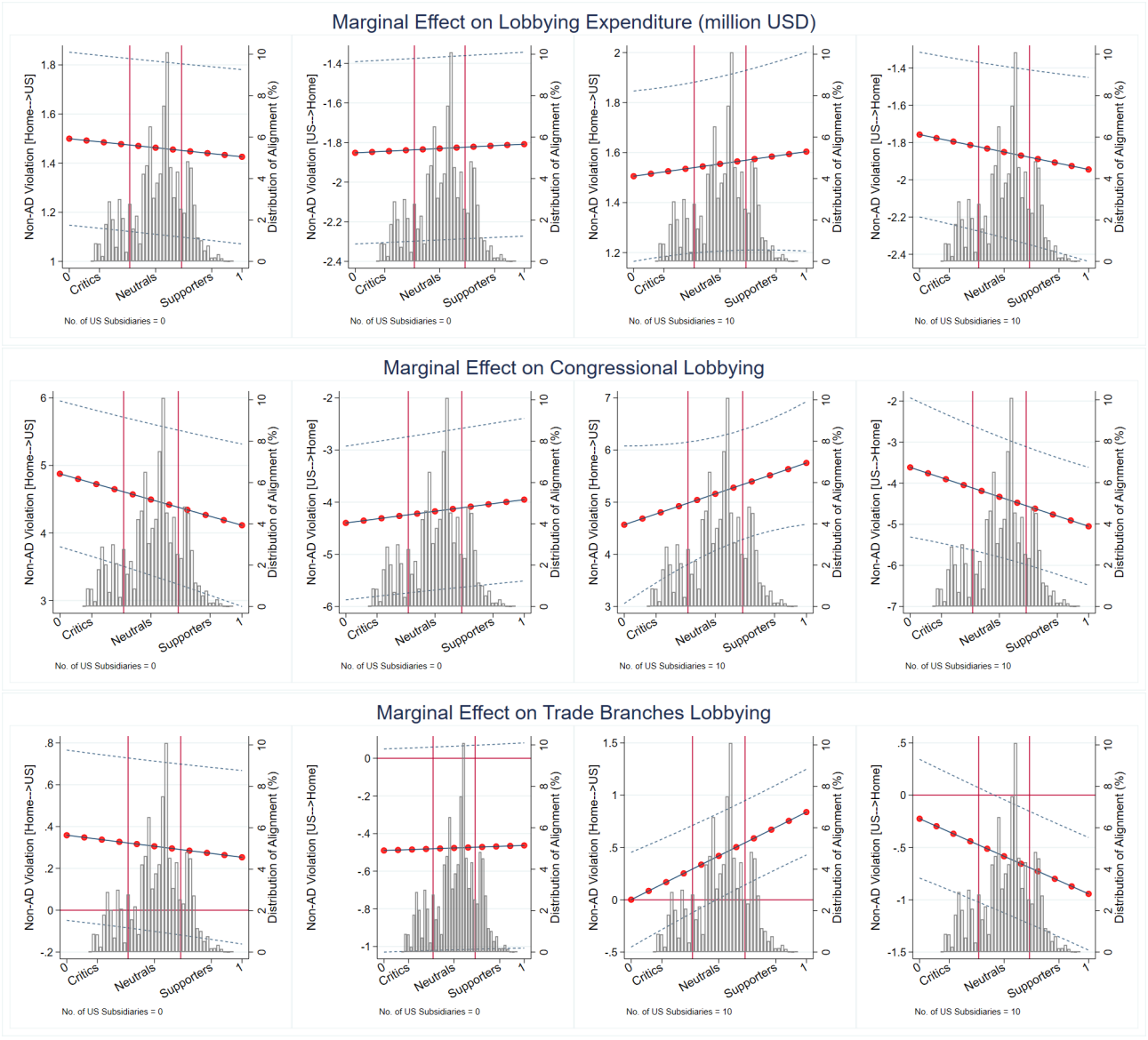
The direction of the estimated effects depends on whether the home country sues the United States or the United States sues the home country. Consistent with H2, the estimated effect of a US non-AD violation against a firm's home country is positive, while that of a home country's non-AD violation is negative. The estimated effects are substantial. Holding other variables at their means, the estimated marginal effect of a US Non-AD violation against an average firm's home country is an increase in annual expenses of lobbying the US government of $1.3 million. Lobbying increases across the board, leading firms to file more reports of lobbying the US Congress and trade-related Executive agencies. In contrast, if the average firm's home country initiates a trade policy change that the United States later disputes, the estimated effects include a reduction of annual lobbying spending of about $1.6 million and a reduction in the number of Congressional lobbying reports.

Consistent with H3, disputes over anti-dumping duties are associated with increased lobbying regardless of whether they are imposed by the home country or the United States. When home countries impose AD duties that provoke the United States to file disputes, firms increase their lobbying spending by over $2 million on average and report more lobbying of trade-related Executive agencies. Anti-dumping actions are narrowly targeted, so the concerned firms are intensely interested in the outcome, and anti-dumping determinations turn on proprietary firm data, so firms have evidence to provide that is directly relevant to the outcome. The concentration of interest in a narrow slice of firms and the reliance on firm-level data characteristic of AD cases overrides the disincentive for defendant-country firms to lobby that arises in other WTO cases because they fear being identified with a foreign disputant.

Our remaining hypotheses about national alignment and degree of firm investment require the full interactive model, so we turn to those results now.[11] The first finding from the analysis with interactions is that the estimated effects of trade violations on lobbying are magnified by

[11]The table of results for three-way interaction models are presented in Table 2 in Appendix. Because the table is too long to efficiently show all the coefficients, we use margins plots to interpret the results in the main text.

Figure 4: Non AD Violation and Alignment



close diplomatic relations when a firm owns US affiliates (H4). As margins plots on the third column from the left in Figure 4 show, when the United States makes a policy change that the home country subsequently disputes, firms from countries across the range of alignment increase their lobbying when they have 10 US affiliates. However, the plots on the first column from the left show that the effect decreases for firms with no US subsidiary. The estimated increase for firms with ten affiliates is nearly $100,000 greater for firms from countries closely aligned with the United States than for firms based in countries that are US critics. Firms from supporters

file 5.5 additional Congressional reports, while those from US critics file and additional 4.5 reports. Only firms from countries closely aligned with the United States significantly increase their lobbying of trade-related Executive agencies. This is consistent with the interpretation that close political relations provide an opening for effective lobbying and increase the incentives for multinational firms to engage in political activity.

Similarly, firms with and without US affiliates cut back their lobbying when their home countries make policy changes that lead the United States to file disputes. However, if the foreign firm has US affiliates, the effects are more substantial when the country of origin is closely aligned with the United States in the UN. This is consistent with the interpretation that firms are motivated to reduce their political profile when the United States is moving towards initiating a WTO dispute in order to avoid association with a foreign disputant, because it is the firms with the strongest incentives to lobby that cut back the most. Firms with US affiliates have broad interests that go beyond trade relations with their home country, so they distance themselves when trade relations become strained. Plots on the fourth column from the left in Figure 4 suggests that the estimated effect is a reduction in lobbying expenditures by firms with ten affiliates of nearly $2 million when the home country is closely aligned with the United States, compared to $1.75 million when the home country is a critic of US policy. The effect holds for Congressional lobbying and lobbying trade-related agencies. Firms from closely aligned countries reduce Congressional lobbying enough to file an average of five fewer annual reports and reduce lobbying of trade agencies by an average of 0.75 reports. The comparable effects are smaller for firms from critic countries in terms of Congressional lobbying (less than four lobbying reports) and insignificant in terms of lobbying Executive agencies.

In contrast, firms without US affiliates generally respond most strongly to trade disputes if their home countries are highly critical of US positions in the UN (H5). Firms without US affiliates engage in less lobbying. Each US affiliate is associated with $300,000 in annual lobbying, two Congressional lobbying reports and one-tenth of a trade-related Executive agency lobbying report (see Table 1). However, the responses to trade disputes that firms without US affiliates

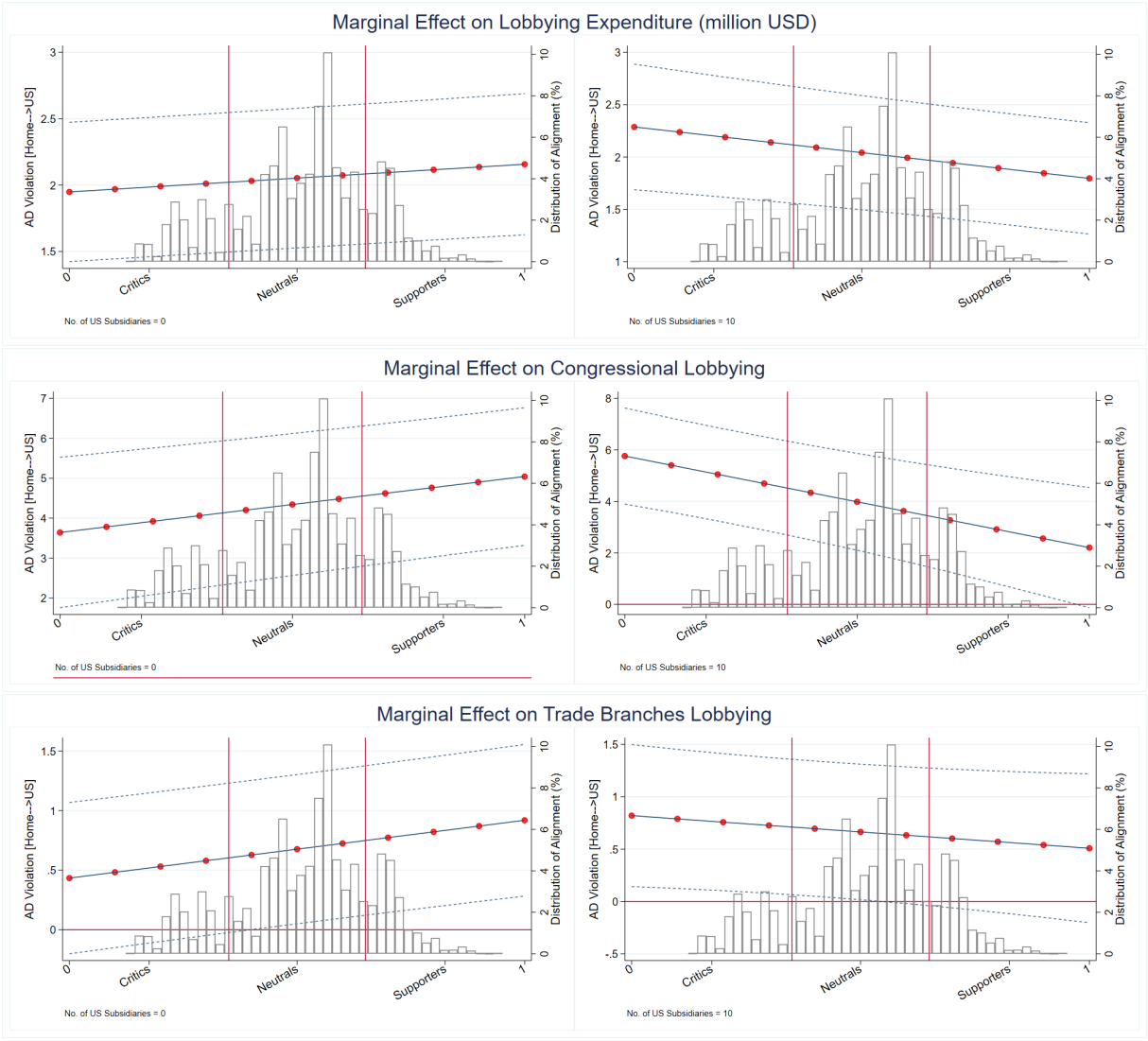
make are on the same scale of magnitude as those of multinational firms that do have a US presence, so trade disputes represent a larger share of their lobbying activity. When the United States implements a policy that leads the home country to initiate a non-AD WTO dispute, lobbying by firms from US critics surges by an average of $1.5 million, compared to an increase of about $1.425 million from firms from US supporters. Congressional lobbying increases by about one report per year more for firms from critics than for firms from supporters.

Anti-dumping disputes present distinctive results, which are consistent with our interpretation that the risks and rewards are reversed for MNCs and non-multinational exporting firms when the home country disputes US anti-dumping duties (H6). A dispute over US anti-dumping duties is of greatest expected benefit to foreign firms that export commodities or semi-finished goods that have been accused of dumping (selling below cost) and have been subjected to the duty. It is of limited benefit to foreign firms that have an extensive presence in the United States, whose related-party trade is not subject to AD duties. On the other hand, the risks of escalating the dispute fall on the MNCs and hardly affect the exporting firms whose trade is already frozen once the duties have been imposed. We find that firms without US affiliates increase their lobbying most if their home country has close relations with the United States, which is consistent with the interpretation that those are the firms that have the most to gain from lobbying on US anti-dumping actions.

Plots in Figure 5 indicate the interaction effects of AD violation by the US. Plots in the right column are for firms with 10 affiliates. When the United States targets the home country for imposing anti-dumping duties, lobbying by firms from critics increases by about $300,000 more than for supporters and Congressional lobbying increases by two reports more. Only firms from US critics see a significant increase in lobbying reports about trade-related Executive agencies.[12] Plots in the left column in Figure 5 are for firms with zero US subsidiaries. They suggest

[12]The response is also stronger when firms cut back their lobbying when the home country introduces a non-AD trade measure that United States subsequently challenges. Firms from US critics cut lobbying by $50,000 more and reduce Congressional lobbying by 0.4 reports more than firms from US supporters. None of these responses significantly increase with UN alignment, which is consistent with the interpretation that firms without US affiliates have little to gain from close relations between their home countries and the United States. (See Table 2, Figure 10, Figure 11, and Figure 12)

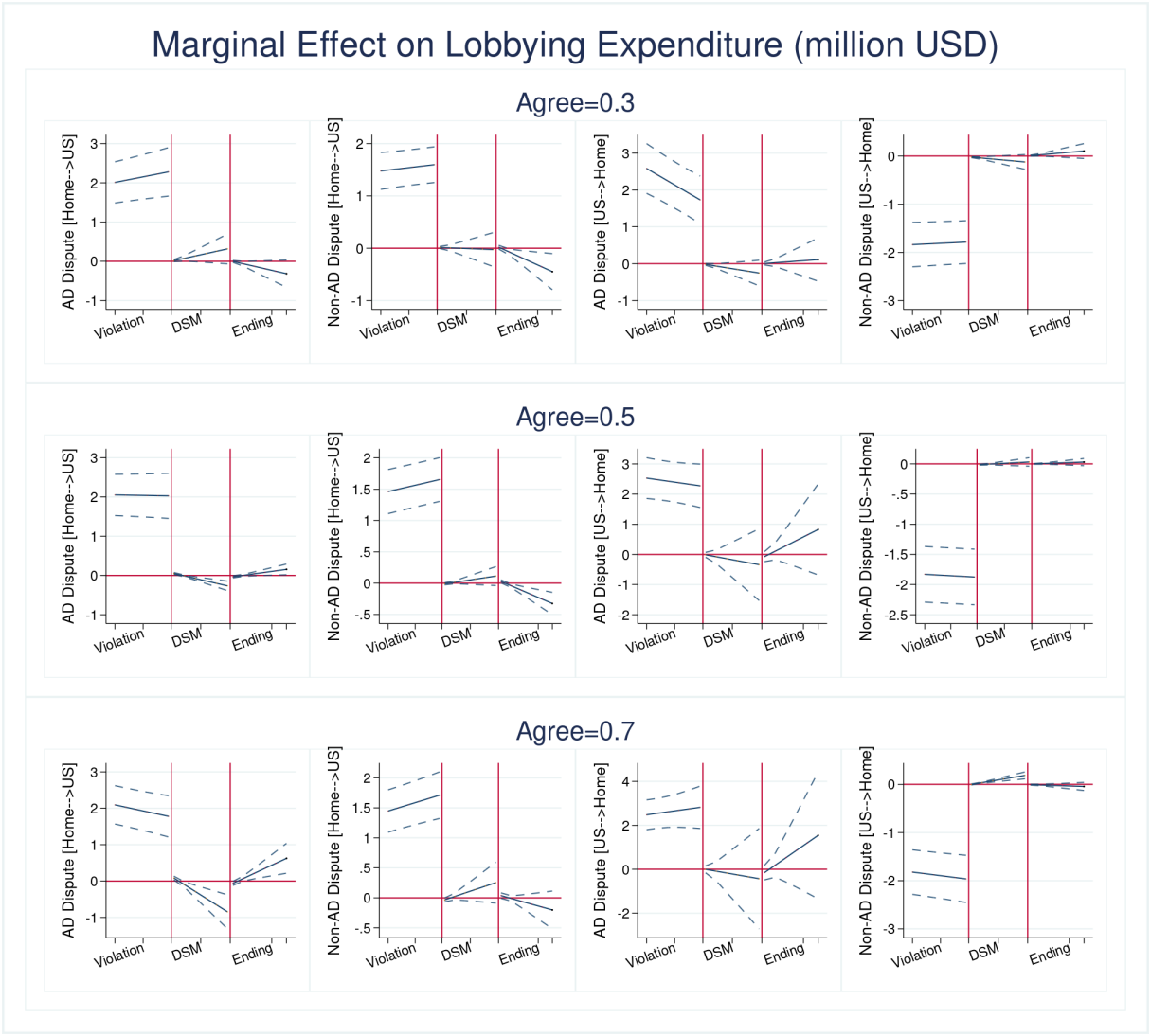
Figure 5: AD Duties and Alignment



that firms without US affiliates lobby more when relations are poor. This is consistent with our expectation that these firms anticipate greater risks that the trade relationship could be destabilized by a trade dispute, thus H6 holds.

As H1 suggested, most of the effects of trade disputes on lobbying occur before the dispute is formally filed. There is no systematic pattern of continued effects once dispute resolution has begun, and the effects that are detectable are small in magnitude. Plots in Figure 6 visualize interaction effects of disputes while varying dispute stage, dispute type, and US plaintiff or respondent status. Each line graph indicates the marginal effect of a type of dispute in a

Figure 6: The Interaction Effects across Phases and Types of Dispute (Lobbying Expenses)



particular dispute phase at a particular level of alignment with the United States, as a function of the number of US affiliates. There are significant effects at the violation stage, and some of these vary substantially depending on US affiliates and US alignment. In contrast, DSM and ending phases have significant interaction effects when home country launched AD disputes against the US or the US brought non-AD disputes to the WTO, which only holds when firms' home country is highly aligned with the US. When home country started WTO DSM procedure against the US, firms from supporters reduce their lobbying, and this reduction is greater when these firms have more affiliates in the US. In contrast, firms from supporters during the DSM of

Non-AD disputes launched by the US increase their lobbying.[13]

Conclusion

Foreign firms play an increasingly important role in the US political system as they become stronger organizationally and extend their investments more deeply into the US economy, so it is important to understand what their objectives are and how they influence US policy making. We find that foreign firms lobby less actively than similarly-situated US firms, and that firms from countries that are not closely aligned with US diplomacy are handicapped when they attempt to influence US politics. Nevertheless, numerous foreign firms play an active role in lobbying US executive agencies and Congress. Lobbying relies on the ability to provide credible information, so it is most effective before a dispute is formally initiated and when political ties are close.

Foreign firms prefer that the US economy remain open, and they engage actively to forestall protectionism or trade retaliation against their home countries that might increase their costs. In particular, we find that foreign firms increase their lobbying efforts when their home countries initiate disputes against the United States. The disputes pursued by their national authorities support their objectives of increasing access to the US market and securing favorable regulatory treatment, and they were often initiated at the instigation of the multinational firms. WTO disputes reset the agenda, disrupt organizational inertia and open opportunities for policy change, so they complement firm lobbying efforts. The effort increases across the board, targeting executive agencies that control trade policy before the dispute is officially launched to try to divert or shape the case, and lobbying Congress to maximize access to the trade bureaucracy.

On the other hand, when a trade controversy arises that is potent enough to motivate the United States to initiate a WTO dispute against a foreign firm's home country, the firm typically decreases its lobbying efforts. Only a minority of potential disputes make their way onto

[13] Congressional lobbying shows the same patterns, but lobbying trade-related Executive agencies does not. (see Figure 8 and Figure 9 in Appendix)

the USTR's agenda, and along the way trade associations weigh in and firms activate their Congressional allies. Opposing this tidal wave of political activity is risky for firms. Becoming too closely identified with a country that arouses resentment over trade is costly to a firm's reputation. Particularly for firms with US affiliates, which rely on their access to Congress and regulators to secure a wide range of interests besides trade policy, the costs may outweigh the benefits and create incentives for the firm to temporarily lower its political profile.

We find that anti-dumping disputes have distinctive features. The first is that foreign firms increase their lobbying effort in response to AD disputes regardless of who initiates them. They increase lobbying in response to disputes initiated by the home country, but they also do so when their home country imposes anti-dumping duties that the United States eventually challenges in a WTO dispute. We interpret this as evidence that the concentrated interests of the firms that support anti-dumping duties override incentives for firms to distance themselves from controversial trade disputes.

We argue that the incentive to lobby depends on a firm's investment in the United States, the political alignment between its home country and the United States, and the opportunities and risks produced by trade disputes. The full specification of our model with interaction terms with the number of US affiliates and UN alignment allows us to explore these incentives in detail. First, we find that multinational firms with US affiliates generally respond more strongly to trade disputes if their home countries are closely aligned with the United States. They expand their lobbying most when the home country challenges US trade practices and they contract their lobbying most when a home-country policy becomes the subject of a dispute. This is consistent with the informational-lobbying interpretation that firms from closely-aligned countries are exposed to less skepticism than other foreign firms and consequently enjoy higher expected utility from lobbying.

On the other hand, foreign firms with no US affiliates are most responsive to trade disputes when US relations with their home country are strained. These firms do not share the broad interests in the US economy that MNCs have, and they have little standing in the US political

system regardless of the character of diplomatic relations. They have interests narrowly focused on trade, and they are motivated to engage in US politics only when trade relations seem to be at risk of a serious rupture. As a result, the incentive to participate dwindles when diplomatic relations improve.

Finally, another distinctive feature of anti-dumping disputes concerns those initiated by the home country. These disputes reverse the usual relationship between the risks and rewards of a trade dispute, because AD duties are so narrowly targeted. The firms that stand to benefit from the dismantling of US AD duties are relatively unproductive firms that export standardized goods and typically lack US affiliates. Their incentive to participate arises because they have valuable proprietary information that affects the merits of the case and, if believed, may lead to the waiving of AD duties. Their incentive to lobby, consequently, increases as their home country becomes more closely aligned with the United States. We find these effects in lobbying expenditure, lobbying of Congress and Executive agencies related to trade, and even in lobbying after formal disputes have been initiated. On the other hand, we find that foreign MNCs with US affiliates lobby most actively on anti-dumping disputes initiated by their home country when diplomatic relations are strained. Again, because these disputes are so narrow, MNCs stand to gain little from them; they are interested only if the dispute poses systemic risks to bilateral trade relations. Since this is unlikely unless diplomatic relations are poor, MNCs are unlikely to respond to them otherwise.

Appendix

Figure 7: The Distribution of the Number of US Subsidiaries

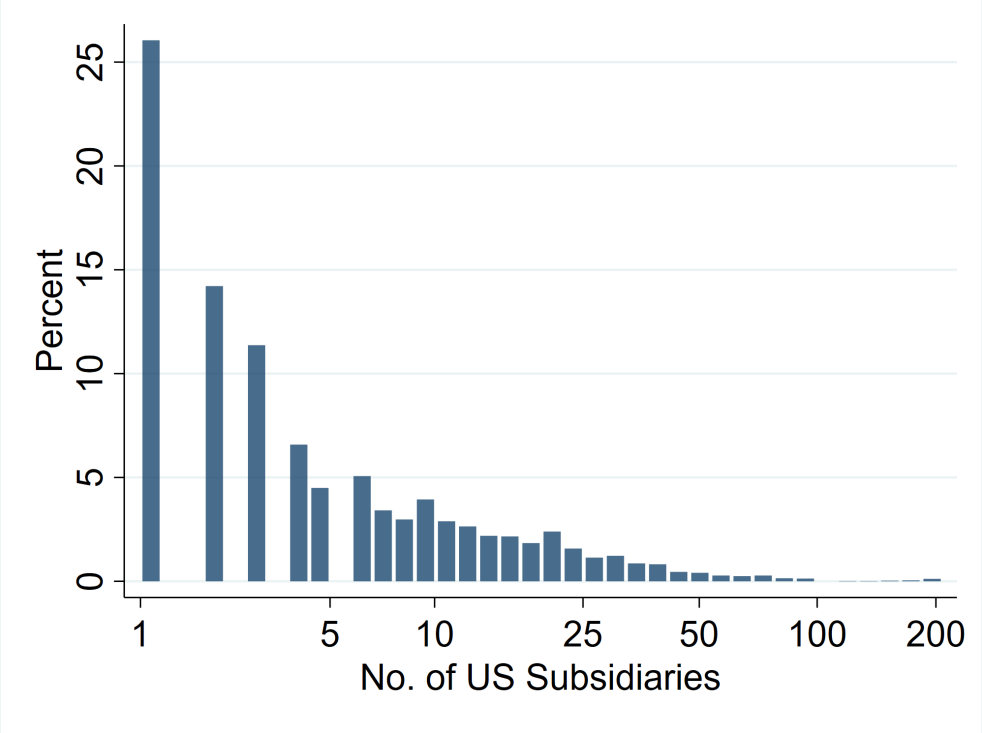


Table 2: Three-way Interaction Models

	Model 4	Model 5	Model 6
	Lobbying Exp. (millions USD)	Congressional Lobbying	Trade Branch Lobbying
No. of US Subs.$_t$	-0.361***	-2.322***	-0.423***
	(0.097)	(0.567)	(0.144)
UN Vote Agreement$_t$	-0.517***	-3.870***	-1.175***
	(0.189)	(1.235)	(0.351)
AD Violation [Home→US]$_{t-1}$	1.949***	3.640***	0.434
	(0.268)	(0.960)	(0.323)
AD DSM [Home→US]$_{t-1}$	-0.033	-0.083	0.034
	(0.035)	(0.212)	(0.053)
AD Ending [Home→US]$_{t-1}$	0.043	-0.141	-0.030
	(0.033)	(0.258)	(0.049)
Non-AD Violation [Home→US]$_{t-1}$	1.500***	4.877***	0.359*
	(0.179)	(0.550)	(0.207)
Non-AD DSM [Home→US]$_{t-1}$	0.050**	0.206	0.017
	(0.024)	(0.149)	(0.040)
Non-AD Ending [Home→US]$_{t-1}$	0.007	0.006	0.003
	(0.041)	(0.241)	(0.052)
AD Violation [US→Home]$_{t-1}$	2.661***	4.329***	0.911**
	(0.345)	(1.176)	(0.425)
AD DSM [US→Home]$_{t-1}$	-0.031	-0.077	-0.076
	(0.063)	(0.513)	(0.098)
AD Ending [US→Home]$_{t-1}$	0.125	0.025	0.259
	(0.131)	(0.947)	(0.195)
Non-AD Violation [US→Home]$_{t-1}$	-1.852***	-4.398***	-0.490*
	(0.234)	(0.750)	(0.275)
Non-AD DSM [US→Home]$_{t-1}$	-0.036***	-0.266***	-0.043**
	(0.010)	(0.077)	(0.017)
Non-AD Ending [US→Home]$_{t-1}$	0.019*	0.119	0.042**
	(0.011)	(0.086)	(0.018)
No. of US Subs.$_t$ × AD Violation [Home→US]$_{t-1}$	0.141***	0.885***	0.161**
	(0.040)	(0.251)	(0.071)
No. of US Subs.$_t$ × AD DSM [Home→US]$_{t-1}$	0.244**	1.144**	-0.042
	(0.104)	(0.477)	(0.137)
No. of US Subs.$_t$ × AD Ending [Home→US]$_{t-1}$	-0.213**	-0.605	-0.068
	(0.092)	(0.489)	(0.190)
No. of US Subs.$_t$ × Non-AD Violation [Home→US]$_{t-1}$	0.002	-0.129	-0.149***
	(0.031)	(0.197)	(0.039)
No. of US Subs.$_t$ × Non-AD DSM [Home→US]$_{t-1}$	-0.057	-0.232	0.109
	(0.079)	(0.407)	(0.131)
No. of US Subs.$_t$ × Non-AD Ending [Home→US]$_{t-1}$	-0.128	-0.579	-0.133
	(0.080)	(0.423)	(0.112)
No. of US Subs.$_t$ × AD Violation [US→Home]$_{t-1}$	-0.350***	-2.426***	-0.051
	(0.087)	(0.556)	(0.181)
No. of US Subs.$_t$ × AD DSM [US→Home]$_{t-1}$	-0.018	0.018	-0.705*
	(0.178)	(1.106)	(0.401)
No. of US Subs.$_t$ × AD Ending [US→Home]$_{t-1}$	-0.218	-1.544	0.655
	(0.243)	(1.433)	(0.463)
No. of US Subs.$_t$ × Non-AD Violation [US→Home]$_{t-1}$	0.039**	0.326***	0.111***
	(0.019)	(0.117)	(0.027)
No. of US Subs.$_t$ × Non-AD DSM [US→Home]$_{t-1}$	-0.064**	-0.424**	0.019
	(0.031)	(0.174)	(0.045)
No. of US Subs.$_t$ × Non-AD Ending [US→Home]$_{t-1}$	0.039	0.261	0.001
	(0.033)	(0.215)	(0.051)
UN Vote Agreement$_t$ × AD Violation [Home→US]$_{t-1}$	0.209***	1.402***	0.485***
	(0.054)	(0.320)	(0.111)
UN Vote Agreement$_t$ × AD DSM [Home→US]$_{t-1}$	0.167**	0.615	0.050
	(0.082)	(0.455)	(0.116)
UN Vote Agreement$_t$ × AD Ending [Home→US]$_{t-1}$	-0.151*	-0.048	-0.037
	(0.083)	(0.565)	(0.115)
UN Vote Agreement$_t$ × Non-AD Violation [Home→US]$_{t-1}$	-0.074**	-0.762***	-0.105*
	(0.029)	(0.226)	(0.057)
UN Vote Agreement$_t$ × Non-AD DSM [Home→US]$_{t-1}$	-0.120**	-0.419	-0.041
	(0.053)	(0.333)	(0.084)
UN Vote Agreement$_t$ × Non-AD Ending [Home→US]$_{t-1}$	0.044	0.084	0.060
	(0.085)	(0.520)	(0.108)
UN Vote Agreement$_t$ × AD Violation [US→Home]$_{t-1}$	-0.259**	-2.593***	-0.507**
	(0.102)	(0.678)	(0.206)
UN Vote Agreement$_t$ × AD DSM [US→Home]$_{t-1}$	0.040	0.155	0.118
	(0.202)	(1.570)	(0.308)
UN Vote Agreement$_t$ × AD Ending [US→Home]$_{t-1}$	-0.396	-0.310	-0.757
	(0.422)	(2.981)	(0.609)
UN Vote Agreement$_t$ × Non-AD Violation [US→Home]$_{t-1}$	0.044**	0.448***	0.027
	(0.020)	(0.143)	(0.040)
UN Vote Agreement$_t$ × Non-AD DSM [US→Home]$_{t-1}$	0.048***	0.405***	0.091***
	(0.018)	(0.131)	(0.028)
UN Vote Agreement$_t$ × Non-AD Ending [US→Home]$_{t-1}$	-0.035*	-0.213	-0.091**
	(0.020)	(0.160)	(0.036)
No. of US Subs.$_t$ × UN Vote Agreement$_t$	0.919***	6.681***	1.048***
	(0.214)	(1.202)	(0.269)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × AD Violation [Home→US]$_{t-1}$	-0.292***	-2.069***	-0.332**
	(0.081)	(0.492)	(0.132)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × AD DSM [Home→US]$_{t-1}$	-0.615***	-2.822***	-0.002
	(0.217)	(1.001)	(0.271)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × AD Ending [Home→US]$_{t-1}$	0.501***	1.324	0.196
	(0.190)	(0.969)	(0.363)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × Non-AD Violation [Home→US]$_{t-1}$	0.072	0.812**	0.393***
	(0.060)	(0.392)	(0.068)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × Non-AD DSM [Home→US]$_{t-1}$	0.164	0.592	-0.207
	(0.157)	(0.791)	(0.234)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × Non-AD Ending [Home→US]$_{t-1}$	0.114	0.700	0.175
	(0.154)	(0.828)	(0.207)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × AD Violation [US→Home]$_{t-1}$	0.597***	4.525***	-0.262
	(0.212)	(1.305)	(0.481)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × AD DSM [US→Home]$_{t-1}$	-0.095	-1.114	2.602*
	(0.584)	(3.709)	(1.326)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × AD Ending [US→Home]$_{t-1}$	0.796	5.129	-2.245
	(0.766)	(4.519)	(1.418)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × Non-AD Violation [US→Home]$_{t-1}$	-0.096**	-0.784***	-0.311***
	(0.041)	(0.263)	(0.052)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × Non-AD DSM [US→Home]$_{t-1}$	0.145***	0.863***	-0.045
	(0.051)	(0.264)	(0.068)
No. of US Subs.$_t$ × UN Vote Agreement$_t$ × Non-AD Ending [US→Home]$_{t-1}$	-0.067	-0.357	0.045
	(0.057)	(0.344)	(0.083)
No. of Foreign Subs.$_t$	0.005	0.018	0.001
	(0.007)	(0.040)	(0.011)
Constant	0.166***	2.303***	1.367***
	(0.064)	(0.424)	(0.117)
Observations	17963	17963	17963
Adjusted R^2	0.804	0.768	0.447
Firm and Year FE	Yes	Yes	Yes

Note: Entries in parentheses are standard errors clustered at home-year level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Figure 8: The Interaction Effects across Phases and Types of Dispute (Congressional Lobbying)

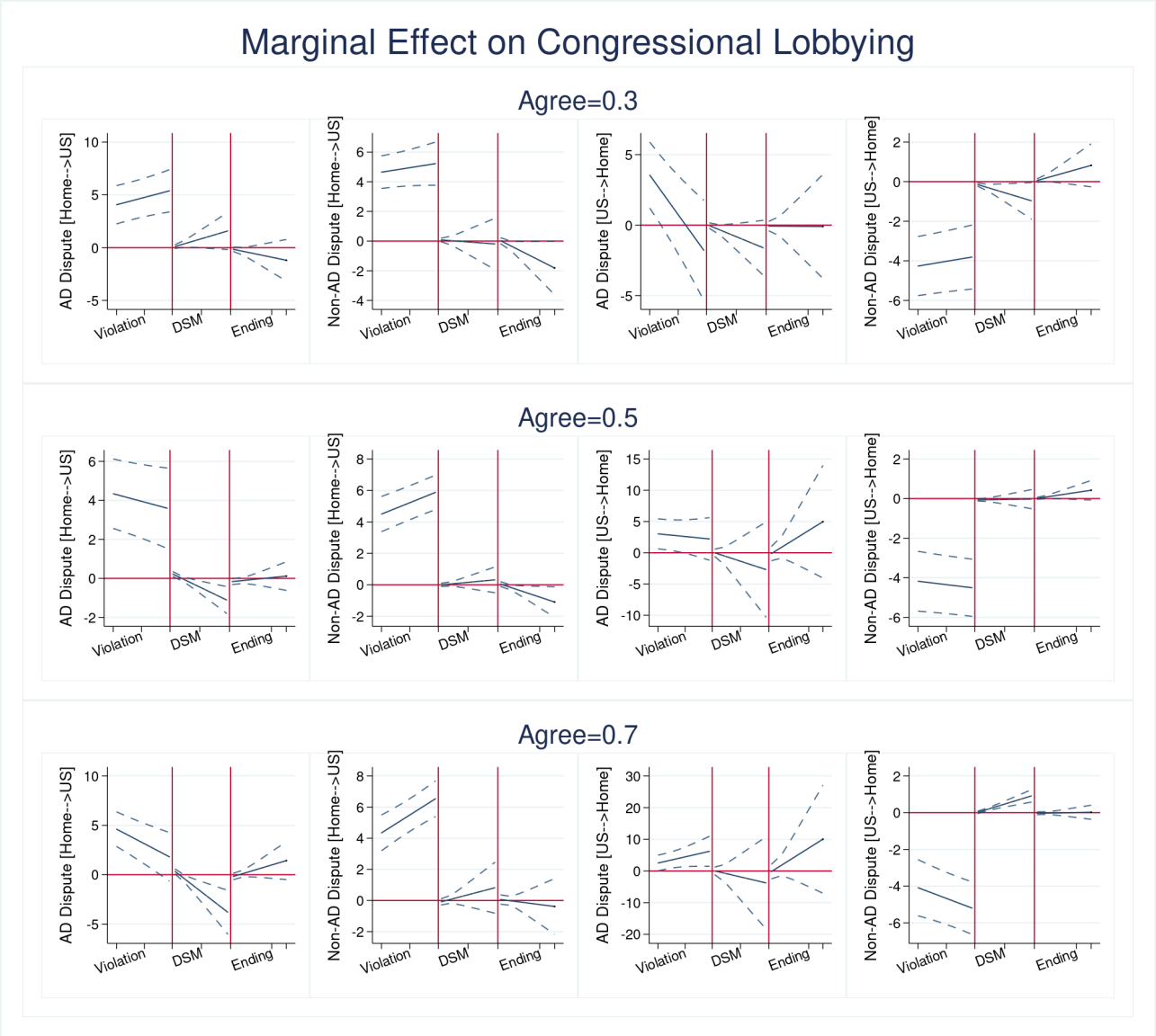


Figure 9: The Interaction Effects across Phases and Types of Dispute (Trade Branches Lobbying)

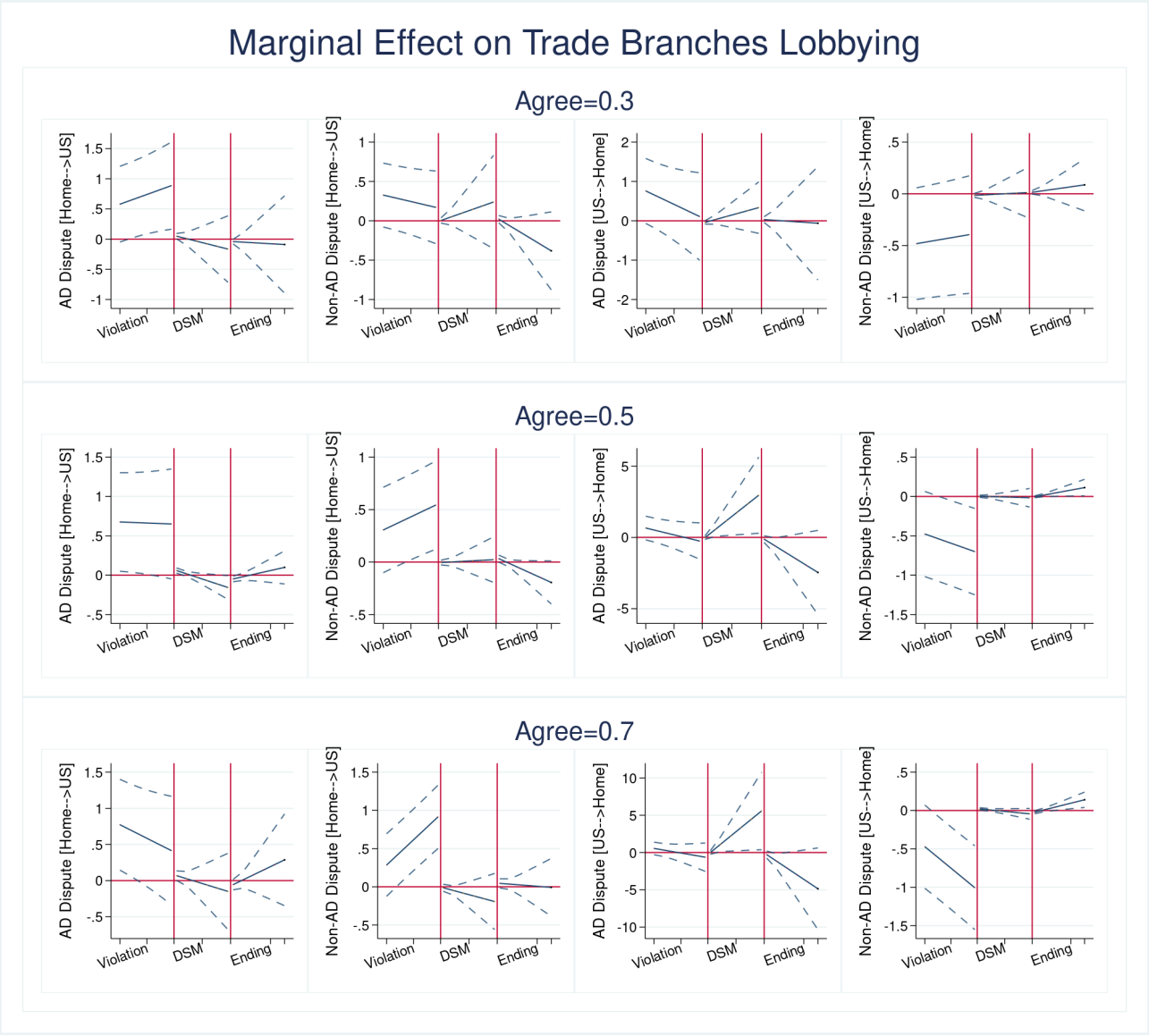


Figure 10: The Interaction Effects of Diplomatic Alignment (Lobbying Expenditure)

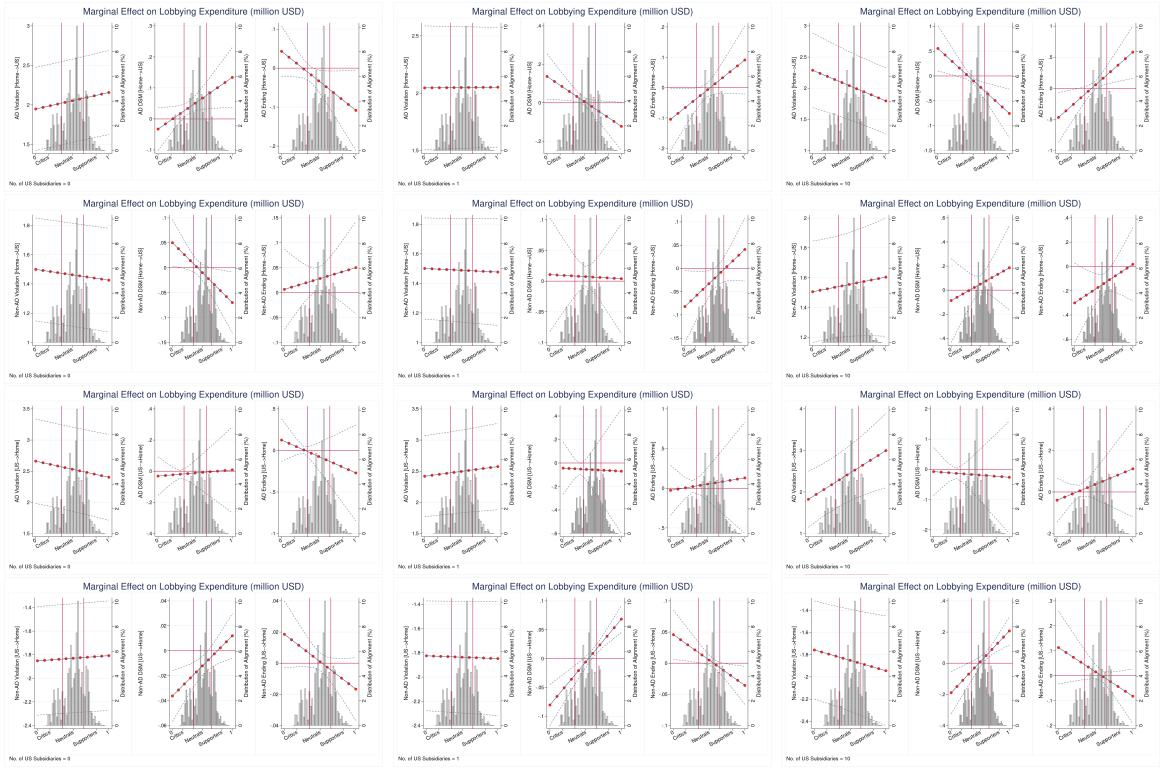


Figure 11: The Interaction Effects of Diplomatic Alignment (Congressional Lobbying)

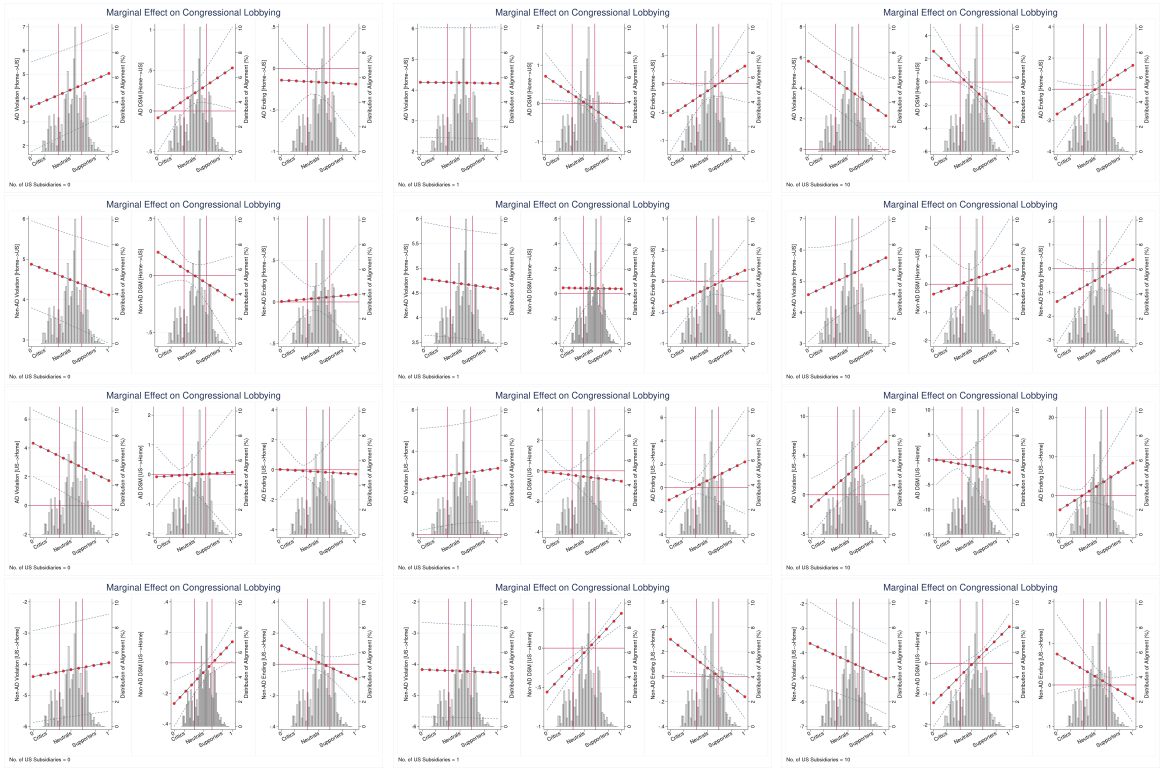


Figure 12: The Interaction Effects of Diplomatic Alignment (Trade Branches Lobbying)

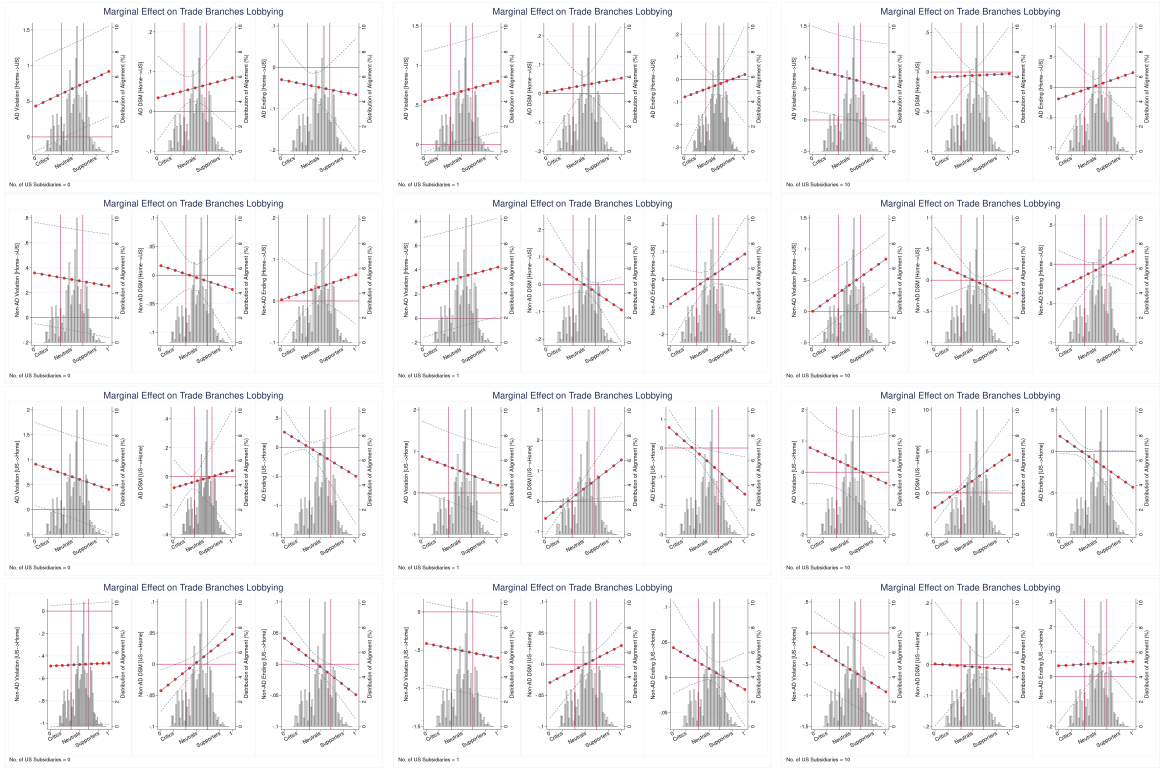


Figure 13: The Marginal Effect of Disputes on Lobbying Expenses (Missing amount = 0)

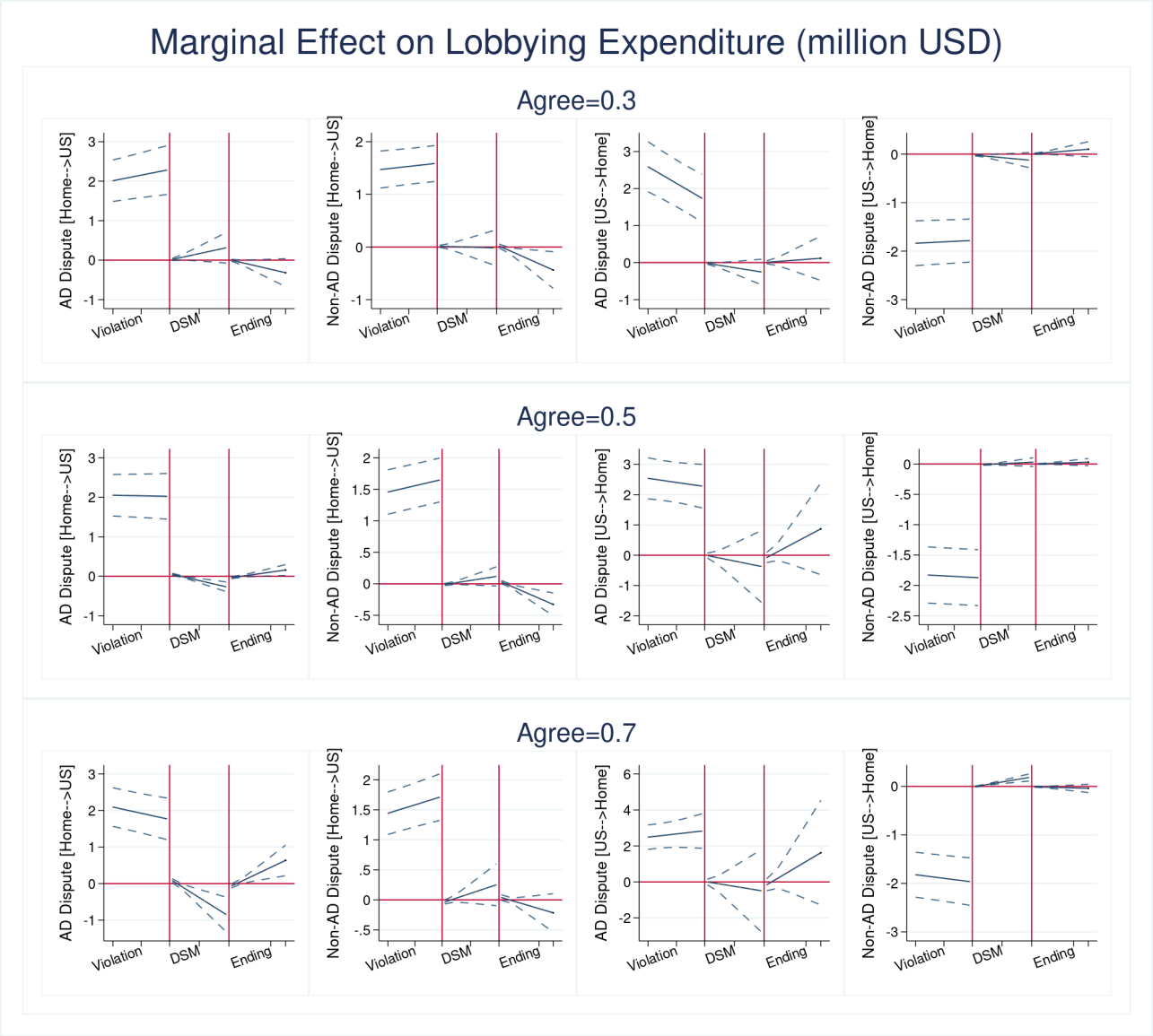
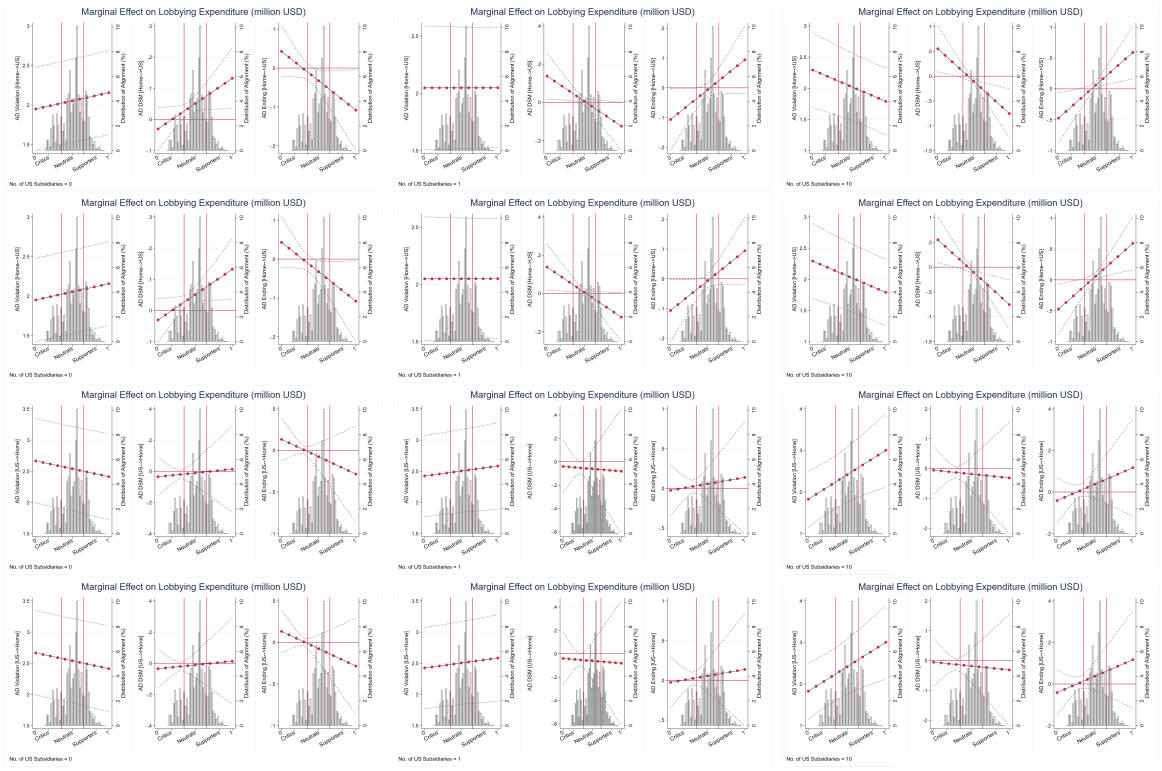


Figure 14: The Interaction Effects of Diplomatic Alignment (Lobbying Expenditure, Missing amount = 0)



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