Sleeping with the Enemy? How Politicians' Environment Shapes their Exchanges with Interest Groups*

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How does home country reputation affect foreign firms' non-market strategies? We address this question using unique longitudinal data on foreign lobbying in the U.S. We find that when external events tarnish a country's reputation, firms in that country increase their lobbying of U.S. politicians who have prior connections to the country, and thus are most exposed to stakeholders' backlash. Further corroborating the effect of domestic stakeholders on international non-market strategies, we find that the increase in lobbying is concentrated among politicians from states with strong political competition and where citizens have weak social ties to and negative views of the shocked country. Our results suggest that firms adapt their international lobbying strategies not only to political distance between countries, as found by prior research, but also to the varying features of political stakeholders within a country. also to the varying features of political stakeholders within a country.

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1 Introduction

Economic nationalism is on the rise. In the last decade, financial crises, international tensions and political polarization have created a demand in several countries to reduce foreign economic influence. It is often argued that in addition to threatening domestic jobs, foreign firms may collude with their home countries' governments to threaten national security. This narrative has served as the basis for protectionist policies - such as Brexit and President Trump's national-security-driven steel tariffs - as well as restrictions against specific foreign firms, exemplified by the governmental bans against Chinese telecom conglomerate Huawei, and the recent debate on banning TikTok in the U.S.

Economic nationalism represents an intriguing challenge for non-market strategy scholars. On the one hand, the threat of protectionist and anti-foreign policies makes it particularly important for international firms to access and influence politicians abroad. On the other hand, under a nationalistic political climate, those firms are most likely to suffer from a liability of foreignness in their interactions with politicians (Beazer and Blake, 2018; Bucheli and Salvaj, 2018; Kim, 2019; Kim and Hiatt, 2021). Understanding the determinants of this liability, and how firms threatened by economic nationalism can adapt their non-market strategies to cope with it is, therefore, an important topic for both strategy scholars and management practice.

Despite its growing importance, research on the determinants and consequences of the political liability of foreignness (hereafter, PLOF) is still scarce. A few recent studies show that political distance between countries is an important determinant of PLOF. Beazer and Blake (2018) find that firms are more likely to invest in countries whose judicial institutions are similar to those of their home country. Relatedly, Kim and Hiatt (2021) show that firms from countries with undemocratic political institutions must hire local lobbyists to obtain political access in the U.S. Political distance between countries, however, is only one of many possible determinants of PLOF. Political ideology and pressure from voters, donors, activists and other stakeholders may also determine how politicians in one country view

another country, and hence the degree of PLOF suffered by foreign firms. Research has shown that politicians are unwilling to engage with firms blacklisted by social activists (McDonnell and Werner, 2016), and in a context of political polarization and nationalism, those activists may be especially keen on blacklisting foreign countries. There is also recent evidence that anti-foreign sentiment varies systematically across social groups (Makhoul, Guedes-Neto, and Musacchio, 2023), suggesting that politicians' stakeholders may be an important driver of PLOF. Disentangling the politician-specific roots of PLOF from the country-specific ones, and understanding the role of stakeholders, is important for international firms because different sources of PLOF call for those firms to adopt different strategies when seeking political influence abroad. If political distance between countries were the sole source of PLOF, firms from a focal country should adopt the same lobbying strategy with all politicians in a given foreign country. If instead PLOF were driven by stakeholder pressures, foreign firms should design portfolios of politician-specific lobbying strategies for each country they target because under decentralized political systems, the views and preferences of stakeholders vary widely across political and electoral constituencies.

Our paper addresses these understudied issues. We investigate empirically how the reputation of foreign countries affects their firms' international lobbying strategies, and show that politicians' concerns with the opinion of their diverse stakeholders are a central driver of this effect. To obtain testable hypotheses, we develop a simple theoretical framework in which a foreign firm uses lobbying to secure political support from a domestic politician (Grossman and Helpman, 1994; Hillman and Hitt, 1999). We argue that if an external shock tarnishes the reputation of the firm's home country, and if the politician has a history of collaboration with such country, the politician will worry about stigma-by-association (Barnett and King, 2008) and backlash from voters, potential donors, and other local stakeholders. To compensate for this risk of stakeholders' punishment, the foreign firm must therefore lobby the politician more aggressively after a country shock in order to retain her support. We argue that the politician will accept to meet the

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foreign firm's lobbyists more often after a shock, despite the potential risk that the meetings themselves might be noticed by stakeholders, because these lobbyists bring to the meeting information, expertise and connections whose benefits to the politician offset such risk. Thus, lobbying meetings (Hall and Deardoff, 2006; Blanes i Vidal, Draca, and Fons-Rosen, 2012). We further hypothesize that the politician's punishment risk, and hence the increase in the firm's lobbying, are greater if the politician's local stakeholders have unfavorable views of and/or lack social ties to the firm's home country, and if they can easily punish the politician by replacing her in the next election. The rationale for this hypothesis, supported by sociological research on reputations (Zavyalova, Pfarrer, Reger, and Hubbard, 2016) is that if stakeholders are a priori favorable to and/or identify with the firm's home country, they will be more willing to overlook the country's loss of reputation, and hence to forgive the politician's decision to support a firm located there.

We test our hypotheses by looking at how lobbying contacts between U.S. politicians and "foreign principals," who report such contacts under the Foreign Agent Registration Act (FARA), change around country shocks - that is, events that tarnished the reputation of certain foreign countries in the U.S. According to FARA, firms and business associations that have no U.S. subsidiaries and are connected to or regulated by their home country's government, as well as governmental agencies, must report all contacts with a U.S. politician every six months (Lee, 2022). We collected and digitized the universe of FARA registries between 1999 and 2017, resulting in one of the most comprehensive FARA research data available. The FARA data are ideal for our study, for two reasons. First, unlike the LDA domestic registries used in most of the literature, they report lobbying contacts between foreign firms and individual politicians, allowing us to analyze how diverse politicians' stakeholders moderate the effect of country reputation on foreign firms' lobbying strategies. Second, the firms that report under FARA are most obviously affected by economic nationalism, due to their connection to the home country's government. The results of our study therefore provide a prediction on whether further increases in nationalism may drive the lobbying strategies of firms that are currently less exposed to

such threat. A potential limitation of our data is the relatively small number of business firms that report under FARA, which makes it challenging to conduct our most granular econometric exercises. We address this issue by augmenting our firm-level lobbying data with data on the lobbying of foreign governmental agencies when necessary. Governmental lobbying is a good proxy for firms' lobbying in our setting because firms that report under FARA are strategically aligned with their government. Indeed, we show that firms and governmental agencies in our data lobby on similar matters.

Before analyzing foreign firms' lobbying strategies, we investigate our theory's premise that country reputation affects politicians via stakeholder pressure. We find that politicians connected to a foreign country, and hence potentially exposed to stakeholder pressure when supporting firms from that country, receive fewer campaign contributions in the U.S. after a country shock, and distance themselves from that country in their public speeches. Reassured by these results on the relevance of our mechanism of interest, we test our main hypotheses on foreign lobbying and find two results. First, following a country shock, foreign firms increase their lobbying of politicians connected to the shocked country, and hence more exposed to stakeholders' backlash. Second, this change in lobbying strategy is concentrated among those politicians whose stakeholders are most likely to react to the shock, that is: (1) politicians from states whose citizens express a more negative view of the shocked country in Gallup polls, (2) politicians from states where fewer citizens were born in the shocked country, and (3) politicians from states with stronger electoral competition.

The rest of this paper is organized as follows. In Section 2, we present our theoretical framework and hypotheses. After describing our context and data in Section 3, we present our empirical strategy and results in Section 4. We conclude, in Section 5, by discussing our paper's contributions to the literature and its implications for future research and management.

2 Theoretical framework and hypotheses

In this section, we derive testable hypotheses from a conceptual model of how home country reputation affects the way firms lobby foreign politicians. Interested readers can find a simple mathematical formulation of the model in the Online appendix.

Consider a foreign firm F, which targets a domestic politician P (she) to obtain support for a policy of interest. For instance, F may be an exporter that wants P to support a trade agreement with its home country, or a telecommunications company that wants P to prevent national security restrictions on its ability to operate abroad. In choosing whether to support F, P considers two factors: (a) her own views on the proposed policy, and (b) how her stakeholders (such as voters in her district, potential donors, influential activists) view F's home country. We argue that if stakeholders have a negative view of F's home country, they may punish P for supporting F. Punishment may occur because stakeholders perceive a firm from a country they dislike as an illegitimate actor (Kim and Hiatt, 2021) or as the agent of an unfriendly foreign government.

Our goal is to study how an event that damages stakeholders' view of F's country (hereafter, the "shock") affects F's foreign lobbying strategy. Because the premise of our lobbying analysis is that P's stakeholders may punish P following a country shock, we begin by developing hypotheses on such punishment and its determinants. We then develop hypotheses on how the threat of punishment affects F's lobbying.

2.1 Stakeholders' punishment

We focus on three key factors that affect the punishment faced by P for supporting F after a country shock. The first factor is whether stakeholders view P and F's country as connected. We posit that stakeholders are rationally ignorant actors, who will not bear the cost of investigating P's political choices after the shock unless they believe P is an "accomplice" of the shocked country. Suppose, for instance, that P is a member of the U.S. Senate. Then, a military incident opposing a country to the U.S., disrespect of that

country's government towards the U.S., or open opposition to U.S. foreign policy, may deteriorate how stakeholders in the Senator's state view the foreign country and its firms. However, stakeholders are unlikely to invest time and attention into investigating the Senator's behavior towards firms from the shocked country unless they are aware (via recent media reports or activists' campaigns) that the senator and the foreign country have a history of collaboration.

The importance of politician-country prior connections as a driver of stakeholders' punishment leads to our first testable hypothesis.

Hypothesis (H1). *Following a shock to the reputation of a foreign country, domestic politicians who support firms located in that country will be punished by their stakeholders, and more so if they are strongly connected to the shocked country.*

In our empirical analysis below, we will test this hypothesis using data on campaign contributions from U.S. individuals (the stakeholders) to politicians.

The second factor affecting stakeholders' punishment is their ex-ante view of and ties to F's home country: the more positive this view and the stronger such ties, the more likely that stakeholders will positively identify with the country, engage in motivated reasoning that reduces the significance of a country shock in their eyes (Zavyalova, Pfarrer, Reger, and Hubbard, 2016), and hence forgive P for offering support to firms from the shocked country, such as F. Continuing with our earlier example, imagine that many citizens of the Senator's state are ideologically favorable to the foreign country whose government has recently acted against the U.S. While as Americans, these stakeholders may feel like the Senator should isolate and oppose the foreign country and the firms located there, their political views may encourage them to partially excuse its anti-U.S. behavior.

The third factor affecting stakeholders' punishment, which applies primarily to voters, is the extent of local political competition - that is, the presence of other politicians to whom P's voters would be willing to switch if dissatisfied with P. Political competition matters because if P is perceived as overwhelmingly more capable or ideologically appealing than

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other candidates, voters may be unwilling to elect those alternative candidates even if they disapprove P's decision to support F after a country shock.

We do not state testable hypotheses on how stakeholders' views and political competition affect punishment because, in our campaign contribution data, we do not have information on individual stakeholders' demographics. Testing for these two determinants of stakeholder punishment is an interesting topic for future research.

Recent studies show that in a domestic context, politicians respond to negative shocks to the reputation of their clients by distancing themselves from those - for instance, by inviting them less often to congressional hearings (McDonnell and Werner, 2016). This tactic is similar to the "impression management" tactics that firms boycotted by activists adopt to reduce negative media attention (McDonnell and King, 2013). The same logic applies to the foreign country shocks we study here: if P fears stakeholders' punishment following such a shock, we expect her to adopt strategies that reduce stakeholders' perceptions of P as an accomplice. One such strategy is for P to distance herself from the shocked country in public speeches. As a further test for the importance of stakeholders' punishment threat following a country shock, we therefore propose the following hypothesis.

Hypothesis (H2). *Following a shock to the reputation of a foreign country, domestic politicians will speak less favorably about that country in public and all the more so if they are strongly connected to it.*

Having developed hypotheses on the premises of our theory, we now move to analyze the effect of country shocks and stakeholder punishment on foreign firms' lobbying strategies, which is the main goal of our paper.

2.2 How the threat of stakeholders' punishment affects firms' lobbying strategies

We model the politician-foreign-firm relationship as a non-market exchange (Grossman and Helpman, 1994; Hillman and Hitt, 1999). If P is a rational utility maximizer, she will support F if and only if the benefits of doing so are higher than the costs. Benefits may arise

if P favors F's policy ideologically. For instance, pro-trade politicians may be happy, all else equal, to support a free-trade agreement between the U.S. and South Korea advocated by Korean firms. Costs may include the research necessary to competently advocate F's policy of interest in the appropriate political forums (Hall and Deardoff, 2006). We expect a country shock to increases P's cost through the threat of stakeholders' punishment discussed above, thereby reducing P's willingness to support F relative to the pre-shock scenario.

We propose that meetings with politicians (lobbying) are a key channel through which F can induce P to support its interests despite the country shock. First, if F hires a domestic lobbyist to represent him on a policy of interest (e.g., a bill concerning environmental or consumer protection regulation), the lobbyist can use its own technical expertise to inform P about the benefits her voters can obtain from such policy, and provide evidence that P can use to promote it. For instance, (Hall and Deardoff, 2006) argue that research conducted by a client's lobbyists "subsidizes" the politician's cost of supporting those policies (see, also, Hall and Miler, 2008, and Cotton and Déllis, 2016). Second, through its career a lobbyist acquires diverse political connections (Blanes i Vidal, Draca, and Fons-Rosen, 2012), as well as information about diverse issues and general expertise on the political process and committee politics (Bertrand, Bombardini, and Trebbi, 2014). These diverse connections and expertise turn lobbyists into multi-purpose political assets that can be used to get any kind of bill through the legislature (Bonardi, 2011). For instance, F's lobbyist can trade help on any policy in its expertise/connection portfolio that matters to politician P (say, an energy bill), in exchange for P's support to the specific policy (say, an environmental bill) that matters to foreign client F. Third, while the political economy literature has often identified campaign contributions, rather than lobbying, as the key channel through which firms can elicit politicians' support (Grossman and Helpman, 1994; Bombardini and Trebbi, 2020), this compensation channel is unavailable to foreign legal entities in several countries including the U.S. (the setting of our empirical analysis). We therefore expect lobbying to play a particularly significant role in firms' international non-market strategies.

A potential drawback of lobbying is that stakeholders may interpret P's meetings with F's lobbyists as additional evidence of political complicity, and punish P for participating in those meetings (and not just for actively supporting F). So long as the punishment of lobbying is not overwhelmingly high, however, F will be able to use it as a channel for its political exchanges with F. This seems like a reasonable assumption: while the number of meetings between P and F may be on record (due to disclosure obligations, as in our empirical setting), the content of those meetings is private; thus, stakeholders will likely interpret the mere existence of a meeting as weak evidence of P's complicity with F compared to more direct evidence such as congressional votes.

If lobbying is a costly channel that F can use to obtain P's support, and if a shock to F's country reduces P's willingness to provide such support, F will be forced to increase its lobbying effort on P after the shock. Moreover, if the country shock reduces P's willingness to support F through the threat of stakeholders' punishment, we expect the post-shock increase in F's lobbying to depend on the extent of punishment risk - that is, on the connection between P and F's country, on the views of P's stakeholders towards such country, and on the degree of political competition that P faces. This argument leads to our next two hypotheses.

Hypothesis (H3). *Following a shock to their home country's reputation, foreign firms who are strongly connected to a politician will increase their lobbying effort on that politician more than the weakly connected firms.*

Hypothesis (H4). *Following a shock to their home country's reputation, foreign firms who are strongly connected to a politician will increase their lobbying effort on that politician more, the more negative the view of the politician's stakeholders towards them and the stronger the local competition faced by the politician.*

Notice that in stating hypotheses H3 and H4, we assume foreign firms target politicians whose support they consider as key, and stick to those politicians after a country shock, adjusting their lobbying strategy to ensure the politicians are still willing to support them

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under the new circumstances. Under this assumption, foreign firms do not strategically switch to politicians less exposed to stakeholders' punishment in order to avoid having to increase their lobbying effort. A politician can be key because of her institutional role (committee chair, majority leader, and the like) or due to less formal features such as charisma, influence, competence, and connections to the foreign firm's lobbyist. The empirical analysis below supports our theoretical assumption.

As discussed in the introduction, the key insight of our theory is that when firms seek political influence abroad, they should not use a one-size-fits all lobbying strategy for all politicians. Instead, foreign firms should use a portfolio of lobbying strategies that are tailored to the stakeholder environment faced by each targeted politician. In particular, firms should concentrate their scarce lobbying resources on politicians whose stakeholders are less favorable to their home country because it is those politicians who are most likely to withdraw their support when the home country's reputation is under stress.

In the next sections, we take our hypotheses to the data.

3 Data

3.1 Main data: lobbying

Our main hypotheses (H3 and H4) are on how home country reputation and domestic stakeholders jointly affect foreign firms' lobbying strategies. We test these hypotheses in the context of foreign lobbying in the US. The US is an appropriate setting for our study because given its large size and its demographic and political diversity, it features substantial variation in how different politicians' stakeholders view each foreign country.

The main empirical challenge we face is to identify foreign firms that US stakeholders strongly associate to the reputation of their home country, and collect information on how those firms lobby individual US politicians. For instance, it would be inappropriate for us to sample US subsidiaries of foreign multinationals because those firms may not be perceived as foreign entities by the US public (Anheuser-Busch, the St. Louis-based

producer of American staple Budweiser beer, which is owned by Belgian multinational AB InBev, is a case in point).

To tackle this empirical challenge, we collected and digitized the universe of U.S. Foreign Agent Registration Act (FARA) supplemental statements between 1999 and 2017. Under FARA, it is mandatory for lobbying companies to register each contact they maintained with a U.S. politician on behalf of foreign principals, along with the politician's name and the means of contact, every six months. Failure to do this can lead to five years of imprisonment. This data is ideal for our study for two reasons. First, the foreign principals that must report under FARA are fully foreign legal entities (business firms, trade associations, and governmental agencies) that do not pursue purely commercial objectives, in the sense that some of their lobbying may be conducted on behalf of a foreign government or political party (Lee, 2022). Business actors in our sample, such as Airbus, the China Ocean Shipping Company, and the Australian Dairy Industry Association, are strategically aligned with and/or regulated by their home country's governments, and therefore are most exposed to anti-foreign stigma as they are likely to be viewed as country agents by U.S. stakeholders. The second advantage of our data is that FARA is the only lobbying registry that discloses contacts with individual politicians, allowing us to study how foreign firms' lobbying strategies depend on politicians' stakeholder environment. The Lobbying Disclosure Act (LDA) data used in most of the literature do not report the names of targeted politicians or the contact date because LDA only requires disclosure of the names of the federal institution being lobbied (see Kim, Hurst, and Siegel, 2022, for detailed comparisons of the FARA and LDA data). Very few studies have assembled FARA data on lobbying contacts (You, 2023). Grotteria, Miller, and Naaraayanan (2022) and our paper use the most comprehensive database to date.[1]

A potential limitation of our lobbying data is that only 15% of FARA reports in our sample period are filed on behalf of foreign business firms and industry associations. The

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[1] Grotteria, Miller, and Naaraayanan (2022) differ in important aspects from our paper. For instance, they focus on how lobbying affects US government spending while our paper focuses on how reputational shocks affect lobbying intensity.

remaining 85% are foreign governmental organizations. The relatively small number of firms requires us to use the full sample of foreign principals (firms plus governments) to generate the variation necessary to perform some of our empirical exercises (more on this below). However, because foreign firms that report under FARA are closely connected to their home government, they are most likely to lobby abroad in cooperation with the government. We are therefore confident that the lobbying patterns of foreign firms and governmental entities in the FARA data are similar, and that foreign governments' lobbying is a good proxy for our foreign firms' lobbying. Figures 1a and 1b support this assumption. These figures summarize foreign principals' lobbying across U.S. Congress committees, showing that foreign firms and governmental entities lobby on similar issues.

Notice that while the U.S. lobbying firms in our sample tend to specialize on a few foreign clients (see Figure A.2 in the Online appendix), each of them typically also serves a large number of domestic clients. Thus, as argued by our theory, these lobbying firms are in a position to leverage the information, expertise, and political connections developed for their domestic clients, which are especially valuable to U.S. politicians, in order to obtain support for their foreign clients. Data from the OpenSecrets database[2] shows that during the period of our study (1998 - 2016), the average lobbying firm hired by foreign principals simultaneously served 90 domestic clients from 37 different industries each year. This information is summarized by Figure A.3 in the Online appendix.

Figures A.2 and A.4 in the Online appendix provide further detail on our lobbying data. These two figures show, respectively, that the number of lobbying companies that made at least one contact with U.S. politicians on behalf of foreign clients in a given semester, and the number of those clients' home countries, strongly increased during our period of analysis, indicating a growing importance of foreign lobbying in the U.S. Figure A.5 shows that there is substantial variation across countries in the intensity with which foreign principals lobby U.S. politicians.

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[2]OpenSecrets is a nonpartisan, independent, and nonprofit group that collects data on domestic lobbying. Data accessed at https://www.opensecrets.org/federal-lobbying.

3.2 Country shocks

The identification of the effect of country shocks on foreign firms' lobbying strategies comes from a list of events that negatively affected the reputation of foreign countries in the US. To construct this list, we selected three undergraduate students in Economics and International Business Studies, and instructed them to use Google, Wikipedia, and similar public sources to identify unexpected events in our data period that (1) negatively affected the reputation of one or more foreign countries in the U.S., and (2) received wide media coverage and attention in the U.S. An event was retained if all of the three RAs agreed it satisfied these criteria. The students were instructed to classify an event as having wide media coverage if the event was followed by multiple major national media outlets such as New York Times, CNN, Fox, Washington Post, and the like. Students classified the event as unexpected if it was specifically described as such in media outlets.

The resulting list of shocks includes diverse and heterogeneous events, such as the 9/11 terrorist attacks, which negatively affected the reputation of Afghanistan and Saudi Arabia in the U.S., the 2001 Hainan Island Jet Collision, which negatively affected the reputation of China, and the refusal of Spanish opposition leader Zapatero to stand at the passing of the US flag during the Iraq war, which negatively affected the view of Spain. The shocks are summarized in Table 1. A detailed description is provided in the Online data appendix C.2.

While these shocks have been classified as salient by our team of RAs, they are clearly events of different political significance, and one could argue that some of them (e.g., 9/11, Hainan Island) had a stronger impact on U.S. public opinion than others (e.g., Zapatero). One might also worry that our RAs have incorrectly classified as non-salient certain events that do not appear in the list. We therefore performed several exercises to ensure our analysis is not biased by the inclusion of non-salient shocks or by the exclusion of salient ones. First, we replicated our analyses after separately dropping each shock. Second, we distinguished between salient and non-salient shocks based on the number of times they

have been searched on Google in the U.S.. Lastly, we repeated our analyses after adding the 2003 "Freedom Fries" crisis between the U.S. and France to our list of shocks, as several commentators perceived this event as a salient one. The results of these exercises, which are presented and discussed in the subsequent sections, are broadly consistent with our theoretical model and baseline results.

3.3 Other data

To test the premises of our theory - that is, politicians engaged with foreign firms are concerned with stakeholders' punishment (H1 and H2) - we use two complementary data. First, we collected data on U.S. individuals' campaign contributions to politicians for the years 1998 - 2016 from the *Federal Election Commission*. [3] Figure A.6 in the Online appendix shows that there is a lot of variation in the logarithm of the total individual contributions received by politicians for their campaigns during the years 1998-2016 and that it is normally distributed with a mean of 12.7 (or 1.6 million US$).

Second, to measure the extent to which U.S. politicians distance themselves from shocked countries, we obtained the universe of Congressional Hearings in text format for the years 1999-2017. We use VADER, a Natural Language Processing tool, to measure the sentiment expressed by politicians toward foreign countries in their Congressional Hearings speeches.[4] VADER gives a score to each speech based on a dictionary of words and groups of words labeled according to their semantic orientation as positive, negative, or neutral. VADER is also sensitive to both the intensity and the context of speeches. Every time a politician speaks at a hearing, we measure that politician's sentiment towards each mentioned foreign country as a real number in the interval between -1 (most negative sentiment) and 1 (most positive sentiment).[5]

To measure variations in the threat of stakeholders' punishment across politicians, we

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[3] Note that the U.S. federal law prohibits foreign nationals/entities from making campaign contributions, donations and other expenditures, in connection with any U.S. election. See, for instance, https://www.fec.gov/help-candidates-and-committees/foreign-nationals/.

[4] VADER stands for Valence Aware Dictionary and Sentiment Reasoner. For more information, see https://github.com/cjhutto/vaderSentiment. See appendix C.1.1 for more details.

[5] See appendix C for more details on text analysis.

collected data on social ties between stakeholders and shocked countries and on the views of stakeholders towards those countries. Regarding social ties, we obtained data on the foreign-born population in each U.S. state and data year by birthplace country from the annual *American Community Survey*, for the years 2000 - 2016.[6] Table A.1 in the Online appendix shows that there is substantial variation in foreign-born population, both across countries and (most importantly for our analyses) across politician's states within a given country. Regarding stakeholders' ex-ante views, we collected data on the U.S. public's perception of foreign countries from the annual Gallup Poll Social Series Respondent-level dataset on World Affairs, for the years 2000 - 2017. In this poll, individuals living in the US are asked to rate a particular foreign country on a scale of Very favorable, Favorable, and Unfavorable. Gallup reports the answer of individual respondents, sampled across the US, each year. As further discussed in the next Section, we aggregated individual respondents' ratings at the country by state level to measure how the stakeholders of a particular politician view a given foreign country. Table A.2 in the Online appendix shows that there is substantial variation in stakeholders' views, both across countries and across U.S. states within a country.

To measure the degree of electoral competition faced by U.S. politicians (and hence the extent to which these politicians care about stakeholders' reactions to country shocks), we obtained data on the results of U.S. federal Senate elections at the state level (Data and Lab, 2017). For each politician and country in our data, we computed the difference between the number of votes received by the winning and best losing candidate in the politician's state in the last Senate election before a shock to the country. We interpret low levels of this measure as indicative of strong political competition in a given politician's state at the time of a shock.[7] Table A.3 in the Online appendix shows that there is substantial variation in foreign-born population, both across countries and across U.S. states within a country.

Lastly, for each politician, we collected data on party affiliation, chamber of the hearing

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[6]For more information, see https://www.census.gov/programs-surveys/acs/data.html.
[7]We assume that competitiveness of Senate elections is a good proxy for competitiveness of elections in the House, such that our measure applies to both Senators and Representatives.

(House or Senate), and congressional committee allocations by year. Table A.4 in the Online appendix shows that all the countries in our analysis sample have largely followed a bipartisan approach to contacting politicians. Figure A.7 complements these results by showing that shocked countries are bipartisan but contact more members of the party that holds the majority in each chamber.

4 Empirical analysis

Figure A.8 uses our FARA data to plot foreign principals' average lobbying of two different types of U.S. politicians: those who were most frequently lobbied by the focal country's principals before the shock (i.e., strongly connected to the country), and those who were not lobbied as frequently (weakly connected). Consistent with our Hypothesis 3, this Figure shows that after their home country suffers a negative reputational shock, foreign principals increase their lobbying of U.S. politicians strongly connected to the country, whereas they do not significantly increase their lobbying of weakly connected politicians. Moreover, Figure A.8 shows that foreign principals' lobbying of strongly connected politicians does not revert to the pre-shock levels until two years after the shock.

The raw data analysis in the above graph provides encouraging descriptive evidence. However, it does not shed full light on whether the change in foreign firms' lobbying strategy after a country shocks is driven by politicians' concern with stakeholders' punishment, as hypothesize here, or by other factors such as generalized aversion/mistrust towards certain countries in the U.S. (Kim and Hiatt, 2021) or politicians' ideology. To better identify the political stakeholder channel, we conduct regression analysis below.

4.1 Empirical methodology

To test our hypotheses econometrically, we conduct difference-in-differences regression analyses of our outcomes of interest - namely, campaign contributions to and speeches of U.S. legislators (H1 and H2), and foreign firms' lobbying of those legislators (H3 and H4) - around our set of country shocks. Following standard practice, we test for the parallel

trend assumption to correctly interpret our results using an event study exercise. In a robustness check, we account for potential biases in the standard difference-in-difference estimators using techniques proposed by Callaway and Sant'Anna (2020), Sant'Anna and Zhao (2020), and Borusyak, Jaravel, and Spiess (2023). Both the test for parallel trends and the staggered diff-in-diff corrections are presented and discussed in the robustness checks section below.

To fully leverage the richness of our politician-level data, we include in our analysis all politicians who either (1) made a speech at the Congressional hearings or (2) were lobbied by principals from a foreign country, in a given semester. In the robustness checks section below, we show that our results are robust to changes in the construction of our sample of politicians, and in particular to using a balanced panel of politicians. Given that Congressional elections take place every two years, the window of four semesters (half-years) serves as a natural time frame to study. Therefore, we focus our attention on the four semesters preceding and four semesters succeeding the semester in which each shock occurs. The events are stacked together to construct a panel dataset with the occurrence of a shock normalized to time, $t = 0$. Descriptive statistics for all of our dependent and independent variables (which are described in detail below) are presented in Table 2.

To estimate the average effect of country shocks on our outcomes of interest, we estimate regression equations of the following form:

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\begin{aligned}
y_{i,c,t} \;=\; & \beta_1 \cdot Conn_{i,c} + \beta_2 \cdot Post_{c,t} + \beta_3 \cdot (Conn_{i,c} \times Post_{c,t}) \\
& + \; \alpha_i + \alpha_c + \alpha_t + \alpha_{I,t} + \gamma_1 \cdot X_{i,t} + \gamma_2 \cdot X_{c,t} + \epsilon_{i,c,t}
\end{aligned}
\tag{1}
$$

The dependent variable denotes our outcomes of interest, that is, foreign principals' lobbying for our main hypotheses, H3 and H4, and stakeholder punishment and politicians' distancing from foreign countries for hypotheses H1 and H2. To measure lobbying effort (H3 and H4), we use, alternatively, the total number of contacts and the number of in-person meetings between politician i and foreign principals from country c in semester t.

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As an inverse measure of stakeholder punishment (H1), we use the amount of campaign contributions that politician i received in semester t from individuals in the U.S. The rationale underlying this proxy is straightforward: a politician who is being punished by stakeholders should receive lower campaign contributions, and vice versa. Lastly, we use two alternative variables to measure politicians' distancing from shocked countries (H2): (1) a binary indicator equal to one if the *sentiment* of politician i towards country c in the congressional speeches delivered in semester t is greater than the average pre-shock sentiment of connected politicians towards that country; and (2) the number of speeches of politician i that mention country c. We use these measures because politicians may distance themselves from a foreign country both by speaking less favorably about that country and by ignoring the country in their speeches.

$Post_{c,t}$ is a binary indicator that switches from zero to one in the semester in which country c receives a shock and thereafter. Our measure of whether a politician is strongly or weakly connected to a given foreign country is $Conn_{i,c}$, a binary indicator equal to one if on average, politician i was contacted by foreign principals located in the country c more than any other politicians during the four semesters prior to a shock to that country.

When estimating the effect of country shocks on foreign firms' lobbying, we are especially interested in how this effect is moderated by each politician's expectation of local stakeholders' reactions (H4). To do so, for each of the three inverse measures of stakeholder punishment described in Section 3 (foreign country-born population share in the politician's state, state citizens' favor towards the shocked country in Gallup surveys, and difference between the winner's and loser's votes in the latest Senate election), we classify observations into three groups. The *strong* group includes observations above the 67th percentile of the distribution. The *neutral* group includes observations between the 33rd an 66th percentiles of the distribution. Lastly, the *weak* group includes observations below the 33rd percentile. We separately estimate Equation (1) for each group, expecting the post-shock increase in foreign firms' lobbying to be driven by the weak group.[8] Detailed

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[8] Observations for Qatar are not included in the American Community Survey and the Gallup World Affairs

descriptive statistics for the variables used to construct the three groups are provided in Tables A.1 - A.3 in the Online appendix.

Importantly, the granularity of our data allows us to include a battery of fixed effects and controls in our regressions. First, we include semester fixed effects (α_t) to account for the potential common influence of time trends. Second, we include politician fixed effects (α_i) to account for time-invariant politician-specific factors (such as origin/ethnicity, education and professional background), which may affect a politician's inclinations towards foreign firms and countries regardless the views of her stakeholders. Third, we include country fixed effects (α_c) to account for country-specific lobbying strategies and, most importantly, for institutional distance and other types of distance between the focal country and the U.S., which may affect U.S. politicians' willingness to engage with firms from that country, and hence those firms' need to increase their lobbying effort after a shock (Kim and Hiatt, 2021). Fourth, we include party by semester fixed effects ($\alpha_{I,t}$) to control for time-varying characteristics such as change in party leadership or stance, appeal of a party to a country due to common issues of interest, and the like.

Lastly, we control for time-varying politician and country characteristics (respectively, $X_{i,t}$ and $X_{c,t}$), which may affect the importance of a specific politician for foreign firms, and the extent to which firms from a specific country need political support in the U.S. Specifically, controls in $X_{i,t}$ are (a) a binary indicator equal to one if politician i is affiliated to the party that holds the majority in the relevant chamber (House or Senate) in semester t, and (b) a binary indicator equal to one if politician i is the chairman of the congressional committee she belongs to in semester t. Controls in $X_{c,t}$ are (c) the annual volume of bilateral trade between the US and country c in semester t, and (d) an indicator for country c's usage of US media for lobbying purposes during semester t (includes 'no usage', 'print' and 'audio/video').

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poll, so this country is dropped from our analysis of moderators.

4.2 Testing the assumptions

4.2.1 Stakeholders' punishment (H1)

Our theory rests on the assumption that following a country shock, stakeholders punish politicians for providing support to firms in the shocked country (hypothesis H1). To test this assumption, we estimate Equation (1), using as our dependent variable the amount of campaign contributions that politician i received in semester t from U.S. individuals. Table 3 presents the results of this exercise, which are consistent with hypothesis H1: following a negative reputational shock to a foreign country, U.S. politicians who are strongly connected to that country receive fewer campaign contributions.

4.2.2 Politicians' distancing (H2)

As a second test for our assumption of stakeholder punishment, we hypothesized that following a country shock, politicians will distance themselves from the shocked foreign country in their speeches in order to mitigate their stakeholders' reaction. To test this hypothesis, we estimate Equation (1) using the high politician sentiment indicator as our dependent variable. Table 4 presents the results of this exercise. Estimates are robust across specifications and show that consistent with Hypothesis 2, politicians with prior connections to a shocked country are less likely to support it in their speeches after the country suffers a reputational shock.

One may argue that more than through the sentiment expressed in speeches, politicians distance themselves from a shocked country by mentioning it less frequently. To investigate this dimension of distancing, in a robustness check exercise we repeat our regression above using a politician's the number of speeches about a shocked country as the dependent variable. The results, presented in Table 5 in the Online appendix, are fully consistent with those on sentiment.

One might also be concerned that the reduction in politicians' sentiment and speeches may be due to the fact that politicians connected to a shocked country are less often

included in the agenda of Congressional Hearings. To ensure that our results are not due to this mechanical effect, we replicate our baseline regression specification for public political support, controlling for the number of times a politician speaks in congressional hearings. Table A.5 shows that the results of this exercise are entirely consistent with those in Table 4.

4.3 Main results: effects of country shocks on foreign firms' lobbying

4.3.1 Average effect (H3)

Table 6 (Panel A) presents the results from estimating Equation (1) using as our dependent variable the total number of lobbying contacts (including in-person meetings, phone calls, e-mails) between a politician and the lobbyists of foreign firms located in a given country. Estimates are stable across specifications, and show that firms from shocked countries contact U.S. politicians more frequently after the shock, and more so if the politician and the country have been recently connected.

Panel B replicates the analysis using the number of in-person meetings as the dependent variable to ensure that the observed increase in contacts is not driven by firms' failed contact attempts. The results are consistent with those of panel A, indicating that politicians willingly accept more frequent meetings with firms from the shocked countries.

Table 7 replicates the analysis from Table 6 using the full sample of foreign principals (firms plus governmental entities). As discussed above, the inclusion of both types of foreign principals increases the power of our estimations given the low number of firms in the sample. Moreover, because foreign governments and the kinds of firms that report under FARA are strategically aligned and lobby on similar issues, we expect their influence on politicians, and hence their lobbying strategies, to be similarly affected by country shocks. The estimates of the effect of country shocks on lobbying from Table 7 are directionally equivalent to those in Table 6. As expected, the coefficients are statistically more significant when we use a larger sample of foreign principals.

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The effect of country shocks on foreign firms' lobbying is not only statistically but also economically significant. To illustrate this point, consider our strictest specification in panel B of Table 7, that is, column (4). Before the shock, politicians with prior connections to a foreign country were having about 15 meetings per semester with foreign principals from that country. After the shock, this number goes up by about 8 meetings, which corresponds to a 50% increase.

Altogether, our results provide strong support for hypothesis H3 in our theory, First, firms from a shocked country must lobby politicians abroad more aggressively in order to overcome those politicians' reluctance to support them after the shock. Second, the increase in lobbying is concentrated among politicians with a prior connection to the shocked country, which is consistent with the view that it is a politician's exposure to stakeholders' punishment that drives their reluctance to support foreign firms and forces those firms to lobby more aggressively.

4.3.2 The moderating role of politicians' stakeholders (H4)

Table 8 presents the results from estimating our lobbying effort regression (panels A and B) for the three groups of observations where a politician expects severe stakeholder punishment (weak group), moderate punishment (neutral group) or mild punishment (strong group) for supporting firms from a given shocked country. Columns (1) to (3) measure the expected punishment as a lack of socio-ethnic ties between the country and the politician's state, inversely proxied by the state's rate of country-born population. Columns (4) to (6) measure stakeholder punishment as negative views of the foreign country by people in the politician's state, inversely proxied by the Gallup favor scores. Lastly, columns (7) to (9) measure stakeholder punishment as the ease with which local voters can replace the politician, proxied by the extent of political competition in the state. We use the full sample of foreign principals in this more granular exercise (firms plus governmental entities) because the low number of firms' observations does not allow to conduct group analysis with our set of fixed effects and controls.

The results in Table 8 consistently support our hypothesis H4. As in Tables 6 and 7 above, foreign firms must lobby U.S. politicians more aggressively after a country shock, and more so if the politician and the country are connected. However, Table 8 shows that the effect of country shocks on foreign firms' lobbying is concentrated among those politicians who expect stronger punishments from stakeholders. In other words, the optimal lobbying strategy for foreign firms affected by a home-country shock is politician-specific and tailored to the targeted politician's stakeholder environment.

4.3.3 Investigating the heterogeneity of shocks

One might be concerned that our baseline analysis may be biased by the fact that we treat our heterogeneous shocks as identical. First, our estimates may be driven be a few special country or shocks. Second, if some shocks are more salient than others, and if our assumption that shocks matter because of their salience to politicians' stakeholders, the observed effects should primarily arise from the more salient shocks. Third, the list of shocks assembled by our team of RAs may be missing some impactful events.

We conducted a number of exercises to investigate the heterogeneity among shocks and address these concerns. First, we replicated our regressions after individually dropping each country from our list of shocks. The results of this exercise, displayed in Table 9, show that none of the country shocks, with the partial exception of 9/11, has a decisive role in driving the observed change in foreign firms' lobbying strategy.

Second, we used each shock's number of hits on Google Search in the U.S. as a proxy for its salience to U.S. stakeholders (see Table 1 for a description). Table 10 presents separate estimates of the effect of shocks on foreign firms' lobbying for high-salience (above-median number of hits) and low-salience shocks (below-median). As expected, we find that the extra lobbying effort of foreign firms following a country shock increases in the shock's salience.

Lastly, following the suggestion of several commentators, we replicated our regressions after adding the 2003 "freedom fries" crisis between the U.S. and France to our list of

shocks. During this crisis, many U.S. citizens developed a negative view of France due to the latter's strong opposition to the U.S.-led invasion of Iraq, prompting a U.S. politician to provocatively propose to rename the French fries as "freedom fries". The results, reported in Tables A.6 - A.8 in the Online appendix, are entirely consistent with our baseline estimates.

4.4 Robustness checks

4.4.1 Placebo

One may be concerned that the observed increases in foreign firms' lobbying have nothing to do with country reputation, reflecting instead a general shift in foreign lobbying around major events. To check that this is not the case, we replicate our baseline analyses after randomly assigning a non-shocked country to each shock. Tables A.9, A.10 and A.11 show that foreign principals from non-shocked countries do not increase their lobbying of U.S. politicians after a shock, suggesting that our baseline empirical analysis does capture the effect of country reputational shocks on foreign firms' lobbying.

4.4.2 Corrections for Staggered Diff-in-Diff

Recent work has noticed that (i) when treatments are dispersed over time, or (ii) when treatments are heterogeneous, the control group in a difference-in-differences analysis may be contaminated and lead to biased estimates. To address this concern, we employ an event study design and replicate our main estimations using the corrections suggested by Callaway and Sant'Anna (2020) - Sant'Anna and Zhao (2020), and Borusyak, Jaravel, and Spiess (2023). This exercise also provides clear assumptions on parallel trends between the treated and control groups that can be validated using the event study design. Figure 2 in the Online appendix provides evidence consistent with the assumption of parallel trends, and the results, reported in Tables 11 in the Online appendix, are entirely consistent with our baseline estimates.

4.4.3 Other robustness checks

We conducted some robustness exercises to ensure our results are not sensitive to how we measure specific variables. In Table A.12 of the Online appendix, we replicate our average lobbying estimations after re-defining the politician-country "strong connection" dummy as (i) the median, (ii) 75th percentile, and (iii) 90th percentile of the number of times a politician was contacted by a country before a shock being above the average pre-shock contacts.

To rule out potential selection effects due to our unbalanced panel, we replicate the lobbying regressions after including in our sample all politicians who spoke at least once in Congressional hearings, or were lobbied at least once, in 1999-2017, treating specific semesters where these politicians were not speaking or being lobbied as zeroes. Tables A.13 - A.15 in the Online appendix show that our baseline panel was already quite balanced (i.e. politicians rarely fell out of the sample). Further, estimates using the balanced sample are entirely consistent with our baseline results.

In Table A.16 of the Online appendix, we replicate our stakeholder effect regressions after defining social ties as the ratio of citizens of a politician's state born in a given shocked country to US-born citizens of the same state. The results of these two robustness exercises are entirely consistent with our baseline estimations.

4.5 Alternative mechanisms

We interpreted our findings as evidence that following a shock to the reputation of their home country, foreign firms compensate politicians who are more exposed to stakeholders' punishment by lobbying them more aggressively. A potential alternative interpretation is as substitution between visible and less visible corporate influence tactics. In a domestic context, Shanor, McDonnell, and Werner (2021) show that disreputable U.S. firms substitute lobbying for campaign contributions, and argue that such substitution arises because lobbying is a less traceable and hence less risky influence tactic for the politician. This

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substitution mechanism is unlikely to play a role in our empirical setting, for two reasons. First, unlike domestic lobbying, foreign lobbying is subject to stringent disclosure requirements under FARA. Second, increased lobbying cannot reflect substitution away from campaign contributions in our setting because the foreign principals that report under FARA cannot make campaign contributions to U.S. politicians.[9]

A second alternative interpretation of our results is in terms of increased compliance with FARA requirements. In particular, one may be concerned that our country shocks trigger increased enforcement of FARA against the lobbyists of shocked countries, and that our results might be driven by increased reporting of previously hidden contacts due to the fear of prosecution, as in the Manafort case investigated by Kim, Hurst, and Siegel (2022). If this were the case, we would expect shocked countries to report more contacts with the politicians for whom they used to report fewer contacts in the past. However, we observe the opposite pattern: shocked countries increase their lobbying contacts with the politicians they used to contact *more* in the past (i.e., the "strongly connected" politicians).[10]

5 Discussion and conclusion

Our paper has used U.S. data to explore how a country's reputation affects the way its firms lobby abroad. We conclude our study by discussing the managerial relevance and scholarly contributions of our findings, as well as their limitations and the research opportunities they open.

5.1 Managerial relevance

By reading our study, managers of foreign firms can learn which politicians are more sensitive to fluctuations in their home country's reputation, and hence need to be lobbied more aggressively for their support. Our study can also inform managers on which foreign stakeholders and communities they should cultivate via positioning strategies (Baron,

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[9]See rules of the FEC at https://www.fec.gov/help-candidates-and-committees/foreign-nationals/.

[10]One may also worry that the Manafort shock itself may have changed the compliance with FARA reporting in our data. However, this should not be a concern for the interpretation of our results because the Manafort shock occurred at the end of our sample period, in 2017.

2012), such as local investments and promotion of the firm's or country's image. While our results directly apply to firms in industries of national strategic interest (such as those that report under FARA), the rise of economic nationalism suggests that firms in other industries will also be increasingly exposed to the accusation of being the agents of foreign governments, and hence will face the same challenges as the firms in our study when seeking political support abroad. We therefore believe that the results of our research will be informative for a broad spectrum of international firms.

5.2 Scholarly contributions

In addition to contributing to the emerging literature on the political liability of foreignness, as discussed in the introduction, our paper contributes to the broader literature on non-market strategy and corporate political activity. A recent stream of this literature has investigated how reputation shapes firms' ability to engage politicians (Werner, 2015; McDonnell and Werner, 2016; Jia, Markus, and Werner, 2021; Shanor, McDonnell, and Werner, 2021). Whereas these studies solely focus on firm-level reputation, our paper documents the importance of politicians' stakeholders and political environment as a key complementary factor.

Our findings also contribute to the vast literature on lobbying (see the reviews by de Figueiredo and Richter, 2014, and Bombardini and Trebbi, 2020). Early theories (Grossman and Helpman, 1994) and empirical studies (see the review by Katic and Hillman, 2022) largely focus on the exchange of political support for money (campaign contributions or donations). A more recent stream of literature (Hall and Deardoff, 2006; Bonardi, 2011) argues that the activity of lobbying, whereby professionals hired by an organization offer their expertise and connections to time-constrained politicians, is a non-monetary vehicle through which firms can secure politicians' support. Our paper provides empirical evidence consistent with the latter view. Additionally, our paper innovates on the empirical literature on lobbying by showing (in an international context) that politicians' sensitivity to the reactions of heterogeneous stakeholders are an important determinant of firms'

lobbying strategies.

Lastly, our study relates to the literature on reputations. Several papers show that reputations are "contagious" - that is, an organization's (positive or negative) reputation can spill over to related agents through processes of stigma by association (Barnett and King, 2008; Minefee, Rabelo, Stewart, and Young, 2017; Werner, 2017; McDonnell, Odziemkowska, and Pontikes, 2021; see Jourdan, 2022, for a review). Our paper contributes to this literature by providing evidence consistent with the hypothesis that negative reputational spillovers from an organization to a politician are contingent on the latter's audience - that is, on how the politician's stakeholders view and relate to the organization. This finding is consistent with recent sociological research showing that individuals who identify with an organization are less likely to punish its misconduct (Zavyalova, Pfarrer, Reger, and Hubbard, 2016). Our paper extends this research by documenting the moderating effect of "lenient" audiences on reputation in the political realm, and by showing that it applies not only to the audience of the organization responsible for misconduct (the foreign entities in our data) but also to the audiences of agents connected to the latter (politicians).

5.3 Limitations and opportunities

We conclude by discussing two limitations of our study, which may offer opportunities for future research. First, while our paper focuses on country reputation and foreign firms, politicians are also concerned with the reputation of domestic firms they are connected to (Werner, 2015; McDonnell and Werner, 2016). Thus, politicians' stakeholder environment should also affect domestic firms' non-market strategies. At the same time, there are important differences between the influence tactics of foreign and domestic firms in the U.S. - most notably the fact that unlike foreign firms, domestic ones can use campaign contributions, in addition to lobbying, to influence politicians. It would be therefore interesting to extend our research to assess whether the effect of reputation and stakeholders on non-market strategies is sensitive to a firm's foreign vs. domestic

status.

A second limitation of our study, driven by data availability and shared by much of the lobbying literature, is that it focuses on lobbying in the U.S. An important challenge for future research is to construct politician-level data that allows to replicate and extend the kind of analyses conducted in our paper to the European Union and other contexts.

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Figures

Figure 1: Lobbying of foreign organisations across committees

(a) Distribution of total lobbying contacts
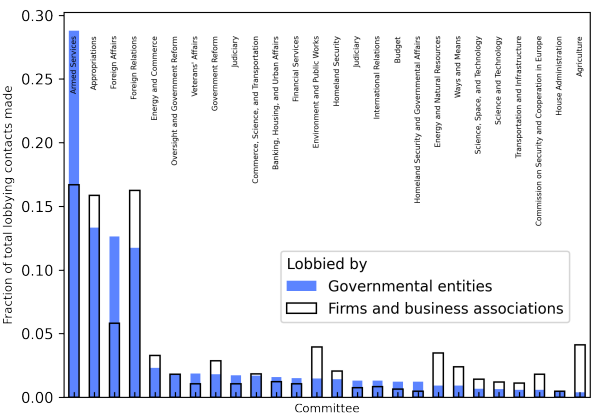
Note: This figure displays the distribution of total lobbying contacts made between lobbyists and politicians, across committees, by governmental entities (blue) and firm/business associations (white).

(b) Distribution of in-person meetings
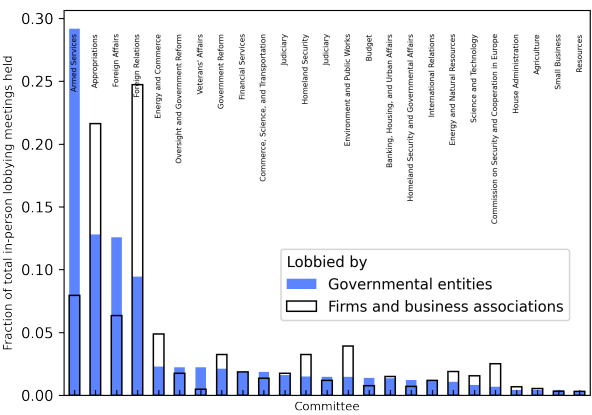
Note: This figure displays the distribution of total in-person meetings held between lobbyists and politicians, across committees, by governmental entities (blue) and firm/business associations (white).

Figure 2: Event study using baseline sample

total contacts

in-person contacts
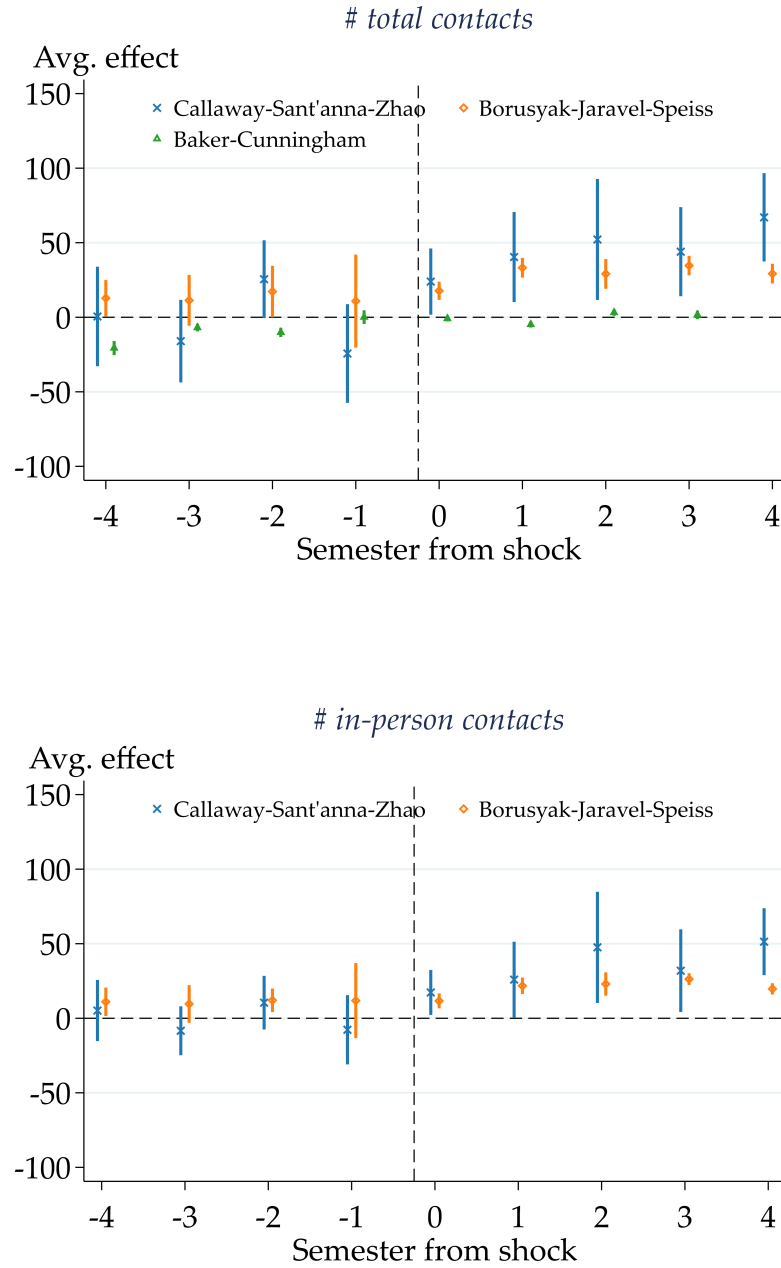
Note: This figure displays the leads and lags coefficients for (i) Callaway and Sant'Anna (2020) and Sant'Anna and Zhao (2020), (ii) Borusyak, Jaravel, and Spiess (2023) estimators.

Tables

Table 1: Shocks: a brief description

Date of Shock (DD/MM/YYYY)	Country Affected	Event (a short description)	# hits on US Google Search (in thousands)
01/03/2001	China	Hainan Island jet collision	112
11/09/2001	Afghanistan, Saudi Arabia	9/11 attacks	48,500
11/03/2003	France	Freedom fries: France opposition to Iraq invasion	432
20/03/2003	Iraq	Invasion of Iraq	5,300
12/10/2003	Spain	Spanish leader disrespects the US flag	3,200
12/07/2006	Israel	Israel rocket launch on civilians	1,450
09/03/2007	Iran	Disappearance of Robert Levinson	109
09/03/2009	China	Chinese vessels harass US ship	10,900
15/03/2009	Australia	Australian censorship of US anti-abortion site	1,370
31/07/2009	Iran	Detention of American hikers by Iran	62
07/04/2010	Qatar	Terrorism scare on United Airlines Flight 663	104
11/10/2011	Iran	Assassination plot in the US	13,800

Note: This table presents a brief description of each shock.

Table 2: Descriptive Statistics

Variables	Mean	Std. Dev.	Min	Max	25th Pctl.	75th Pctl.
Outcome variables						
speech sentiment (dummy)	0.30	0.46	0	1	0	1
total # lobbying contacts	25.43	102.66	0	4134	0	16
in-person # lobbying contacts	16.98	68.14	0	3136	0	9
total individual campaign contributions (in million $)	2.03	20.3	0	665	0.25	1.00
non-shocked countries	20.49	17.46	0	109	9	27
Explanatory variables						
connection (dummy)	0.95	0.21	0	1	1	1
post (dummy)	0.64	0.48	0	1	0	1
Control variables						
chairman (dummy)	0.27	0.44	0	1	0	1
majority in chamber (dummy)	0.50	0.50	0	1	0	1
lobbyist's media usage (categorical)	0.49	0.61	0	2	0	1
ln(bilateral trade volume)	10.18	2.61	0.18	13.36	8.75	12.86

Note: This table reports the unconditional summary statistics using the full panel of observations. The statistics reported are the mean, standard deviation, minimum value, maximum value, 25th percentile value, and 75th percentile value.

Table 3: *Evidence on the assumptions*: Effect of country shocks on campaign contributions

	(1)	(2)	(3)	(4)
Outcome: campaign contributions (in million $)				
connection	0.631***	0.599***	0.610***	0.586***
	(0.187)	(0.173)	(0.183)	(0.171)
post	0.609***	0.622***	0.578***	0.597***
	(0.151)	(0.160)	(0.145)	(0.155)
connection × post	-0.722***	-0.677***	-0.701***	-0.662***
	(0.202)	(0.184)	(0.200)	(0.184)
Observations	1,881	1,881	1,881	1,881
R-squared	0.931	0.932	0.932	0.933
mean(y)	1.277	1.277	1.277	1.277
sd(y)	2.285	2.285	2.285	2.285
time period	year	year	year	year
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country*year

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

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total individual campaign contributions. The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (year). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country*year level.

Table 4: *Evidence on the assumptions*: Politicians' distancing (sentiment)

Outcome: sentiment	(1)	(2)	(3)	(4)
connection	0.578***	0.577***	0.580***	0.578***
	(0.017)	(0.018)	(0.017)	(0.018)
post	-0.0330**	-0.0331**	-0.0316**	-0.0317**
	(0.015)	(0.015)	(0.014)	(0.014)
connection × post	-0.574***	-0.574***	-0.576***	-0.576***
	(0.018)	(0.018)	(0.018)	(0.018)
Observations	18,693	18,693	18,693	18,693
R-squared	0.566	0.567	0.570	0.571
mean(y)	0.861	0.861	0.861	0.861
sd(y)	0.346	0.346	0.346	0.346
$\beta_1 + \beta_3 = 0$	0.00363	0.00227	0.00347	0.00198
standard error	0.00481	0.00466	0.00459	0.00444
p-value	0.451	0.627	0.451	0.656
$\beta_2 + \beta_3 = 0$	-0.607	-0.607	-0.608	-0.608
standard error	0.0143	0.0146	0.0143	0.0147
p-value	0	0	0	0
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country*semester
*** p<0.01, ** p<0.05, * p<0.1

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, sentiment. The first column has time and politician fixed effects. The second column includes in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the dependent variable for the treated group. Standard errors clustered at the country × semester level.

Table 5: *Evidence on the assumptions*: Politicians' distancing (# speeches)

Outcome: # speeches	(1)	(2)	(3)	(4)
connection	3.837***	4.077***	3.827***	4.109***
	(1.240)	(1.137)	(1.247)	(1.143)
post	9.927***	8.171**	9.914***	8.197**
	(3.590)	(3.737)	(3.599)	(3.744)
connection × post	-4.496***	-5.332***	-4.479***	-5.357***
	(1.223)	(1.142)	(1.227)	(1.145)
Observations	18,693	18,693	18,693	18,693
R-squared	0.512	0.562	0.513	0.563
mean(y)	17.59	17.59	17.59	17.59
sd(y)	15.80	15.80	15.80	15.80
$\beta_1 + \beta_3 = 0$	-0.660	-1.255	-0.652	-1.248
standard error	0.782	0.697	3.135	3.425
p-value	0.399	0.0725	0.0838	0.0742
$\beta_2 + \beta_3 = 0$	5.431	2.838	5.435	2.840
standard error	3.124	3.415	0.782	0.697
p-value	0.0830	0.406	0.405	0.408
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country*semester
*p<.05; **p<.01; ***p<.001

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, number of congressional speeches about the shocked country. The first column has time and politician fixed effects. The second column includes in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the dependent variable for the treated group. Standard errors clustered at the country × semester level.

Table 6: *Main results*: Effect of country shocks on lobbying (firms only)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	-0.814	-36.98	-29.97	-45.33
	(30.200)	(26.799)	(37.524)	(36.213)
post	-7.101	-16.47	-14.19	-39.21
	(24.207)	(22.819)	(29.289)	(31.111)
connection × post	24.14	31.15	25.69	49.06*
	(22.925)	(22.319)	(27.292)	(29.237)
Observations	568	566	565	563
R-squared	0.606	0.607	0.654	0.656
mean(y)	1.440	1.440	1.440	1.440
sd(y)	22.34	22.34	22.34	22.34
Panel B: in-person contacts				
connection	-20.01	-23.82	-22.42	-27.04
	(24.762)	(20.765)	(31.594)	(27.022)
post	12.20	14.51	2.334	6.363
	(13.014)	(11.669)	(11.826)	(12.092)
connection × post	8.726	7.274	17.33**	13.70*
	(9.050)	(8.896)	(8.049)	(7.583)
Observations	568	566	565	563
R-squared	0.492	0.498	0.522	0.525
mean(y)	0.597	0.597	0.597	0.597
sd(y)	14.83	14.83	14.83	14.83
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓

SE clustered by country × semester

*p<.05; **p<.01; ***p<.001

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table 7: *Main results*: Effect of country shocks on lobbying (all foreign principals)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	7.405	16.10**	7.344	16.22**
	(7.333)	(6.627)	(7.402)	(6.657)
post	11.91	10.47	11.40	10.09
	(7.396)	(6.863)	(7.370)	(6.816)
connection × post	22.02***	15.83**	22.23***	15.86**
	(7.902)	(7.199)	(7.920)	(7.176)
Observations	18,693	18,693	18,693	18,693
R-squared	0.235	0.255	0.239	0.260
mean(y)	22.62	22.62	22.62	22.62
sd(y)	95.15	95.15	95.15	95.15
Panel B: in-person # contacts				
connection	7.989**	8.203**	7.821*	8.144**
	(4.037)	(4.091)	(4.039)	(4.098)
post	17.54***	12.81***	17.16***	12.50***
	(5.146)	(4.499)	(5.124)	(4.462)
connection × post	9.654**	7.727*	9.826**	7.789*
	(4.746)	(4.534)	(4.751)	(4.529)
Observations	18,693	18,693	18,693	18,693
R-squared	0.226	0.241	0.233	0.248
mean(y)	14.89	14.89	14.89	14.89
sd(y)	64.94	64.94	64.94	64.94
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country*semester

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

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table 8: *Main results*: The moderating role of politicians' stakeholders

	% population born in foreign country in politician's state			favourable view of foreign country in politician's state			electoral win margin in politician's state		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Weak	Neutral	Strong	Weak	Neutral	Strong	Weak	Neutral	Strong
Panel A: total # contacts									
connection	15.64	6.345	8.057	-5.657	11.93*	-4.729	54.13***	44.72***	10.38
	(14.378)	(7.162)	(8.747)	(15.944)	(6.944)	(6.945)	(11.452)	(11.323)	(7.323)
post	41.58***	7.220	9.877	-5.702	2.463	24.41*	1.429	24.36***	15.81**
	(14.325)	(7.984)	(8.524)	(13.169)	(6.565)	(6.012)	(11.614)	(9.326)	(6.222)
connection × post	5.798	3.947	4.629	22.49	12.30	12.70	7.274	14.55	14.05*
	(14.288)	(10.328)	(9.485)	(14.904)	(7.502)	(8.019)	(10.562)	(10.183)	(7.307)
Observations	5,213	5,288	5,308	5,390	5,392	5,447	6,315	5,501	6,615
R-squared	0.376	0.450	0.525	0.362	0.314	0.523	0.318	0.286	0.296
mean(y)	66.30	71.01	77.81	67.76	64.32	64.78	82.98	66.66	69.06
sd(y)	104.1	111.4	132.8	102	110	113.1	150.8	98.45	113.7
Panel B: in-person # meetings									
connection	-0.523	-0.413	13.84**	-9.830	4.394	-2.761	16.04***	31.78***	1.397
	(8.620)	(4.148)	(6.182)	(10.333)	(4.718)	(5.340)	(5.871)	(7.612)	(6.125)
post	23.81***	3.513	16.58**	18.84**	5.379	1.612	11.72*	23.91***	14.60***
	(8.374)	(3.929)	(6.787)	(8.452)	(4.623)	(4.588)	(6.976)	(6.433)	(4.455)
connection × post	16.92**	4.447	-5.122	20.16**	8.579*	3.366	11.07*	3.432	5.540
	(8.415)	(5.524)	(6.656)	(9.556)	(4.726)	(6.295)	(6.253)	(6.298)	(5.924)
Observations	5,213	5,288	5,308	5,390	5,392	5,447	6,315	5,501	6,615
R-squared	0.293	0.484	0.444	0.288	0.325	0.507	0.303	0.317	0.251
mean(y)	29.40	36	42.06	37.07	33.02	45.73	43.78	36.06	45
sd(y)	57.33	77.53	98.64	76.47	58.77	106.8	89.31	66.42	93.43

SE clustered by country*semester

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

Note: This table presents the mediating effect of politicians' stakeholders' preferences toward a country on how the politicians react when there is a reputational shock to the country. As a proxy for politicians' preferences toward a country, Columns (1) to (3) use the percentage of the foreign-born population over the total population in a particular state-year, Columns (4) to (6) use the Gallup World Affairs poll on public perception of a foreign country in a given state-year, and Columns (7) to (9) use the difference of votes received by winners and closest losers for a particular state in the year preceding the shock. From each of the above proxy distributions, the *strongly supported* group includes observations from the 67th to 100th percentile of the distribution, the *neutrally supported* group includes observations from the 33rd to 66th percentile, and the *weakly supported* group includes observations below the 33rd percentile. This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, the total number of contacts made (Panel B) and number of in-person meetings (Panel C). All columns have time, politician fixed effects, country fixed effects, and the interaction of party and time fixed effects. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table 9: *Main results*: Leave one out regressions

Country left out		Outcome: # total contacts				Outcome: in-person contacts			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Afghanistan	connection	21.44***	22.76***	21.68***	23.02***	10.33**	9.152**	10.23**	9.101**
		(6.037)	(6.161)	(6.000)	(6.121)	(4.013)	(4.125)	(4.003)	(4.125)
	post	15.28**	14.03**	15.16**	13.90**	18.54***	14.11***	18.20***	13.79***
		(6.645)	(6.372)	(6.558)	(6.275)	(5.126)	(4.434)	(5.076)	(4.377)
	connection × post	9.983	10.42	9.856	10.28	6.098	5.752	6.228	5.826
		(7.005)	(6.876)	(6.918)	(6.779)	(4.682)	(4.535)	(4.674)	(4.522)
Australia	connection	7.594	15.86**	7.503	15.94**	7.511*	7.913*	7.368*	7.872*
		(7.313)	(6.658)	(7.379)	(6.683)	(4.096)	(4.131)	(4.090)	(4.130)
	post	11.56	10.65	11.00	10.23	17.49***	12.66***	17.12***	12.35***
		(7.380)	(6.906)	(7.352)	(6.860)	(5.189)	(4.522)	(5.170)	(4.488)
	connection × post	21.95***	16.18**	22.22***	16.27**	10.04**	7.907*	10.21**	7.973*
		(7.900)	(7.242)	(7.918)	(7.218)	(4.806)	(4.571)	(4.808)	(4.562)
China	connection	-24.99*	-19.15	-26.18*	-19.44	-15.91**	-9.556	-17.10**	-10.56
		(13.097)	(14.606)	(14.286)	(15.890)	(8.071)	(8.699)	(8.640)	(9.388)
	post	38.51***	32.12**	36.15***	30.16**	36.72***	30.69***	34.99***	28.87***
		(12.813)	(13.575)	(13.613)	(14.625)	(8.802)	(9.434)	(9.236)	(9.875)
	connection × post	32.10***	22.44*	33.07**	22.57	17.75**	15.87*	18.73**	16.69*
		(12.020)	(12.543)	(13.258)	(13.964)	(8.338)	(8.756)	(8.848)	(9.361)
Iran	connection	3.757	12.88**	3.900	13.10**	5.741	4.956	5.932	5.198
		(7.241)	(6.486)	(7.269)	(6.466)	(3.880)	(4.023)	(3.852)	(3.987)
	post	5.299	6.693	5.183	6.634	11.04**	9.247**	11.15**	9.395**
		(7.525)	(6.792)	(7.505)	(6.743)	(4.629)	(4.349)	(4.609)	(4.323)
	connection × post	17.11**	11.71	17.05**	11.55	6.201	6.253	5.922	5.919
		(7.913)	(7.333)	(7.855)	(7.246)	(4.701)	(4.764)	(4.660)	(4.711)
Iraq	connection	4.720	13.09*	4.638	13.27*	8.900**	12.80***	8.722**	12.70***
		(7.683)	(7.208)	(7.695)	(7.178)	(4.153)	(4.107)	(4.112)	(4.066)
	post	4.493	-0.215	4.058	-0.477	8.760**	5.960	8.419*	5.606
		(7.826)	(6.845)	(7.764)	(6.769)	(4.451)	(4.094)	(4.400)	(4.023)
	connection × post	21.36**	14.58*	21.51**	14.50*	5.130	2.787	5.297	2.893
		(8.794)	(7.915)	(8.802)	(7.861)	(4.971)	(4.653)	(4.951)	(4.623)
Israel	connection	7.789	16.67**	7.872	16.97**	8.508**	9.220**	8.435**	9.309**
		(7.339)	(6.572)	(7.395)	(6.580)	(4.035)	(4.020)	(4.026)	(4.008)
	post	12.28*	10.82	11.91	10.61	18.47***	13.48***	18.21***	13.31***
		(7.393)	(6.812)	(7.355)	(6.748)	(5.237)	(4.478)	(5.212)	(4.434)
	connection × post	22.20***	15.75**	22.28***	15.61**	9.294*	6.975	9.384**	6.914
		(7.882)	(7.116)	(7.888)	(7.070)	(4.763)	(4.479)	(4.753)	(4.452)
Qatar	connection	7.679	15.62**	7.630	15.72**	8.317**	7.992*	8.161**	7.925*
		(7.374)	(6.702)	(7.442)	(6.734)	(4.062)	(4.128)	(4.063)	(4.137)
	post	11.13	10.35	10.60	9.945	16.94***	12.71***	16.57***	12.38***
		(7.421)	(6.920)	(7.398)	(6.876)	(5.121)	(4.518)	(5.099)	(4.481)
	connection × post	22.39***	16.21**	22.60***	16.26**	9.793**	7.828*	9.955**	7.899*
		(7.960)	(7.276)	(7.979)	(7.256)	(4.784)	(4.569)	(4.789)	(4.566)
Saudi	connection	7.002	15.08**	6.957	15.15**	7.595*	7.394*	7.422*	7.292*
		(7.411)	(6.685)	(7.471)	(6.711)	(4.063)	(4.122)	(4.064)	(4.127)
	post	11.56	9.837	11.03	9.390	16.89***	11.85***	16.49***	11.47***
		(7.469)	(6.895)	(7.444)	(6.848)	(5.143)	(4.454)	(5.120)	(4.414)
	connection × post	23.22***	16.03**	23.42***	16.09**	10.62**	8.010*	10.79**	8.109*
		(7.989)	(7.309)	(8.003)	(7.284)	(4.790)	(4.598)	(4.798)	(4.593)
Spain	connection	7.106	15.47**	6.999	15.55**	7.690*	7.737*	7.496*	7.657*
		(7.390)	(6.707)	(7.472)	(6.746)	(4.082)	(4.146)	(4.088)	(4.156)
	post	12.01	10.56	11.45	10.14	17.53***	12.78***	17.13***	12.43***
		(7.453)	(6.946)	(7.434)	(6.908)	(5.182)	(4.549)	(5.160)	(4.512)
	connection × post	22.52***	16.25**	22.79***	16.32**	10.11**	8.144*	10.31**	8.227*
		(7.977)	(7.291)	(8.009)	(7.280)	(4.795)	(4.590)	(4.804)	(4.589)

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variables, total contacts and in-person meetings. The first and fifth columns have time and politician fixed effects. The second and sixth columns include in addition country fixed effects. Column three and seven have, in addition to column one and five, the interaction of party and time fixed effects. Finally, columns four and eight add the country fixed effects, in addition to columns three and seven. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). Standard errors clustered at the country × semester level. *** p<0.01, ** p<0.05, * p<0.1.

Table 10: Effect of country shocks on lobbying by shock salience

	(1) Salient	(2) Non-salient
Panel A: total # contacts		
connection	13.50	84.46***
	(8.293)	(14.644)
post	25.38**	35.20**
	(11.227)	(14.908)
connection × post	18.54**	-9.194
	(7.553)	(14.264)
Observations	11,646	6,943
R-squared	0.275	0.336
mean(y)	68.92	84.78
sd(y)	119	139.2
Panel B: in-person # meetings		
connection	5.332	41.20***
	(5.592)	(8.953)
post	26.72***	33.97***
	(7.293)	(9.295)
connection × post	9.041*	-11.58
	(5.446)	(7.903)
Observations	11,646	6,943
R-squared	0.263	0.308
mean(y)	42.15	42.01
sd(y)	86.23	82.58
SE clustered by country*semester		
*** p<0.01, ** p<0.05, * p<0.1		

Note: The hits received in the US on Google search are used to classify the shocks. The salient group includes shocks with hits larger than the median hit. The non-salient group includes shocks with hits smaller or equal to the median hit. This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, the total number of contacts made (Panel B) and number of in-person meetings (Panel C). All columns have time, politician fixed effects, country fixed effects, and the interaction of party and time fixed effects. In addition, all columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table 11: *Main results*: Effect of country shocks on lobbying (using corrections in difference-in-difference estimates for staggered treatment design)

Estimator:	CSZ	BJS
	(1)	(2)
Panel A: total # contacts		
connection × post	76.43	31.92
	(16.481)	(3.071)
mean(y)	73.38	73.38
sd(y)	125.21	125.21
Panel B: in-person contacts		
connection × post	44.95	18.77
	(9.292)	(2.078)
mean(y)	42.11	42.11
sd(y)	85.21	85.21
time period	semester	semester
time FE	✓	✓
politician*event FE	✓	✓

SE clustered by country × semester
*p<.05; **p<.01; ***p<.001

Note: This table reports coefficients of the interaction of variables, connection and post, when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The coefficients are estimated using (1) Callaway and Sant'Anna (2020) and Sant'Anna and Zhao (2020), and (2) Borusyak, Jaravel, and Spiess (2023) estimators. All columns have time and politician × event fixed effects. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

ONLINE APPENDIX

A Formal Model

A foreign firm, F, needs the support of a domestic politician, P, to advance a policy of interest. At the outset, an exogenous event (the "shock") may or may not occur, which deteriorates the view of P's stakeholders (e.g., voters, donors) towards F's country. If the shock occurs and P and F's country have a history of collaboration (are "connected"), P's stakeholders punish her for supporting F. If either the shock does not occur or P and F's country are unconnected, there is no punishment. We assume P and F can commit to an agreement in which P provides political support in exchange for a certain amount of lobbying l, which is carried through by a professional lobbyist hired by F.[11] Figure 1 summarizes the timeline of events in the model.

Figure A.1: Timeline of events
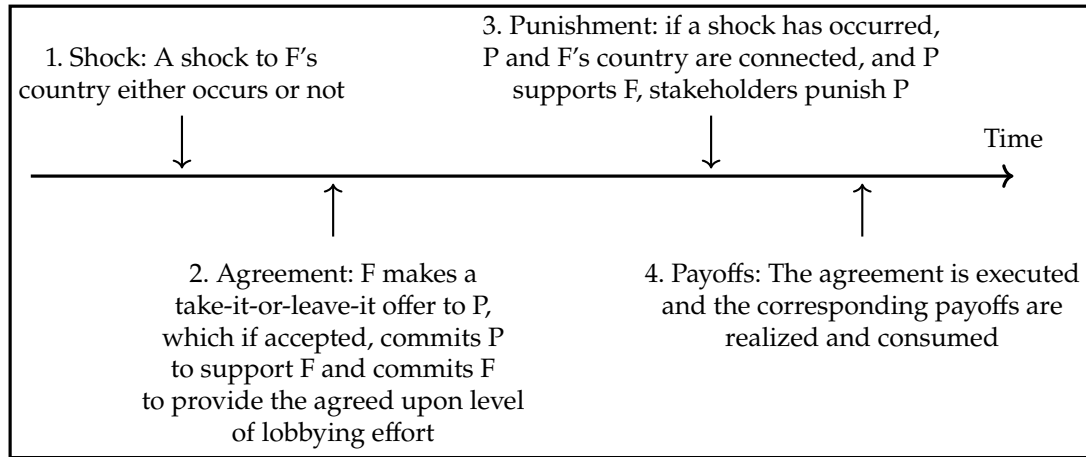
If P supports F, both parties receive a benefit, which is β for F and B for P. It is obvious that

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F benefits from P's support but as discussed in section 2, P may also benefit if the policy favored by F benefits P's constituents or is close to P's ideology. Additionally, supporting F has two costs for P: a research cost, c, which includes the time and resources spent by P to investigate F's policy; and the disutility from stakeholders' punishment, θ, which is realized if (and only if) a shock to F's country occurs and P is connected to such country. We interpret θ as the extent to which P's stakeholders have an ex-ante negative view of F's country.

F's lobbying benefits P, either by providing information on F's policy or by exchanging P's support on such policy for help on other policies that interest P and in which F's lobbyist is an expert or has relevant connections. For simplicity, we assume that both P's benefit from F's lobbying and F's cost of lobbying P are equal to l, the amount of lobbying effort — that is, we model lobbying effort as a money-like medium of exchange between P and F. We could easily allow P's benefit and F's cost to be differently shaped increasing functions of l, obtaining qualitatively similar results.

A.1 Analysis

We now characterize the lobbying effort F exerts in equilibrium to buy P's support as a function of (1) whether a shock to F's country occurs or not, (2) whether P and F's country are connected or not, and (3) whether P's stakeholders have a positive or negative ex ante view of F's country. We focus on the interesting case in which it is always valuable (i.e., joint-surplus-maximizing) for P to support F:

$$\beta + B > c + \theta \tag{A1}$$

If a shock does not occur, or if it occurs but P and F's country are unconnected, stakeholders do not punish P for supporting F. Thus, assumption (A1) implies that F buys P's support by exerting lobbying effort

$$l^{NS} \equiv \max\{0, c - B\} \tag{A2}$$

If a shock occurs and P and F's country are connected, stakeholders do punish P for supporting F. Now, assumption (A1) implies that F still buys P's support but because P's participation constraint is tighter, the equilibrium lobbying effort (weakly) increases:

$$l^{S} \equiv \max\{0, c - (B - \theta)\} \tag{A3}$$

Specifically:

$$l^{S} = c - (B - \theta) > l^{NS} \quad \text{if} \quad \theta > B - c, \quad \text{and} \quad l^{S} = 0 = l^{NS} \quad \text{otherwise} \tag{A4}$$

Proposition 1. *Assume (A1) holds. Then, if P is connected to F's country, F will (weakly) increase its lobbying effort after the shock. In contrast, if P is not connected to F's country, F will exert the same lobbying effort both before and after the shock.*

Moreover, it follows from (A4) that the post-shock increase in lobbying effort increases in the extent to which P's stakeholders have a negative view of F, as measured by θ.

Proposition 2. *Assume (A1) holds and that P is connected to F's country. Then, the increase in F's lobbying effort after the shock increases in the punishment threat θ.*

We conclude our appendix by briefly discussing a robustness check of the model.[12]

A.2 Robustness check: stakeholders punish lobbying

So far we have assumed that in the event of a country shock, stakeholders punish P for supporting F but not for meeting with F's lobbyist (i.e., for accepting to be lobbied). In practice, outraged stakeholders may look at meetings between P and F's lobbyist with suspicion and thus inflict some punishment on P. In this section, we briefly show that our results are robust to allowing for some punishment of lobbying.

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[12]How would Propositions 2-3 change if condition (A1) does not hold? In that case, it could happen that F stops buying political support from P, and hence decreases his lobbying effort, after the shock.

Suppose that in the event of a shock, and if P is connected to F's country, P's benefit from being lobbied is (1-x(θ))l, where x(θ) $\in$ (0,1) is increasing in θ. In words, stakeholders punish P for being lobbied by F (x > 0) but not so much that lobbying is worthless to P (x < 1). This is a reasonable assumption: while regulations and public disclosure mandates may make meetings between P and F's lobbyist visible to stakeholders (as in the case of the FARA registries used in our empirical analysis), the content of those meetings is private. Thus, while stakeholders may punish P's direct political support of F harshly (i.e., θ can be large), they will interpret the mere existence of a meeting with F's lobbyist as weaker evidence of P's complicity.

Now, if a shock occurs and P and F's country are connected, the minimum lobbying effort necessary to buy P's support is:

$$l^{SL} \equiv \frac{max\{0, c - (B - \theta)\}}{1 - x(\theta)} \geq l^S$$

Consider now the following condition:

$$\theta < (1 - x(\theta))\beta + B - c \tag{A5}$$

Condition (A5) is a stronger version of (A1), which ensures that even if P is punished for both support and lobbying after a country shock, F prefers buying support at a higher price over receiving no support. This condition is more restrictive than (A1) because a unit of lobbying is now less beneficial to P than before (due to the fact that lobbying itself is punished), and thus the minimum lobbying necessary to buy support is higher. However, there exist feasible parameter values for which (A5) is satisfied. It is then straightforward to check that Propositions 1 and 2 continue to hold after replacing (A1) with (A5).

B Additional figures and tables

B.1 Figures

Figure A.2: Countries that lobbied
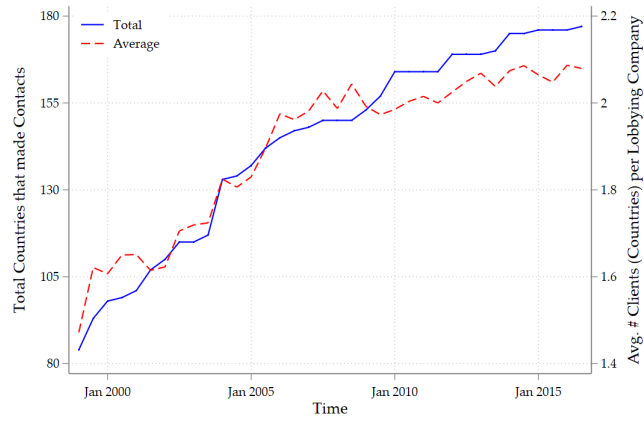
Note: This figure displays, on the left axis, the number of countries that made at least one contact during a given semester and, on the right axis, the average number of clients per lobbying company. The unit of observation is semester. Sample size is equal to 36 semi-annual observations from January 1999 to July 2016.

Figure A.3: Descriptive evidence: Domestic lobbying by top twenty firms commonly hired by foreign entities in our sample
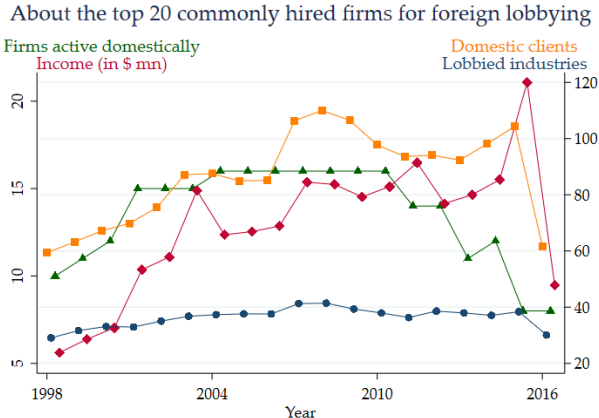
Note: This figure plots the average value of (i) the number of active firms domestically each year, (ii) annual income from lobbying for domestic clients, (iii) number of domestic clients, and (iv) number of different industries that the domestic clients belong to, for the top twenty commonly hired lobbying firms by the foreign entities in our sample between 1998 and 2016.

Figure A.4: Lobbying Companies
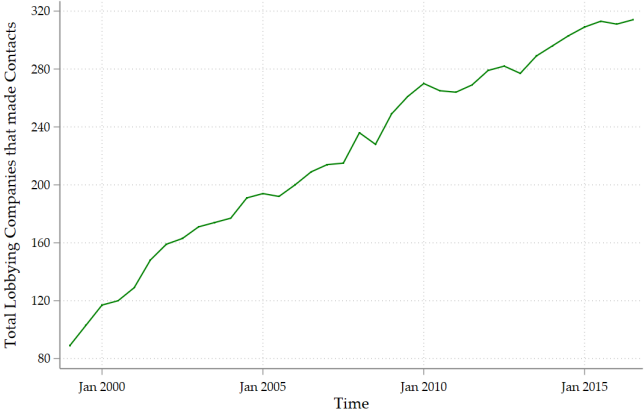
Note: This figure displays the number of lobbying companies that made at least one contact on behalf of a foreign client during a given semester. The unit of observation is semester. Sample size is equal to 36 semi-annual observations from January 1999 to July 2016.

Figure A.5: Lobbying behavior of countries, by contacts made

Contacts Made
(by Quartiles)

- 10 - 133
- 133 - 1863
- 1863 - 5613
- 5613 - 42064

0   100   200 km
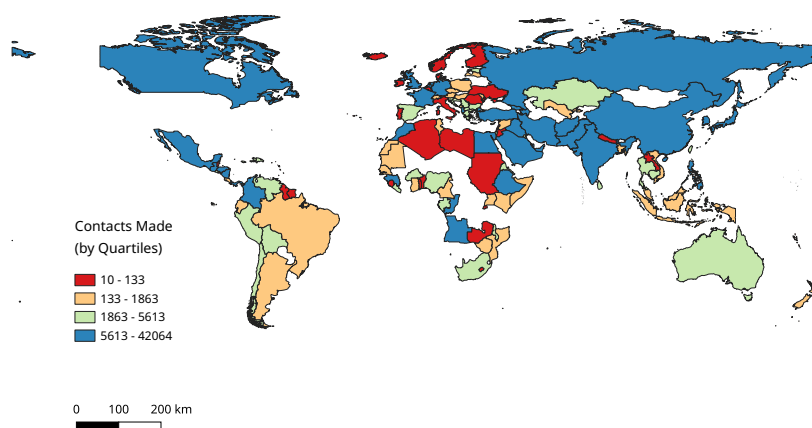
Note: This figure displays the variation across countries when their intensity of lobbying activity is expressed in terms of
the number of times they contacted a politician/bureaucrat in the US. Categories are split by quartiles.

Figure A.6: Distribution of total individual campaign contribution received by politicians

ln(Total individual campaign contribution)
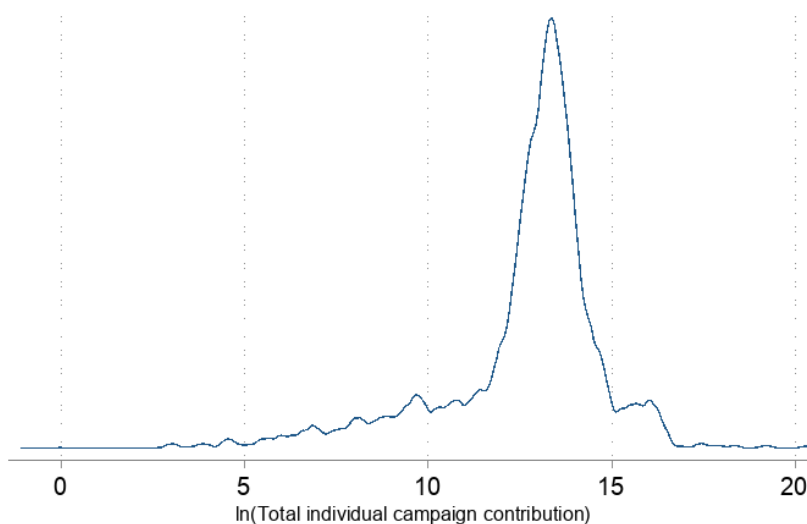
Note: This figure displays the density plot of the natural log of total individual contribution received by politicians for
their campaigns during the years 1998-2016.

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Figure A.7: Partisanship (for the countries affected by a reputational shock)
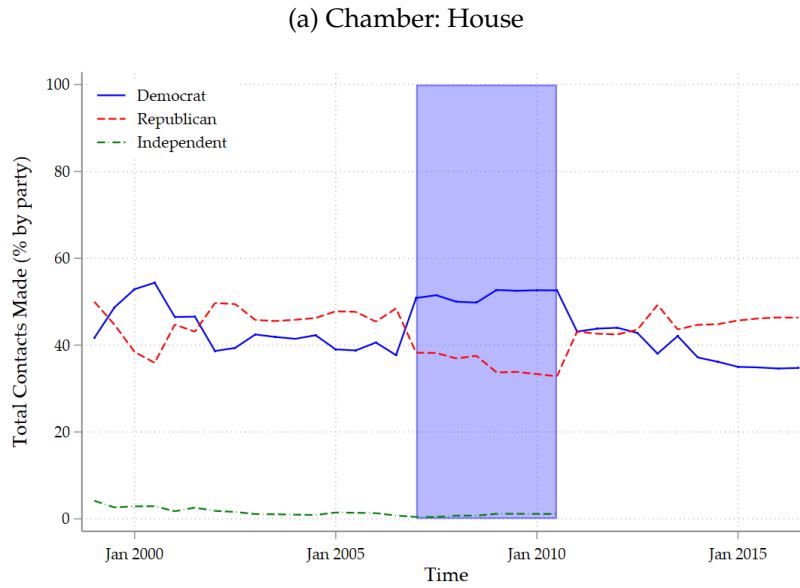
(a) Chamber: House

Note: This figure displays the partisanship in lobbying activity, of countries that received a shock, in contacting members of the House. Blue background denotes Democrat majority. Sample size is equal to 36 semi-annual observations from January 1999 to July 2016.

(b) Chamber: Senate
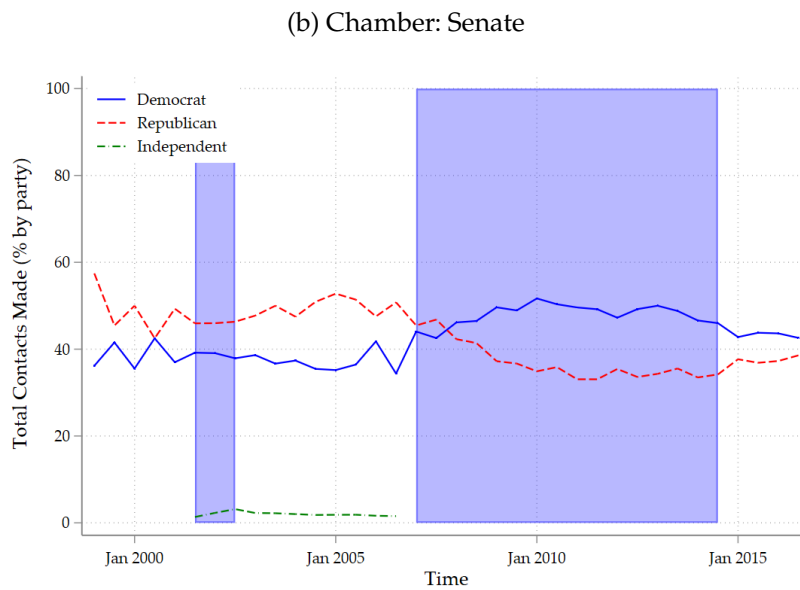
Note: This figure displays the partisanship in lobbying activity, of countries that received a shock, in contacting members of the Senate. Blue background denotes Democrat majority. Sample size is equal to 36 semi-annual observations from January 1999 to July 2016.

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Figure A.8: Descriptive evidence: Meetings
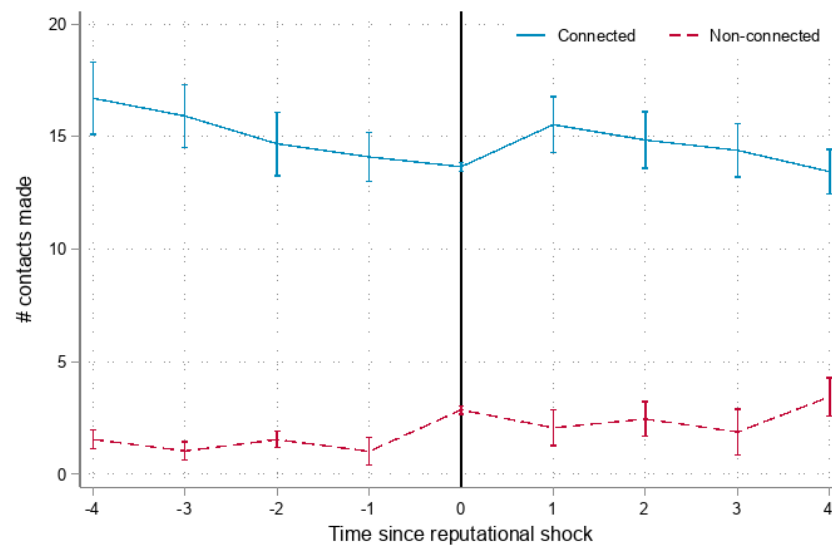
Note: This figure displays the raw measure of the number of lobbying contacts made with shocked countries, by connected and non-connected politicians, for four semester before and after the shock.

B.2 Tables

Table A.1: Descriptive Statistics for foreign-born population, by birthplace country

Birthplace	Mean	Std. Dev.	Min	Max	25th Pctl.	75th Pctl.
Panel A: percentage of foreign-born population in each state						
Afghanistan	270	287	0.3	1835	52	442
Australia	293	224	27	1015	129	407
China	4618	4651	58	21785	1710	5135
France	554	312	26	2049	320	707
Iran	1071	1555	25	5892	261	909
Iraq	545	864	3	6081	114	6081
Israel	875	721	22	2974	212	1139
Saudi Arabia	188	95	71	318	124	220
Spain	472	345	61	1526	217	657
Panel B: ratio of foreign-born to US-born population in each state						
Afghanistan	3.5	3.9	0.003	19.4	0.5	5.5
Australia	3.6	3.1	0.3	13.9	1.3	4.7
China	57.9	64.7	0.6	292.4	18.8	60.2
France	6.3	3.8	0.3	22.3	3.4	7.9
Iran	13.8	21	0.3	82.5	2.8	11.7
Iraq	6.4	9.5	0.04	65.3	1.3	8.2
Israel	11.4	9.5	0.2	32.7	2.3	14.8
Saudi Arabia	3	2	0.088	8.4	1.4	4.3
Spain	5.8	4.6	0.6	19.4	2.3	8

Note: This table summarises the distribution of foreign-born population across US states, by birthplace country, during the years 2000 - 2016. The statistics reported are the mean, standard deviation, minimum value, maximum value, 25th percentile value, and 75th percentile value. All numbers are multiplied by 10^4 for better interpretability. Data for Qatar is not available in the American Community Survey.

Table A.2: Descriptive Statistics for public perception of foreign countries

Country	Mean	Std. Dev.	Min	Max	25th Pctl.	75th Pctl.
Afghanistan	1.85	0.18	1	3	1.76	1.96
Australia	1.16	0.24	1	3	1	1.21
China	1.61	0.19	1	3	1.51	1.71
France	1.32	0.26	1	3	1.13	1.47
Iran	1.94	0.14	1	3	1.88	2
Iraq	1.86	0.16	1	3	1.79	1.95
Israel	1.37	0.26	1	3	1.22	1.49
Saudi Arabia	1.72	0.24	1	3	1.60	1.86
Spain	1.46	0.34	1	3	1.28	1.58

Note: This table summarises the distribution of public perception of foreign countries across US states, during the years 2000 - 2017. The statistics reported are the mean, standard deviation, minimum value, maximum value, 25th percentile value, and 75th percentile value. The favourability index: 1 - Very Favorable, 2 - Favorable, 3 - Not Favorable. Data for Qatar is not available in the Gallup Poll Social Series Respondent-level dataset on World Affairs.

Table A.3: Descriptive Statistics for differences of votes received by winners and closest losers in the year preceding the shock

Date of Shock	Country Affected	Mean	Std. Dev.	Min	Max	25th Pctl.	75th Pctl.
01/03/2001	China	361911.5	465520.6	2229	2053930	90008	364616
11/09/2001	Afghanistan, Saudi Arabia	361911.5	465520.6	2229	2053930	90008	364616
11/03/2003	France	349317.3	401303.6	532	2045669	92427	514835
20/03/2003	Iraq	349317.3	401303.6	532	2045669	92427	514835
12/10/2003	Spain	349317.3	401303.6	532	2045669	92427	514835
12/07/2006	Israel	403845	495038.5	3562	2206766	85729	576512
09/03/2007	Iran	403845	495038.5	3562	2206766	85729	576512
09/03/2009	China	437777.3	511639.7	312	2095223	106811	597602
15/03/2009	Australia	437777.3	511639.7	312	2095223	106811	597602
07/04/2010	Qatar	437777.3	511639.7	312	2095223	106811	597602
11/10/2011	Iran	329865.5	337421.7	312	1397316	105041	452562

Note: This table summarises the distribution of political competition, proxied by differences of votes received by winners and closest losers across US states in the year preceding the shock. The statistics reported are the mean, standard deviation, minimum value, maximum value, 25th percentile value, and 75th percentile value.

Table A.4: Descriptive Statistics: Contacts made, by shocked country × US political party

Country	(in #) Politicians Contacted	(in %) Democrat	Republican	Independent
Afghanistan	132	54.55	44.55	0
Australia	26	46.15	50.00	3.85
China	496	46.17	53.23	0.60
Iran	99	36.36	63.64	0
Iraq	392	48.98	51.02	0
Israel	29	51.72	48.28	0
Qatar	50	32.00	68.00	0
Saudi Arabia	61	37.70	62.30	0
Spain	42	50.00	50.00	0
Total	1327	46.42	53.28	0.30

Note: This table summarises the contacts made by each shocked country, across US political parties. Column 2 reports the total number of politicians contacted. Among those, Columns 3, 4 and 5 report the percentage of Democrats contacted, the percentage of Republicans contacted, and the percentage of Independents contacted.

Table A.5: *Politician Support*: Effect of country shocks on politicians' sentiment in congressional speeches (after controlling for # speeches)

	(1)	(2)	(3)	(4)
Outcome: sentiment				
connection	0.580***	0.578***	0.582***	0.579***
	(0.017)	(0.018)	(0.017)	(0.018)
post	-0.0319**	-0.0334**	-0.0304**	-0.0319**
	(0.015)	(0.015)	(0.015)	(0.015)
connection × post	-0.577***	-0.576***	-0.579***	-0.578***
	(0.018)	(0.018)	(0.018)	(0.018)
Observations	18,885	18,885	18,885	18,885
R-squared	0.567	0.569	0.571	0.572
mean(y)	0.859	0.859	0.859	0.859
sd(y)	0.348	0.348	0.348	0.348
$\beta_1 + \beta_3 = 0$	0.00316	0.00134	0.00307	0.00108
standard error	0.00480	0.00462	0.00458	0.0145
p-value	0.510	0.772	0.502	0.807
$\beta_2 + \beta_3 = 0$	-0.609	-0.610	-0.609	-0.610
standard error	0.0141	0.0145	0.0141	0.00441
p-value	0	0	0	0
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country × semester
*p<.05; **p<.01; ***p<.001

Note: This table reports coefficient of connection, post and interaction of both variables when regressed with the outcome variable, sentiment. In this exercise, we include a control for the number of times a politician speaks in the congressional hearings. The first column has time and politician fixed effects. The second column has additional country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports t-tests for the linear combinations of coefficients, the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.6: *Main results*: Effect of country shocks on lobbying (including the Freedom Fries crisis as a shock, firms only)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	10.55	-3.520	-16.18	-17.77
	(25.938)	(28.637)	(30.843)	(31.406)
post	-9.104	-15.38	-11.83	-34.88
	(19.514)	(16.916)	(21.631)	(21.703)
connection × post	26.81	35.31**	23.28	48.50**
	(17.885)	(16.818)	(19.621)	(20.927)
Observations	756	754	755	753
R-squared	0.593	0.595	0.628	0.631
mean(y)	2.517	2.517	2.517	2.517
sd(y)	25.77	25.77	25.77	25.77
Panel B: in-person contacts				
connection	-8.522	-6.195	-11.63	-12.70
	(19.384)	(19.871)	(24.334)	(23.602)
post	9.047	9.351	3.753	3.038
	(12.015)	(10.591)	(11.539)	(11.365)
connection × post	10.71	12.60	14.17*	16.51**
	(8.301)	(8.412)	(7.204)	(7.822)
Observations	756	754	755	753
R-squared	0.498	0.502	0.521	0.525
mean(y)	1.510	1.510	1.510	1.510
sd(y)	18.67	18.67	18.67	18.67
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country × semester
*p<.05; **p<.01; ***p<.001

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.7: *Main results*: Effect of country shocks on lobbying (including the Freedom Fries crisis as a shock, all foreign principals)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	8.263	15.86**	8.083	15.89**
	(7.259)	(6.618)	(7.341)	(6.658)
post	12.91*	10.47	12.29*	10.01
	(7.428)	(6.846)	(7.402)	(6.802)
connection × post	22.15***	16.45**	22.48***	16.55**
	(7.789)	(7.139)	(7.821)	(7.125)
Observations	18,885	18,885	18,885	18,885
R-squared	0.235	0.257	0.239	0.261
mean(y)	23.93	23.93	23.93	23.93
sd(y)	96.90	96.90	96.90	96.90
Panel B: in-person contacts				
connection	9.271**	8.451**	9.005**	8.321**
	(4.028)	(4.098)	(4.031)	(4.109)
post	18.25***	12.70***	17.80***	12.32***
	(5.244)	(4.509)	(5.217)	(4.470)
connection × post	9.554**	7.989*	9.815**	8.110*
	(4.719)	(4.503)	(4.729)	(4.503)
Observations	18,885	18,885	18,885	18,885
R-squared	0.224	0.243	0.231	0.250
mean(y)	16	16	16	16
sd(y)	67.05	67.05	67.05	67.05
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country × semester
*p<.05; **p<.01; ***p<.001

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.8: *Main results*: The moderating role of politicians' stakeholders (including the Freedom Fries crisis as a shock)

	% population born in foreign country in politician's state			favourable view of foreign country in politician's state			electoral win margin in politician's state		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Weak	Neutral	Strong	Weak	Neutral	Strong	Weak	Neutral	Strong
Panel A: total # contacts									
connection	17.84	10.56	2.772	-5.606	12.04*	-4.849	52.11***	44.39***	10.81
	(17.312)	(10.998)	(8.627)	(15.978)	(6.981)	(6.764)	(11.517)	(11.408)	(7.290)
post	64.52***	11.16	4.528	23.88*	3.033	-4.654	1.059	25.11***	16.13***
	(18.710)	(9.679)	(8.053)	(13.273)	(6.635)	(5.813)	(11.550)	(9.335)	(6.143)
connection × post	-17.26	6.709	8.547	22.48	12.56*	14.98*	9.932	15.04	12.93*
	(17.539)	(11.735)	(9.758)	(15.017)	(7.447)	(7.942)	(10.628)	(10.195)	(7.191)
Observations	3,871	5,287	6,792	5,412	5,473	5,484	6,409	5,545	6,669
R-squared	0.413	0.375	0.500	0.364	0.316	0.516	0.316	0.296	0.298
mean(y)	67.61	72.92	76.85	67.57	64.60	66.68	83.90	68.60	70.23
sd(y)	104.2	112.3	130.8	101.9	110.2	113.8	149.5	99.51	114.7
Panel B: in-person # meetings									
connection	-1.227	2.534	6.236	-9.516	4.490	-2.682	15.00**	32.03***	1.775
	(11.476)	(7.493)	(5.954)	(10.289)	(4.678)	(5.225)	(5.936)	(7.636)	(6.116)
post	34.14***	8.043	10.56*	18.97**	5.218	2.053	11.91*	24.26***	14.65***
	(11.103)	(6.605)	(5.948)	(8.479)	(4.626)	(4.443)	(6.989)	(6.471)	(4.392)
connection × post	9.538	3.060	-0.142	20.02**	8.662*	4.869	12.48**	3.604	4.797
	(10.348)	(7.834)	(6.790)	(9.533)	(4.703)	(6.125)	(6.315)	(6.329)	(5.854)
Observations	3,871	5,287	6,792	5,412	5,473	5,484	6,409	5,545	6,669
R-squared	0.330	0.382	0.455	0.290	0.327	0.496	0.305	0.325	0.251
mean(y)	51.19	46.69	53.19	36.96	33.18	47.74	45.21	38.18	45.75
sd(y)	102.3	93.56	159	76.37	58.89	107.7	89.44	68.95	94.76

SE clustered by country*semester

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

Note: This table presents the mediating effect of politicians' stakeholders' preferences toward a country on how the politicians react when there is a reputational shock to the country. As a proxy for politicians' preferences toward a country, Columns (1) to (3) use the percentage of the foreign-born population over the total population in a particular state-year, Columns (4) to (6) use the Gallup World Affairs poll on public perception of a foreign country in a given state-year, and Columns (7) to (9) use the difference of votes received by winners and closest losers for a particular state in the year preceding the shock. From each of the above proxy distributions, the *strongly supported* group includes observations from the 67th to 100th percentile of the distribution, the *neutrally supported* group includes observations from the 33rd to 66th percentile, and the *weakly supported* group includes observations below the 33rd percentile. This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, the total number of contacts made (Panel B) and number of in-person meetings (Panel C). All columns have time, politician fixed effects, country fixed effects, and the interaction of party and time fixed effects. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.9: *Main results*: Effect of country shocks on lobbying (randomising treated country, firms only)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	28.18*	28.91	26.29*	26.86
	(14.806)	(22.702)	(15.881)	(25.788)
post	3.380	3.030	8.074	-3.461
	(25.063)	(27.423)	(35.029)	(40.545)
connection × post	-24.71	-28.39	-23.66	-14.79
	(30.024)	(31.505)	(38.445)	(43.067)
Observations	754	752	753	751
R-squared	0.593	0.594	0.629	0.631
mean(y)	91.29	91.29	91.29	91.29
sd(y)	147.9	147.9	147.9	147.9
Panel B: in-person contacts				
connection	2.873	9.233	4.820	15.33
	(8.232)	(13.581)	(9.940)	(19.045)
post	3.565	2.624	2.642	2.498
	(10.369)	(9.589)	(12.384)	(11.511)
connection × post	-16.67	-17.21	-17.17	-18.91
	(17.900)	(17.084)	(19.196)	(18.753)
Observations	754	752	753	751
R-squared	0.496	0.500	0.520	0.524
mean(y)	47.50	47.50	47.50	47.50
sd(y)	113.1	113.1	113.1	113.1
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓

SE clustered by country × semester
*p<.05; **p<.01; ***p<.001

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.10: *Main results*: Effect of country shocks on lobbying (randomising treated country, all foreign principals)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	-11.66	-13.52	-12.79	-14.45
	(8.765)	(10.076)	(8.880)	(10.265)
post	-8.527	13.94	-9.411	13.34
	(11.095)	(11.908)	(11.143)	(12.018)
connection × post	2.762	-22.14*	3.667	-21.49*
	(11.390)	(11.737)	(11.572)	(11.954)
Observations	17,865	17,865	17,865	17,865
R-squared	0.240	0.262	0.244	0.266
mean(y)	67.62	67.62	67.62	67.62
sd(y)	129	129	129	129
Panel B: in-person # contacts				
connection	12.40**	3.930	11.67**	3.373
	(5.218)	(5.894)	(5.168)	(5.906)
post	8.192	28.39***	7.612	28.05***
	(7.755)	(7.362)	(7.677)	(7.367)
connection × post	-25.27***	-39.04***	-24.57***	-38.59***
	(7.276)	(7.290)	(7.236)	(7.334)
Observations	17,865	17,865	17,865	17,865
R-squared	0.229	0.251	0.237	0.258
mean(y)	47.78	47.78	47.78	47.78
sd(y)	102.3	102.3	102.3	102.3
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country*semester

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

Note: This table reports coefficients of connection, post (after a placebo treatment) and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.11: *Main results*: The moderating role of politicians' stakeholders (randomising treated country)

	% population born in foreign country in politician's state			favourable view of foreign country in politician's state			electoral win margin in politician's state		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Weak	Neutral	Strong	Weak	Neutral	Strong	Weak	Neutral	Strong
Panel A: total # contacts									
connection	-15.69	-15.07	21.92	13.94	-17.46	5.177	-42.71***	42.08	10.84
	(22.802)	(21.203)	(20.649)	(16.888)	(30.849)	(24.258)	(10.216)	(26.476)	(15.946)
post	10.04	3.120	56.81**	42.50**	-13.95	34.69	-3.562	27.23	44.88***
	(19.601)	(22.209)	(23.623)	(18.570)	(31.589)	(27.948)	(13.470)	(26.347)	(16.186)
connection × post	-26.71	-4.812	-69.04***	-54.36***	7.567	-34.72	-13.60	-25.39	-50.39***
	(21.489)	(22.547)	(25.186)	(18.372)	(32.053)	(27.895)	(12.207)	(24.053)	(16.612)
Observations	4,914	4,993	5,016	5,112	5,138	5,168	6,051	5,015	6,341
R-squared	0.389	0.472	0.541	0.362	0.320	0.524	0.337	0.310	0.296
mean(y)	63.39	56.13	73.89	77.47	56.86	51.30	73.45	61.93	60.01
sd(y)	112.6	101.8	165.7	159.8	99.08	84.64	138.2	112	126.5
Panel B: in-person # meetings									
connection	-4.297	0.902	33.28*	15.94	8.539	12.67	-23.63***	36.90***	11.95
	(11.148)	(8.878)	(19.912)	(10.535)	(23.965)	(14.192)	(8.167)	(9.777)	(13.824)
post	15.45	1.615	60.53**	30.28**	23.34	5.392	-2.584	43.53***	40.75***
	(10.181)	(8.589)	(23.128)	(12.006)	(24.717)	(13.870)	(11.416)	(9.868)	(15.683)
connection × post	-40.79***	-2.291	-71.64***	-57.42***	-30.40	-2.452	-12.47	-54.54***	-44.55***
	(10.555)	(8.780)	(24.677)	(12.134)	(25.058)	(13.661)	(10.864)	(9.982)	(15.967)
Observations	4,914	4,993	5,016	5,112	5,138	5,168	6,051	5,015	6,341
R-squared	0.297	0.516	0.450	0.289	0.336	0.510	0.328	0.278	0.253
mean(y)	50.28	36.84	51.73	62.43	39.53	35.31	52.13	39.63	43.60
sd(y)	96.59	75.20	148.8	145.6	74.65	68.25	104.9	73.15	112.8

SE clustered by country*semester

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

Note: This table presents the mediating effect of politicians' stakeholders' preferences toward a country on how the politicians react when there is a placebo reputational shock to the country. As a proxy for politicians' preferences toward a country, Columns (1) to (3) use the percentage of the foreign-born population over the total population in a particular state-year, Columns (4) to (6) use the Gallup World Affairs poll on public perception of a foreign country in a given state-year, and Columns (7) to (9) use the difference of votes received by winners and closest losers for a particular state in the year preceding the shock. From each of the above proxy distributions, the *strongly supported* group includes observations from the 67th to 100th percentile of the distribution, the *neutrally supported* group includes observations from the 33rd to 66th percentile, and the *weakly supported* group includes observations below the 33rd percentile. This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, the total number of contacts made (Panel B) and number of in-person meetings (Panel C). All columns have time, politician fixed effects, country fixed effects, and the interaction of party and time fixed effects. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.12: *Main results*: Effect of country shocks on lobbying (alternative definitions of strong connection)

	(1)	(2)	(3)
Outcome: total # contacts			
connection (by median)	20.25***		
	(6.522)		
post	8.877	11.04	11.71
	(6.387)	(7.098)	(7.592)
connection (by median) × post	16.53**		
	(7.214)		
connection (by 75th pctl.)		12.31*	
		(7.034)	
connection (by 75th pctl.) × post		13.48*	
		(7.319)	
connection (by 90th pctl.)			9.272
			(7.318)
connection (by 90th pctl.) × post			12.66
			(7.708)
Observations	18,693	18,693	18,693
R-squared	0.261	0.258	0.258
mean(y)	14.41	14.57	14.58
sd(y)	77.09	77.97	77.90
Panel B: in-person # contacts			
connection (by median)	10.77***		
	(4.157)		
post	12.13***	12.44***	12.72***
	(4.253)	(4.514)	(4.552)
connection (by median) × post	7.794*		
	(4.532)		
connection (by 75th pctl.)		4.207	
		(4.295)	
connection (by 75th pctl.) × post		7.137	
		(4.582)	
connection (by 90th pctl.)			5.993
			(4.225)
connection (by 90th pctl.) × post			7.023
			(4.533)
Observations	18,693	18,693	18,693
R-squared	0.249	0.247	0.247
mean(y)	9.272	9.431	9.439
sd(y)	54.56	54.94	54.90
time period	semester	semester	semester
time FE	✓	✓	✓
politician FE	✓	✓	✓
country FE	✓	✓	✓
party × time FE	✓	✓	✓
controls$_{it}$	✓	✓	✓
controls$_{ct}$	✓	✓	✓

SE clustered by country*semester
*** p<0.01, ** p<0.05, * p<0.1

Note: This table reports coefficient of connection, which is a dummy that equals one if (i) the median, (iii) the 75th percentile, and (iii) 90th percentile number of times politician i was contacted by country c during the four semesters prior to a shock to that country is more than the average number of times any politician was contacted during the four semesters prior to a shock to that country. This table also reports coefficients of post and interaction of connection and post, when regressed with the outcome variable, sentiment. Fixed effects and controls included in each column are denoted using check-marks. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.13: *Main results*: Effect of country shocks on lobbying (using a balanced panel, firms only)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	-0.814	-36.98	-29.97	-45.33
	(30.200)	(26.799)	(37.524)	(36.213)
post	-7.101	-16.47	-14.19	-39.21
	(24.207)	(22.819)	(29.289)	(31.111)
connection × post	24.14	31.15	25.69	49.06*
	(22.925)	(22.319)	(27.292)	(29.237)
Observations	568	566	565	563
R-squared	0.606	0.607	0.654	0.656
mean(y)	1.440	1.440	1.440	1.440
sd(y)	22.34	22.34	22.34	22.34
Panel B: in-person contacts				
connection	-20.01	-23.82	-22.42	-27.04
	(24.762)	(20.765)	(31.594)	(27.022)
post	12.20	14.51	2.334	6.363
	(13.014)	(11.669)	(11.826)	(12.092)
connection × post	8.726	7.274	17.33**	13.70*
	(9.050)	(8.896)	(8.049)	(7.583)
Observations	568	566	565	563
R-squared	0.492	0.498	0.522	0.525
mean(y)	0.597	0.597	0.597	0.597
sd(y)	14.83	14.83	14.83	14.83
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓

SE clustered by country × semester
*p<.05; **p<.01; ***p<.001

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.14: *Main results*: Effect of country shocks on lobbying (using a balanced panel, all foreign principals)

	(1)	(2)	(3)	(4)
Panel A: total # contacts				
connection	7.405	16.10**	7.344	16.22**
	(7.333)	(6.627)	(7.402)	(6.657)
post	11.91	10.47	11.40	10.09
	(7.396)	(6.863)	(7.370)	(6.816)
connection × post	22.02***	15.83**	22.23***	15.86**
	(7.902)	(7.199)	(7.920)	(7.176)
Observations	18,693	18,693	18,693	18,693
R-squared	0.235	0.255	0.239	0.260
mean(y)	22.62	22.62	22.62	22.62
sd(y)	95.15	95.15	95.15	95.15
Panel B: in-person # contacts				
connection	7.989**	8.203**	7.821*	8.144**
	(4.037)	(4.091)	(4.039)	(4.098)
post	17.54***	12.81***	17.16***	12.50***
	(5.146)	(4.499)	(5.124)	(4.462)
connection × post	9.654**	7.727*	9.826**	7.789*
	(4.746)	(4.534)	(4.751)	(4.529)
Observations	18,693	18,693	18,693	18,693
R-squared	0.226	0.241	0.233	0.248
mean(y)	14.89	14.89	14.89	14.89
sd(y)	64.94	64.94	64.94	64.94
time period	semester	semester	semester	semester
time FE	✓	✓	✓	✓
politician FE	✓	✓	✓	✓
country FE	-	✓	-	✓
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by country*semester
*** p<0.01, ** p<0.05, * p<0.1

Note: This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, total number of contacts made (Panel A) and number of in-person contacts (Panel B). The first column has time and politician fixed effects. The second column has in addition country fixed effects. Column 3 has, in addition to column 1, the interaction of party and time fixed effects. Finally, column 4 adds the country fixed effects, in addition to column 3. All columns include controls for interactions of politician and time, and country and time. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.15: *Main results*: The moderating role of politicians' stakeholders (using a balanced panel)

	% population born in foreign country in politician's state			favourable view of foreign country in politician's state			electoral win margin in politician's state		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Weak	Neutral	Strong	Weak	Neutral	Strong	Weak	Neutral	Strong
Panel A: total # contacts									
connection	15.64	6.345	8.057	-5.657	11.93*	-4.729	54.13***	44.72***	10.38
	(14.378)	(7.162)	(8.747)	(15.944)	(6.944)	(6.945)	(11.452)	(11.323)	(7.323)
post	41.58***	7.220	9.877	-5.702	2.463	24.41*	1.429	24.36***	15.81**
	(14.325)	(7.984)	(8.524)	(13.169)	(6.565)	(6.012)	(11.614)	(9.326)	(6.222)
connection × post	5.798	3.947	4.629	22.49	12.30	12.70	7.274	14.55	14.05*
	(14.288)	(10.328)	(9.485)	(14.904)	(7.502)	(8.019)	(10.562)	(10.183)	(7.307)
Observations	5,213	5,288	5,308	5,390	5,392	5,447	6,315	5,501	6,615
R-squared	0.376	0.450	0.525	0.362	0.314	0.523	0.318	0.286	0.296
mean(y)	66.30	71.01	77.81	67.76	64.32	64.78	82.98	66.66	69.06
sd(y)	104.1	111.4	132.8	102	110	113.1	150.8	98.45	113.7
Panel B: in-person # meetings									
connection	-0.523	-0.413	13.84**	-9.830	4.394	-2.761	16.04***	31.78***	1.397
	(8.620)	(4.148)	(6.182)	(10.333)	(4.718)	(5.340)	(5.871)	(7.612)	(6.125)
post	23.81***	3.513	16.58**	18.84**	5.379	1.612	11.72*	23.91***	14.60***
	(8.374)	(3.929)	(6.787)	(8.452)	(4.623)	(4.588)	(6.976)	(6.433)	(4.455)
connection × post	16.92**	4.447	-5.122	20.16**	8.579*	3.366	11.07*	3.432	5.540
	(8.415)	(5.524)	(6.656)	(9.556)	(4.726)	(6.295)	(6.253)	(6.298)	(5.924)
Observations	5,213	5,288	5,308	5,390	5,392	5,447	6,315	5,501	6,615
R-squared	0.293	0.484	0.444	0.288	0.325	0.507	0.303	0.317	0.251
mean(y)	29.40	36	42.06	37.07	33.02	45.73	43.78	36.06	45
sd(y)	57.33	77.53	98.64	76.47	58.77	106.8	89.31	66.42	93.43

SE clustered by country*semester

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

Note: This table presents the mediating effect of politicians' stakeholders' preferences toward a country on how the politicians react when there is a reputational shock to the country. As a proxy for politicians' preferences toward a country, Columns (1) to (3) use the percentage of the foreign-born population over the total population in a particular state-year, Columns (4) to (6) use the Gallup World Affairs poll on public perception of a foreign country in a given state-year, and Columns (7) to (9) use the difference of votes received by winners and closest losers for a particular state in the year preceding the shock. From each of the above proxy distributions, the *strongly supported* group includes observations from the 67th to 100th percentile of the distribution, the *neutrally supported* group includes observations from the 33rd to 66th percentile, and the *weakly supported* group includes observations below the 33rd percentile. This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, the total number of contacts made (Panel B) and number of in-person meetings (Panel C). All columns have time, politician fixed effects, country fixed effects, and the interaction of party and time fixed effects. All columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

Table A.16: *Main results*: The moderating role of politicians' stakeholders (using ratio of foreign-born to US-born population)

	(1) Weak	(2) Neutral	(3) Strong
Panel A: total # contacts			
connection	16.18	5.568	3.956
	(13.356)	(8.358)	(9.386)
post	41.50***	4.998	11.00
	(13.430)	(8.389)	(9.402)
connection × post	5.732	3.163	6.011
	(13.699)	(10.504)	(10.250)
Observations	5,211	5,277	5,325
R-squared	0.377	0.444	0.510
mean(y)	66.27	71.31	77.43
sd(y)	104.1	111.3	133.3
Panel B: in-person # meetings			
connection	-0.0643	0.948	9.576
	(8.149)	(3.889)	(6.894)
post	21.84***	2.714	17.58**
	(7.609)	(4.088)	(7.701)
connection × post	18.78**	0.566	-3.387
	(8.042)	(5.120)	(7.414)
Observations	5,211	5,277	5,325
R-squared	0.295	0.487	0.456
mean(y)	31.13	42.12	51.36
sd(y)	58.93	85.08	109.9

SE clustered by country*semester

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

Note: The ratio of the foreign-born population to the US-born population in a particular state is used as a proxy for politicians' preferences towards that country. The *strongly supported* group includes observations from the 67th to 100th percentile of the distribution of the ratio. The *neutrallly supported* group includes observations from the 33rd to 66th percentile. The *weakly supported* group includes observations below the 33rd percentile. This table reports coefficients of connection, post and the interaction of both variables when regressed with the outcome variable, the total number of contacts made (Panel B) and number of in-person meetings (Panel C). All columns have time, politician fixed effects, country fixed effects, and the interaction of party and time fixed effects. In addition, all columns include controls for interactions of politician and time, and country and time. Unit of observation is politician × event × time (semester). The table also reports the pre-shock mean and standard deviation of the outcome variable for the treated group. Standard errors clustered at the country × semester level.

C Data

C.1 Lobbying

Figure A.9: FARA report

Lobbying data was manually encoded from FARA reports. Figure A.9 shows an example.

C.1.1 Politicians' speech sentiment

We use the Valence Aware Dictionary and Sentiment Reasoner (VADER) tool for sentiment analysis. This is available as a Python package.[13] It assigns a score to a word or group words while being sensitive to the intensity of the speech and the context of the speech. For example, the word 'okay' is assigned a score of +0.9, 'good' is assigned +1.9, 'great' is assigned +3.1, while 'horrible' is assigned a scored of -2.5. VADER also considers contextual rules such as grammatical, syntactical and is word-order sensitive. For example, "extremely bad" gets a more negative score than "bad", however, "kinda bad" gets a less negative score than "bad".

As an outcome, VADER gives a continuous score in the interval $[-1, 1]$. We consider each paragraph as in the text data as a separate observation. Below are two examples, each showing a paragraph with negative and positive sentiment along with the outcome variable.

> " That picture, sadly, is replicated and has been done over and over again, tens of millions of times throughout China, but in this case, there is a picture, and now it is posted and people are finally, at long last, seeing the gruesome reality of China's one-child-per-couple policy with its reliance on forced abortion, which is cruelty beyond words."

- Sentiment: -0.9052

> "Our strong ally and partner, Australia has demonstrated steadfast commitment and bold leadership in the GWOT and in essentially every other security endeavor in the region. ... Australia is the southern anchor of our security architecture in the region, and we will maintain the vibrancy of this strategic relationship."

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[13]See, for instance, Davidson, Warmsley, Macy, and Weber (2017), Nithyanand, Schaffner, and Gill (2017), Dalal, Adlim, and Lesk (2019) for some recent applications.

- Sentiment: +0.9231

Then, we find the mean sentiment across paragraphs where the same countries were mentioned. We do this for each politician for each day of each hearing. In the textual transcripts of the congressional hearings, a new speaker is denoted by their occupation (e.g., senator) and last name, before they start speaking. Hence, we cannot differentiate between speakers with the same occupation and last name. We drop such observations, which account for less than 4% of the total daily-level panel data observations.

C.2 Description of shocks

In this appendix, we describe in detail the reputational shocks used in our empirical analysis. These shocks are unexpected events that occurred in our data period, negatively affected the reputation of one or more foreign countries in the U.S., and received wide media coverage and attention in the U.S.

Figure A.10: Timeline of shocks
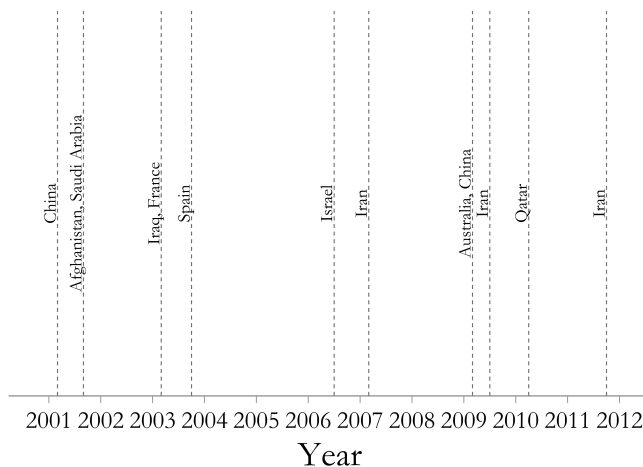
Note: This figure displays the timeline of shocks. They are distributed across the time horizon of data from FARA and the congressional hearings.

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Here are more details about the shocks:

1. China - Hainan Island jet collision (March 1, 2001)   A U.S. Navy spy plane was on a routine surveillance mission near the Chinese coast when it was suddenly hit by the Chinese jet for no apparent reason (Rosenthal and Sanger, 2001). There were conflicting versions of the collision. The version of Chinese officials was that the U.S. plane turned abruptly into the Chinese jet, while the U.S. version was that the Chinese jet hit the U.S. plane (Pomfret, 2001).

The event negatively affected the reputation of China in the U.S. as several American journalists severely criticized China after the accident. An aviation expert told CNN that according to aviation protocols, the accident was not caused by the U.S., and the downed aircraft was a very sensitive piece of equipment (CNN, 2001b). After the release of the U.S. plane's crew, the U.S. questioned the Chinese version and criticized the handling of the incident (FoxNews, 2001).

2. Afghanistan - 9/11 attacks (September 11, 2001)   On this day, terrorist commandos hijacked and crashed four commercial passenger jets. Two aircraft slammed into the north and south towers of the World Trade Center in Manhattan, respectively. Afterwards, a third plane crashed into the Pentagon. Lastly, a fourth plane crashed near Shanksville, Pennsylvania (CNN, 2001a).

The event negatively affected the reputation of Afghanistan and Saudi Arabia in the U.S. Afghanistan served as a training camp and basis for the attack perpetrators and executors. Saudi Arabia was the country of origin of Osama Bin Laden, the attack's mastermind, and several hijackers. Besides receiving massive and prolonged media coverage, the event prompted a wave of controls and restrictions affecting Islamic countries, some episodes of discrimination against their citizens (Mineo, 2021), and a long-term deterioration in how Americans view such countries. In March of 2002, 25% of Americans had negative views of Islam, as they thought that Islam was a religion that promoted violence. Twenty years later, the share of Americans holding this negative view doubled to 50% (Galston, 2021).

3. France - France's opposition to the US invasion of Iraq (March 11, 2003)   Despite being a long-standing ally of the US, France threatened to use her veto power at the security council to block the US-proposed invasion to Iraq. To express strong displeasure over the "ungrateful" partner, two Republican lawmakers held a news conference on March 11, 2003 to announce the name change from "French fries" to "freedom fries" for cafeteria menus in the three House office buildings (Loughlin, 2003). Some restaurants around the nation did the same.

The opposition to military intervention in Iraq negatively affected the reputation of France in the US. Most notably, American consumers decided to boycott French products. According to Pandya and Venkatesan (2016), $43 million in sales were lost during the week of March 16. In July 2003, President Chirac declared that France would not send troops to Iraq to help the American peacekeeping effort there (Sciolino, 2003). However, he insisted that long-term relations between France and the United States would not be damaged. Three years later, the anti-France sentiment in the US public started to decline due to a rise in opposition to the Iraq war and disapproval of the George W. Bush administration.

4. Iraq - US Invasion of Iraq (March 20, 2003)   While the U.S. plan to invade Iraq was known to many, the starting date of the invasion and military campaign came as a surprise given that the UN had not authorized military action against Iraq. The invasion therefore suddenly turned Iraq and its government into official war enemies of the U.S., with important and negative consequences on how U.S. citizens viewed Iraq.

Most Americans supported President Bush's decision to invade Iraq in March of 2003, as they were convinced that Iraq possessed nuclear weapons and supported Islamic terrorism – a major public concern after the 9/11 attacks (Williams, 2007). Right after the U.S. invaded Iraq, 72% of Americans favoured the U.S. war with Iraq, according to Gallup polls. In addition, one in three Americans were convinced that war was not only just but necessary (Smith and Lindsay, 2003).

5. Spain - Spanish leader disrespects the US flag (October 12, 2003) In 2003 United States troops carrying the American flag marched during Spain's national military parade upon invitation of the Spanish government (AP, 2006). During the march, opposition leader José Luis Rodríguez Zapatero unexpectedly decided to remain seated as a sign of dissatisfaction with the war in Iraq.

This event negatively affected the reputation of Spain in the U.S. Through that gesture, Zapatero made it clear that a large part of Spain did not support the United States in the war with Iraq. Indeed, a year later Zapatero became Prime Minister, and, the United States were no longer invited to participate in the military parade (AP, 2006). Furthermore, in 2004 Spain brought home the 1,300 Spanish soldiers that the previous government had sent to Iraq, thereby completely withdrawing Spanish support to the U.S.-led military campaign.

6. Israel - Israel rocket launch on civilians (July 12, 2006) The conflict started when Hezbollah, the Lebanese guerrilla group, launched a surprise attack on Israel, firing rockets at Israeli border towns (Myre and Erlanger, 2006). Israel responded by launching rockets that killed civilians in Lebanon.

This event negatively affected the reputation of Israel in the U.S. According to Saad (2006), most Americans agreed that Hezbollah was to blame for the conflict, but felt that the Israeli use of force was excessive. The USA Today/Gallup poll showed that the U.S. denounced the actions of the Hezbollah organization in Lebanon but stopped short of endorsing the extent of military action taken by Israel, and more than half of Americans said that Israel had gone too far or not justified its military action (Saad, 2006).

7. Iran - The disappearance of Robert Levinson (March 9, 2007) [14]

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[14]There have been different instances in which Iran and US faced tough international relations situations (such as the three shown on this research). Even though no effect on how attractive it is to engage in commercial activity with Iran surged directly in those seemingly independent situations, the diverse circumstances could combinely contribute to medium/long term effects on the commercial activity and relations between US and Iran. Therefore, the combination of US-Iran events decreases the attractiveness of Iran in commercial relations with other countries, since supporters of US could avoid relations with Iran and the continuous tension between US and Iran can have further political and economic implications.

Robert Levinson was an agent who disappeared under mysterious circumstances while in Iran, during an unauthorized mission. There are diverging accounts of the reason he travelled to Iran. For example, according to Johnson and Shesgreen (2020) the Associated Press reported in 2013 that Levinson was on a mission for the CIA. In contrast, the FBI said he was working as a private investigator. The White House declared that Levinson was not a U.S. government employee during that time. Finally, Levinson's wife said that she did not know why he travelled to Iran, because her husband never spoke about it.

This episode negatively affected the reputation of Iran in the U.S., as the U.S. blamed Iran for the disappearance of Levinson. According to Goldman (2020), during the Obama administration, Iranian officials informed that the remains of Levinson had been buried in Pakistan, but since the remains were never found, the U.S. accused Iran of attempting to disguise its role in Levinson's disappearance. Nearly 14 years after the U.S. officially blamed two intelligence Iranian officers for the actions that ended in the likely death of Levinson (Johnson and Shesgreen, 2020), U.S. judge ordered Iran to pay $1.45 bn to Levinson's family in compensatory damages (BBC, 2020).

8. China - Chinese vessels harass US ship (March 9, 2009)   A U.S. Ocean surveillance ship was conducting routine operations when five Chinese ships suddenly sailed within 25 feet of the ship, waved flags and ordered to leave. Two of the Chinese ships blocked the American ship after it requested safe transit, while Chinese sailors tried to hook the cables towing the sonar equipment (Shanker, 2009).

This event negatively affected the reputation of China in the U.S. The incident prompted the US embassy in Beijing to lodge an official protest with the Chinese government. The Pentagon called the incident "one of the most aggressive actions they had seen" (CNN, 2009). In addition, the Defense Department said the Chinese ships "shadowed and aggressively maneuvered in dangerously close proximity" (France24, 2009), while the Pentagon stated that, "the unprofessional maneuvers by Chinese vessels violated the requirement under international law to operate with due regard for the rights and safety

of other lawful users of the ocean" (France24, 2009).

9. Australia - Australian censorship of US anti-abortion site (March 15, 2009)   A user reported a US anti-abortion site to Australian Communications and Media Authority (ACMA) in 2009, and in response to this complaint, ACMA banned the U.S. website and removed its link (Cettl, 2014,).

This unexpected action of ACMA negatively affected the reputation of Australia in the U.S. The Australian government censored an American website that displayed images of aborted fetuses thereby constraining the public's ability to receive information on an important and controversial issue. Moreover, the actions of ACMA directly targeted a U.S. information outlet, thus bringing the American public's attention on this event.

10. Iran - Detention of American hikers by Iran (July 31, 2009)   Three American vacationers were suddenly and unexpectedly arrested in Iran while hiking (Healy, 2009). The Iranian foreign minister said they had entered the country illegally, but the U.S. Secretary of State denied that and called the Iranian government's actions totally unfounded (Healy, 2009).

This event negatively affected the reputation of Iran in the U.S. Iran arbitrarily arrested the three American hikers without evidence to corroborate their accusations. According to Goodman and Cowell (2011), the Iranian officials never produced any evidence that the American hikers were spies. Accordingly, the United Nations secretary-general and the human rights group Amnesty International called for hikers' release. They were held in prison for more than two years, even though the U.S. repeatedly demanded their release. In 2011, when the hikers were finally released, they accused Iran of holding them hostage for the mere fact of being American (Walker, 2011).

11. Qatar - Fear of Terrorist Attack on United Airlines Flight 663 (April 7, 2010)   During flight 663 from Washington to Denver, a Qatari diplomat was found smoking in the aircraft lavatory in violation of safety rules and confronted by air marshals who were on the plane (O'Connor, 2010, Spencer, 2010).

This event received ample media coverage, and it negatively affected the reputation of Qatar in the U.S. The 9/11 attacks made Americans especially sensitive to the threat of terrorist attacks, and many people suspected the Qatari diplomat might have attempted a shoe bombing attack while in the bathroom. Furthermore, Fox News reported that the Qatari diplomat was on his way to a consular visit to a jailed Al Qaeda operative. The episode therefore created a tension with the U.S. government (FoxNews, 2015), and even triggered an alert to a Europe-bound President Obama aboard Air Force One.

C.2.1 12. Iran - Assassination plot in the US (October 11, 2011)

U.S. officials alleged that there was a plot by the Iranian government to assassinate the Saudi Ambassador in the United States. According to Esposito and Ross (2011), This plot involved assassinating the ambassador with a bomb and subsequently bombing the Saudi and Israeli embassies in Washington, D.C. The U.S. Attorney General Eric Holder said the plan was "conceived, sponsored and was directed from Iran" (Esposito and Ross, 2011). The U.S. Department of Justice (DOJ, 2011) declared that two people were charged for their alleged involvement in this plot.

This sudden and widely publicized event negatively affected the reputation of Iran in the U.S. The Obama administration accused the Iranian government of planning the attacks in collaboration with a Mexican drug cartel (MacAskill, 2011). According to Warrick and Erdbrink (2011), the allegation plunged U.S.-Iranian relations into a crisis. Furthermore, U.S. officials said the plot must have originated at the highest level of Iran's government, given the cost and complexity of its execution. According to Schimtt and Shane (2011), bank transfers and intercepted telephone calls in the possession of U.S. officials indicated that Iranian's senior leaders were likely involved in the plot.

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