

# Alliances, Arms Transfers, and Electoral Trade Cycles

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**U.S. political budget cycles expand international trade, especially arms exports to allies.**

# My Argument in Brief

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2. Defense contracting has a critical role in budget cycles.
3. Contracting cycles lead to arms exports, especially to allies.
4. **Result:** General trade increase, and allies receive more U.S. exports than other states.

# Why Should You Care?: Part 1

## Why Should You Care?: Part 2





1. Argument: Budget Cycles, Defense Contracting, Arms Transfers, and Trade.

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2. Results: Electoral Trade Cycles.

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3. Results: Defense Contracting and Arms Trade Cycles.

# Argument

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# Political Budget Cycles

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2. Often targeted policies, such as defense contracting.



# Economic Consequences of Budget Cycles

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2. Price effects of monetary expansion increase exports.
3. Imports and exports to all other countries rise.

# Defense Contracting and Arms Exports

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1. Presidents have more direct control over contract allocation.
2. Use this for targeted stimulus.
3. Creates additional defense goods.
4. Some defense goods will be exported.

# Arms Exports to Allies

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2. Common security interests, defense industry integration.
3. Doubles as commitment signal for U.S. leaders.

# Argument Summary

Budget Cycles → Defense Contracting → Arms Exports → Trade Cycles with Allies

# Electoral Trade Cycles

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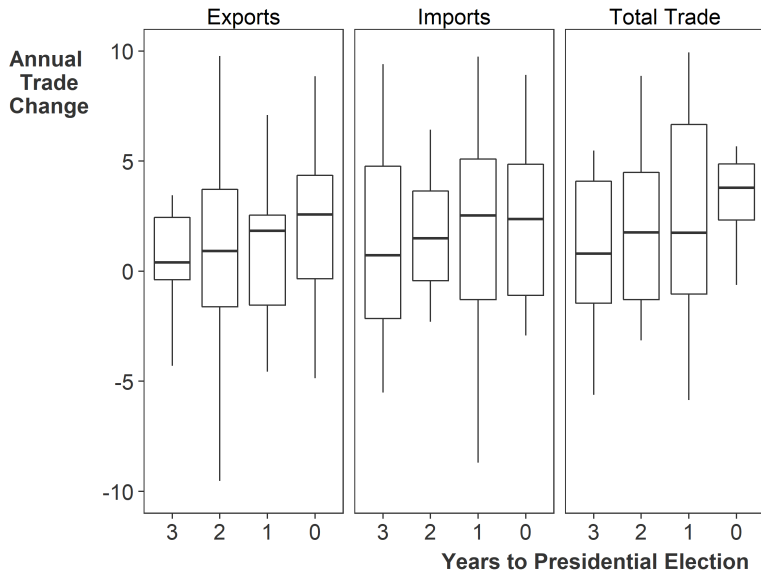
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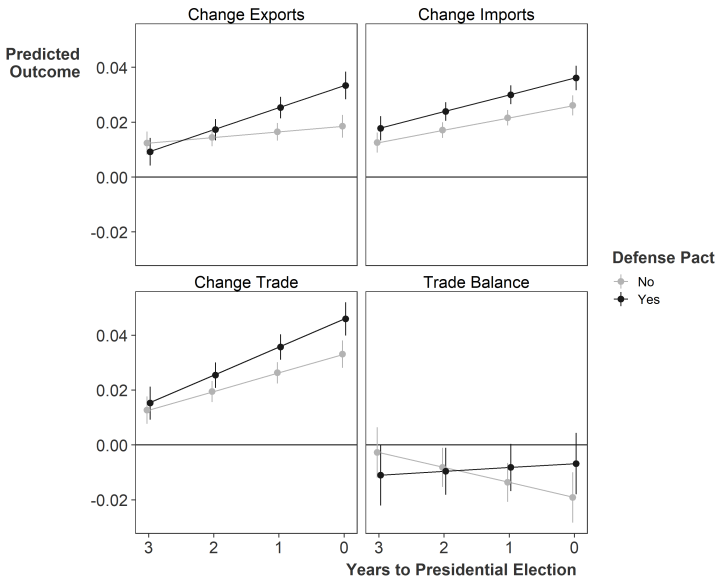
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1. Outcome: Changes in log exports, imports, and total trade. Changes in trade balance.
2. Independent Variables: Dummy indicator of defense alliance, years to presidential election.
3. Estimator: Robust regression.
4. Adjust for gravity model factors, security threats, common interests, presidential partisanship.

# Electoral Trade Cycles



# Alliances and Trade Regression Results



# Defense Contracting and Arms Transfer Cycles

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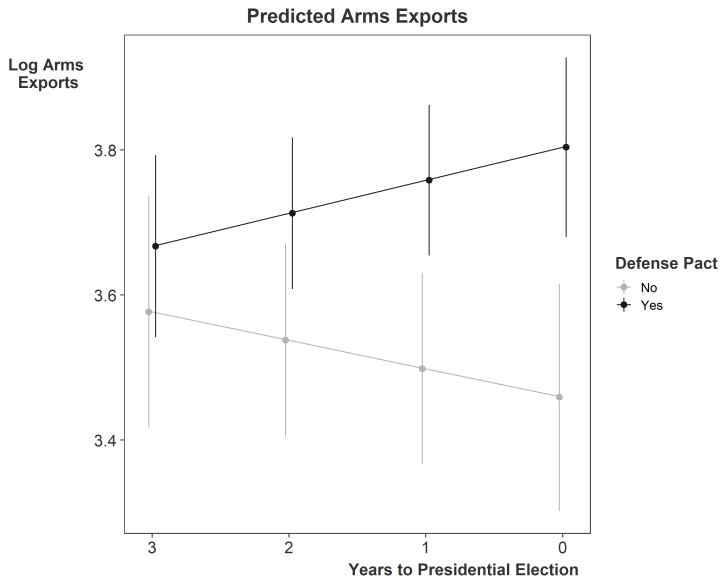
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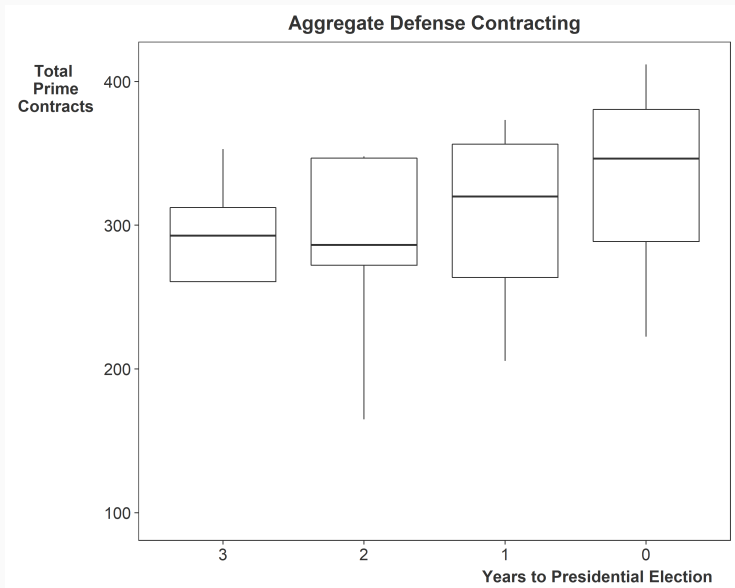
Analyze US arms exports to all other states, 1951 to 2019.

1. Outcome: Log Arms Transfers (SIPRI)
2. Independent Variables: Dummy indicator of defense alliance, years to presidential election.
3. Estimator: Regression.
4. Adjust for trade model controls, lagged arms transfers, and non-zero arms transfer selection.

# Arms Exports, Alliances, and Elections



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# Discussion and Conclusion

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**U.S. political budget cycles expand international trade, especially arms exports to allies.**

Some limitations.

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1. Could use more detailed trade data.

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2. Generalizing beyond the United States.

# My Research Agenda: Alliance Politics and Political Economy of Security

## Political Economy

1. Alliances and Military Spending: *International Studies Quarterly*, *Research & Politics* and *Security Studies*.
2. Economic Consequences of Alliances: this project and economic benefits of US alliances.

## Political Economy of Civil Conflict

1. Countering the Adaptable and Resilient: U.S. Foreign Terrorist Organization (FTO) List and Terrorist Attacks
2. Conflict Management Institutions and Foreign Direct Investment in Post-Conflict States
3. Rumors of Boogaloo: Media and Support for

**Thank you!**

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# Elite Cues Attributes