Sleeping with the enemy? How constituents constrain politicians' behavior towards interest groups*

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Abstract

Do constituents limit interest groups' influence over elected officials? Using new data on congressional speeches, campaign donations, and over 10 million lobbying contacts from FARA filings, we track politicians' responses to international events that raise the political cost of appearing too close to foreign governments. We find three main results. First, politicians strongly connected to shocked countries lose local campaign contributions after a shock. Second, they are less willing than weakly connected politicians to praise the affected country in their speeches. Third, while weakly connected politicians increase in-person meetings with the lobbyists of shocked countries, strongly connected ones shift to remote contacts. We show that a simple relational contracting model can explain these findings. Overall, our study suggests that politicians' concern with their constituents' reaction can deter foreign influence—but only partially. Politicians and interest groups adjust to reputational shocks, forming new ties and reshaping old ones to navigate public scrutiny.

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1 INTRODUCTION

Elected legislators are crucial in modern democracies, acting as a check on executive power and driving public policies that impact people's lives. A central goal of democratic institutions is therefore to ensure that legislators act in the public interest and that special interest groups do not capture them in exchange for private benefits (Stigler, 1971). Public regulation is one tool through which societies limit special interests' political influence, which has been extensively studied in economics. For instance, US legislation such as the Lobbying Disclosure Act of 1995 (LDA) and the Foreign Agents Registration Act of 1938 (FARA) impose strict disclosure requirements on lobbyists' activities on behalf of interest groups. Additionally, legislation in both the US and Europe limits the ability of private interest groups to finance politicians' electoral campaigns. Research has examined different types of campaign financing regulations, showing that they reduce the vote shares obtained by politicians (Bekkouche et al., 2022), the public contracts assigned to their private donors (Baltrunaite, 2020; Gulzar et al., 2021), and the weight of those donors' concerns in politicians' campaign rhetoric (Cagé et al., 2022).

A much less studied tool to limit special interests' political influence, which we explore in this paper, is local constituents' pressure. To understand this mechanism, it is useful to think of politicians as the agents of two principals. On the one hand, politicians respond to special interest groups, who may provide them with campaign financing and other benefits (Grossman and Helpman, 1994) in exchange for their support. On the other hand, politicians respond to their own local constituents, who may withdraw campaign contributions and votes if they perceive that the politician is disregarding issues of local or national interest to advance the agenda of special interest groups. If the threat of constituents' punishment is strong enough, such that

constituents become the dominant principal, politicians may voluntarily limit their collaboration with special interest groups.

Assessing the effectiveness of local constituents as a private regulation device is important because there is evidence that interest groups are often able to circumvent public regulation – for instance, by replacing campaign contributions with covert charitable donations as a means to secure the support of politicians (Bertrand et al., 2020). Despite its importance, however, research on this phenomenon has been limited by the paucity of data. It is difficult to observe exogenous variation in the threat of constituents' punishment, and in how politicians and interest groups respond to such threat.

In this paper, we provide a novel database and an empirical strategy that attempts to overcome these limitations. We focus on foreign interest groups (governments and firms) lobbying U.S. Congress members, a crucial area given the rising concern over foreign interference in democracies (Aidt et al., 2021). Using a difference-in-differences approach, we analyze U.S. legislators' and their constituents' behavior before and after exogenous events that according to the US press shed negative light on foreign countries. These shocks likely increased the foreign interest groups' need for the support of US politicians, while simultaneously increasing the desire of those politicians' constituents to punish their collaboration with interest groups from a shocked country. Our country shocks are therefore an ideal natural experiment to examine how the threat of constituent backlash constrains the political influence of foreign interest groups. Examples of our country shocks are the 9/11 terrorist attacks (shock to Afghanistan and Saudi Arabia), the opposition of various countries to the US-led invasion of Iraq in 2003 (shock to France, Germany and Turkey), Iran's nuclear enrichment activities in 2006, and Egypt's violent crackdown on political protesters following the ousting of elected President Morsi in 2013 (shock to Egypt).

A key advantage of our study is its ability to measure multiple dimensions of the relationship between politicians and interest groups around shocks that heighten the threat of constituents' punishment. First, we measure the extent to which politicians support foreign countries in their public speeches before and after our country reputation shocks. To do so, we conduct a sentiment analysis of the universe of politicians' congressional hearing speeches for the period 1999-2017. Second, we measure the extent to which the lobbyists of foreign interest groups and US politicians maintain contacts with each other before and after country shocks, and whether those contacts are in person or remote. Most empirical research on lobbying lacks politician-level contact data because US domestic LDA disclosure regulations require lobbyists to report the targeted branch of government (e.g., Congress) but not the specific politicians lobbied (You, 2020). In contrast, the more stringent FARA regulation, enacted in 1938 to curb Nazi propaganda, mandates that US lobbying firms representing foreign principals report all contacts with US politicians every six months. We downloaded, digitized, and cleaned all FARA supplemental statements from 1999 to 2017, creating a database of over 10 million politician-interest group lobbying contacts – one of the most comprehensive FARA research datasets available.

In addition to observing multiple dimensions of the relationship between politicians and foreign interest groups, we can verify that our country shocks increase the threat of constituents' punishment faced by politicians. We do so by measuring whether politicians' constituents withdraw their campaign contributions. For this purpose, we collected data from the Federal Election Commission (FEC) on the individual campaign contributions that politicians receive from donors both within their electoral district (local constituents) and outside of it (non-local constituents).

Armed with these data, we run difference-in-differences regressions of (1) constituents' campaign contributions to politicians, (2) politicians' public sentiment to-

wards foreign countries, and (3) politicians' contacts with lobbyists representing interest groups from those countries, around our set of shocks. Our DID analysis is based on the idea that politicians who had many prior lobbying contacts with a country are more likely to be classified by constituents as having strong political connections with that country, and hence to be punished after a shock, relative to politicians without *many* prior contacts.

Our analysis yields four key findings. The first two highlight how local constituencies constrain politicians' relationships with foreign interests. First, politicians with strong ties to a country that experiences a negative reputation shock face a reduction in campaign contributions from their constituents, relative to politicians with weaker ties. Second, these strongly connected politicians, who face greater risk of constituents' backlash, are less likely to express support for the shocked country in their speeches. The other findings, however, point to the limits of the constituents' constraint. First, politicians who lack strong prior ties to the shocked country—and hence are less exposed to constituent pressure—speak *more favorably* about it after the shock. This pattern suggests that new relationships between politicians and foreign interests may form in the wake of country reputation shocks. Second, all politicians maintain an open communication channel with the lobbyists of shocked countries, although the mean of contact depends on the extent of their prior ties to those countries: for weakly connected politicians we observe an increase in in-person meetings and a reduction in remote contacts, whereas we observe the opposite pattern for strongly connected politicians. The fact that contacts between foreign countries and their political connections survive reputation shocks (albeit in remote form) suggests that existing relationships are reshaped rather than severed by the threat of constituents' backlash.

In the last part of the paper, we propose a simple theoretical interpretation of

our empirical findings. In our model, an interest group (IG) attempts to enter relational contracts (self-enforcing agreements sustained by repeated interactions) with a politician, whereby the politician will provide support to the IG in exchange for benefits. The model studies how the formation and continuation of these relationships is affected by an unforeseen shock that reduces the IG's legitimacy vis-a-vis the politician's constituents. From the perspective of the politician-IG relationship, we view the shock as a double-edged sword. On the one hand, it increases the gains from the relationship (the IG now faces new hostile policies and thus needs more of the politician's support). On the other hand, the shock exposes the politician to constituents' punishment, especially if she has been in a tight relationship with the IG in the past.

This simple model suggests that after a shock, politicians who did not enter a relationship with the IG before, and hence are less exposed to constituents' punishment, may decide to form such a relationship given the increased gains. For the politicians who did enter a relationship with the IG, the analysis is more nuanced as the benefits of continuing it must be balanced against the punishment cost. As a result, politicians facing a high-enough punishment exit the relationship whereas those facing a lower punishment continue it while altering its terms to minimize the shock's impact. In particular, and consistent with our empirical results, the model suggests that these politicians should substitute in-person meetings with remote contacts (less effective but also less visible to constituents) as an ongoing communication channel with the IG. Moreover, some of them may agree with the IG to cool down their political support (without withdrawing it completely) relative to the pre-shock period.

Altogether, our paper suggests a cautious assessment of the role of local constituents as a check on special interest groups. While US constituents do punish

politicians suspected of supporting hostile foreign interests, and politicians appear to listen to their constituents by distancing themselves from those interests, the evidence also suggests that politicians and interest groups can develop relationships that limit the policing role of constituents.

Literature review

Our paper aims to contribute to the empirical literature on special interest groups. Building on the theoretical work of Grossman and Helpman (1994), Austen-Smith (1995), Hall and Deardorff (2006) and others, studies in this literature have shown that interest groups and politicians enter mutually beneficial relationships. First, interest groups benefit from being connected to politicians. For instance, firms connected to or aligned with politicians obtain more favorable loans from state-owned banks (Sapienza, 2004; Khwaja and Mian, 2005; Claessens et al., 2008). Similarly, universities located in the district of key politicians obtain more discretionary research grants (de Figueiredo and Silverman, 2006). Consistent with the benefit of political connections highlighted by these studies, there is evidence that access to political connections is a key asset that interest groups buy when they hire professional lobbyists (Blanes i Vidal et al., 2012; Bertrand et al., 2014; Hirsch et al., 2023). Second, there is evidence that politicians also receive benefits from their relationships with interest groups, in the form of campaign contributions (Bekkouche et al., 2022; Baltrunaite, 2020; Gulzar et al., 2021), charitable donations (Bertrand et al., 2020), favorable corporate policies (Bertrand et al., 2018), and the information, expertise and political advice provided by the professional lobbyists hired by interest groups (Bertrand et al., 2014; Hirsch et al., 2023).[1]

Our paper contributes to the literature on special interest groups in two ways. First, as discussed above, while extant research focuses on campaign finance legislation

as a tool to regulate the political influence of special interest groups (Bekkouche et al., 2022; Baltrunaite, 2020; Gulzar et al., 2021; Cagé et al., 2022), we investigate a private regulation channel - namely, politicians' accountability to their constituents.

Second, we contribute to a branch of the interest groups literature that focuses on lobbying. We do so by assembling twenty years of FARA data on lobbying contacts between politicians and foreign interest groups. Most earlier works have instead used the LDA data (Blanes i Vidal et al., 2012; Bertrand et al., 2014), which do not provide information on the contacts between interest groups' lobbyists and individual politicians. Few prior works (addressing different research questions) have used FARA data. In particular, Hye Young You and coauthors have pioneered the use of this data in a series of recent papers (You, 2020, 2023; Hirsch et al., 2023). You (2020) introduces the FARA data and discusses the main differences with respect to the LDA data. You (2023) studies detailed data for 10 years of lobbying contacts on the US-Korea Free trade agreement. Finally, Hirsch et al. (2023) studies 3 years of lobbying contacts across different foreign entities, and find that lobbyists screen interest groups for like-minded politicians whose support those groups seek that seek. Our paper further expands and strengthens these data collection efforts by building the largest existing database of FARA registries (regarding both the scope of time coverage and the number of foreign entities).

Third, our paper contributes to the literature on politicians' communication and speeches. Some studies show that investors are sensitive to politicians' speeches and announcements, which therefore affect companies' stock prices and financial returns (Cooper et al., 2010; Boutchkova et al., 2012; Addoum and Kumar, 2016). Other papers study the determinants of politicians' rhetoric. Gennaro and Ash (2022) show that politicians' speeches are more emotional during times of war and for politicians with certain ideological and demographic characteristics. In a recent study, Le Pennec

(2024) demonstrates that politicians strategically modulate their speech. Analyzing data from French candidate manifestos, she reveals that politicians weigh the costs of contradicting their party or previous policy statements when updating their campaign communications. Our paper documents a different form of strategic political communication, namely, politicians' adjustment of their speeches to the pressure of constituents. Related to this paper, Di Tella et al. (2023) shows that in the second round of (or general) elections, the speeches of US and French political candidates move ideologically to the center relative to the first (or primary) round. Closer to our paper, Cagé et al. (2022) shows that in choosing how to communicate in their campaigns, politicians are sensitive to interest groups' donations. We complement this research by showing that politicians may also use speeches to soften constituents' punishment of their collaboration with special interest groups.

Lastly, our paper contributes to the rich economic literature on relational contracts and trust-based relationships (see Malcomson (2013), for a review of theoretical models, and Gil and Zanarone (2017, 2018) and Macchiavello (2022) for empirical reviews). This literature primarily focuses on business-to-business collaborations rather than political relationships. Moreover, while this literature focuses on the advantages of relational contracts – facilitating agreements over dimensions of performance that cannot be verified by courts – our study documents a potential "dark side" of relational contracts: by revealing past collaboration, tight relationships may expose one party to negative spillovers from the other party's loss of reputation. While reputational spillovers are a particularly important concern in the political context studied here, they are also relevant in business collaborations: buyers are concerned about the reputation of their suppliers (for instance, in terms of labor practices and environmental sustainability), and investors are concerned about the reputation of the startups they fund.

2 SETTING AND DATA

To conduct the study described above, we assembled, cleaned, and merged five different databases.

2.1 FARA lobbying data

We collected all U.S. Foreign Agent Registration Act (FARA) supplemental statements filed between 1999 and 2016. These reports, available through the public FARA repository, are (sometimes) handwritten documents (see Figure B.1 for an example) that we digitized to enable statistical analysis.

FARA requires anyone in the U.S. acting on behalf of a "foreign principal"—such as a government, political party, company, or individual—to register with the Department of Justice when engaging in political or public-relations activities intended to influence U.S. policy or public opinion. The law does not prohibit foreign lobbying but requires disclosure of the relationship, activities, and funding. Failure to register can result in up to five years in prison.

Registration can be triggered not only by formal lobbying contracts but also by informal requests—such as an email or phone call—from a foreign principal. Activities like publishing targeted content, hosting events, or organizing meetings aimed at influencing U.S. officials can also require registration.

Most registered agents are U.S.-based law firms, PR firms, or consultants working for foreign clients, usually governments or ministries. In some cases, foreign diplomats or executives engage directly with U.S. policymakers in ways that also fall under FARA. Our data also includes a few foreign companies, such as the China Ocean Shipping Company, typically in strategically important or state-linked sectors.

The FARA data is ideal for our study because unlike the domestic Lobbying Dis-

closure Act data used in most of the literature, FARA reports contacts with individual legislators, thus allowing us to identify which US politicians are more strongly connected to a given foreign country (and thus more exposed to reputational shocks to it), and to study politicians' contacts with the lobbyists of foreign interest groups around country shocks.

Figures A.1 through A.3 summarize and describe our FARA data. Figure A.1 shows that both the number of countries lobbying in the US and the foreign clients per lobbying company have been increasing in the last two decades. Figure A.2 shows that there has also been an increase in the number of lobbying companies working on behalf of foreign governments. Figure A.3 splits the countries based on the quartile of their lobbying intensity, measured as the number of times interest groups from each country contacted a member of the US Congress during the period 1999-2017. The figure shows substantial variation across countries in the intensity with which they lobby. The countries in our analysis (as it would be clearer below –those with shocks–: Afghanistan, Cyprus, Egypt, France, Germany, Guinea, Hong Kong, Iran, Iraq, Netherlands, Pakistan, Qatar, Saudi Arabia, Spain, and Turkey) exhibit a relatively higher lobbying intensity than other countries.

Besides reporting contacts, the FARA data also provide information on whether each contact is remote such as a call or email (which may be unilateral) versus an in-person meeting (to which both the politician and the interest group must agree).[2] Figure 1 shows that more than 60% of the total contacts, and in-person meetings, by lobbyists were with politicians who (at the time of the meeting) were members of the committees for Armed Services, Appropriations, Foreign Affairs, and Foreign Relations. The rest of the contacts and meetings were distributed almost uniformly across all the other committees.

2.2 Data on Congressional Hearing speeches

To measure the extent of U.S. politicians' support to shocked countries, we downloaded the universe of Congressional Hearings in text format for the years 1999-2016.[3] In the textual transcripts of the congressional hearings, speakers are denoted by their occupation (e.g., senator or representative) and last name.[4]

We use the Valence Aware Dictionary and Sentiment Reasoner (VADER), a lexicon-based sentiment analysis tool designed to measure emotional intensity in textual data (Hutto and Gilbert, 2014), to measure the sentiment expressed by politicians toward foreign countries in their Congressional Hearings speeches. 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 (see Appendix B for more details). Each time a politician speaks at a hearing, we use VADER to measure how positively or negatively they feel about each foreign country they mention. The score is a number between -1 (very negative) and 1 (very positive).

2.3 Data on campaign contributions and election outcomes

To measure the extent to which local constituents punish politicians strongly connected to a foreign interest group after a reputational shock, we collected data on all the campaign contributions made by US individuals to the political committees of Congress legislators for the years 1998–2016 from the FEC.[5] The FEC releases data on all individual contributions over $200.[6] We use the individual contributions' reported date to identify the yearly total contributions to each political committee. We then use this information to construct a measure of the yearly contributions received by each *politician* from her own *constituents* (hereafter, local contributions) and from individuals outside their constituency (hereafter, non-local contributions), as follows.

First, we allocate contributions received by a political committee in a given year to each politician who is a member of the committee by dividing the total contributions by the number of members. Second, we use the zip-code location of each contributor and politician's office, as reported in FEC data, to identify contributions from donors inside a politician's local constituency (the district for Representatives, and the State for Senators) from those of outside donors.[7]

Our preferred measure of constituents' punishment is the change of *local contributions* after a shock. In the US, given the election system, constituents *tend to* have a more direct relationship and identification with their district's Representative (state's Senator) than with any other politician. Thus, we expect a politician's local constituents to pay more attention to shocks affecting countries to whom the politician is connected, and to blame or reward the politician for how she behaves towards those countries, relative to the constituents of other politicians.

Figure A.4 displays the distribution of logged local and non-local contributions at the politician-year level from 1998 to 2016, highlighting substantial variation in annual contributions across both sources. These contributions are approximately normally distributed, where the log of local contributions has a mean of $136,782 and the log of non-local contributions has a mean of $634,195.

We also construct alternative measures of punishment that are based on changes in votes rather than campaign contributions. To do so, we use district- and state-level election data from 1998 to 2016, obtained from the MIT Election Data and Science Lab.[8] Due to inconsistencies in candidate name records across years (e.g., differences in spelling or use of abbreviated names), we were not able to match the universe of politicians. From the matched data, we construct two measures. First, we calculate the number of votes each candidate received each election.[9] Second, we create a binary variable equal to one if the candidate was elected, and zero otherwise.

2.4 Country shocks

To identify how the reputation of foreign interest groups affects their relationship with politicians and constituents, we use a list of exogenous events (hereafter, the shocks) that negatively affected the image of foreign countries in the US during our data period. We define shocks following a systematic text-based methodology that leverages media exposure and sentiment analysis. Specifically, we collected textual data from articles published by The New York Times (NYT), widely recognized as one of the most influential news outlet in the United States. We then calculated the monthly frequency of mentions for each of the 50 countries that lobbied the most in the US between 2000 and 2013 according to the FARA data.[10] Next, we assessed sentiment for each article using VADER. For each country, monthly sentiment scores are computed by averaging the sentiment of all relevant articles. This approach yields two distinct monthly measures: media exposure (mention counts) and overall sentiment. Finally, we identified reputational shocks deterministically, defining shocks as those country-month observations characterized by both (a) high overall media exposure and negative sentiment (top 25% of mentions and bottom 25% of sentiment across all country-month observations), and (b) high country-specific exposure and negative sentiment (top 10% of mentions and bottom 10% of sentiment for that country). In Section 4.4.5, we show that varying these thresholds yields results consistent with the baseline.

The result of this procedure is a list of 33 shocks that span 14 countries. Table 1 lists the countries along with the identified months and the corresponding significant events of negative reptuation occurring during those periods.

To further validate our text-based sentiment measure, we examine its correlation with sentiment indicators derived from the Gallup Poll Social Series, which provides

survey-based sentiment data covering a subset of the years and countries included in our analysis.[11] First, we compare the sentiment scores derived from our textual analysis of NYT articles with the average favorableness ratings given by Gallup respondents to the corresponding countries over matching annual periods. We find a strong positive correlation of 0.714 between these two independently generated measures (standardized), indicating that our text-derived sentiment closely mirrors public sentiment as captured by Gallup surveys. Second, we matched our shocks against changes reported in the Gallup sentiment data. Of the 19 shocks we were able to analyze—a subsample of the total shocks that have country-time coverage consistent with our sample—we found that in 94% of instances, there was a corresponding decrease in Gallup sentiment either within the same year or the subsequent year. Specifically, 22% occurred in the same year, 56% occurred the year following, and 22% occurred both in the same year and the year following our identified shocks. This suggests that our shocks effectively reflect broader changes in public perceptions of specific countries.[12]

To ensure that our measures of sentiment and mentions are not unduly driven by one specific news outlet, we recalculated our mention and sentiment scores using articles from The Wall Street Journal (WSJ). As suggested by Gentzkow and Shapiro (2010), NYT and WSJ reporting are generally leaning toward two opposite political orientations. The results, illustrated in Figure A.5, reveal high correlations in both mentions and sentiment between the NYT and the WSJ across the countries in our sample.

We also check how unpredictable the events we identify really are — in other words, whether they qualify as true shocks. To do this, we gather panel data on a rich set of observables-namely, GDP per capita (in USD), GDP (in USD), inflation (CPI), consumer price index (2010), exchange rate, unemployment rate, real interest rate,

government debt (percentage of GDP), net foreign direct investment (in USD), trade balance with the US (in USD), exports (in USD), imports (in USD), total reserves (in USD), total population, labor force participation, net migration, political stability, corruption, life expectancy, infant mortality, health expenditure (percentage of GDP), pollution ($PM_{2.5}$), renewable energy, and Gini index-and run several regressions where we gradually add different sets of observables to see if they can explain whether a shock happens in a given country and year. Even though our variables cover a broad range of relevant country-period characteristics, they turn out to be poor predictors of our country shocks. As shown in Figure A.6, the adjusted R^2 from these regressions never exceeds 0.12.

2.5 Other data

We collected data for each politician on party affiliation, election year, congressional chamber (House or Senate), and committee assignments from GovTrack's dataset on current and historical legislators.[13] Table A.2 shows that all countries receiving reputation shocks engaged with politicians from both parties. Contacts were largely bipartisan, with Republican contacts at 49.97% whereas Independent politicians accounted for only 0.3% of contacts. Figure A.7 shows that shocked countries engaged more with members of the majority party in each chamber.

3 EMPIRICAL METHODOLOGY

Given the bi-annual timing of Congressional elections and the timing of the shocks, we focus on the four semesters before and after each shock.[14] Since FARA filings are reported semiannually, we aggregate shocks at the same level: multiple shocks to the same country within a semester are treated as a single negative reputational shock for that period.

Some countries experience negative reputational events in consecutive semesters. To avoid classifying the same semester as both treated (due to one shock) and untreated (due to a subsequent shock) for the same country, we eliminate any overlap in the pre- and post-shock periods of closely spaced events. Specifically, we restrict the analysis to shocks that are at least three years apart for the same country. This procedure yields a final list of 17 shocks across the 14 countries highlighted in Table 1. The events (shocks to countries) are stacked together to construct a panel dataset where the occurrence of a shock is normalized as time $t = 0$. Our regressions include only politician-year observations for which we have congressional hearing speech data. This restriction ensures that we use a consistent sample across all specifications. Using different samples for different outcomes could lead to misleading comparisons, as any differences in results might be driven by sample variation rather than true differences in effects.

We estimate difference-in-differences regressions of the following type:

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

where, c denotes countries, t denotes periods (semester or years –for contributions data–), i denotes politicians, and I denotes politicians' party affiliation. In the above equation, $y_{i,c,t}$ denotes our outcomes of interest (discussed in detail below); $Post_{c,t}$ is an indicator that switches from zero to one in the semester in which country c receives a shock and thereafter; and $Conn_{i,c}$ is an indicator for whether politician i is strongly connected to interest groups from country c before a shock, and hence more exposed to the threat of constituents' punishment after such shock. We cluster all standard errors at the politician level.

We construct our "strong connection" dummy, $Conn_{i,c}$, in three steps. First, we

calculate $\bar{C}_{i,c}$, the average (across semesters) number of times interest groups from country c contacted politician i over the four semesters preceding a shock to that country. In the second step, we calculate the average number of times interest groups from the country c contacted *any* politician over the four semesters before a shock ($\bar{C}_c$). Lastly, we define the strong connection dummy, $Conn_{i,c}$, as follows:

$$Conn_{i,c} = \begin{cases} 1 & \text{if } \bar{C}_{i,c} > \bar{C}_c \\ 0 & \text{if } \bar{C}_{i,c} \leq \bar{C}_c \end{cases}$$

Politicians-country observations for which $Conn_{i,c} = 1$ represent cases where the politician i is "strongly connected" to an interest group from the foreign country c while observations for which $Conn_{i,c} = 0$ represent cases where the politician and the country are "weakly connected". This implies that the same politician can be "strongly connected" to some countries and "weakly connected" to others.[15] A nice property of $Conn_{i,c}$ is that it exploits cross-sectional variation in a politician's exposure to countries that will be shocked *before the event* – that is, the number of contacts that each politician has with shocked-to-be countries is arguably orthogonal to the presence and timing of negative reputational shocks of those countries.[16]

We use a discrete measure of "strong connection" because constituents are unlikely to notice occasional contacts between a politician and a country, or interpret them as a meaningful relationship, unless those interactions are frequent enough to attract media attention.[17] To construct our measure, we therefore benchmark the number of contacts between a politician and a country against the country's typical lobbying activity. A given number of interactions may appear unusually high—or not—depending on how active the country is overall. Contacts that stand out relative to this baseline are more likely to be perceived as evidence of a special relationship

by the media, and reported to the public accordingly.

To validate our measure, we examine whether pairs with strong connection ($Conn_{i,c}$ = 1) are mentioned together more frequently in press articles than those with weak connection ($Conn_{i,c}$ = 0). On average, strong connection pairs are mentioned 20.5 times, compared to 17 mentions for the weak connection ones.[18]

Dependent Variables The dependent variables in our diff-in-diff regression equation, denoted by $y_{i,c,t}$, are constructed to capture our three outcomes of interest:

1. the extent to which constituents punish the political connections of foreign interest groups before/after a shock,

2. the extent to which these politicians support foreign interest groups before/after a shock,

3. the extent to which contacts (in person or remote) between these politicians and the lobbyists of foreign interest groups occur before/after a shock.

As inverse measures of (1), we use (i) the amount of campaign contributions (in log) that politician i received in year t from people of their constituency, and (ii) the amount of campaign contributions (in log) that politician i received in year t from people outside their constituency.

To measure (2), we use the sentiment score of politicians' congressional hearing speeches about shocked countries, as described in section 2.2 above. Since the sentiment score has a highly skewed distribution (see Figure A.8), we measure politicians' support as the natural logarithm of one plus the sentiment score.[19]

Lastly, we measure (3) by (i) the total number of in-person contacts and (ii) the number of remote contacts between politician i and foreign principals from country c that are reported in the FARA registries in semester t.

Other Variables The granularity of our data allows us to include a battery of fixed effects and controls in our regressions. First, we include time 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 countries regardless of the views of her constituents. Third, we include country fixed effects (α_c) to control for country-specific lobbying strategies and institutional as well as other types of distance between the focal country and the U.S., which can influence U.S. politicians' engagement with interest groups from that country. Fourth, we include party-by-semester fixed effects ($\alpha_{I,t}$) to control for time-varying characteristics such as a change in party leadership or stance, the appeal of a party to a country due to common issues of interest, and the like.

In addition to including our rich set of fixed effects, 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 interest groups, and the extent to which interest groups from a specific country need political support in the U.S. Controls in $X_{i,t}$ include (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) exploiting the richness of the FARA data, we also include an indicator for country c's usage of US media for lobbying purposes during semester t (includes 'no usage', 'print' and 'audio/video').

Descriptive Statistics Descriptive statistics for all dependent and independent variables are presented in Table 2. The table highlights substantial variation across key variables. On average, a politician in our sample receives approximately USD 136,000 per year in campaign contributions from local constituencies and USD 651,000 from non-local constituencies. Politicians give an average of 11.2 speeches per semester that mention one of the countries in our sample. Countries contact a given politician an average of 25 times per semester via remote contacts, and hold, on average, 15 in-person meetings per semester.

4 MAIN RESULTS

4.1 Do local constituents punish the politicians connected to shocked countries?

Table 3 uses campaign contributions around country shocks to measure how constituents respond to politicians' foreign ties. The results are robust across different model specifications and support the punishment hypothesis.

Panel A focuses on contributions from *local donors*, our preferred measure of constituent support. Before the shock, politicians who are strongly connected to the affected country receive *more* contributions from *local donors* than those with weaker ties, as indicated by the positive coefficient on $Conn_{i,c}$. After the shock, however, this advantage fades: contributions from *local donors* to strongly connected politicians decline more than their contributions to weakly connected politicians. In fact, contributions to weakly connected politicians increase after the shock, as captured by the positive coefficient on $Post_{c,t}$.

Panel B looks at contributions from *non-local donors*. The patterns are directionally similar but weaker: the effects of the shock are smaller and not statistically

significant, suggesting that *local donors* are more sensitive to foreign policy concerns.

4.2 Does the support of politicians to foreign interest groups change after a shock?

Next, we estimate Equation (1) using politicians' sentiment towards foreign interest groups as the dependent variable. Table 4 presents the results. The estimates are robust across specifications and show that politicians with a strong prior relationship with the shocked country are less willing than others to help them navigate the shock.

As expected, before the shock, strongly connected politicians speak more positively about the foreign country than weakly connected ones. After the shock, however, this "sentiment premium" of the strongly connected politicians decreases significantly and nearly disappears: while the sentiment of weakly connected politicians towards the country increases sharply after the shock (the estimated coefficient on $Post_{c,t}$ is positive), the sentiment of strongly connected politicians increases much less (the interaction coefficient is negative).

These findings suggest that when foreign interest groups seek additional political support in response to a shock, only those politicians who are less tied to the country—and therefore less vulnerable to constituent backlash—step up to help.

4.3 Do politicians shut down communications with foreign interest groups after a shock?

Table 5 presents the results from estimating Equation (1), using as dependent variables the number of in-person meetings (panel A) and the number of remote contacts (panel B). The findings suggest that country shocks change how politicians and foreign interest groups communicate, but do not interrupt their communication altogether.

As expected, Panel A shows that before the shock, strongly connected politi-

cians have more frequent in-person meetings with the foreign country than weakly connected ones. After the shock, however, this gap narrows. In particular, while in-person meetings between country lobbyists and weakly connected politicians increase sharply relative to the pre-shock period, those meetings with strongly connected politicians increase much less.

Panel B, which looks at remote contacts, shows the opposite pattern: before the shock, strongly and weakly connected politicians had similar levels of remote communication. After the shock, however, the gap widens significantly: remote contacts with strongly connected politicians increase much more than those with weakly connected ones. In fact, remote contacts with weakly connected politicians decline after the shock.

These shifts in communication align with the earlier sentiment results and suggest that foreign interest groups adjust their lobbying strategies in response to rising political risk. After a country's reputation takes a hit, they use more direct channels—like in-person meetings—with weakly connected politicians, who are less likely to face backlash from constituents. In contrast, they use less visible methods—like remote contacts —to reach politicians who face higher political risk. This strategy allows those politicians to stay connected with foreign actors while reducing the risk of public or voter backlash.

4.4 Robustness Exercises

4.4.1 Parallel Trends

Perhaps the most critical assumption in difference-in-differences estimation is the parallel trends assumption. Figure A.9 provides visual evidence—using both TWFE and more recent methods designed for staggered adoption settings (Borusyak et al., 2023)—that this assumption holds in our context.[20]

4.4.2 Election Outcomes

We have shown that local constituencies penalize politicians with strong ties to countries that experience negative shocks. However, this is not the only potential channel through which support may decline. In this subsection, we examine whether such ties also lead to electoral consequences in the form of reduced vote shares and lower election probabilities.

Table A.4 presents the results of this analysis, which are directionally consistent with those in Table 3. Politicians strongly connected to shocked countries receive fewer votes and face a decreased likelihood of election following the shock.[21]

4.4.3 Investigating the heterogeneity of shocks

One potential concern with our baseline analysis is that it treats heterogeneous shocks as if they were identical, raising the possibility that our results are driven by a few specific countries or events.

To address this, we conduct two robustness exercises. In the first one, we re-estimate our regressions while sequentially excluding each country from the set of shocks. As shown in Figure A.10, the results remain broadly consistent, suggesting that no single country disproportionately drives the observed effects on campaign contributions, speech sentiment, or lobbying contacts.

We note, however, that excluding Iraq has a more noticeable impact. This shock contributes approximately 30% to the total observations.[22] Therefore, although the point estimates of the coefficients remain broadly stable, omitting it from the regression leads to a measurable decline in the model's statistical power, evidenced by an increase in the standard errors.

In the second exercise, we sequentially exclude each individual shock listed in Table 1. The results, presented in Figure A.11, confirm the robustness of our main

findings.

4.4.4 Does foreign lobbying change the influence to the media around the shocks?

Foreign governments may respond to shocks not only through lobbying but also by increasing their media activity. Figure A.12 shows that countries experiencing a shock expand their media presence in the first year following the event, potentially as an alternative strategy to manage reputational damage. However, due to limited data on the content of this coverage, we cannot fully interpret the nature or intent of this increase.

4.4.5 Selection of shocks

Table A.3 presents robustness checks using alternative criteria to define the occurrence of multiple shocks to the same country. Panel (A) restricts attention to shocks to the same country that are at least two years apart. Panel (B) restricts attention to same-country shocks that are at least four years apart. Lastly, Panel C restricts attention to each country's first shock. The results of these robustness exercises are entirely consistent with our main findings.

Table A.5 presents robustness checks using alternative salience criteria for identifying country shocks based on media coverage. Panel A restricts the sample to events in the top 20% of overall press mentions and the bottom 20% of sentiment. Panel B applies a stricter cutoff—top 15% of mentions and bottom 15% of sentiment. Both panels use the same country-specific thresholds (10%). Panel C, in contrast, focuses on the top 5% of country-specific mentions and bottom 5% of country-specific sentiment, while holding overall media exposure and sentiment thresholds at 25%. The results remain broadly consistent with the main findings, with Panels A and B more closely aligned with the baseline estimates than Panel C.

4.5 Discussion

Our empirical analysis shows ambivalent results. On the one hand, politicians strongly connected to foreign countries that received reputational shocks are punished by constituents and are more reluctant to support those countries in their speeches. These findings are consistent with a view of local constituents as a constraint on (foreign) interest groups' political influence. On the other hand, our data suggest that the threat of constituents' punishment does not suffice to prevent collaborations between foreign countries and domestic politicians. First, politicians with prior ties to a shocked country decrease their support to that country in their speeches, and politicians with weak prior ties appear to even *increase* their support. Second, neither type of politician reduces its contacts with shocked foreign countries – instead, we observe that politicians with strong prior ties move towards remote contacts, while politicians with weaker ties move towards in-person ones.

We conclude by offering a theoretical interpretation of our findings. Drawing on a simple model, we show that the empirical results are consistent with the view that politicians renegotiate and adapt their relational contracts with foreign principals in response to negative shocks.

5 THEORETICAL INTERPRETATION OF THE RESULTS

5.1 A model of politician-country relationships

There are two players - a politician P (she) and an interest group F (he). Both players are risk-neutral, live forever, and discount next-period payoffs at the common factor $\delta \in (0, 1]$. Time proceeds in discrete periods: $t = \{1, 2, ...\}$. In every period, P has influence over a policy that benefits F, who therefore seeks the politician's

support to advance such policy. The policy is approved with probability sb, where $s \in [0,1]$ is the effort P exerts to support the policy at personal cost $\frac{s^2}{2}$, and $b \in [0,1]$ is the productivity of such effort. If the policy is approved F receives a benefit, which we normalize to one for simplicity. Given our empirical setting, we interpret s as the enthusiasm with which P speaks about F in public committee hearings, which may in turn increase the likelihood that other committee members will support F's preferred policy. Consistent with this interpretation, we assume F observes s.

The per period expected utilities of P and F and their joint expected surplus (gross of any payments between the parties) are, respectively:

$$u(s) = -\frac{s^2}{2}, \quad \pi(s) = sb, \quad \text{and} \quad V(s) = u(s) + \pi(s) = sb - \frac{s^2}{2}.$$

The jointly optimal effort is $s^* = argmax\{V(s)\} = b$. In the absence of incentives, however, P will exert zero effort. It is therefore natural for F to seek an agreement with P that motivates her to exert an effort level as close as possible to s^*.

5.2 Formation of relationships

While F cannot formally contract with P over her support – buying political influence is typically not permitted by the law, – she may attempt to enter a "relational incentive contract" with her – that is, a self-enforcing agreement where F promises to transfer utility to P in each period in exchange for support, and the exchange is a subgame perfect equilibrium of the repeated game between the two parties (Baker et al., 1994, 2002). In our context, utility transfers from F to P may take the form of monetary payments as well as campaign contributions (Grossman and Helpman, 1994) and the transfer of information and expertise to politicians (Hall and Deardorff, 2006; Blumenthal, 2023; Schnakenberg and Turner, 2024). We restrict attention to

monetary transfers to keep the model as simple and tractable as possible.

It follows from the folk theorem and from standard repeated game theory (Levin, 2003) that so long as F and P are patient (i.e., δ is high enough), they can sustain any desired effort level through a relational contract. Since this point is well understood, we simplify our exposition by assuming $\delta = 1$, such that if F and P choose to enter a relational contract, they will agree on the efficient policy-supporting effort s^* in every period. In Appendix C, we formally characterize the optimal relational contract for all values of δ.

To incorporate contacts between the politician and the interest group – one of the outcomes of interest in our empirical analysis – into the model, we assume a relational contract requires F and P to communicate in each period. Communication may be necessary, for instance, to ensure that P correctly understands how much support F needs and on what policy, and that both parties have a shared understanding of the compensation F owes P in exchange for her support.[23] We allow for two modes of contact, in person and remote, and following the social psychology literature (Roghanizad and Bohns, 2017; Bohns, 2017; Roghanizad and Bohns, 2022), we assume an in-person contact is more effective than a remote one. We model this insight by assuming the per period cost of effective in-person communication is $\underline{\kappa} > 0$, whereas the cost of remote communication is $\bar{\kappa} > \underline{\kappa}$.[24] We further assume that while it is more cumbersome to communicate remotely than in person, the cost premium is not prohibitive: $\bar{\kappa} < 2\underline{\kappa}$.

Given these assumptions, if F and P decide to enter a relational contract, they will prefer to communicate in person rather than remotely. Moreover, F and P will enter such a contract if and only if P's political support is valuable enough to F – that is, if

$$V(s^*) > \underline{\kappa}, \quad \text{or} \quad b^2 > 2\underline{\kappa}.$$

If this condition is satisfied, F and P communicate in person every period, after which P exerts the efficient effort s^*. If instead $b^2 < 2\underline{\kappa}$, no contact between F and P occurs and P exerts zero effort. This result is consistent with our empirical observation that prior to a shock, a given foreign country maintains more frequent contacts with certain US politicians than others (we have used this variation to categorize politicians as weakly versus strongly connected to a country). Moreover, the model is consistent with Table 4, which shows that before a shock occurs, the politicians who maintain more frequent contacts with a given foreign country (strongly connected) support it more enthusiastically in their speeches than the politicians with less frequent contacts (weakly connected).

5.3 Effect of a shock on relationships

Our empirical analysis investigates how the relationship between US politicians and a foreign interest group changes after an unforeseen shock deteriorates the image of that group's country in the US. In modeling this shock here, we consider three natural consequences of an interest group's loss of reputation.

First, the shocked interest group may face increased political hostility: new policy proposals may be advanced that aim to damage that group. Second, our empirical results on sentiment suggest that politicians may be more reluctant to support the interest group for fear that their constituents will punish them for that (through a reduction in campaign contribution, a withdrawal of votes, or both). Third, our finding that media are more likely to jointly mention a politician and a foreign interest group when the two have a prior connection suggests that constituents may scrutinize politicians strongly connected to a shocked country more than weakly connected ones.

To model the first feature of a shock (adverse policies), we assume that in every post-shock period, P's effort generates a double benefit for F: (1) as before, it in-

creases the probability sb that a favorable policy is approved; (2) additionally, P's effort decreases the probability $1 - sb$ that a new, unfavorable policy is approved.[25] We capture the second feature of a shock (constituents' punishment) and the third feature (pre-existing relationships increase punishment) by assuming that if P exerts effort s to support F, constituents inflict a disutility $\frac{\theta s^2}{2}$ on her if P and F have entered a relational contract before the shock (where $\theta > 0$ measures the size of constituents' punishment), and a lower disutility (normalized to zero for simplicity) if P and F have no prior relationship. Relatedly, we assume that if P meets F in person after the shock, constituents inflict on her a disutility θ if she has a prior relationship with F, and zero otherwise. No punishment occurs if the contact is remote.[26]

Given these assumptions, if F and P do not have a prior relationship and decide to start one after the shock, they meet in person in every post-shock period. This is consistent with our empirical finding in Table 5: politicians who are weakly connected to a foreign country meet its lobbyists in person more often after a shock, whereas they do not engage in more frequent remote contacts with them. If instead F and P have a prior relationship and decide to continue it, they communicate in person in the post-shock periods if $\theta < \bar{\kappa} - \underline{\kappa}$, and remotely if constituents' punishment is strong enough ($\theta > \bar{\kappa} - \underline{\kappa}$). Table 5 is consistent with the latter scenario as it shows that following a shock, foreign countries have fewer in-person meetings and more frequent remote contacts with the politicians strongly connected to them, relative to the pre-shock period. In the remainder of the model, we therefore assume that $\theta > \bar{\kappa} - \underline{\kappa}$.

To determine under what conditions F and P choose to be in a relational contract after the shock, and how much effort P exerts to support F relative to the pre-shock scenario, we must define the post-shock gross per period utilities of P and F and

their joint surplus. These are given, respectively, by

$$u^S(s) = -\frac{(1+r\theta)s^2}{2}, \quad \pi^S(s) = 2sb - 1, \quad \text{and} \quad V^S(s) = u^S(s) + \pi^S(s),$$

where $r \in \{0,1\}$ is an indicator for whether F and P were in a relationship before the shock ($r = 1$) or not ($r = 0$). The post-shock efficient effort is

$$s^{S*} = argmax\{V^S(s)\} = \frac{2b}{1+r\theta} > 0,$$

which generates surplus $V^S(s^{S*}) = \frac{2b^2-(1+r\theta)}{1+r\theta}$.

Our first result is that after the shock, P may switch from not having a relationship with F to having one. To see this, notice that if P and F do not have a prior relationship ($r = 0$), they will enter one after the shock if and only if $V^S(s^{S*}) - \underline{\kappa} > -1$, that is, if $b^2 > \frac{\kappa}{2}$. The proposition below immediately follows from this result.

Proposition 1. *Suppose $b^2 < 2\underline{\kappa}$, such that P and F do not enter a relational contract before the shock. Then, P and F continue not to have a relationship after the shock, and P continues to exert zero effort in each period, if P's productivity is very low ($b^2 \in (0, \frac{\kappa}{2})$). At higher levels of P's productivity ($b^2 \in (\frac{\kappa}{2}, 2\underline{\kappa})$), P and F establish a relationship, and as a result, they switch from no communication to in-person communication, and P's per period effort switches from zero to s^{S*}.*

The intuition behind Proposition 1 is simple: absent constituents' punishment, the shock has the sole effect of increasing P's and F's gains from having a relationship (because P's support now contributes both to get the favorable policy approved and to deter the hostile one).

Suppose now that F and P did enter a relationship prior to the shock ($r = 1$), that is, $b^2 > 2\underline{\kappa}$. After the shock, P continues such relationship if and only if the

constituents' punishment is not too strong, that is, if $V^S(s^{S*}) - \bar{\kappa} > -1$. This condition can be rewritten as

$$\theta < \frac{2b^2 - \bar{\kappa}}{\bar{\kappa}} = \bar{\theta}.$$

If $\theta > \bar{\theta}$, P and F exit their relationship after the shock, and P's effort drops from s^* to zero. If instead $\theta < \bar{\theta}$, P and F continue their relationship and switch from in-person to remote communication. Moreover, in this new relational contract P's equilibrium effort increases, relative to the pre-shock scenario, if and only if $s^{S*} > s^*$, that is, if $\theta < 1$. Intuitively, P increases her effort if the extra benefit (shielding the new adverse policy) offsets the extra cost (constituents' punishment).

It is easy to check that $\bar{\theta} > 1 > \bar{\kappa} - \underline{\kappa}$.[27] This proves the following proposition.

Proposition 2. *Suppose $b^2 > 2\underline{\kappa}$, such that P and F enter a relational contract before the shock. After the shock, at low-enough constituents' punishment levels ($\theta \in (\bar{\kappa} - \underline{\kappa}, 1)$), P continues to have a relationship with F, switches from in-person to remote communication with him, and increases her political support relative to the pre-shock periods. At intermediate punishment levels ($\theta \in (1, \bar{\theta})$), P continues to have a relationship with F and switches from in-person to remote communication, while decreasing her political support relative to the pre-shock periods. Lastly, at high-enough punishment levels ($\theta > \bar{\theta}$), P and F terminate their relationship and P's effort drops to zero.*

Proposition 2 shows that the unforeseen shock destroys the collaboration and communication between P and F only when the threat of constituents' punishment completely dominates the gains from the relationship ($\theta > \bar{\theta}$). Outside of this extreme scenario, P and F maintain their relationship after the shock, while adjusting their communication mode (from in person to remote) and the scope of their collaboration (P's supporting effort level) to balance the benefits and the costs.

The theoretical model above is consistent with all of the empirical results from Section 4. First, the fact that US politicians having strong past connections to a shocked foreign country lose more campaign contributions than the weakly connected ones (Table 3) is consistent with the key premise of our theory – namely, that prior relationships expose politicians to constituents' punishment. Second, the fact that strongly connected politicians show less enthusiasm than the weakly connected ones in supporting the shocked country in their speeches (Table 4) is consistent with our theoretical predictions: while politicians lacking a prior relationship with the foreign country weakly increase their support after a shock (Proposition 1), there is a region (high-enough θ) where the politicians having such prior relationship decrease their support in order to reduce constituents' punishment (Proposition 2). Third, the fact that weakly (strongly) connected politicians are more likely than strongly (weakly) connected ones to meet the shocked country's lobbyists in person (remotely), as shown in Table 5, is consistent with our model's view that the optimal contact mode trades off communication effectiveness (which favors in-person meetings) against visibility and salience to constituents (which favors remote contacts).

6 CONCLUSION

We empirically investigated whether local constituents constrain the behavior of politicians towards special interest groups. Using new FARA data on lobbying contacts and politicians' speeches, we demonstrated that when the reputation of a foreign country deteriorates, politicians closely connected to that country's interest groups experience reduced campaign contributions from their constituents and are less enthusiastic in supporting the tainted country in their speeches, relative to weakly connected politicians. At the same time, we observed that shocked countries maintain

contacts with politicians after the shock, that weakly connected politicians increase their support to those countries, and that even strongly connected politicians do not completely withdraw their support. These findings highlight the complexity of political dynamics under external pressures: while constituents appear to place some constraints on interest groups' influence, these constraints may be limited by their ongoing relationships with politicians.

We conclude the paper by highlighting a few limitations of our empirical analysis, which may provide opportunities for future work. First, while we focus on US politicians for data availability reasons, it would be important for future research to investigate the validity of our results in non-US contexts such as the European Union. Second, this paper focused on how politicians and their constituents respond to negative reputational shocks to foreign countries. Future work may investigate whether there are symmetric effects when foreign countries face positive (rather than negative) shocks that improve their perception among local and non-local constituents. Lastly, while our theoretical model shows that there is a parameter region consistent with our evidence, future work may attempt to empirically disentangle the model's different regions from each other. For instance, Proposition 1 implies that when a politician is only marginally useful to the foreign interest group (i.e., in the region where $b^2 \in (0, \frac{\kappa}{2})$), we should observe no relationship formation and no increase in support and in-person meetings after a shock. Additionally, Proposition 2 implies that whether the support of a strongly connected politician goes up or down, and whether her relationship with the foreign interest group survives, after a shock, depends on the strength of constituents' punishment. While we could not identify satisfactory data on how useful a politician is to a given foreign client, and how sensitive constituents are to her relationship with such client, future work may successfully collect such data and further expand our understanding of the collaborative relationships

between politicians and interest groups.

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NOTES

[1]Extensive reviews of the empirical literature on lobbying are provided by de Figueiredo and Richter (2014) and Bombardini and Trebbi (2020).

[2]We will use the term "remote" to refer to FARA entries such as Telephone call, E-mail, Letter, Fax, and use the term "in-person" to refer to FARA entries such as Conference, Speech, Lecture, Event.

[3]The universe of Congressional Hearings has been transcribed and is publicly available on the website https://www.govinfo.gov/app/collection/chrg/. See appendix B.2 for more details.

[4]Hence, we cannot differentiate between speakers with the same occupation and last name. For instance, there may be multiple observations of Senator Smith in the legislators' directory from different states simultaneously, preventing us from uniquely identifying the speaker in our speech data. We drop such ambiguous observations, which account for less than 4% of the panel data observations. For an earlier contribution in the lobbying literature using congressional hearings data see Espinosa (2021).

[5]All contributions reported to the FEC are publicly available on its website (https://www.fec.gov/data/).

[6]A reported individual contribution can be later amended, in which case it appears in the data as a new contribution. We consider the latest amended entry if amendments are present, and the original entry otherwise.

[7]To assign donors' zip-code locations to politicians' congressional districts or states, we use concordance files from 2010 released by the US Census Bureau (see https://www.census.gov/geographies/reference-files/2010/geo/relationship-files.html for more details). We obtain 85% clean matches, losing some observations due to a mismatch between zip-code values in the FEC data and the concordance files.

[8]The data is publicly available at https://electionlab.mit.edu/data.

[9]House elections occur every two years; Senate elections occur every six years.

[10]We selected these years to ensure coverage of both pre- and post-shock periods for each potential shock.

[11]To measure favorableness ratings, we used data from the annual Gallup Poll Social Series Respondent-level dataset on World Affairs (2000-2017), one of the most comprehensive surveys of the US public perception of foreign countries. The Gallup survey asks a representative sample of individuals in the US to rate 43 foreign countries from 1 (very favorable view) to 6 (very unfavorable view). This survey covers ten out of the fifteen shocked countries in our study. Table A.1 provides the summary statistics.

[12]We can use this validation to have a rough idea of Type I errors (false positives). Assuming that a shock occurs whenever there is a measurable, meaningful decrease in U.S. public perception (as captured by Gallup favorableness ratings) our method exhibits a Type I error rate of around 6%.

[13]See https://data.world/govtrack/us-congress-legislators for more details.

[14]We do not consider a longer period because some events occur near the beginning or end of the sample, which would result in unbalanced dynamic estimates across shocks.

[15]We treat each shock experienced by a country as a distinct event and apply the aforementioned procedure independently for each one, thereby obtaining an event-specific measure of the strength of politician-country relationships. Consequently, a politician-country pair may be classified as weakly connected during a 2001 shock, but as strongly connected connection during a 2006 shock, and vice versa. To alleviate concerns about whether subsequent relationships are influenced by earlier shocks, we restrict our analysis to shocks occurring at least three years apart. Media and constituents are relatively present-oriented so it seems reasonable to assume that they use recent evidence to assess

whether a country and a politician are strongly or weakly connected. Additionally, we conduct a robustness check in which for any given country in our shock list, we only include the first shock to that country in our analysis. The results of this exercise are reported in Table A.3 (Panel C), and are entirely consistent with the baseline results presented in section 4 below.

[16]Many studies use designs that combine initial conditions with later exposure to a policy or shock. For instance, Bleakley (2010) looks at how malaria eradication affected outcomes by linking initial malaria levels to exposure to DDT. Duflo (2001) does something similar for school construction, using the number of schools at the start and whether a cohort was exposed. Card and Krueger (2000) use a related approach to test the validity of a difference-in-differences design, comparing changes in employment to the gap between a store's initial wages and the new minimum wage.

[17]Economic models of relational contracts suggest that sustained collaboration requires frequent interaction. For example, relational agreements break down when the parties' discount factor falls below a critical threshold (Baker et al., 1994; Baker et al., 2002). Past interactions also signal the likelihood of future cooperation (Corts and Singh, 2004), and several models show that trust—and thus effective relational contracts—emerges only after sufficiently high levels of prior engagement (Halac, 2012).

[18]We also considered alternative definitions of strong connection and assessed their validity using mentions of politician-country pairs in the press. A first alternative approach defines strong connection between countries and politicians based on a threshold that varies across politicians but not across countries and shocks. When using this definition, the difference in press coverage between strongly and weakly connected pairs is minimal: on average, strongly connected pairs were mentioned 20.6 times in the press, whereas weakly connected pairs were mentioned 20.3 times. A second alternative approach defines strong connection based on a single unconditional threshold that is constant across all politicians, countries, and shocks. When using this approach, the difference in press coverage between strongly and weakly connected pairs is reversed: strongly connected pairs were mentioned, on average, 18.6 times, while weakly connected pairs were mentioned 22.2 times. The third and last alternative approach defines connection strength as the number of pre-shock contacts (a continuous variable). The correlation between pre-shock contacts and joint press mentions is 0.0002, suggesting that the press does not view marginal increases in contacts between a politician and a country as increases in the strength of their mutual connection. Altogether, the evidence suggests that our baseline measure captures politician-country connections that are salient to constituents better than alternative measures.

[19]We drop less than 0.2% of our observations to avoid the issue of logarithm of zero.

[20]The figures do not display a sharp increase or decrease in any specific period following the shock. However, Tables 3,4 and 5 show that the average treatment effect is negative (positive). This is possible because individual post-shock semesters may not show statistically significant effects on their own, yet the pooled post-shock period—benefiting from greater statistical power—yields a significant average effect.

[21]However, these results are less consistent across different fixed-effects specifications, possibly due to challenges in accurately matching politician names across datasets.

[22]Iraq carries disproportionately greater weight in the estimations because, during our sample period, it is common for multiple politicians to mention Iraq repeatedly.

[23]While early models of relational contract assume the players can specify a state-contingent action and compensation schedule ex ante, the more recent literature forcefully emphasizes the importance of ongoing communication and clarity (Gibbons and Henderson, 2012; Gibbons et al., 2023).

[24]It is not important who bears the communication cost given that the parties can split the surplus as they wish by transferring utility to each other. See the Appendix C for the details.

[25]We assume for simplicity that F's loss from the unfavorable policy is equal to her benefit from the favorable policy – that is, to one.

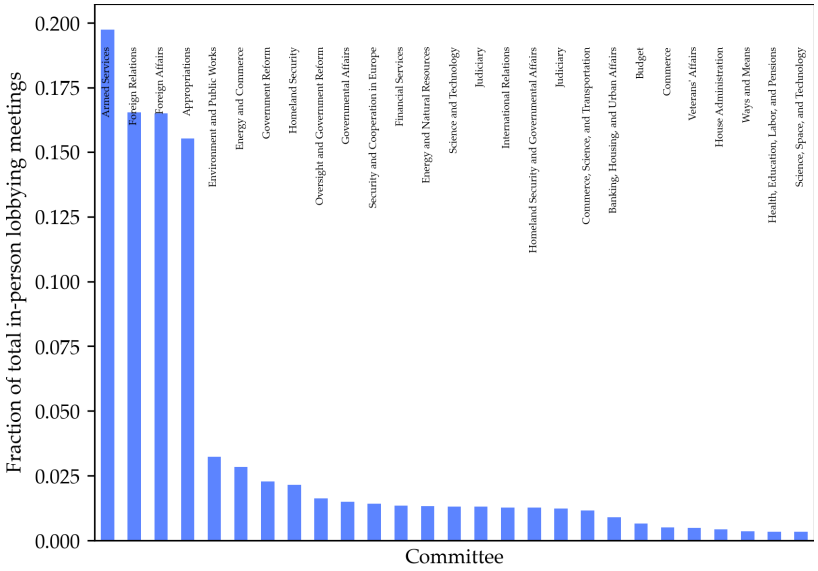
[26]By assuming that constituents punish an in-person meeting more than a remote contact, we capture the idea that meetings (1) are more likely to be noticed by media and reported to constituents, and (2) are stronger evidence of a cozy relationship between F and P because they cannot happen without the politician's active participation. We normalize the punishment associated to a remote contact to zero to keep the notation simple.

[27]After substituting, $\bar{\theta} > 1$ can be written as $b^2 > \bar{\kappa}$. This inequality is satisfied because $b^2 > 2\underline{\kappa}$ (by definition of $r = 1$) and $2\underline{\kappa} > \bar{\kappa}$ (by assumption). Moreover, since $b^2 < 1$, we can write $\bar{\theta} > 1 > b^2 > \bar{\kappa} > \bar{\kappa} - \underline{\kappa}$, which completes the proof.

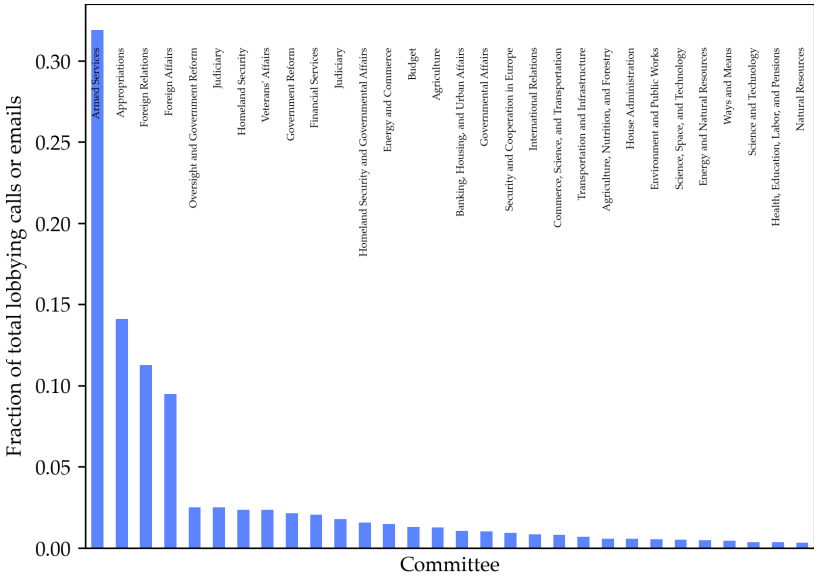
FIGURES

FIGURE 1: Lobbying of foreign organizations across congressional committees

(a) Distribution of in-person meetings



(b) Distribution of remote contacts



Note: This figure displays the distribution of in-person meetings and contacts by remote contacts between lobbyists and politicians, across House committees (Agriculture, Appropriations, Armed Services, Budget, Energy and Commerce, Ethics, Financial Services, Foreign Affairs, Homeland Security, House Administration, Judiciary, Natural Resources, Oversight and Government Reform, Science, Space, and Technology, Transportation and Infrastructure, Veterans' Affairs, Ways and Means) and Senate committees (Agriculture, Nutrition, and Forestry, Appropriations, Armed Services, Banking, Housing, and Urban Affairs, Budget, Commerce, Science, and Transportation, Energy and Natural Resources, Environment and Public Works, Foreign Relations, Health, Education, Labor, and Pensions, Homeland Security and Governmental Affairs, Judiciary, Veterans' Affairs).

TABLES

TABLE 1: List of Shocks by Country and Year-Semester-Month

Country	Year	Semester	Month	Relevant Event
Afghanistan	2001	2	09	Post-9/11 Taliban links with al-Qaeda
Afghanistan	2002	1	04	Post-9/11 Escalation military effort against Taliban and al-Qaeda
Cyprus	2013	1	03	Financial crisis and banking system collapse
Egypt	2001	2	10	Post-9/11 potential Egyptian ties to Islamist extremism
Egypt	2006	2	07	Egypt diplomatically involvement in the escalation of conflict between Israel and Hezbollah
Egypt	2013	2	08	Violent crackdowns after ousting of President Mohamed Morsi
France	2003	1	03	Opposition to U.S. invasion of Iraq
Germany	2003	1	03	Opposition to U.S. invasion of Iraq
Hong Kong	2003	1	04	SARS epidemic
Hong Kong	2003	1	05	SARS epidemic
Iran	2006	2	07	Iran's nuclear enrichment activities
Iran	2006	2	08	Iran's nuclear enrichment activities
Iraq	2003	1	03	U.S.-led invasion and subsequent instability
Iraq	2004	1	05	Escalation in violence (battles in Najaf and Fallujah, and the Abu Ghraib prison scandal)
Netherlands	2006	1	03	Hofstad Group extremist terror activities
Pakistan	2001	2	09	Post-9/11 alleged support for al-Qaeda
Pakistan	2001	2	10	Post-9/11 alleged support for al-Qaeda
Pakistan	2002	1	01	Terrorists kidnapped and murdered of US journalist
Pakistan	2002	1	04	Intensified tensions with India
Pakistan	2002	1	06	Intensified tensions with India
Pakistan	2005	2	07	London terrorists attack linked to groups trained in Pakistan
Pakistan	2005	2	10	Kashmir Earthquake
Pakistan	2006	2	08	U.S. criticism increases over Pakistan's handling of terrorism and Taliban resurgence
Qatar	2003	1	04	Al Jazeera's controversial coverage of the Iraq War
Saudi Arabia	2001	2	09	Saudi nationals in 9/11 attacks
Saudi Arabia	2001	2	10	Saudi nationals in 9/11 attacks
Saudi Arabia	2001	2	11	Saudi nationals in 9/11 attacks
Saudi Arabia	2003	1	05	Al-Qaeda linked terrorist attacks in Riyadh
Spain	2004	1	03	Madrid terrorist bombings linked to al-Qaeda
Turkey	2003	1	02	Rejection of U.S. request to deploy troops for Iraq invasion
Turkey	2003	1	03	Rejection of U.S. request to deploy troops for Iraq invasion
Turkey	2003	1	04	Rejection of U.S. request to deploy troops for Iraq invasion
Turkey	2006	1	01	Bird flu (avian influenza) outbreak

Note: This table reports the countries and months in which shocks were identified by our procedure. The third column describes the key event associated with the shock. The highlighted rows indicate the final list of shocks used in our baseline analysis.

TABLE 2: Descriptive Statistics

Variables	Mean	Std. Dev.	Min	Max	25th Pctl.	75th Pctl.
Outcome variables						
local individual campaign contributions (in thousand USD)	136.21	404.12	0.2	8991.58	5.00	123.41
non-local individual campaign contributions (in thousand USD)	651.73	1658.39	0.00	14500.00	57.80	449.12
speech sentiment	0.49	0.58	-1	1	0.20	0.98
in-person # lobbying contacts	15.70	54.45	0.00	1443.00	0.00	5.00
# lobbying contacts by calls/emails	25.71	80.06	0.00	2570.00	0.00	20.00
Explanatory variables						
strong connection (dummy)	0.96	0.20	0	1	1	1
post (dummy)	0.81	0.39	0	1	1	1
Control variables						
chairman (dummy)	0.09	0.28	0	1	0	0
majority in chamber (dummy)	0.50	0.50	0	1	0	1
lobbyist's media usage (categorical)	0.62	0.60	0	2	0	1
ln(bilateral trade volume)	8.72	1.73	0.18	12.07	8.19	9.68

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. The categorical variable lobbyist's usage of media takes value 0 for no media usage, 1 for print media usage, and 2 for audio/video media usage.

TABLE 3: Effect of country shocks on campaign contributions

	(1)	(2)	(3)	(4)
Outcome: Panel A: natural log of local campaign contributions				
strong connection	1.921***	1.921***	1.736***	1.736***
	(0.686)	(0.686)	(0.650)	(0.650)
post	1.592**	1.592**	1.463*	1.463*
	(0.803)	(0.803)	(0.751)	(0.751)
strong connection × post	-1.691**	-1.691**	-1.572**	-1.572**
	(0.773)	(0.773)	(0.722)	(0.722)
Observations	1,620	1,620	1,620	1,620
R-squared	0.537	0.537	0.556	0.556
mean(y)	9.923	9.923	9.923	9.923
sd(y)	2.091	2.091	2.091	2.091
Outcome: Panel B: natural log of non-local campaign contributions				
strong connection	0.359	0.359	0.363	0.363
	(0.442)	(0.442)	(0.484)	(0.484)
post	-0.0193	-0.0193	0.00425	0.00425
	(0.567)	(0.567)	(0.551)	(0.551)
strong connection × post	-0.0145	-0.0145	-0.00598	-0.00598
	(0.532)	(0.532)	(0.514)	(0.514)
Observations	1,437	1,437	1,437	1,437
R-squared	0.512	0.512	0.545	0.545
mean(y)	11.33	11.33	11.33	11.33
sd(y)	2.035	2.035	2.035	2.035
time period	year	year	year	year
time FE	✓	✓	-	✓
politician FE	✓	✓	✓	✓
country FE	✓	✓	✓	✓
party FE	-	✓	-	-
party × time FE	-	-	✓	✓
$controls_{it}$	✓	✓	✓	✓
$controls_{ct}$	✓	✓	✓	✓

SE clustered by politician

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

Note: This table reports regressions of campaign contributions to politicians from individuals belonging to the politician's constituency of candidacy – district for Representatives and state for Senate – (Panel A), and campaign contributions to politicians from individuals not belonging to the politician's constituency of candidacy (Panel B), on the following variables: (a) whether a country shock occurs (post), (b) whether the politician is strongly connected to the shocked country (strong connection), and the interaction between (a) and (b). The first column has politician, country, and time-fixed effects. The second column has in addition party-fixed effects. Column 3 has politician, country, and the interaction of party and time-fixed effects. Finally, column 4 re-adds time-fixed effects, in addition to column 3. All columns include controls for whether a politician is part of the majority party in the chamber and whether a politician is the chairman of the hearing committee at the politician × time level, and for the usage of media by the lobbying country and log of trade volume between US and lobbying country at the country × time level. Each unit in the sample is observed at the politician × country × time (year) level. The table also reports the pre-shock mean and standard deviation of the outcome variable for the connected politicians' group. Standard errors are clustered at the politician level.

TABLE 4: Effect of country shocks on sentiment in politicians' speeches

	(1)	(2)	(3)	(4)
Outcome: natural log of (1+sentiment)				
strong connection	0.769**	0.769**	0.809**	0.809**
	(0.334)	(0.334)	(0.341)	(0.341)
post	0.822**	0.822**	0.862**	0.862**
	(0.331)	(0.331)	(0.335)	(0.335)
strong connection × post	-0.782**	-0.782**	-0.821**	-0.821**
	(0.338)	(0.338)	(0.342)	(0.342)
Observations	11,030	11,030	11,027	11,027
R-squared	0.139	0.139	0.147	0.147
mean(y)	0.0193	0.0193	0.0193	0.0193
sd(y)	1.503	1.503	1.503	1.503
time period	semester	semester	semester	semester
time FE	✓	✓	-	✓
politician FE	✓	✓	✓	✓
country FE	✓	✓	✓	✓
party FE	-	✓	-	-
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by politician

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

Note: This table reports regressions of politician sentiment (in logs) in congressional hearings on the following variables: (a) whether a country shock occurs (post), (b) whether the politician is strongly connected to the shocked country (strong connection), and the interaction between (a) and (b). The first column has politician, country, and time-fixed effects. The second column has in addition party-fixed effects. Column 3 has politician, country, and the interaction of party and time-fixed effects. Finally, column 4 re-adds time-fixed effects, in addition to column 3. All columns include controls for whether a politician is part of the majority party in the chamber and whether a politician is the chairman of the hearing committee at the politician × time level, and for the usage of media by the lobbying country and log of trade volume between US and lobbying country at the country × time level. Each unit in the sample is observed at the politician × country × time (year) level. The table also reports the pre-shock mean and standard deviation of the outcome variable for the connected politicians' group. Standard errors are clustered at the politician level.

TABLE 5: Effect of country shocks on lobbying contacts

	(1)	(2)	(3)	(4)
Outcome: Panel A: in-person meetings				
strong connection	9.725	9.725	9.507	9.507
	(6.975)	(6.976)	(7.003)	(7.003)
post	13.33**	13.33**	13.09**	13.09**
	(5.828)	(5.828)	(5.965)	(5.965)
strong connection × post	-9.305	-9.305	-9.146	-9.146
	(5.734)	(5.735)	(5.862)	(5.862)
Observations	11,032	11,032	11,029	11,029
R-squared	0.305	0.305	0.308	0.308
mean(y)	23.43	23.43	23.43	23.43
sd(y)	55.69	55.69	55.69	55.69
Outcome: Panel B: calls/e-mails				
strong connection	0.356	0.356	0.0274	0.0274
	(7.929)	(7.930)	(8.186)	(8.186)
post	-9.134*	-9.134*	-9.943*	-9.943*
	(4.979)	(4.979)	(5.420)	(5.420)
strong connection × post	21.96***	21.96***	22.85***	22.85***
	(6.045)	(6.046)	(6.678)	(6.678)
Observations	11,032	11,032	11,029	11,029
R-squared	0.231	0.231	0.233	0.233
mean(y)	16.24	16.24	16.24	16.24
sd(y)	43.74	43.74	43.74	43.74
time period	semester	semester	semester	semester
time FE	✓	✓	-	✓
politician FE	✓	✓	✓	✓
country FE	✓	✓	✓	✓
party FE	-	✓	-	-
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by politician

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

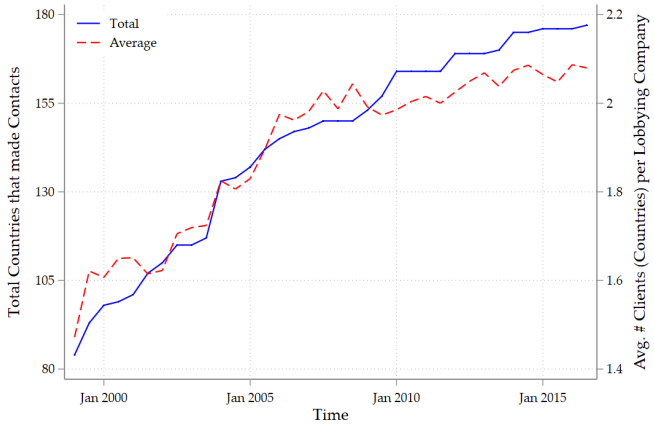
Note: This table reports regressions of number of in-person contacts (Panel A), and number of remote contacts (Panel B) on the following variables: (a) whether a country shock occurs (post), (b) whether the politician is strongly connected to the shocked country (strong connection), and the interaction between (a) and (b). The first column has politician, country, and time-fixed effects. The second column has in addition party-fixed effects. Column 3 has politician, country, and the interaction of party and time-fixed effects. Finally, column 4 re-adds time-fixed effects, in addition to column 3. All columns include controls for whether a politician is part of the majority party in the chamber and whether a politician is the chairman of the hearing committee at the politician × time level, and for the usage of media by the lobbying country and log of trade volume between US and lobbying country at the country × time level. Each unit in the sample is observed at the politician × country × time (year) level. The table also reports the pre-shock mean and standard deviation of the outcome variable for the connected politicians' group. Standard errors are clustered at the politician level.

ONLINE APPENDIX for *Sleeping with the enemy? How constituents constrain politicians' behavior towards interest groups*

A ADDITIONAL FIGURES AND TABLES

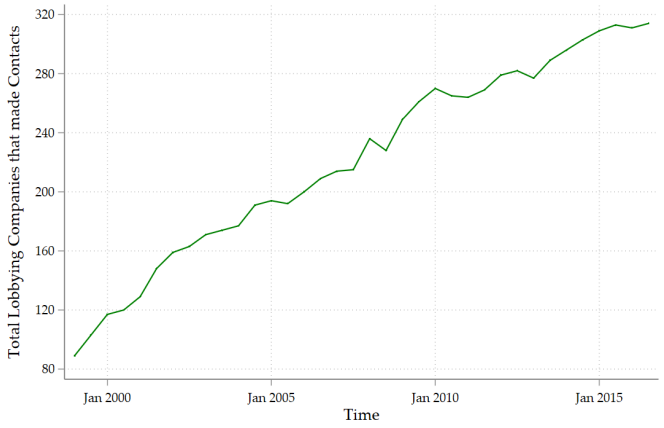
Figures

FIGURE A.1: Lobbying behavior of countries over time



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. The sample size is equal to 36 semi-annual observations from January 1999 to July 2016.

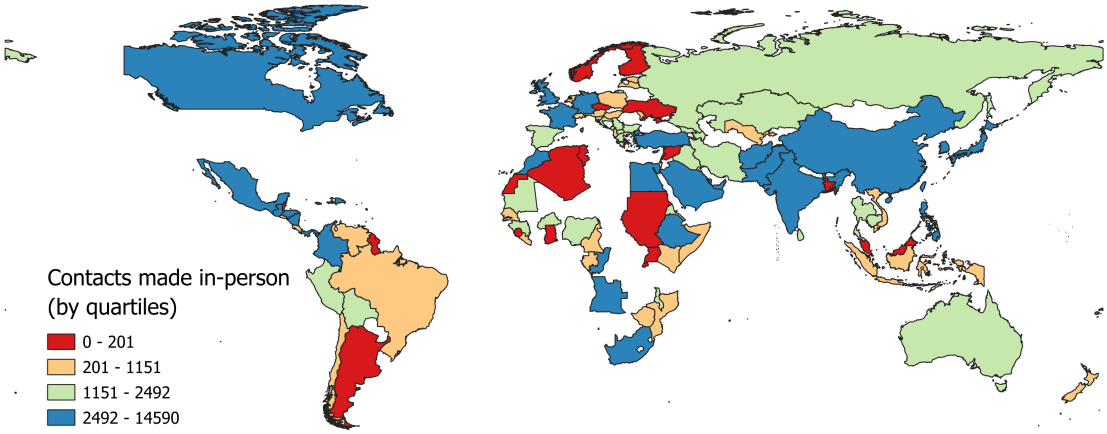
FIGURE A.2: Lobbying behavior of companies hired by countries over time



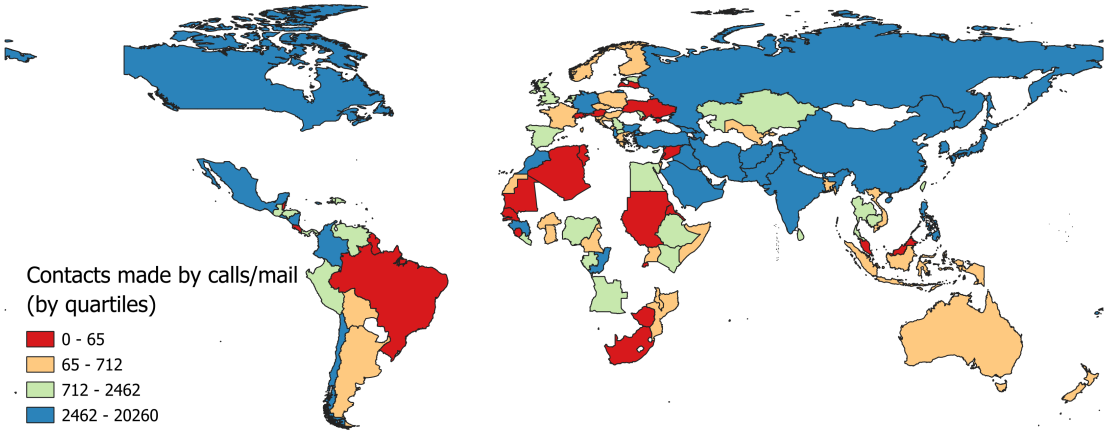
Note: This figure displays the number of lobbying companies that made at least one contact on behalf of a foreign client during a given semester. The unit of observation is semester. The sample size is equal to 36 semi-annual observations from January 1999 to July 2016.

FIGURE A.3: Lobbying behavior of countries, by contacts made

(a) by in-person contacts

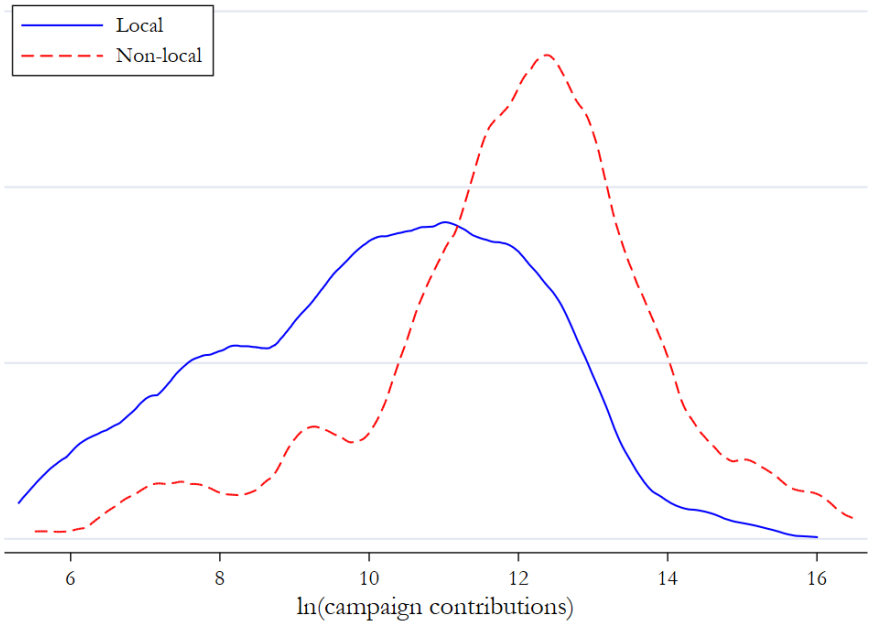


(b) by remote contacts



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.4: Distribution of campaign contribution received by politicians

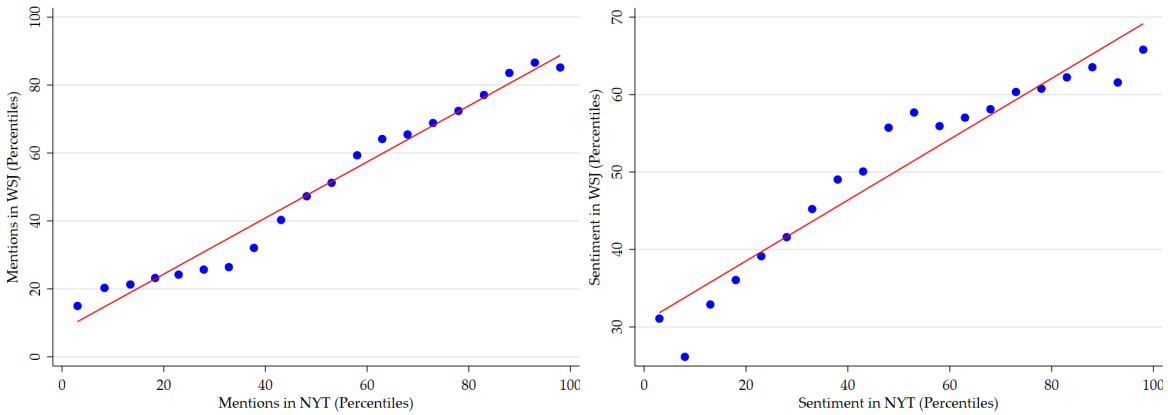


Note: This figure displays the density plot of the natural log of local and non-local contribution received by politicians for their campaigns during the years 1998-2016.

FIGURE A.5: The New York Times vs. The Wall Street Journal

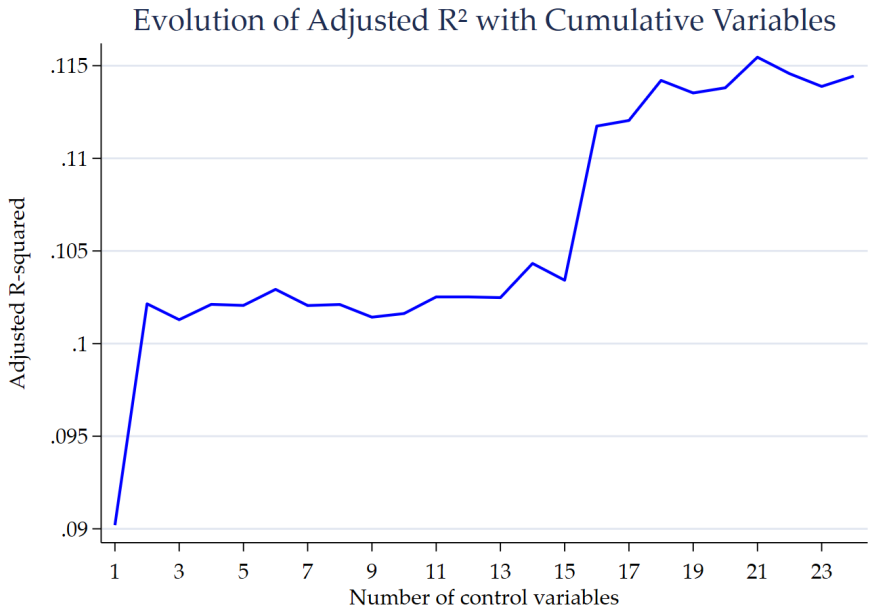
(a) Mentions

(b) Sentiment



Note: Panel (a) displays a binscatter plot illustrating the relationship between the percentiles of mentions (country-month level) in NYT and WSJ, while panel (b) shows a binscatter plot of the relationship between NYT and WSJ sentiment percentiles (country-month level).

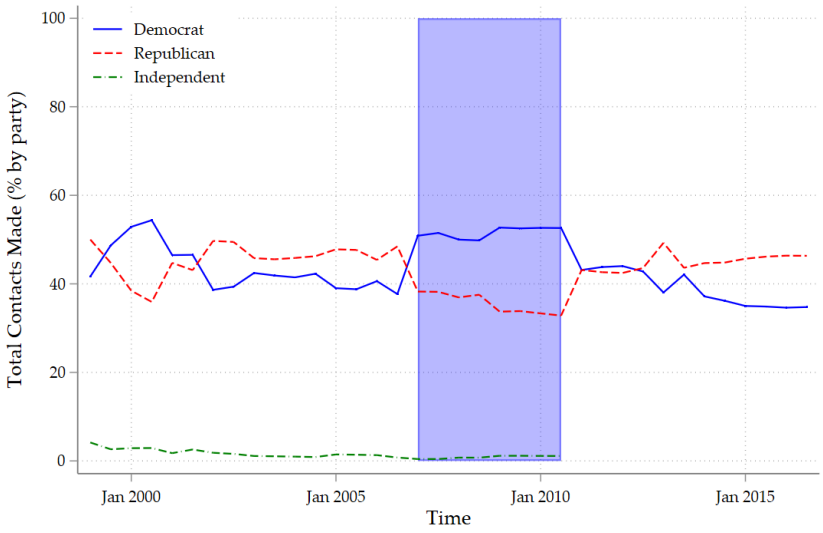
FIGURE A.6: The (lack of) predictability of country shocks



Note: This figure displays the R-squared value of regressions where control variables are incrementally included to predict the shocks to countries in our sample.

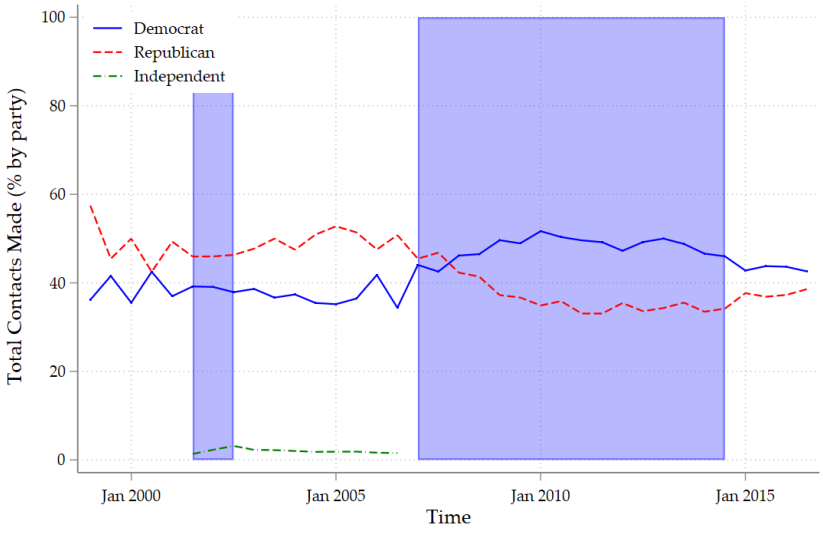
FIGURE A.7: Partisanship (for the countries affected by a reputational shock)

(a) Chamber: House



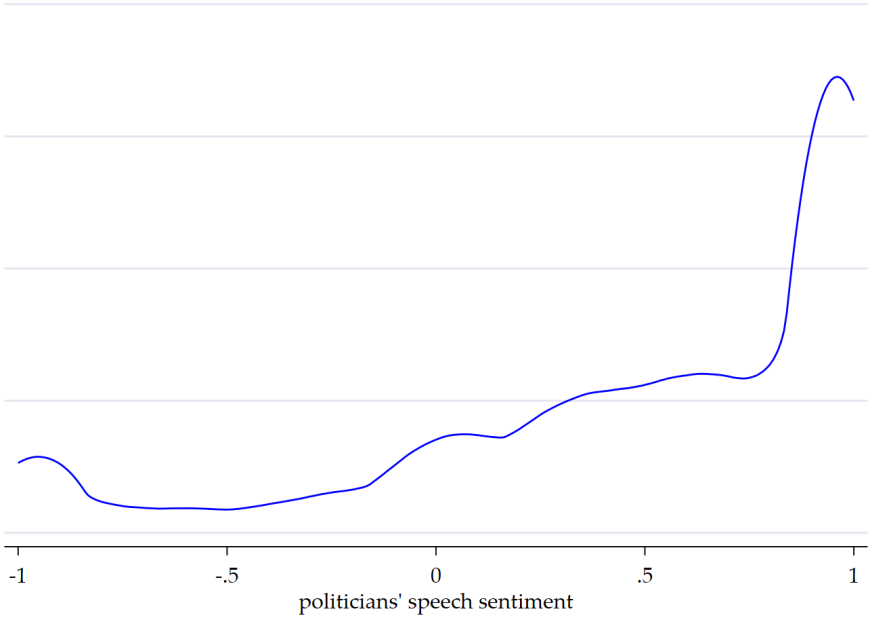
Note: This figure reports the party preferences exhibited by shocked countries when contacting members of the House. The blue background denotes periods in which there was a Democrat majority. The sample consists of 36 country-semester observations from January 1999 to July 2016.

(b) Chamber: Senate



Note: This figure reports the party preferences exhibited by shocked countries when contacting members of the Senate. The blue background denotes periods in which there was a Democrat majority. The sample consists of 36 country-semester observations from January 1999 to July 2016..

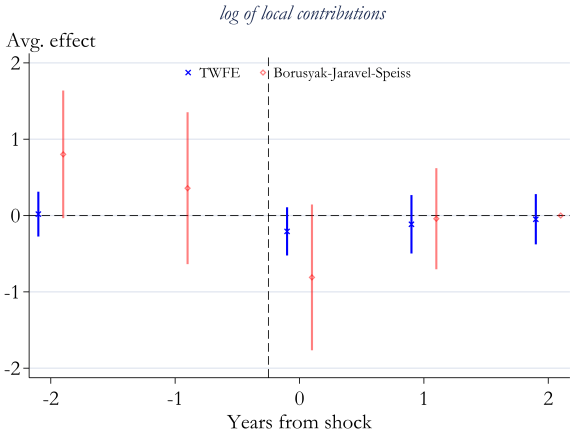
FIGURE A.8: Distribution of politicians' speech sentiment



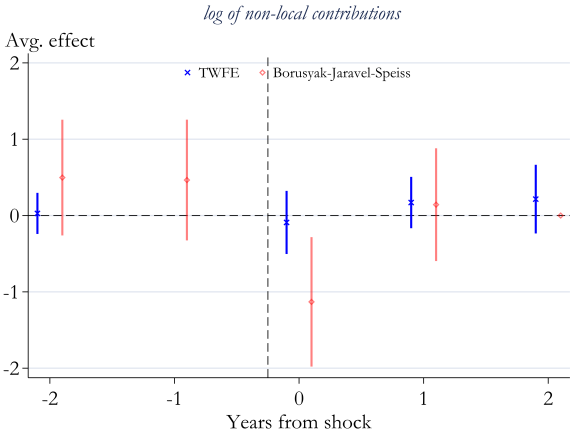
Note: This figure displays the density plot of the raw measure of sentiment expressed by politicians in their congressional speeches during the years 1998-2016, as measured by the VADER text analysis.

FIGURE A.9: Event study

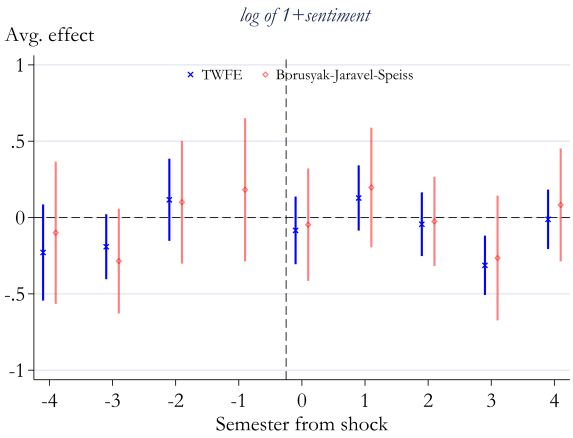
(a) local contributions



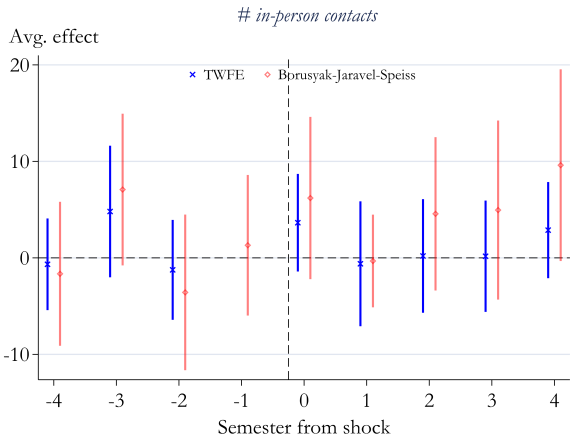
(b) non-local contributions



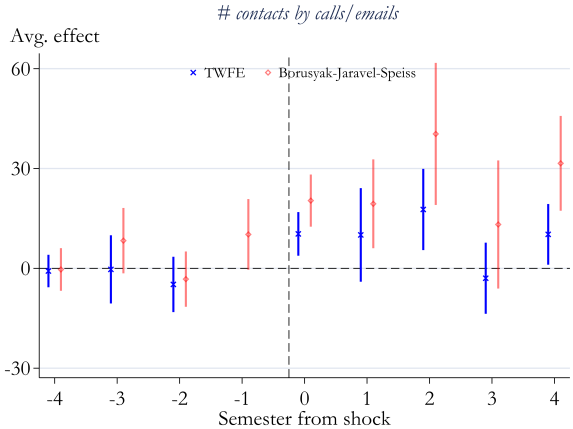
(c) politicians' sentiment



(d) in-person contacts



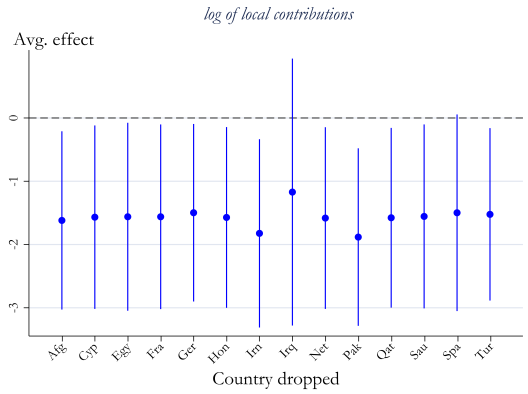
(e) remote contacts



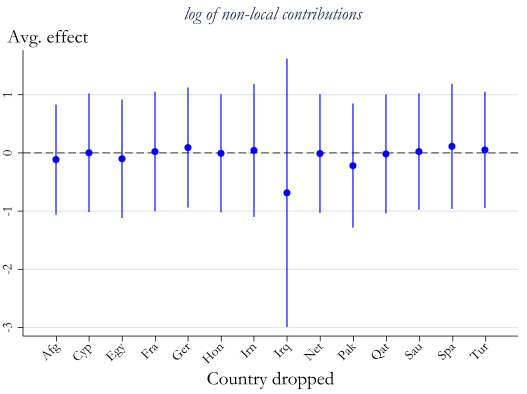
Note: This figure displays the leads and lags coefficients for the Two-way Fixed effects estimator and the Borusyak et al. (2023) estimator. Panel A plots the effect on natural log of local campaign contributions. Panel B plots the effect on log of non-local campaign contributions. Panel C plots the effect on politicians' sentiment in congressional hearings. Panel D plots the effect on total lobbying contacts. Panel C plots the effect on in-person lobbying contacts. Panel E plots the effect on remote contacts.

FIGURE A.10: Leave-one-out coefficients (dropping countries)

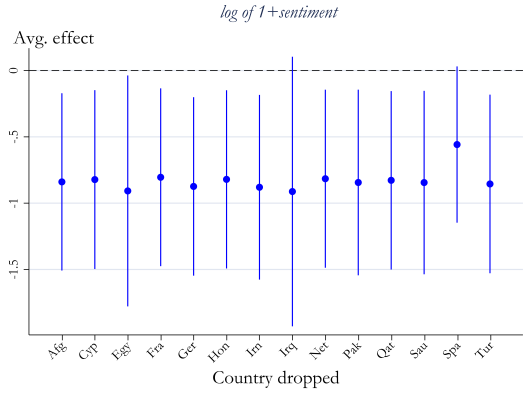
(a) local contributions



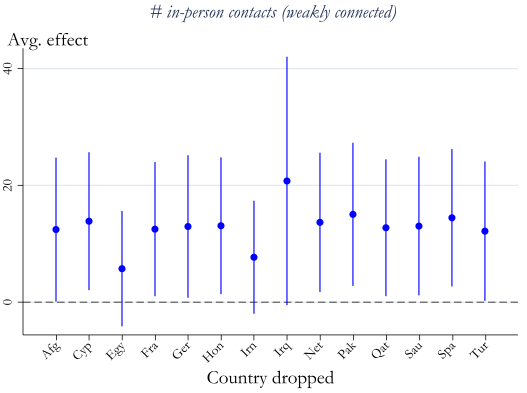
(b) non-local contributions



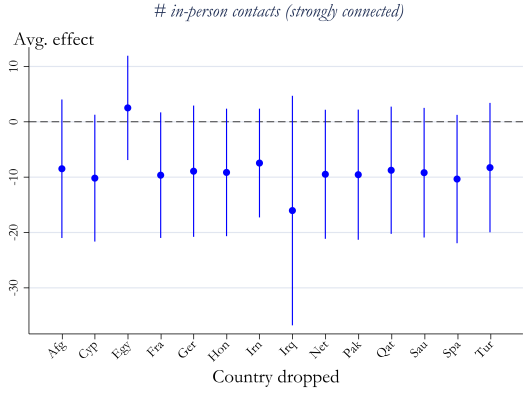
(c) politicians' sentiment



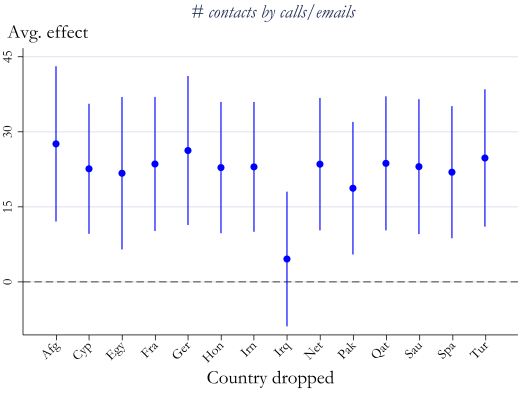
(d) lobbyists' in-person contacts (weakly connected)



(e) in-person contacts (strongly connected)



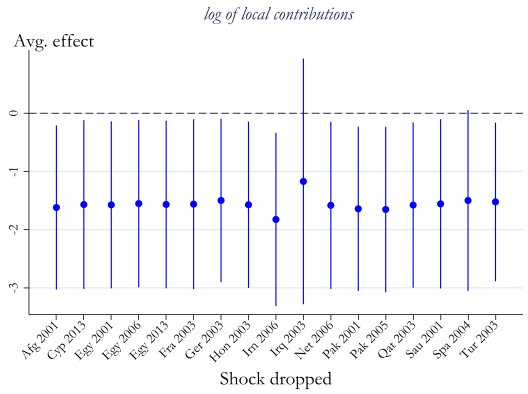
(f) remote contacts



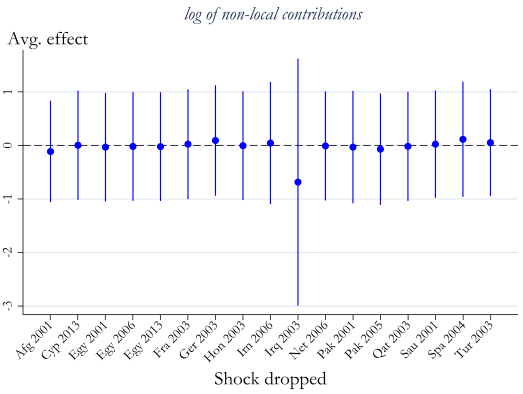
Note: Panels A (local campaign contributions), B (non-local contributions), C (politicians' sentiment), E (in-person lobbying contacts), and F (remote contacts) display the coefficient of the interaction term (strong connection × post) after each country is dropped from the corresponding regression. Panel D (in-person lobbying contacts) displays the effect of the shock on weakly connected politicians (post) after each country is dropped from the regression. The shocked countries in our sample are Afghanistan, Cyprus, Egypt, France, Germany, Hong Kong, Iran, Iraq, Netherlands, Pakistan, Qatar, Saudi Arabia, Spain, and Turkey.

FIGURE A.11: Leave-one-out coefficients (dropping events)

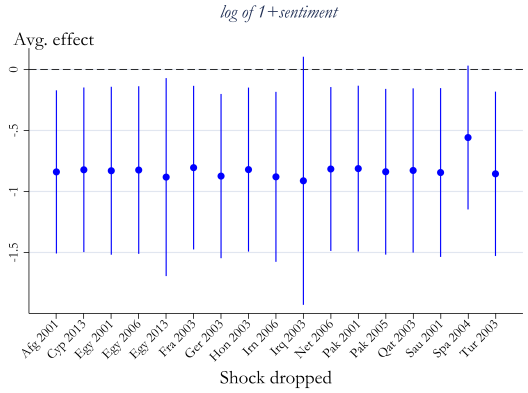
(a) local contributions



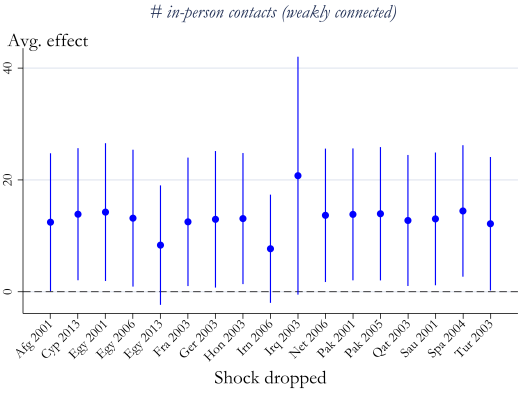
(b) non-local contributions



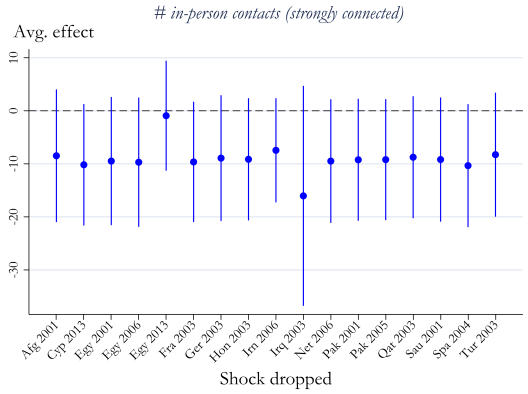
(c) politicians' sentiment



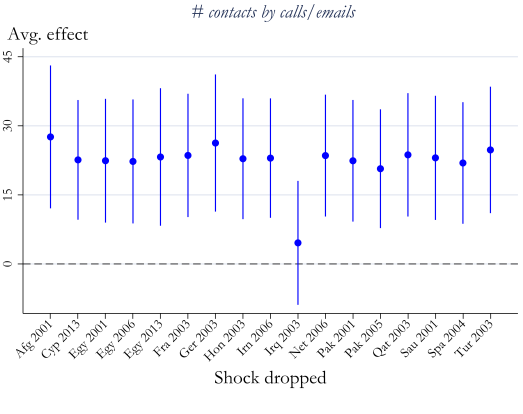
(d) lobbyists' in-person contacts (weakly connected)



(e) in-person contacts (strongly connected)

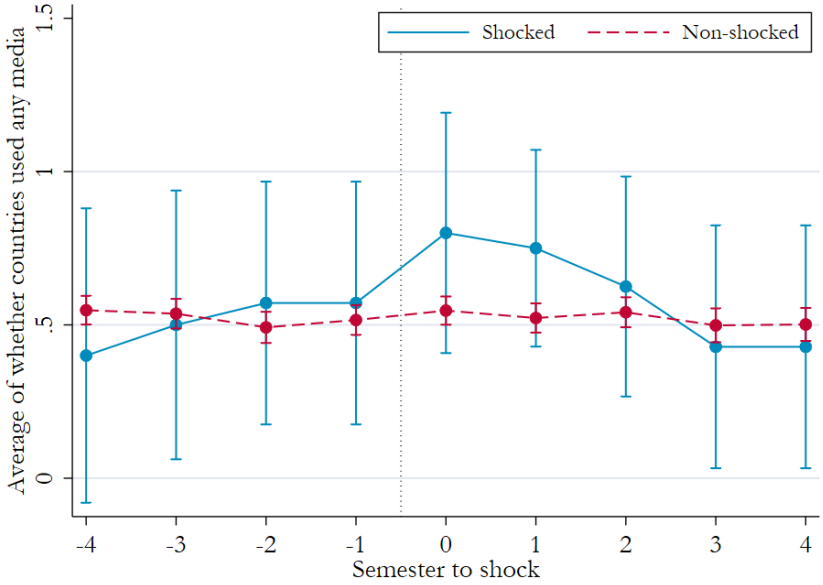


(f) remote contacts



Note: Panels A (local campaign contributions), B (non-local contributions), C (politicians' sentiment), E (in-person lobbying contacts), and F (remote contacts) display the coefficient of the interaction term (strong connection × post) after each shock is individually dropped from the corresponding regression. Panel D (in-person lobbying contacts) displays the effect of a shock on weakly connected politicians (post) after each shock is individually dropped from the regression. The shocked countries in our sample are Afghanistan, Cyprus, Egypt, France, Germany, Hong Kong, Iran, Iraq, Netherlands, Pakistan, Qatar, Saudi Arabia, Spain, and Turkey.

FIGURE A.12: Media usage



Note: This figure displays the descriptive plot of the raw measure of whether any media was used by the shocked (see Table 1 for list of countries) and non-shocked countries during the years 1998-2016, as recorded in the FARA data.

Tables

TABLE A.1: Descriptive Statistics for public perception of foreign countries

Country	Mean	Std. Dev.	Min	Max	25th Pctl.	75th Pctl.
Afghanistan	3.16	0.87	1	6	3	4
Egypt	2.65	1.05	1	6	2	3
France	2.24	0.97	1	6	2	3
Germany	2.06	0.93	1	6	2	2
Iran	3.40	0.78	1	6	3	4
Iraq	3.20	0.85	1	6	3	4
Pakistan	3.13	0.91	1	6	3	4
Saudi Arabia	2.92	0.95	1	6	2	3
Spain	2.39	1.20	1	6	2	3
Turkey	2.77	1.07	1	6	2	3

Note: This table reports the unconditional summary statistics of the distribution of public perception of foreign countries across US districts, during the years 2000 - 2017. The table uses the favourability index reported in the Gallup Poll Social Series Respondent-level dataset on World Affairs from 1 - Very Favorable to 6 - Very Unfavorable. The statistics reported are the mean, standard deviation, minimum value, maximum value, 25th percentile value, and 75th percentile value. Data for Qatar is not available in the Gallup Poll Social Series Respondent-level dataset on World Affairs and data for Spain was not available with clean district identifiers.

TABLE A.2: Descriptive Statistics: Contacts made, by shocked country × US political party

Country	(in #) Politicians Contacted	(in %) Democrat	Republican	Independent
Afghanistan	133	54.89	45.11	0.00
Cyprus	13	69.23	30.77	0.00
Egypt	111	58.56	39.64	1.80
France	35	37.14	62.86	0.00
Germany	130	58.46	41.54	0.00
Hong Kong	87	55.17	44.83	0.00
Iran	100	37.00	63.00	0.00
Iraq	392	48.98	51.02	0.00
Netherlands	39	38.46	56.41	5.13
Pakistan	105	54.29	45.71	0.00
Qatar	47	31.91	68.09	0.00
Saudi Arabia	62	38.71	61.29	0.00
Spain	42	50.00	50.00	0.00
Turkey	149	50.34	49.66	0.00
Total	1445	49.83	49.90	0.28

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.3: Effect of country shocks, alternative selection of same-country shocks

Outcome:	(1) local contr.	(2) non-local contr.	(3) sentiment	(4) in-person cont.	(5) calls/emails
Panel A: shocks to same country at least two years apart					
strong connection	1.741**	0.374	0.792**	10.29	2.802
	(0.677)	(0.498)	(0.327)	(6.414)	(7.329)
post	1.522*	0.0217	0.840***	9.938*	-8.560*
	(0.772)	(0.560)	(0.308)	(5.358)	(4.772)
strong connection × post	-1.600**	-0.000556	-0.742**	-7.712	20.56***
	(0.747)	(0.524)	(0.313)	(5.234)	(6.153)
Observations	1,715	1,528	12,016	12,018	12,018
R-squared	0.562	0.540	0.147	0.299	0.224
mean(y)	9.909	11.36	-0.00170	23.42	15.38
sd(y)	2.101	2.057	1.554	54.54	42.05
Panel B: shocks to same country at least four years apart					
strong connection	1.841***	0.477	0.813**	9.694	1.938
	(0.650)	(0.499)	(0.340)	(6.608)	(7.005)
post	1.544**	-0.00898	0.786**	12.72**	-10.62**
	(0.737)	(0.559)	(0.323)	(5.661)	(5.301)
strong connection × post	-1.653**	-0.0707	-0.799**	-8.282	19.51***
	(0.719)	(0.526)	(0.329)	(5.363)	(6.171)
Observations	1,491	1,329	10,623	10,625	10,625
R-squared	0.562	0.539	0.145	0.313	0.228
mean(y)	9.871	11.32	0.0463	24.82	15.21
sd(y)	2.104	2.026	1.461	57.88	44.32
Panel C: only the first shock to each country					
strong connection	1.781***	0.471	0.888*	-2.396	2.717
	(0.665)	(0.505)	(0.452)	(6.187)	(9.214)
post	1.585**	0.169	0.876*	10.63*	-5.605
	(0.746)	(0.585)	(0.448)	(5.883)	(7.489)
strong connection × post	-1.629**	-0.112	-0.876**	-0.0745	20.41***
	(0.735)	(0.522)	(0.430)	(4.979)	(6.950)
Observations	1,374	1,217	9,396	9,398	9,398
R-squared	0.554	0.517	0.128	0.318	0.225
mean(y)	9.911	11.32	0.0265	19.06	13.84
sd(y)	2.140	2.065	1.464	51.11	31.24
time period	year	year	semester	semester	semester
time FE	✓	✓	✓	✓	✓
politician FE	✓	✓	✓	✓	✓
country FE	✓	✓	✓	✓	✓
party × time FE	✓	✓	✓	✓	✓
controls_{it}	✓	✓	✓	✓	✓
controls_{ct}	✓	✓	✓	✓	✓

SE clustered by politician
*** p<0.01, ** p<0.05, * p<0.1

Note: This table replicates our main regressions using more conservative criteria to separate subsequent shocks to the same country. Panel A restricts attention to shocks to the same country that are at least two years apart, Panel B restricts attention to shocks to the same country that are at least four years apart, and Panel C restricts attention to only the first shock to each country in our sample. The first column has politician, country, and time-fixed effects. The second column has in addition party-fixed effects. Column 3 has politician, country, and the interaction of party and time-fixed effects. Finally, column 4 re-adds time-fixed effects, in addition to column 3. All columns include controls for whether a politician is part of the majority party in the chamber and whether a politician is the chairman of the hearing committee at the politician × time level, and for the usage of media by the lobbying country and log of trade volume between US and lobbying country at the country × time level. Each unit in the sample is observed at the politician × country × time (year) level. The table also reports the pre-shock mean and standard deviation of the outcome variable for the connected politicians' group. Standard errors are clustered at the politician level.

TABLE A.4: Effect of country shocks on electoral outcomes

	(1)	(2)	(3)	(4)
Outcome: Panel A: log of votes received				
strong connection	0.183**	0.183**	0.181	0.181
	(0.081)	(0.081)	(0.111)	(0.111)
post	0.168**	0.168**	0.169	0.169
	(0.082)	(0.082)	(0.112)	(0.112)
strong connection × post	-0.176**	-0.176**	-0.174	-0.174
	(0.079)	(0.079)	(0.112)	(0.112)
Observations	1,494	1,494	1,494	1,494
R-squared	0.981	0.981	0.982	0.982
mean(y)	13.67	13.67	13.67	13.67
sd(y)	0.991	0.991	0.991	0.991
Outcome: Panel B: election of politician				
strong connection	0.00646	0.00646	0.0352	0.0352
	(0.036)	(0.036)	(0.035)	(0.035)
post	0.0525	0.0525	0.0760	0.0760
	(0.041)	(0.041)	(0.046)	(0.046)
strong connection × post	-0.0538	-0.0538	-0.0803*	-0.0803*
	(0.041)	(0.041)	(0.047)	(0.047)
Observations	1,494	1,494	1,494	1,494
R-squared	0.722	0.722	0.741	0.741
mean(y)	0.955	0.955	0.955	0.955
sd(y)	0.207	0.207	0.207	0.207
time period	year	year	year	year
time FE	✓	✓	-	✓
politician FE	✓	✓	✓	✓
country FE	✓	✓	✓	✓
party FE	-	✓	-	-
party × time FE	-	-	✓	✓
controls$_{it}$	✓	✓	✓	✓
controls$_{ct}$	✓	✓	✓	✓

SE clustered by politician

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

Note: This table reports regressions of difference in votes obtained by politicians in (Panel A), and a dummy equal to 1 if the politician is elected and zero otherwise (Panel B), on the following variables: (a) whether a country shock occurs (post), (b) whether the politician is strongly connected to the shocked country (strong connection), and the interaction between (a) and (b). The first column has politician, country, and time-fixed effects. The second column has in addition party-fixed effects. Column 3 has politician, country, and the interaction of party and time-fixed effects. Finally, column 4 re-adds time-fixed effects, in addition to column 3. All columns include controls for whether a politician is part of the majority party in the chamber and whether a politician is the chairman of the hearing committee at the politician × time level, and for the usage of media by the lobbying country and log of trade volume between US and lobbying country at the country × time level. Each unit in the sample is observed at the politician × event × time (year) level. The table also reports the pre-shock mean and standard deviation of the outcome variable for the connected politicians' group. Standard errors are clustered at the politician level.

TABLE A.5: Effect of country shocks, alternative criteria for selection of shocks through media

	(1)	(2)	(3)	(4)	(5)
Outcome:	local contr.	non-local contr.	sentiment	in-person cont.	calls/emails
Panel A: shocks: top 20% in overall media exposure and bottom 20% in overall negative sentiment					
strong connection	1.713***	0.294	0.813**	7.919	-0.384
	(0.647)	(0.477)	(0.342)	(7.238)	(8.331)
post	1.390*	-0.0287	0.873***	14.13**	-10.88**
	(0.755)	(0.557)	(0.337)	(6.123)	(5.531)
strong connection × post	-1.581**	-0.0127	-0.825**	-10.14*	24.15***
	(0.733)	(0.518)	(0.343)	(5.893)	(6.810)
Observations	1,563	1,385	10,800	10,802	10,802
R-squared	0.553	0.539	0.147	0.311	0.236
mean(y)	9.939	11.27	0.00972	24.12	16.68
sd(y)	2.084	1.993	1.513	56.67	44.47
Panel B: shocks: top 15% in overall media exposure and bottom 15% in overall negative sentiment					
strong connection	1.546**	0.178	0.947***	10.50	-3.466
	(0.657)	(0.475)	(0.358)	(7.201)	(9.412)
post	1.282	-0.118	0.950***	14.74**	-12.47*
	(0.783)	(0.564)	(0.355)	(6.487)	(6.643)
strong connection × post	-1.453*	0.153	-0.899**	-11.09*	29.13***
	(0.759)	(0.521)	(0.361)	(6.220)	(8.454)
Observations	1,331	1,171	9,110	9,110	9,110
R-squared	0.541	0.537	0.164	0.234	0.246
mean(y)	9.986	11.27	-0.00856	19.54	18.70
sd(y)	2.042	2.046	1.514	51.40	48.46
Panel C: shocks: top 5% in country-specific media exposure and bottom 5% in country-specific negative sentiment					
strong connection	1.525*	0.210	0.440	-3.568	7.782
	(0.785)	(0.547)	(0.402)	(5.814)	(10.287)
post	1.378	0.152	0.453	11.02**	-1.300
	(0.865)	(0.621)	(0.407)	(5.601)	(7.885)
strong connection × post	-1.531*	-0.0185	-0.466	-1.527	18.59***
	(0.872)	(0.561)	(0.388)	(4.590)	(6.981)
Observations	1,256	1,105	8,608	8,608	8,608
R-squared	0.544	0.505	0.129	0.224	0.231
mean(y)	9.974	11.27	-0.0139	11.60	15.48
sd(y)	2.090	2.053	1.516	35.31	32.93
time period	year	year	semester	semester	semester
time FE	✓	✓	✓	✓	✓
politician FE	✓	✓	✓	✓	✓
country FE	✓	✓	✓	✓	✓
party × time FE	✓	✓	✓	✓	✓
$controls_{it}$	✓	✓	✓	✓	✓
$controls_{ct}$	✓	✓	✓	✓	✓

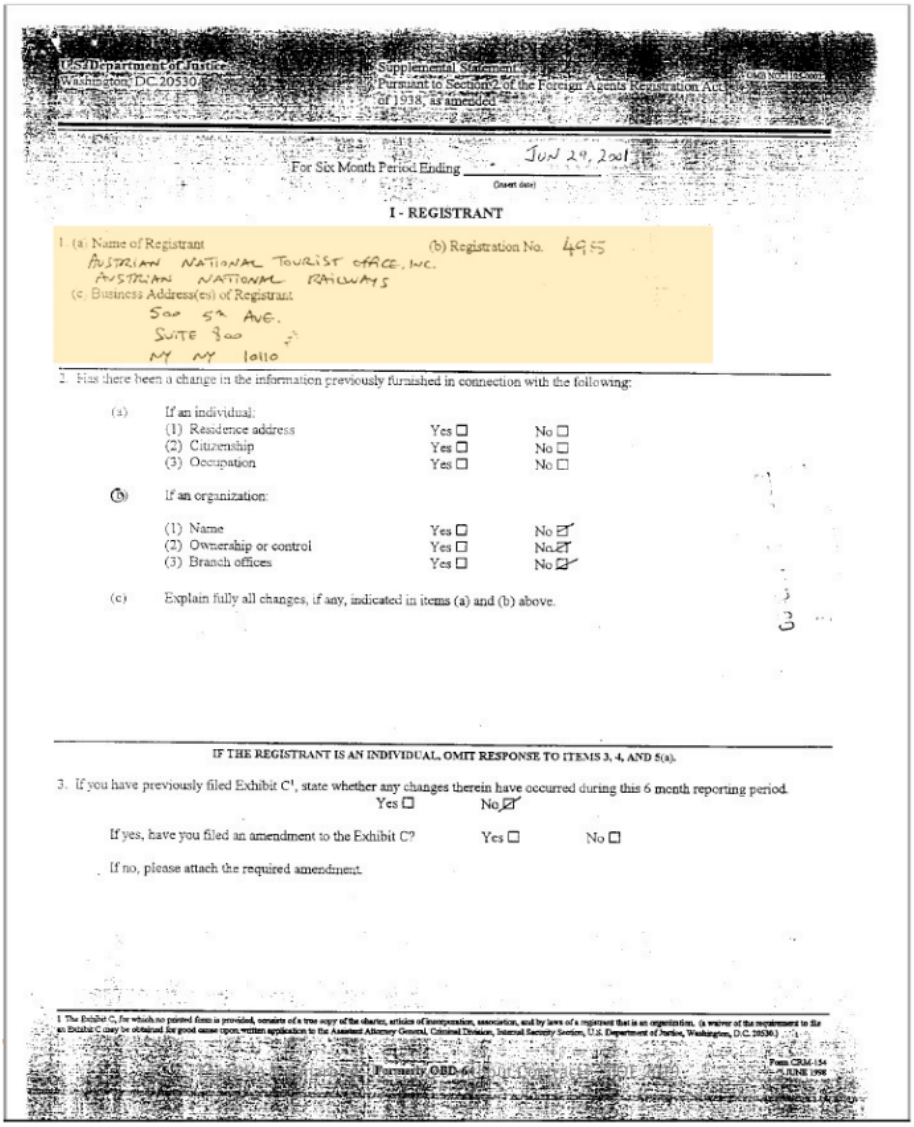
SE clustered by politician
*** p<0.01, ** p<0.05, * p<0.1

Note: This table reports regressions of campaign contributions to politicians from individuals belonging to the politician's constituency of candidacy, and campaign contributions to politicians from individuals not belonging to the politician's constituency of candidacy, of number of in-person contacts, and number of remote contacts on the following variables: (a) whether a country shock occurs (post), (b) whether the politician is strongly connected to the shocked country (strong connection), and the interaction between (a) and (b). Panel A restricts attention to events which fall in the top 20 percent in terms of mentions and fall in the bottom 20 percent in terms of sentiment expressed in news outlets, Panel B restricts attention to events which fall in the top 15 percent in terms of mentions and fall in the bottom 15 percent in terms of sentiment expressed in news outlets, and Panel C restricts attention to events which fall in the top 5 percent in terms of country-specific mentions and fall in the bottom 5 percent in terms of country-specific sentiment expressed in news outlets. The shocks included in Panel A are Afg2001, Egy2001, Egy2006, Egy2013, Fra2003, Ger2003, Hon2003, Irn2006, Irq2003, Pak2001, Pak2005, Sau2001, Spa2004, Tur2003, the shocks included in Panel B are Afg2001, Egy2006, Egy2013, Irn2006, Irq2003, Pak2001, Pak2005, Spa2004, Tur2003, and the shocks included in Panel C are Afg2001, Ger2003, Hon2003, Irn2006, Irq2003, Net2006, Pak2001, Qat2003, Sau2001, Tur2003. The first column has politician, country, and time-fixed effects. The second column has in addition party-fixed effects. Column 3 has politician, country, and the interaction of party and time-fixed effects. Finally, column 4 re-adds time-fixed effects, in addition to column 3. All columns include controls for whether a politician is part of the majority party in the chamber and whether a politician is the chairman of the hearing committee at the politician × time level, and for the usage of media by the lobbying country and log of trade volume between US and lobbying country at the country × time level. Each unit in the sample is observed at the politician × country × time (year) level. The table also reports the pre-shock mean and standard deviation of the outcome variable for the connected politicians' group. Standard errors are clustered at the politician level.

B DATA

B.1 Lobbying

FIGURE B.1: FARA report



U.S. Department of Justice
Washington, DC 20530

Supplemental Statement
Pursuant to Section 2 of the Foreign Agents Registration Act
of 1938, as amended

For Six Month Period Ending JUN 29, 2001
(insert date)

I - REGISTRANT

1. (a) Name of Registrant (b) Registration No. 4955
AUSTRIAN NATIONAL TOURIST OFFICE, INC.
AUSTRIAN NATIONAL RAILWAYS
(c) Business Address(es) of Registrant
500 5TH AVE.
SUITE 800
NY NY 10110

2. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:
(1) Residence address Yes ☐ No ☐
(2) Citizenship Yes ☐ No ☐
(3) Occupation Yes ☐ No ☐

(b) If an organization:
(1) Name Yes ☐ No ☑
(2) Ownership or control Yes ☐ No ☑
(3) Branch offices Yes ☐ No ☑

(c) Explain fully all changes, if any, indicated in items (a) and (b) above.

3

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, AND 5(a).

3. If you have previously filed Exhibit C[1], state whether any changes therein have occurred during this 6 month reporting period.
Yes ☐ No ☑

If yes, have you filed an amendment to the Exhibit C? Yes ☐ No ☐

If no, please attach the required amendment.

1 The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, and by-laws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)

Formerly OBD-64

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Lobbying data was manually encoded from FARA reports. Figure B.1 shows an example.

B.2 Politicians' speech sentiment

We use the Valence Aware Dictionary and Sentiment Reasoner (VADER) tool for sentiment analysis. This is available as a Python package.[28] It assigns a score to a

word or group of 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, and 'horrible' is assigned a score of -2.5. VADER also considers contextual rules such as grammatical, and 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."

- 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.

C MATHEMATICAL APPENDIX: FORMULATION OF RELATIONAL CONTRACTS

In this appendix we formally characterize relational contracts between F and P before any unforeseen shock arises. Relational contracts after an unforeseen shock are similar (except that the post-shock utility and surplus functions must be substituted into the program below).

Following Levin (2003), we model the relational contract between F and P as a stationary subgame perfect equilibrium (SPE) of the repeated game between the two players that is jointly optimal and has the following features:[29] (1) at the beginning of each period, P receives an upfront payment τ from F (which could be negative); (2) after receiving τ, P exerts a mutually agreed policy-supporting effort s; lastly, (3) P receives a bonus B from F if, and only if she has exerted the prescribed effort at stage 2.

If either party deviates (that is, if P fails to exert the prescribed effort or F fails to make a prescribed payment), the relational contract terminates and both parties revert forever after to the static Nash equilibrium in which F makes no payments and P exerts zero effort.

Recall the per period utility of P and F are, respectively

$$u(s) = -\frac{s^2}{2} \quad \text{and} \quad \pi(s) = sb.$$

Accordingly, the joint surplus is

$$V(s) = u(s) + \pi(s) = sb - \frac{s^2}{2}.$$

Let $\delta \in [0,1]$ be the intertemporal discount factor used by F and P, and assume (without loss) that P incurs the communication cost $\underline{\kappa}$. Then, the relational contract described above can be formally stated as the solution to the following program:

$$\max_{s} \quad V(s) - \underline{\kappa}, \qquad s.t.$$

$$u(s) + \tau + B - \underline{\kappa} \geq 0,\ \pi(s) - \tau - B \geq 0, \tag{C.1}$$

$$\frac{\delta}{1-\delta}(u(s) + \tau + B - \underline{\kappa}) \geq \frac{s^2}{2} - B, \tag{C.2}$$

$$\frac{\delta}{1-\delta}(\pi(s) - \tau - B) \geq B. \tag{C.3}$$

Condition (C.1) represents the two players' participation constraints, condition (C.2) is the politician's incentive constraint on effort, and condition (C.3) is the interest group's incentive constraint on the bonus payment. Summing up (C.2) and (C.3) we obtain

$$\frac{\delta}{1-\delta}(V(s) - \underline{\kappa}) \geq \frac{s^2}{2}. \tag{C.4}$$

Condition (C.4) is necessary for the relational contract to be a SPE. Moreover, it is straightforward to check that so long as (C.4) holds, there are payments τ and B such that the individual participation and incentive constraints (C.1), (C.2) and (C.3) hold as well – that is, (C.4) is both necessary and sufficient. Thus, a relational contract selects the level of effort that maximizes the joint surplus of P and F, subject to (C.4).

If $\delta > \frac{b^2}{2(b^2-\underline{\kappa})}$ (as assumed in this paper), the self-enforcement condition (C.4) is slack, and the relational contract between F and P simply prescribes the efficient effort s^*. At lower levels of δ, condition (C.4) is binding and the equilibrium effort is the highest value of s that satisfies (C.4) with equality (if such a positive real number exists). In particular, it is easy to check that the equilibrium effort when (C.4) is binding is $s = \delta b + \sqrt{\delta^2 b^2 - 2\delta\underline{\kappa}} > 0$, increasing in δ, if $\delta > \frac{2\underline{\kappa}}{b^2}$, and $s = 0$ otherwise.