IS U.S. FORMALIZED LOBBYING MORE ABOUT NEFARIOUS CORRUPTION OR BENIGN INDUSTRY INFORMATION PROVISION? EVIDENCE FROM FOREIGN FIRMS LOBBYING IN THE U.S.

Jin Hyung Kim* and Jordan I. Siegel

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ABSTRACT

The literature on lobbying and corruption is at an impasse between those studies arguing that U.S. formal corporate lobbying with mandated disclosure is primarily a conduit for corruption and other studies that contend that this type of corporate lobbying is primarily about benign industry information provision to policy makers. Prior work demonstrated how home-country corruption is a robust predictor of corrupt behavior by home country-based groupings of foreign diplomats residing in the United States. In this study, using a rarely utilized data set on U.S. formal lobbying with mandated disclosure at the federal level, we ask whether instrumented home country corruption is a robust predictor of U.S. formal corporate lobbying with mandated disclosure by home country-based groupings of foreign companies operating in the United States. In a counterintuitive finding, we show that U.S. formal lobbying is far more likely to be conducted by companies from the least corrupt home countries. This is true after relying on a proven instrumental variables (IV) approach for identification and after ruling out other alternative explanations based on country wealth, industry portfolio, and innovation. Overall, the results are consistent with the idea that U.S. formal corporate lobbying is relatively more about benign industry information provision to policy makers than about nefarious corruption. Other channels such as bribery still could remain for companies from the most corrupt countries to engage in nefarious corruption in the United States.

Keywords: Corruption, lobbying, institutions
JEL classification: D72, D73, K20, L10, M10, M16, P16

* Corresponding author; *Affiliation*: George Washington University; *Address*: 2201 G Street NW, Funger 401C, Washington, D.C., 20052; *Office phone*: +1-202-994-0413; *E-mail*: jinhyung_kim@gwu.edu

I. Introduction

Policy makers in the United States craft laws and regulations that influence the rules of the game for entire industries and, in turn, the ultimate profitability of those industries. It is an interesting and initially counterintuitive correlation found in prior work that the most profitable industries such as financial services, defense, and healthcare are also typically the most regulated industries. In fact, the laws and regulations often enhance and protect the market power of the largest incumbents in those industries (Stigler 1971). Thus, it is quite likely that firms seek out the laws and regulations that will enhance their power in the product market (Baron 2012).

There are many ways in which firms can seek out favorable laws and regulations, including by making campaign contributions, lobbying, directly mobilizing activities for a particular political goal, and using charity contributions to get the favor of politicians connected to those charities (Jeong and Siegel 2018; Bertrand et al. 2018)—along with other more corrupt and illegal activities. The literature on lobbying defines lobbying as "the transfer of information in private meetings and venues between interest groups and politicians, their staffs, and agents" (de Figueiredo and Richter 2014, 3). The open question is where U.S. legal corporate lobbying typically stands on the spectrum from benign education of politicians on the left-hand side, to nefarious corruption on the right-hand side. The literature is at an impasse: some authors argue that lobbying is mostly about corrupt dealings (Fredriksson, Neumayer, and Ujhelyi 2007; Harstad and Svensson 2011), whereas others argue that lobbying is mostly about benign industry-specific information provision and education of politicians about which laws and regulations increase business investment and business activity (Austen-Smith 1993; de Figueiredo and Richter 2014; Drutman 2015). Thus, in this paper, we seek to answer the following question—*Is the U.S. formalized lobbying with mandated disclosure more often consistent with benign industry-specific information provision and benign education of politicians or more often consistent with corrupt dealing with political players?*

In fact, the argument for why U.S. formal corporate lobbying with mandated disclosure more often involves benign industry information provision than nefarious corruption comes from how lobbying is structured, disclosed, and constrained in the U.S. context. Particularly in more developed countries such as the U.S. and the European Union member states, lobbying plays a key role in policy making (Baumgartner et al. 2009; Hall and Deardorff 2006), which is to a significant degree publicly observable and can be scrutinized. For instance, in the U.S., all

lobbying activities must be clearly reported and publicized in accordance with the Lobbying Disclosure Act (LDA) of 1995. Any surreptitious or unreported lobbying activities or any lobbying activities that involve an illegal transaction such as bribery or kickback can be prosecuted (e.g., Jack Abramoff's lobbying scandal and Paul Manafort's violation of the Foreign Agents Registration Act). Public officials and agents conducting lobbying are subject to legal prosecution (Dal Bó and Di Tella 2003), media coverage (Di Tella and Franceschelli 2011), and monitoring (Olken and Pande 2012). Moreover, the institutional capacity to punish the illegal quid pro quo type of lobbying operates effectively in these developed countries. As such, this institutional arrangement also influences incentives and behaviors of public officials and other participants such as lobbyists and interest groups, implying that they would have less incentive to engage in illegal behaviors. Thus, one can assume that legal enforcement and public scrutiny of illegal lobbying behaviors would work more effectively in a more developed economy. Thus, it is reasonable to ask whether the fundamental mechanisms through which lobbying takes place in the U.S. are different from the illicit dealings of corruption (Svensson 2005).

This study leverages an insight from prior studies—namely that populations of actors are influenced by the level of corruption prevalent in their home country institutions when deciding how to conduct themselves in terms of corruption in a host country environment. Cultural studies (e.g., Hofstede 2001) suggest that societal cultural norms are deeply rooted in a society which operates as a guiding principle. Bribing $1-2 to a police officer could be frequently tolerated in one country but it could be prosecuted in another country. Because of this, many studies (e.g., Lambsdorff 2006; Olken 2009; Svensson 2003; 2005) pointed out that existing survey measures of corruption confront challenges in accuracy to the extent that the use of survey-based corruption measures causes perception biases, which makes it difficult to compare precisely the real level of corruption across different countries (Svensson 2003). Furthermore, it is still possible that certain individuals, firms, or entities could show very different behaviors from generally predicted behaviors driven by cultural norms of the society (Hostede 2001). The ecological fallacy states that societal culture can predict the average behavior of population of firms but not the behavior of any individual firm. As Hofstede (2001, 16) noted, 'Confusion between within-system and between-system (ecological) correlations is known as the *ecological fallacy*. It was signaled by Thorndike as early as 1939, but the classic example is found in the work of Robinson (1950, p.352) … The ecological fallacy is committed when the ecological

correlations … are interpreted as if they apply to individuals. Doing so is attractive because ecological correlations are often stronger than individual correlations.' For example, firms from Germany would, on average, be less corrupt while individual German firms like Volkswagen and Siemens could show more corrupt behaviors.

This study provides robust empirical evidence using a quasi-experiment of different populations of foreign firms, coming from different institutional contexts to do U.S. federal lobbying while alleviating potential empirical concerns in studying the effect of corruption. We find robust evidence consistent with the idea that U.S. federal lobbying is more about benign industry information provision than it is about nefarious corruption. We argue that populations of firms from countries that suffer less from corruption are more likely to engage actively in lobbying since lobbying is a legitimate way of communication, different from corruption or bribery. Furthermore, given the fact that (1) more than 2,000 foreign firms from 101 countries lobbied the U.S. federal government at some point during our sample time period, (2) foreign firms are allowed to lobby U.S. Congress and regulatory agencies just same as U.S. firms to affect U.S. policy making process, and (3) whether they are foreign owned or not is not disclosed in the lobbying report, our results can be free from potential endogeneity issue that lobbying by foreign entities in the U.S. is something unique thus only limited to firms from certain countries.

We begin by using unpaid diplomatic parking tickets variable as an instrument to predict the exogenous component of home country corruption. The merit of this instrument is that it is about how populations of foreign diplomats act when it is reasonable for them to believe they will never be held accountable for engaging in corrupt activity. For years, New York City had a problem with foreign diplomats' not paying their parking tickets. Mayor Michael Bloomberg increased law enforcement in this area, and the pre-enforcement data were made available to researchers. The predicted component of home country corruption is free of endogeneity concerns because there was no role for home country wealth levels in determining whether the diplomats could afford to pay their parking tickets. In fact, Fisman and Miguel (2007) argue that, because of diplomatic immunity, it might not be true that wealth or legal liability of each diplomat would determine their decision not to pay parking violation tickets. In other words, whether to pay parking ticket violaitons or not is left at the discretion of populations of diplomats, which makes unpaid diplomatic parking tickets strictly speaking an indicator of home-country corruption levels. Furthermore, there is no other causal pathway through which

unpaid diplomatic parking tickets in a locality could determine formalized lobbying with mandated disclosure at the federal level, other than through the effect of home-country corruption levels.

We take the exogenous component of home country corruption and use it to predict how much each country-population of firms spends on U.S. formal lobbying over time. The Lobbying Disclosure Act of 1995—modified in 2007 by the Honest Leadership and Open Government Act of 2007 following the Jack Abramoff lobbying scandal—mandates that all active lobbyists disclose and report their lobbying activities on behalf of an individual or an organization to the Clerk of the House of Representatives and the Secretary of the Senate in accordance with specific guidelines. The full lobbying data became available from the year 1998, and the data we utilize includes lobbying of U.S. Congress and/or a federal agency by different types of organizations including foreign-owned companies during the time period of 1998-2012.

Crucially, we control for a wide range of alternative explanations, starting with the explanation that highly corrupt countries simply are involved in industries that do not lobby. As a robustness check, we refocus our attention on a different unit of analysis: the industry home country-year combination. Through this test, we find that industry is not the hidden factor driving the pattern that firms from highly corrupt countries do less lobbying. We also rule out the possibility that GDP or GDP per capita are driving the results. In addition, we also control for the number of federal issues lobbied on and the number of federal agencies lobbied.

We summarize our main results as follows: first, we leverage the finding from prior study showing that unpaid diplomatic parking tickets are highly predictive of home country corruption levels (Fisman and Miguel 2007). Then, predicted home country corruption levels are found to be highly negatively associated with lobbying expenditures by populations of foreign firms grouped by home country nationality. This is true controlling for a number of alternative explanations, including for how similar the home country is in its United Nations General Assembly (UNGA) voting patterns to that of the U.S. This is also true with clustered standard errors at the home country level.

Our results are consistent with the idea that formal lobbying with mandated disclosure in the U.S. may not be the key channel for corrupt activities between firms and politicians. Lobbying may be more often about educating policy makers about business conditions and the effect of regulations on investment incentives. Other channels may be the real culprits. For

example, contributions to politician-connected charities may be a taxpayer-subsidized way to curry favor with politicians (Bertrand et al. 2018).

The rest of the paper is organized as follows. Section II describes the data and presents the summary statistics. In Section III, we analyze the empirical results. Section IV concludes.

II. Data and Descriptive Statistics

II.A. Lobbying Data

The first major data source is the U.S. federal lobbying data that we obtain from the Center for Responsive Politics. This data is available publicly and includes a number of elements that pertain to lobbying such as lobbying client, lobbyists and lobbying firms hired, lobbying spending, congressional issues each lobbying transaction addresses, and federal agencies lobbied. However, the lobbying report does not disclose detailed characteristics of lobbying entities (e.g., foreign ownership), so we use other databases such as Capital IQ, Worldscope, Orbis, and Zephyr to identify the precise ownership of each company. For firms identified as foreign, we manually searched the web to confirm the ownership as well as the country of origin. To identify a foreign company and its origin country, we used its global ultimate ownership (GUO). Namely, if the GUO of a certain company is foreign, we assume the company is a foreign entity.

Please insert Figures I.1 & I.2 about here

Figures I.1 and I.2 present selected lobbying trends. In general, lobbying has been growing quickly in the United States. In 2012, organizations spent $3.9 billion on lobbying, which is approximately 2.3 times the amount spent in 1998 (see Figure I.1). In 1998, roughly 6,886 firms engaged in lobbying, and this number increased to 11,278 in 2012 (see Figure I.2). Moreover, more than 11,000 lobbyists were registered in 2012.

Please insert Figures II.1 & II.2 about here

The same increasing lobbying pattern can be also observed for foreign organizations in the U.S. In 2012, total lobbying spending by foreign firms was more than $431 million, which increased from $133 million in 1998 (see Figure II.1). The number of foreign firms in the U.S. that engaged in lobbying in 1998 was roughly 580, but this number increased by 1.6 times by 2012 (see Figure II.2). This trend shows that foreign firms use lobbying as a political means to influence their regulatory environment. Furthermore, not only figures analyzed based upon the

data we collect and use (e.g., foreign firms spend at least 1.3 times more money in hiring outside lobbyists, the percentage of foreign firms lobbying in the U.S. is much higher than that of the percentage of U.S. firms)[1] but also anecdotal evidence (e.g., Massoglia and West, 2018; Shinkman, 2018) suggest that foreign lobbying is quite a common way that foreign entities use to influence the U.S. policy making process.

Due to the disclosure requirements of the LDA, lobbying expenditures over $10,000 per half-year time period until 2007, and over $5,000 per quarter from 2008 onward, have to be disclosed to the exact dollar amount spent. Expenditures under $10,000 per half-year time period until 2007, and expenditures under $5,000 from 2008 onward, have to be reported and are reported on the disclosure form as belonging to that category, but the exact dollar value in this small minority of cases is not required by law. Because practitioners we interviewed are under widespread agreement that in most such cases the actual expenditure is close to the threshold, our baseline approach is to code such expenditures as being at the threshold dollar amount. In a robustness check in Appendix Table A.5, we show that our results are robust to instead coding such cases as of zero dollar value.

II.B. Country Economic and Political Characteristics

We employ country-level data to gather information on multiple dimensions of a country. We utilize two of the most widely used corruption measures in academic research—the corruption index from the Heritage Foundation[2] and the corruption measure in Kaufmann, Kraay, and Mastruzzi (2005),[3] a part of World Governance Indicators (WGI) produced by the World Bank Group. These two measures are constructed on the basis that a country receives a higher score if it is considered to suffer less from corruption or be in a position to better control corruption. For example, if country A has a higher score than country B, country A is considered as less corrupt than country B. The major difference among these corruption measures is the country and year each measure covers. During our sample time period, 1998-2012, the Heritage Foundation corruption index is available for all years while the Kaufmann et al. corruption index has two missing years (1999 and 2001). Thus we decide to use the Heritage Foundation

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[1] This is calculated based upon total number of U.S. and foreign firm establishments in the U.S. obtained from the U.S. Census Bureau.

[2] The Heritage Foundation corruption index ranges from 0 to 100.

[3] The Kaufmann et al. measure ranges from -2.5 to 2.5, but in our dataset, we add 2.5 to make a range from 0 to 5. The data is not available for 1999 and 2001, so we drop these years from our main analysis. We did additional analysis by interpolating missing years, but the results do not change and still support our arguments strongly.

corruption index as the first main explanatory variable to be instrumented. But then we go on to test for robustness using the alternative Kaufmann et al. corruption index. Thus, we report the regression results with the Heritage Foundation corruption index in Tables IV, VI, VIII, and IX while the results of the Kaufmann et al. are reported in Tables V and VII along with Tables A.6 and A.7 in the Appendix. Then, as a yet further robustness check, we use two additional corruption indices, a corruption index provided by International Country Risk Guide (ICRG) and a corruption index provided by Transparency International (CPI), find robust results. We report those latter robustness checks in Table A.8 in the Appendix.

Please insert Figure III about here

Figure III shows the relationship between the Heritage Foundation corruption index and the number of unpaid parking tickets before New York City's legal enforcement. The average corruption index during the sample time period for the United States is just above 70. This figure illustrates that there is a negative relationship between the corruption index and the number of unpaid parking tickets. For example, some developed countries such as Denmark, Finland, New Zealand, and Sweden are ranked at the top, and some developing countries are located at the bottom. In this study, the Heritage Foundation and Kaufmann et al. corruption measures are instrumented by the number of pre-enforcement parking violations. The pairwise correlation coefficient of the two instrumented corruption variables is .973, which implies that the two measures are not much different. Furthermore, using multiple sources of corruption measures and testing them ensure the validity of our empirical strategy.

Please insert Figures IV.1 & IV.2 about here

Figures IV.1 and IV.2 present the overall corruption trend in the United States and all other countries. As shown in these figures, during the time period of our analysis, overall corruption levels for all other countries remained about the same, while the level for the United States has decreased slightly.

Please insert Table I about here

Table I presents summary statistics for country-level variables included in the first stage along with our main instrument, the number of pre-enforcement New York City unpaid parking tickets. In the first stage of the instrumental variable analysis, we include variables that could affect the overall degree of corruption and the propensity to follow local rules; for this, we

follow the operationalization and assumptions used in the study by Fisman and Miguel (2007). These are indicator variables showing the number of U.N. diplomats in 1998, whether a country receives U.S. economic aid, whether a country receives U.S. military aid, logged GDP per capita of a focal country, and logged trade amount between the United States and a focal country. The percentage of foreign direct investment (FDI) from a focal country to total FDI in the United States is also included to account for the overall economic ties between the United States and a focal country. Finally, five geographical regions classified by the United Nations and year fixed effects are included; there are 149 of countries in the first stage of our sample.

In the second stage of the analysis, country-level control variables that can determine incentives and intensity of lobbying are included. First, we include economic characteristics of a country. The logarithm of annual GDP per capita and annual GDP in U.S. dollars are included in order to account for income effects. Many studies on corruption show that the level of corruption decreases as GDP per capita or GDP of a country increases (e.g., Bai et al. 2019), which implies that the degree of corruption and income influences each other. In order to measure economic ties with the United States that would affect incentives to engage in U.S. policy making processes, the percentage of export amounts to the U.S. to total export amounts of a focal country is included. In addition, it is generally assumed that a country's innovative capability also influences income and corruption; so we include the number of patents granted per capita in the United States to control for country-level capability (Furman, Porter, and Stern 2002). Lastly, a number of institutional and political characteristics of a country are also included. A democracy is generally assumed to develop as country income increases. Furthermore, the development of democracy could also be intertwined with the degree of corruption. Thus, we include the Polity IV measure of country regime, which typically measures the degree of democracy (e.g., Acemoglu et al. 2008; Marshall, Gurr, and Jaggers 2016). Also, firms from a country where legal, political, and other institutions are similar to those of the United States can more easily navigate the institutional features of the U.S. Thus, we calculate the absolute distance of rule of law in the World Bank World Governance Indicators (WGI) between a focal country and the United States.[4] The squared distance of POLCON III political constraints that

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[4] 'Rule of law captures perceptions of the extent to which agents have confidence in and abide by the rules of society; in particular, the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence (http://info.worldbank.org/governance/wgi/#doc).

identify political structure and policy stability is also included (Henisz 2000). Moreover, prior studies in international trade and finance (e.g., Portes and Rey 2005; Siegel, Licht, and Schwartz 2011) show that geographic distance influences the relative propensity of foreign direct investment, which in turn affects firms' operations in the host country. Hence, we include geographic distance between the United States and a focal country. In addition, to measure military or political ties that could affect the relationship and closeness between the United States and a counterpart country, we include a binary variable to indicate whether a country is a member of North Atlantic Treaty Organization (NATO). Finally, countries that share similar ideology with the United States are more likely to have better ties with the U.S., so we include the five-year moving average of percentage of United Nations General Assembly (UNGA) votes cast the same as the United States (Voeten 2013). Year fixed effects are also included in the second stage in order to control for any potential cyclical pattern.

Please insert Table II about here

III. Empirical Analysis and Results

III.A. Identification Strategy: Zero-inflated Negative Binomial with Instrumental Variables

A two-stage approach using an instrumental variable is employed to alleviate potential endogeneity concerns. In particular, issues of reverse causality and omitted variable bias may arise, given that firms from countries with less corruption have better institutions (Djankov et al. 2003; Svensson 2005), which would allow them to accumulate necessary resources or capital for various types of economic activities—lobbying in our study context—at home and abroad. Furthermore, there may be unobservable factors that could potentially influence the decision of firm lobbying. Thus, the first-stage regression equation is

$$Corruption_{it} = \alpha_1 Parking\ Violations_i + \boldsymbol{\phi}'_i \gamma$$

where *Corruption* is a corruption index; *Parking Violations* is the number of pre-enforcement New York City unpaid parking tickets obtained from Fisman and Miguel's study (2007), which is used as the instrument for our main corruption measure; and $\boldsymbol{\phi}$ is a vector of country-level control variables included in the first stage. Standard errors are clustered by each country.

Please insert Table III about here

The use of an instrumental variable should be theoretically and empirically justified; the conditions of exclusion restrictions that 1) the instrument must be strongly correlated with the

endogenous independent variable in the first stage and 2) the error in the second stage must not strongly associate with the instrument in the first stage must be met. In the current study context, our identification assumption is that a revealed preference on corruption (number of UN diplomats' parking violations) is a strong predictor of perceived corruption in the first stage but has no direct effect on the degree or intensity of firm lobbying at the country level (country lobbying spending) in the second stage of our regression analyses. First, we find strong support for our country corruption measures using the UN diplomats' number of parking violations before the enforcement as the main instrument among other instruments. Tolerance on corruption is quite idiosyncratic across different countries because coprrution is assumed to be a deeply ingrained social norm (Hofstede 2001). This implies that behaviors related to corruption can be easily manifested and reproduced in each individual when there is neither much of wealth effect nor significant enforcement/punishment mechanism on corruption behaviors. Therefore, the number of unpaid parking tickets by foreign diplomats in New York City before the enforcement should be strongly correlated with the perceived corruption measure in the first stage.

With regard to the second property of the exclusion restrictions, an individual revealed preference should not be highly correlated with lobbying decision of individual firms. As Fisman and Miguel (2007) argued, total number of UN diplomats' parking violations is the sum of each individual diplomat's revealed preference on rule breaking in parking in a condition under which enforcement does not exist. Thus, it is not unreasonable to argue that each individual corrupt behavior least likely influence the lobbying decision of foreign firms in the host country. Furthermore, it is unlikely that the lobbying decision made by executives in a foreign firm would affect the decision of each UN diplomat in their parking violations. Therefore, we believe that two most important conditions of exclusion restrictions to use instrumental variables are met.

The theoretical justifications of the validity of our instrument is also strongly supported by empirical results of the first stage regression. Table III presents the first-stage regression results on the effect of the number of pre-enforcement unpaid parking violations on two different measures of corruption. The first stage F-statistics for excluded instruments are 43.07 and 37.07 for Heritage Foundation Corruption Index and Kaufmann et al. Corruption Index respectively, which are substantially higher than conventional weak instrument thresholds (Stock and Yogo 2002). Furthermore, the coefficients of the number of pre-enforcement unpaid parking violations in two regressions are strongly associated with two corruption measures with $p\text{-value}<0.01$.

Other instrumental variables are also statistically significant in predicting two corruption indices. This indicates that sum of revealed preference of each UN diplomat and other IVs have a strong influence on the country corruption index, which suggests that we do not have a weak instrument problem, which further validates our identification strategy using the current instruments.

Regardless of corruption measures instrumented, the models in Table III show the same results; country corruption is negatively associated with the number of pre-enforcement unpaid parking tickets. In other words, the more unpaid New York City diplomat parking tickets there were before the enforcement went into effect, the more a country suffered from corruption, which aligns perfectly with the prediction of the prior study (Fisman and Miguel 2007). The coefficients for all other control variables in the first stage show consistent patterns across different models, as predicted. For example, country income (GDP per capita) influences the degree of corruption, and as country income increases, the country suffers less from corruption. The income effect is also observed in two other indicator variables that capture whether a country receives any economic or military aid from the United States; countries that receive aid from the United States are more likely to be poor.

III.B. The Second-stage Regression Results with the Instrumented Corruption

In the second stage, we use a zero-inflated negative binomial model to take into account the fact that engaging in lobbying in the first place is determined by multiple country and institutional factors between the United States and a home country. In our main econometric analysis, our dependent variable is *Total Lobbying Spending$_{it}$,* or total lobbying spending (logged) by each country, where *i* and *t* denote the country and time, respectively. Since our unit of analysis is the country-year, there are 144 countries and a total of 2,144 country-year observations across 15 years. We show robust standard errors corrected for clustering at the country level. Thus, the second-stage regression equation is

$$\text{Pr}(Total\ Lobbying\ Spending_{it} = 0|X_{it}) = \psi_{it} + (1 - \psi_{it})f(\beta_1 Corruption_{it} + X'_{it}\beta_2)$$
$$\text{Pr}(Total\ Lobbying\ Spending_{it} > 0|X_{it}) = (1 - \psi_{it})f(\beta_1 Corruption_{it} + X'_{it}\beta_2 + Z'_{it}\beta_3)$$
$$\text{where } \psi_{it} = G(X'_{it}\gamma)$$

f(.) is the pdf of negative binomial and *G*(.) is the cdf of logistic distribution. *Corruption* is an instrumented corruption measure, *X* is a vector of all control variables included in both logit and negative binomial functions, and *Z* is a vector of control variables included only in the second stage of negative binomial.

Similar to the above second-stage regression equation at the country level, we also analyze country lobbying spending by year at the two-digit North American Industry Classification System (NAICS) level. In other words, we aggregate total lobbying spending of foreign firms in corresponding industries by each country. One of the most important alternative explanations against our argument could be that industry characteristics—rather than the degree of home country corruption—could drive the results. In other words, each country has its own strong industrial foundation that would determine the intensity of lobbying, so industry-specific effects could be a more determining factor than home country corruption. In order to rule out this possibility, we run separate regression analyses at the industry-country level; the regression equation is:

$$\Pr\left(Total\ Lobbying\ Spending_{ijt} = 0 | X_{it}\right) = \psi_{it} + (1 - \psi_{it})f(\beta_1 Corruption_{it} + X'_{it}\beta_2)$$
$$\Pr\left(Total\ Lobbying\ Spending_{ijt} > 0 | X_{it}\right) = (1 - \psi_{it})f\left(\beta_1 Corruption_{it} + X'_{it}\beta_2 + Z'_{ijt}\beta_3\right)$$
$$\text{where } \psi_{it} = G(X'_{it}\gamma)$$

i is a country, j is the corresponding two-digit NAICS industry, and t is time. All others are the same as in the first regression equation at the country level. Also, under the assumption that country characteristics determine the first stage of the lobbying decision in the zero-inflated negative binomial regression (inflation model), variables related to a type of industry are included only in the second stage of the analysis. We do exactly the same regression analysis for both the instrumented Heritage Foundation corruption index and instrumented Kaufmann et al. corruption index separately. The results for the instrumented Heritage Foundation corruption index are presented in the main tables. The robustness checks using the instrumented Kaufmann et al. corruption index are in the main tables and in the Appendix.

In general, the income effect is statistically significant in predicting lobbying spending, regardless of which alternative dependent variable is used. The size of the country's economy manifested as GDP is positively associated with lobbying spending. This might imply that the degree of lobbying spending at the country level is positively influenced by the overall size of the country's economy. Furthermore, as expected, country R&D capability, a manifestation of country institutions measured as the number of per capita patents granted in the United States, also affects the degree of lobbying positively. Physical distance and institutional distance are negatively associated with the outcome variable. Finally, ideological similarity between the

United States and a home country (*UNGA voting similarity to the U.S.*) is also a strong predictor of lobbying spending, as expected.

Please insert Tables IV & V about here

Most importantly, our main prediction that there is a positive relationship between lobbying spending and the instrumented corruption measure is strongly supported in all different specifications in Tables IV and V, which uses the instrumented Heritage Foundation corruption index and the instrumented Kaufmann et al. corruption index as the alternative main explanatory variable, respectively. Column 1 in Tables IV and V is a baseline model. The second column in both Tables IV and V includes total country campaign contributions as an additional control variable in the second stage of the zero-inflated negative binomial model. The pattern or degree of lobbying could be idiosyncratic depending upon overall political activities of firms or the type of lobbying each firm conducts. Prior literature generally argues that firms' campaign contributions are good predictors of their political activities (Snyder 1992), which could be highly correlated with lobbying spending (Austen-Smith 1993). Thus, we calculate the total campaign contributions of foreign firms lobbying by each country and include it as an additional control variable in our main analysis. Furthermore, the purpose of lobbying could drive the degree of lobbying. For example, firms might need to lobby more aggressively if a certain regulation is more immediate and influential (Getz 1997). Also, if the outcome of lobbying is less uncertain but more immediate (such as appropriations decisions), lobbying patterns might be different. Thus, in order to control for heterogeneity in lobbying purpose, we also include the total number of congressional bills addressed and the total number of appropriations issues addressed in the regression analysis presented in column 3 in Tables IV and V. Column 4 in Tables IV and V includes all three additional variables presented in columns 2 and 3.

Please insert Figures V-VIII about here

Figures V through VIII show the marginal effect of the instrumented Heritage Foundation corruption index on lobbying spending: Figure V controlling for all control variables in the main regression equation, Figure VI controlling only for GDP per capita of each country, Figure VII controlling only for number of patents per capita, and Figure VIII controlling for both GDP and patents per capita of each country. As these figures illustrate, as our main explanatory variable, the instrumented corruption index, increases, lobbying spending also increases. Figures VI

through VIII in particular present a positive relationship between the instrumented corruption index and lobbying spending, even after controlling for income and other institutional effects. Substantively similar patterns are also observed with the instrumented Kaufmann et al. corruption index. This shows that our instrumented corruption index is a strong and robust predictor of lobbying spending, which is consistent with the argument that lobbying is more often a benign method of communication between firms and elected politicians. In order to subject our current results to further testing, we take a step further by looking at lobbying spending at the industry-country level, and the results are presented in Tables VI and VII.

Please insert Tables VI-VII about here

Similar to Tables IV and V, Tables VI and VII present the results of a zero-inflated negative binomial regression analysis of country lobbying spending by NAICS two-digit industry. Regardless of different specifications in Tables VI and VII, our main predictor variable, the instrumented corruption index, is statistically significant in predicting total lobbying spending by industry-country. Column 1 in Tables VI and VII is a baseline model, while column 2 includes industry fixed effects. The instrumented corruption index is robust and statistically significant in both models. From columns 3 through 5 (the same as columns 2 through 4 in Tables IV and V), total amount of campaign contributions, total number of congressional bills addressed, and total number of appropriations issues addressed are included at the industry-country level. Also, industry fixed effects are included in column 5 of Tables VI and VII. All models in columns 3 through 5 confirm our argument that firms from less corrupt countries are more likely to engage in lobbying, and this effect is driven neither by observably different lobbying purposes nor by industry.

In Tables VIII and IX, we further investigate lobbying heterogeneity that could be driven by observable lobbying purpose, lobbying target and type and whether this heterogeneity affects our arguments. The U.S. federal lobbying report discloses a number of pieces of information with regard to lobbying activities of interest groups. Particularly, it shows which congressional issues interest groups address and which federal agency these interest groups lobby. It is clear that firms lobby regarding different issues and vis-à-vis different parts of the federal government depending upon their lobbying aims. And, this could affect their lobbying intensity. In other words, if we can control for lobbying issues or federal agencies getting lobbied, this should allow us to control for multiple sources of heterogeneity across firms and different types of lobbying so

that we can better test the claim that the degree of country corruption affects the intensity of lobbying. Thus, we run a regression analysis at the country level in Table VIII while we examine NAICS two-digit industry-country level lobbying spending as the main dependent variable in Table IX. In order to conduct these analyses, we create multiple variables. First, we create a normalized Herfindahl-Hirschman index of total congressional issues addressed as well as a normalized Herfindahl-Hirschman index of U.S. federal agencies lobbied at each country and industry level. In addition, we include variables for the total number of congressional issues addressed and total number of federal agencies lobbied. Controlling for these newly created variables would allow us to gauge relative breadth and depth of lobbying. Furthermore, we also include variables for the relative frequency of each congressional issue addressed and federal agency lobbied. For example, let us assume that there is only one firm, firm A, in industry B from country C lobbying two U.S. federal agencies across four different congressional issues in year 2007. In this case, each congressional issue out of 79 congressional issues will be coded as 0.25 while all 75 other congressional issues will be recorded as 0 for country C. Similar to this, two federal agencies are recorded as 0.5 while all other federal agencies will receive 0. We create this relative frequency measure for every congressional issue and federal agency, both at the country-year and industry-country-year level and run a regression analysis. For example, industry B will receive the same frequency as country B receives because there is only one firm from one industry. All other industries receive 0.

Please insert Table VIII about here

All columns in Table VIII clearly show that our main explanatory variable, the instrumented corruption index, is statistically significant. Columns 1 and 4 in Table VIII include a normalized Herfindahl index of congressional issues and normalized Herfindahl index of federal agencies lobbied, respectively. Columns 2 and 5 include the total number of congressional issues addressed and total number of federal agencies lobbied, respectively, in addition to each corresponding variable in columns 1 and 4. Even after controlling for these variables, our main explanatory variable, an instrumented corruption index, in every column is still robust and statistically significant at the 0.1% level. Columns 3 and 6 include the relative frequency of congressional issues addressed and federal agencies lobbied, respectively, but regardless of these measures, our instrumented corruption index is a statistically significant predictor of lobbying spending.

In Table IX, similar to Table VIII, we include the same variables, but use country total lobbying spending by NAICS two-digit industry as our main dependent variable. Columns 1 and 5 in Table IX include a normalized Herfindahl index of congressional issues and normalized Herfindahl index of federal agencies addressed, respectively, while columns 2 and 6 include the total number of congressional issues addressed and federal agencies lobbied in addition to two corresponding variables in columns 1 and 5. Columns 3 and 7 include the relative frequency of congressional issues addressed and federal agencies lobbied at the industry level. Industry fixed effects are then further added in columns 4 and 8. As shown in Table VII, all instrumented corruption index measures are statistically significant at the 0.1% level, which confirms our argument that firms from less corrupt countries are more likely to engage in lobbying regardless of industry and lobbying heterogeneity. We also show the results of robustness checks utilizing the instrumented Kaufmann et al. corruption index in the Appendix Tables A.6 and A.7. The results using the Kaufmann et al. corruption index are consistent with the results of the instrumented Heritage Foundation corruption index as seen in Tables VIII and IX.

Tables A.1 through A.3 in the Appendix present bootstrapped clustered standard errors for the coefficients of our instrumented corruption index, and bootstrap resampling for all models are conducted 10,000 times. In Table A.1, bootstrapped clustered standard errors for the coefficients of the first-stage instrument, number of unpaid parking tickets before enforcement, are presented and confirm that our instrument measures are robust. Similarly, Table A.2 shows bootstrapped standard errors clustered by each county for the coefficients of our instrumented corruption index; a baseline model for column 1 and including country-level campaign contributions as an additional control variable for column 2. Even after the bootstrapping, the coefficients for our instrumented corruption index are statistically significant. Finally, Table A.3 presents bootstrapped standard errors clustered by country for the coefficients of our instrumented corruption index on NAICS two-digit industry-country lobbying spending. In this analysis, we use zero-inflated Poisson. When implementing this robustness check with its particular data and sample characteristics, we examined the larger model (zero-inflated negative binomial) and found that the test for overdispersion was strongly rejected (specifically, the test for an overdispersion parameter of 0 was strongly supported). Therefore, zero-inflated Poisson is the more appropriate model for this particular robustness check; columns 1 and 4 are the baseline

models similar to column 1 in Table VI, columns 2 and 5 include NAICS two-digit industry dummies, same as in column 2 in Table VI, and columns 3 and 6 have industry-level campaign contributions as an additional control variable with NAICS two-digit industry dummy variables. The first three columns show the results of including all industry-country pairs, even if a country does not have any U.S. presence. The results show that our instrumented corruption variables are still statistically significant inclusive of bootstrapping. Furthermore, the current analyses are counterfactual analyses including all industries. Because some more corrupt countries do not have any involvement in subsets of industry sectors, we also run a robustness check where the industry sample consists of all industries that the country participated in in the United States in 2017.[5] The coefficients of the instrumented corruption index are statistically significant, which continues to provide support for our overall finding of a positive relationship between the instrumented corruption index and lobbying spending.

In Table A.4, we made an effort to address a competing hypothesis arguing that the inclusion of yet other country-level control variables might make our result of interest disappear. First, human capital theory argues that country institutions and their development are driven by growth in human capital and income (Glaeser et al. 2004; Harstad and Svensson 2011). In other words, as a country invests more in human capital development, incomes increase and the country can better develop institutions that result in less corruption. Following this argument, we include 1) the number of science and technology personnel and 2) the percentage of GDP spent on higher education, which are obtained from World Development Indicators provided by the World Bank. In columns 1 and 2 in Table A.4, the results show that our main predictor variable, the instrumented corruption index, still shows a statistically significant positive effect on total country lobbying spending, which rules out human capital arguments. Second, as noted earlier, Furman and his colleagues (2002) claim that investment in innovative infrastructure is important in developing national innovative capacity. In the context of our study, this relates directly to the ability of a country to develop appropriate institutions and to increase national income, which would result in less corruption. Hence, we include aggregated R&D expenditures of a country and total cumulative number of patents granted as additional control variables. Although two additional variables show statistically significant effects on the dependent variable, the

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[5] We collected this data from Bureau van Dijk's Orbis database.

robustness of our main predictor variable does not change, which sustains our argument (columns 3 and 4 in Table A.4).

In Table A.8, we report robustness checks using two yet alternative corruption perception indices, one from ICRG and one from Transparency International (CPI). Total country lobbying spending at the country level is a main dependent variable in the first two columns while industry lobbying spending by country is a main dependent variable for columns 3 through 6. Models 1, 3, and 4 use the instrumented ICRG corruption index as a main explanatory variable while the instrumented CPI from Transparency International is used in models 2, 5, and 6. In models 5 and 6, we include industry fixed effects. All models in Table A.8 consistently support our main finding that firms from less corrupt countries are more likely to spend on formalized lobbying in the U.S. controlling for a range of alternative explanations.

IV. Conclusion

Using a unique data set covering U.S. federal lobbying data of foreign firms, we examine the relationship between lobbying and corruption. On the one hand, it is commonly assumed that lobbying and corruption are positively associated because prior literature has generally conceptualized lobbying as another manifested form of corruption (Campos and Giovannoni 2007). In other words, lobbying has been thought of as a form of bribery or corruption, particularly in more developed countries (Harstad and Svensson 2011). On the other hand, in other parts of the literature, lobbying is seen as a pure policy communication between interest groups and policy makers (Austen-Smith 1993; de Figueiredo and Richter 2014; Drutman 2015). In this study, we attempt to tease apart the real relationship between lobbying and corruption in developed countries—particularly whether it is nefarious corruption or benign industry information provision. By looking at lobbying of foreign firms in the United States, we show that home country corruption is negatively associated with the degree of formal U.S. lobbying with mandated disclosure. We conduct multiple analyses by including country, as well as industry, lobbying spending as a main dependent variable while controlling for lobbying heterogeneity driven by different types of lobbying aims, targets, and outcomes. Furthermore, we also test the alternative hypothesis that the ability of a country to develop more desirable institutions will determine the degree of corruption which, in turn, will determine lobbying intensity. However, our arguments that a country suffering from less corruption is more likely to engage in lobbying are robust and consistent regardless of different specifications and analyses. This suggests that

lobbying is more a way of communication rather than a form of corruption, which supports the traditional definitions of lobbying (de Figueiredo and Richter 2014).

Our empirical strategy helps tease apart the relationship between lobbying and corruption. First, the U.S. federal lobbying data makes it possible to measure different types of lobbying activities more precisely. Furthermore, analyzing lobbying behaviors of multiple countries in the U.S. enables us to overcome commonly raised concerns of a cross-country study as well as institutional heterogeneity in social norms across different countries. Second, our empirical approach using the revealed preference of unpaid parking tickets in New York City as an instrument not only alleviates problems of survey-based corruption indexes, but also minimizes issues of reverse causality. Lastly, although it is still possible that certain individual organization or entity might not behave as we predicted, country institutions, corruption, are so deeply rooted in society and individuals, which allows us to better understand the effect of corruption on formalized lobbying.

Corruption is pervasive and has enduring negative effects on all dimensions of the daily lives of citizens and country development. Thus, a great deal of effort has been made to eradicate corruption and related problems at many different levels (Banerjee, Mullainathan, and Hanna 2012). However, we continue to see that corruption is quite pervasive and difficult to detect. What is notable is that U.S. legal corporate lobbying forces firms to disclose a great deal— namely about whom they lobby and when, about how much they spend, and about what issues they discuss. The findings from our study suggest that this kind of mandated data disclosure, combined with legal liability for violating these rules of data disclosure, potentially can be quite successful in creating an equilibrium in which formal corporate lobbying with mandated disclosure is associated with benign industry information provision far more than it is associated with corruption. The implication of our study is that data transparency, when combined with legal liability, can be a powerful tool for combating corruption.

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TABLE I
Descriptive Statistics

Variable	Mean	Standard Deviation	Observations
		A. First-Stage Variables	
Corruption index (Heritage Foundation)	40.000	22.810	2,606
Corruption index (Kaufmann et al.)	2.478	1.004	2,761
Number of unpaid parking tickets	19.307	33.032	2,384
Number of U.N. diplomats (1998)	11.805	11.063	2,384
Received U.S. economic aid (indicator)	0.635	0.481	3,856
Received U.S. military aid (indicator)	0.574	0.495	3,856
Log GDP per capita (USD)	8.169	1.664	3,077
Log total trade amount with the U.S. (USD)	19.593	3.482	3,643
% of foreign direct investment (FDI) from a focal country to total FDI inflow to the U.S.	0.005	0.026	3,257
		B. Second-Stage Variables	
Log total lobbying spending	4.016	6.105	3,856
Instrumented corruption index (Heritage Foundation)	38.508	18.735	2,224
Instrumented corruption index (Kaufmann et al.)	2.321	0.836	2,224
Log GDP per capita (USD)	8.169	1.664	3,077
Log GDP (USD)	23.458	2.545	3,077
% of export amounts to the U.S. to total export amounts	0.094	0.348	3,693
Number of per capita patents granted in the U.S. (in thousands)	0.025	0.163	3,248
Polity IV measure	3.450	6.424	2,591
Rule of law distance (absolute)	1.619	0.935	3,255
POLCON III distance (squared)	0.058	0.065	2,747
Geographic distance (kms/in thousands)	0.009	0.004	3,440
NATO member (indicator)	0.099	0.298	3,693
UNGA voting similarity to the U.S. (5-year moving average)	0.221	0.134	2,964

TABLE II
Average Unpaid Parking Violations, Different Corruption Index, and Lobbying Spending
(1998-2012)

Country Name	Country Code	Violations per Diplomat, Pre-enforcement	Heritage Foundation Corruption Index (mean)	Kaufmann et al. Corruption Index (mean)	Total Lobbying Spending (mean, USD)
Albania	ALB	85.5	22.313	1.788	58,000
Algeria	DZA	25.6	38.125	1.881	165,000
Angola	AGO	82.7	17.364	1.184	17,500
Argentina	ARG	4	29.563	2.074	113,071
Armenia	ARM	10.2	28.250	1.891	0
Australia	AUS	0	86.813	4.468	2,994,951
Austria	AUT	2.2	79.438	4.359	115,485
Azerbaijan	AZE	0	22.250	1.447	250,714
Bahrain	BHR	38.2	61.188	2.857	81,429
Bangladesh	BGD	33.4	19.500	1.419	114,583
Belarus	BLR	2.7	28.688	1.823	165,000
Belgium	BEL	2.7	67.813	3.916	7,496,346
Benin	BEN	50.4	30.688	1.834	0
Bhutan	BTN	18.6	53.200	3.213	0
Bolivia	BOL	3.1	26.000	1.931	80,000
Bosnia and Herzegovina	BIH	34.9	21.938	2.180	0
Botswana	BWA	18.7	55.313	3.418	390,000
Brazil	BRA	30.3	37.250	2.464	1,336,397
Bulgaria	BGR	119	36.250	2.328	0
Burkina Faso	BFA	0	26.063	2.219	0
Burundi	BDI	38.2	18.727	1.401	0
Cambodia	KHM	10	24.625	1.411	69,000
Cameroon	CMR	44.1	21.313	1.455	0
Canada	CAN	0	88.375	4.516	19,500,000
Central African Republic	CAF	0	25.583	1.461	0
Chad	TCD	125.9	13.813	1.273	0
Chile	CHL	16.7	70.875	3.934	168,125
China	CHN	9.6	33.375	2.006	1,161,161
Colombia	COL	0	33.875	2.224	229,063
Comoros	COM	10.1	23.800	1.674	5,000
Congo, Dem. Rep.	COG	7.8	15.625	1.444	0
Congo, Rep.	COD	6.4	16.375	1.090	16,250
Costa Rica	CRI	10.2	49.750	3.056	31,333
Cote d'Ivoire	CIV	68	23.875	1.535	0
Croatia	HRV	6.6	39.875	2.493	20,000
Cyprus	CYP	2.5	59.188	3.608	163,406
Czech Republic	CZE	19.1	45.875	2.813	100,000
Denmark	DNK	0	95.438	4.949	3,538,095
Djibouti	DJI	6.5	29.938	1.969	0
Dominican Republic	DOM	0.1	30.125	1.835	124,167
Ecuador	ECU	0	24.438	1.679	40,000
Egypt, Arab Rep.	EGY	141.4	31.000	1.977	73,750
El Salvador	SLV	1.7	39.375	2.114	60,000

Eritrea	ERI	0.8	26.200	2.294	400,000
Estonia	EST	10.7	62.188	3.362	95,000
Ethiopia	ETH	60.4	27.750	1.845	17,500
Fiji	FJI	15.7	31.875	2.167	0
Finland	FIN	0.1	95.063	4.880	888,000
France	FRA	6.2	69.063	3.886	27,500,000
Gabon	GAB	2.2	37.688	1.771	80,000
Gambia, The	GMB	1.5	19.563	1.912	0
Georgia	GEO	9.8	25.313	2.166	645,367
Germany	DEU	1	79.000	4.334	33,700,000
Ghana	GHA	11.4	38.188	2.401	0
Greece	GRC	0	44.250	2.754	94,063
Guatemala	GTM	0.1	31.125	1.889	47,778
Guinea	GIN	10.9	24.250	1.533	0
Guinea-Bissau	GNB	35.2	13.533	1.411	0
Guyana	GUY	2.3	28.125	1.965	20,000
Haiti	HTI	3	14.750	1.148	85,000
Honduras	HND	5.5	24.375	1.656	141,500
Hungary	HUN	3.3	50.188	2.983	40,000
India	IND	6.2	29.938	2.059	1,767,923
Indonesia	IDN	36.5	22.875	1.694	67,778
Iran, Islamic Rep.	IRN	15.9	18.750	1.883	0
Ireland	IRL	0	76.750	4.071	16,400,000
Israel	ISR	0	66.750	3.418	5,979,804
Italy	ITA	14.8	46.938	2.827	5,976,286
Jamaica	JAM	0	37.250	2.094	20,000
Japan	JPN	0	70.750	3.804	34,200,000
Jordan	JOR	3	48.625	2.676	166,625
Kazakhstan	KAZ	21.4	22.313	1.538	355,000
Kenya	KEN	7.8	21.188	1.536	49,091
Korea, Rep.	KOR	0.4	47.438	2.929	2,485,024
Kuwait	KWT	249.4	56.375	3.044	202,822
Kyrgyz Republic	KGZ	5.2	22.813	1.465	0
Lao PDR	LAO	6.2	15.688	1.404	35,556
Latvia	LVA	0	38.813	2.624	175,000
Lebanon	LBN	1.4	20.563	1.803	280,625
Lesotho	LSO	19.1	31.500	2.481	22,000
Liberia	LBR	13.7	28.200	1.624	30,000
Libya	LBY	8.3	17.875	1.461	5,000
Lithuania	LTU	2.1	43.438	2.679	125,000
Macedonia, FYR	MKD	3.3	32.500	2.154	45,000
Madagascar	MDG	8.8	29.063	2.285	0
Malawi	MWI	13.2	31.688	1.964	0
Malaysia	MYS	1.4	49.438	2.759	815,084
Mali	MLI	37.9	20.625	1.941	0
Mauritania	MRT	11.3	28.563	2.100	0
Mauritius	MUS	20.7	48.333	2.991	49,063
Mexico	MEX	4	33.625	2.197	2,251,243
Moldova	MDA	0.7	28.125	1.836	0
Mongolia	MNG	10.3	37.125	2.012	82,500
Morocco	MAR	60.8	38.063	2.273	146,288

Mozambique	MOZ	112.1	23.438	1.996	150,000
Namibia	NAM	4.3	47.875	2.783	0
Nepal	NPL	16.7	17.313	1.874	0
Netherlands	NLD	0	88.625	4.642	15,400,000
New Zealand	NZL	0.1	94.313	4.856	492,292
Nicaragua	NIC	4.9	24.500	1.811	23,750
Niger	NER	20.2	17.688	1.706	0
Nigeria	NGA	59.4	18.188	1.384	0
Norway	NOR	0	87.563	4.619	1,572,992
Oman	OMN	0	61.813	2.901	0
Pakistan	PAK	70.3	22.813	1.573	586,111
Panama	PAN	0	38.938	2.181	1,427,862
Papua New Guinea	PNG	5.6	33.778	1.406	0
Paraguay	PRY	13.2	19.188	1.377	0
Peru	PER	3.1	37.063	2.201	132,455
Philippines	PHL	11.7	27.063	1.909	218,188
Poland	POL	1.7	44.063	2.884	149,222
Portugal	PRT	8.9	63.875	3.574	61,821
Romania	ROU	3.6	33.375	2.219	16,250
Russian Federation	RUS	2.1	23.938	1.567	972,756
Rwanda	RWA	13.1	19.813	2.399	0
Saudi Arabia	SAU	34.2	49.938	2.317	852,915
Senegal	SEN	80.2	34.188	2.209	60,000
Serbia	SRB	38.5	27.286	2.014	362,500
Sierra Leone	SLE	25.9	18.000	1.593	0
Singapore	SGP	3.6	91.875	4.732	856,694
Slovak Republic	SVK	6.5	42.438	2.738	73,571
Slovenia	SVN	5.3	58.938	3.411	15,000
South Africa	ZAF	34.5	48.063	2.774	486,387
Spain	ESP	12.9	64.625	3.654	2,184,622
Sri Lanka	LKA	17.4	39.313	2.247	132,600
Sudan	SDN	120.6	26.500	1.250	5,000
Swaziland	SWZ	4.4	30.625	2.195	52,000
Sweden	SWE	0	92.688	4.755	2,431,393
Switzerland	CHE	0.1	88.313	4.626	34,600,000
Syrian Arab Republic	SYR	53.3	20.188	1.586	0
Tajikistan	TJK	4.4	16.000	1.404	0
Tanzania	TZA	8.4	26.750	1.851	45,000
Thailand	THA	24.8	33.500	2.231	254,962
Togo	TGO	10	17.333	1.594	0
Trinidad and Tobago	TTO	1.4	42.938	2.340	0
Tunisia	TUN	16.7	47.250	2.490	0
Turkey	TUR	0	37.250	2.390	86,818
Turkmenistan	TKM	5.9	14.250	1.189	0
Uganda	UGA	3.5	24.563	1.628	55,333
Ukraine	UKR	13.1	24.625	1.571	125,714
United Arab Emirates	ARE	0	72.438	3.434	504,231
United Kingdom	GBR	0	83.688	4.340	68,500,000
Uruguay	URY	4.5	56.625	3.550	20,000
Uzbekistan	UZB	8.9	18.875	1.416	20,000
Venezuela, RB	VEN	9.2	23.250	1.464	429,000

Vietnam	VNM	10	25.125	1.886	12,500
Yemen, Rep.	YEM	9.2	17.813	1.553	13,333
Zambia	ZMB	61.2	31.563	1.859	10,000
Zimbabwe	ZWE	46.2	27.000	1.263	26,667

Note. – Higher score in each corruption index indicates less corruption.

TABLE III
First-Stage Regression Results: Corruption Index and Number of Unpaid New York City Parking Tickets (Pre-Enforcement)

Dependent Variable	Heritage Foundation Corruption Index	Kaufmann et al. Corruption Index
	(1)	(3)
Number of unpaid parking tickets (pre-enforcement)	-0.050***	-0.003***
	(0.018)	(0.001)
Number of U.N. diplomats (in 1998)	-0.226***	-0.006
	(0.070)	(0.005)
Received U.S. economic aid (indicator)	-3.706**	-0.188***
	(1.469)	(0.059)
Received U.S. military aid (indicator)	-3.063*	-0.223**
	(1.811)	(0.087)
Log GDP per capita (USD)	10.144***	0.452***
	(0.954)	(0.047)
Log total trade amount with the U.S. (USD)	1.360***	0.011
	(0.521)	(0.027)
% of foreign direct investment (FDI) from a focal country to total FDI inflow to the U.S.	87.987***	5.057***
	(20.590)	(1.111)
America region (indicator)	-12.206***	-0.454***
	(2.932)	(0.171)
Asia region (indicator)	-7.998***	-0.328**
	(2.436)	(0.134)
Europe region (indicator)	-6.601**	-0.194
	(3.287)	(0.172)
Oceania region (indicator)	4.955	0.050
	(7.640)	(0.378)
Constant	-61.412***	-3.555***
	(8.170)	(0.473)
Year fixed effects	Included	Included
Observations	2,121	1,922
Number of countries	149	149
F-statistics	43.07***	37.07***

Note. – Ordinary least squares regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE IV
Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Campaign Contributions and Instrumented Heritage Foundation Corruption Index (Country)

Dependent Variable	Total Lobbying Spending			
	(1)	(2)	(3)	(4)
	Zero-inflated Negative Binomial			
Instrumented corruption index	0.006***	0.003***	0.003***	0.002**
	(0.001)	(0.001)	(0.001)	(0.001)
Log total campaign contributions contributed		0.013***		0.012***
		(0.002)		(0.002)
Total number of congressional bills addressed (in thousands)			-0.108***	-0.061**
			(0.039)	(0.029)
Total number of appropriations issues addressed (in thousands)			0.004***	0.002***
			(0.001)	(0.001)
Log GDP per capita (USD)	-0.057***	-0.029*	-0.023	-0.013
	(0.019)	(0.015)	(0.018)	(0.016)
Log GDP (USD)	0.049***	0.035***	0.043***	0.033***
	(0.006)	(0.005)	(0.006)	(0.005)
% of export amounts to the U.S. to total export amounts	0.048	0.033	0.063	0.044
	(0.066)	(0.043)	(0.062)	(0.041)
Number of per capita patents granted in the U.S (in thousands)	0.054**	0.023	0.045**	0.022
	(0.027)	(0.020)	(0.020)	(0.017)
Polity IV measure	0.001	-0.001	0.003	0.000
	(0.002)	(0.002)	(0.002)	(0.002)
Rule of law distance (absolute)	-0.027	-0.018	-0.010	-0.009
	(0.021)	(0.016)	(0.021)	(0.016)
POLCON III distance (squared)	0.319	0.064	0.425**	0.160
	(0.216)	(0.165)	(0.212)	(0.168)
Geographic distance (kms/in millions)	-8.095*	-2.574	-3.361	-0.612
	(4.523)	(3.067)	(4.297)	(3.060)
NATO member (indicator)	-0.066	-0.044	-0.065*	-0.046*
	(0.040)	(0.027)	(0.035)	(0.026)
UNGA voting similarity to the U.S. (5-year moving average)	0.193**	0.098*	0.143	0.082
	(0.092)	(0.059)	(0.104)	(0.066)
Constant	1.481***	1.687***	1.394***	1.609***
	(0.207)	(0.149)	(0.192)	(0.152)
Year fixed effects	Included	Included	Included	Included
	Logit			
Log GDP per capita (USD)	-0.562***	-0.562***	-0.562***	-0.562***
	(0.166)	(0.166)	(0.166)	(0.166)
Log GDP (USD)	-0.543***	-0.543***	-0.543***	-0.543***
	(0.125)	(0.126)	(0.125)	(0.126)
% of export amounts to the U.S. to total export amounts	-1.484*	-1.484*	-1.484*	-1.484*
	(0.867)	(0.867)	(0.867)	(0.867)
Number of per capita patents granted in the U.S (in thousands)	-119.338	-119.785	-119.462	-119.877
	(73.701)	(75.524)	(74.195)	(75.913)
Polity IV measure	-0.041	-0.041	-0.041	-0.041
	(0.034)	(0.034)	(0.034)	(0.034)

Rule of law distance (absolute)	-0.029	-0.029	-0.029	-0.029
	(0.278)	(0.278)	(0.278)	(0.278)
POLCON III distance (squared)	2.347	2.349	2.348	2.349
	(2.457)	(2.458)	(2.457)	(2.458)
Geographic distance (kms/in millions)	-113.520*	-113.482*	-113.508*	-113.474*
	(60.507)	(60.534)	(60.512)	(60.538)
NATO member (indicator)	0.631	0.632	0.632	0.632
	(0.593)	(0.593)	(0.593)	(0.593)
UNGA voting similarity to the U.S. (5-year moving average)	0.913	0.914	0.913	0.914
	(2.509)	(2.509)	(2.509)	(2.509)
Constant	18.825***	18.819***	18.824***	18.818***
	(3.241)	(3.252)	(3.244)	(3.255)
Year fixed effects	Included	Included	Included	Included
Observations	2,114	2,114	2,114	2,114
Number of countries	144	144	144	144
Log pseudolikelihood	-2859.973	-2842.014	-2851.443	-2839.592
Wald chi2	423.24***	934.12***	933.84***	1757.26***

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE V
Second-Stage Instrumental Variable Regression Results: Lobbying Spending and
Instrumented Kaufmann et al. Corruption Index (Country)

Dependent Variable	Total Lobbying Spending			
	(1)	(2)	(3)	(4)
	Zero-inflated Negative Binomial			
Instrumented corruption index	0.106***	0.052***	0.057***	0.032*
	(0.024)	(0.019)	(0.020)	(0.018)
Log total campaign contributions contributed		0.014***		0.012***
		(0.002)		(0.002)
Total number of congressional bills addressed (in thousands)			-0.112***	-0.063**
			(0.040)	(0.029)
Total number of appropriations issues addressed (in thousands)			0.004***	0.002***
			(0.001)	(0.001)
Log GDP per capita (USD)	-0.046***	-0.024*	-0.013	-0.008
	(0.016)	(0.013)	(0.016)	(0.014)
Log GDP (USD)	0.051***	0.036***	0.044***	0.034***
	(0.006)	(0.005)	(0.006)	(0.006)
% of export amounts to the U.S. to total export amounts	0.092	0.053	0.089	0.057
	(0.067)	(0.043)	(0.061)	(0.040)
Number of per capita patents granted in the U.S (in thousands)	0.041	0.016	0.038*	0.018
	(0.026)	(0.019)	(0.020)	(0.016)
Polity IV measure	0.001	-0.001	0.003	0.000
	(0.002)	(0.002)	(0.002)	(0.002)
Rule of law distance (absolute)	-0.031	-0.019	-0.013	-0.011
	(0.021)	(0.016)	(0.021)	(0.016)
POLCON III distance (squared)	0.281	0.043	0.406*	0.146
	(0.221)	(0.165)	(0.216)	(0.168)
Geographic distance (kms/in millions)	-5.752	-1.425	-1.821	0.236
	(4.437)	(2.982)	(4.166)	(2.949)
NATO member (indicator)	-0.068	-0.045	-0.065*	-0.046*
	(0.042)	(0.028)	(0.036)	(0.027)
UNGA voting similarity to the U.S. (5-year moving average)	0.193**	0.097	0.145	0.082
	(0.093)	(0.060)	(0.102)	(0.066)
Constant	1.572***	1.735***	1.424***	1.630***
	(0.195)	(0.141)	(0.183)	(0.146)
Year fixed effects	Included	Included	Included	Included
	Logit			
Log GDP per capita (USD)	-0.562***	-0.562***	-0.562***	-0.562***
	(0.166)	(0.166)	(0.166)	(0.166)
Log GDP (USD)	-0.543***	-0.543***	-0.543***	-0.543***
	(0.125)	(0.126)	(0.125)	(0.126)
% of export amounts to the U.S. to total export amounts	-1.484*	-1.484*	-1.484*	-1.484*
	(0.867)	(0.867)	(0.867)	(0.867)
Number of per capita patents granted in the U.S (in thousands)	-119.321	-119.761	-119.441	-119.857
	(73.635)	(75.422)	(74.110)	(75.824)
Polity IV measure	-0.041	-0.041	-0.041	-0.041
	(0.034)	(0.034)	(0.034)	(0.034)
Rule of law distance (absolute)	-0.029	-0.029	-0.029	-0.029

	(0.278)	(0.278)	(0.278)	(0.278)
POLCON III distance (squared)	2.347	2.349	2.348	2.349
	(2.457)	(2.458)	(2.457)	(2.458)
Geographic distance (kms/in millions)	-113.521*	-113.484*	-113.510*	-113.475*
	(60.506)	(60.532)	(60.511)	(60.537)
NATO member (indicator)	0.631	0.632	0.632	0.632
	(0.593)	(0.593)	(0.593)	(0.593)
UNGA voting similarity to the U.S. (5-year moving average)	0.913	0.914	0.913	0.914
	(2.509)	(2.509)	(2.509)	(2.509)
Constant	18.825***	18.820***	18.824***	18.818***
	(3.240)	(3.252)	(3.243)	(3.254)
Year fixed effects	Included	Included	Included	Included
Observations	2,114	2,114	2,114	2,114
Number of countries	144	144	144	144
Log pseudolikelihood	-2860.64	-2842.137	-2852.043	-2839.758
Wald chi2	422.69***	983.32***	992.89***	1785.59***

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE VI
Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Instrumented Heritage Foundation Corruption Index (Industry-Country)

Dependent Variable	Total Lobbying Spending (Industry-Country)				
	(1)	(2)	(3)	(4)	(5)
	Zero-inflated Negative Binomial				
Instrumented corruption index	0.002***	0.003***	0.001**	0.015***	0.014***
	(0.001)	(0.001)	(0.001)	(0.005)	(0.005)
Log total campaign contributions contributed by industry-country			0.010***		0.047***
			(0.001)		(0.009)
Total number of congressional bills addressed by industry-country (in thousands)				0.009***	0.006***
				(0.001)	(0.001)
Total number of appropriations issues addressed by industry-country (in thousands)				0.093***	0.078***
				(0.018)	(0.018)
Log GDP per capita (USD)	-0.021**	-0.032***	-0.010	-0.096	-0.150*
	(0.010)	(0.012)	(0.009)	(0.082)	(0.088)
Log GDP (USD)	0.024***	0.022***	0.023***	0.251***	0.225***
	(0.004)	(0.005)	(0.003)	(0.034)	(0.034)
% of export amounts to the U.S. to total export amounts	-0.006	-0.006	0.015	0.027	0.187
	(0.024)	(0.027)	(0.020)	(0.193)	(0.212)
Number of per capita patents granted in the U.S (in thousands)	0.002	0.017	0.001	0.057	0.179
	(0.008)	(0.010)	(0.008)	(0.085)	(0.114)
Polity IV measure	-0.004***	-0.004**	-0.003***	-0.018	-0.025**
	(0.001)	(0.001)	(0.001)	(0.012)	(0.010)
Rule of law distance (absolute)	-0.008	-0.016	-0.002	-0.004	-0.097
	(0.012)	(0.013)	(0.011)	(0.104)	(0.108)
POLCON III distance (squared)	-0.160	-0.217*	-0.185*	0.045	-1.109
	(0.113)	(0.121)	(0.110)	(0.992)	(0.975)
Geographic distance (kms/in millions)	-6.919***	-8.667***	-4.395***	-48.150***	-37.728**
	(1.746)	(2.037)	(1.470)	(15.531)	(15.081)
NATO member (indicator)	-0.036**	-0.029*	-0.026**	-0.348***	-0.221*
	(0.014)	(0.016)	(0.013)	(0.133)	(0.125)
UNGA voting similarity to the U.S. (5-year moving average)	0.190***	0.167***	0.171***	1.808***	1.616***
	(0.050)	(0.062)	(0.050)	(0.331)	(0.597)
Constant	1.918***	2.015***	1.828***	5.342***	6.192***
	(0.110)	(0.138)	(0.093)	(1.068)	(0.971)

Year fixed effects	Included	Included	Included	Included	Included
Industry fixed effects		Included			Included
			Logit		
Log GDP per capita (USD)	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***
	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)
Log GDP (USD)	-0.723***	-0.723***	-0.723***	-0.723***	-0.723***
	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)
% of export amounts to the U.S. to total export amounts	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***
	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)
Number of per capita patents granted in the U.S (in thousands)	0.290**	0.290**	0.290**	0.290**	0.290**
	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)
Polity IV measure	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Rule of law distance (absolute)	0.738***	0.738***	0.738***	0.738***	0.738***
	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)
POLCON III distance (squared)	-2.239	-2.239	-2.239	-2.239	-2.239
	(2.073)	(2.073)	(2.073)	(2.073)	(2.073)
Geographic distance (kms/in millions)	37.561	37.560	37.561	37.561	37.562
	(35.732)	(35.732)	(35.733)	(35.733)	(35.733)
NATO member (indicator)	0.402	0.402	0.402	0.402	0.402
	(0.285)	(0.285)	(0.285)	(0.285)	(0.285)
UNGA voting similarity to the U.S. (5-year moving average)	0.189	0.189	0.189	0.189	0.189
	(0.590)	(0.590)	(0.590)	(0.590)	(0.590)
Constant	22.820***	22.820***	22.820***	22.820***	22.820***
	(1.939)	(1.939)	(1.939)	(1.939)	(1.939)
Year fixed effects	Included	Included	Included	Included	Included
Observations	42,280	42,280	42,280	42,280	42,280
Number of countries	144	144	144	144	144
Log pseudolikelihood	-14345.86	-14292.23	-14320.52	-51468.13	-51167.23
Wald chi2	834.39***	3879.55***	1500.24***	2651.09***	31000.51***

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE VII
Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Instrumented Kaufmann et al. Corruption Index (Industry-Country)

Dependent Variable	Total Lobbying Spending (Industry-Country)				
	(1)	(2)	(3)	(4)	(5)
	Zero-inflated Negative Binomial				
Instrumented corruption index	0.032***	0.042***	0.022**	0.025***	0.028***
	(0.010)	(0.012)	(0.010)	(0.009)	(0.009)
Log total campaign contributions contributed by industry-country			0.010***		0.005***
			(0.001)		(0.001)
Total number of congressional bills addressed by industry-country (in thousands)				0.000***	0.000***
				(0.000)	(0.000)
Total number of appropriations issues addressed by industry-country (in thousands)				0.007***	0.005***
				(0.001)	(0.001)
Log GDP per capita (USD)	-0.015*	-0.024**	-0.006	-0.006	-0.009
	(0.009)	(0.011)	(0.008)	(0.007)	(0.008)
Log GDP (USD)	0.024***	0.023***	0.023***	0.021***	0.020***
	(0.004)	(0.005)	(0.003)	(0.003)	(0.004)
% of export amounts to the U.S. to total export amounts	0.011	0.016	0.026	0.033	0.038
	(0.025)	(0.028)	(0.020)	(0.021)	(0.024)
Number of per capita patents granted in the U.S (in thousands)	-0.003	0.010	-0.003	-0.006	0.005
	(0.008)	(0.010)	(0.008)	(0.007)	(0.008)
Polity IV measure	-0.003**	-0.004**	-0.003***	-0.002*	-0.003**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Rule of law distance (absolute)	-0.011	-0.019	-0.003	0.000	-0.005
	(0.012)	(0.013)	(0.011)	(0.009)	(0.010)
POLCON III distance (squared)	-0.162	-0.218*	-0.186*	-0.063	-0.140
	(0.115)	(0.125)	(0.110)	(0.095)	(0.096)
Geographic distance (kms/in millions)	-5.793***	-7.189***	-3.641**	-3.528**	-3.958**
	(1.768)	(2.124)	(1.419)	(1.575)	(1.667)
NATO member (indicator)	-0.036**	-0.028*	-0.026**	-0.030**	-0.021
	(0.015)	(0.017)	(0.013)	(0.013)	(0.013)
UNGA voting similarity to the U.S. (5-year moving average)	0.190***	0.167**	0.170***	0.155***	0.137**
	(0.053)	(0.066)	(0.051)	(0.046)	(0.055)
Constant	1.932***	2.033***	1.842***	1.912***	1.937***
	(0.112)	(0.140)	(0.095)	(0.100)	(0.105)

	Included	Included	Included	Included	Included
Year fixed effects	Included	Included	Included	Included	Included
Industry fixed effects		Included			Included
			Logit		
Log GDP per capita (USD)	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***
	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)
Log GDP (USD)	-0.723***	-0.723***	-0.723***	-0.723***	-0.723***
	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)
% of export amounts to the U.S. to total export amounts	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***
	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)
Number of per capita patents granted in the U.S (in thousands)	0.290**	0.290**	0.290**	0.290**	0.290**
	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)
Polity IV measure	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Rule of law distance (absolute)	0.738***	0.738***	0.738***	0.738***	0.738***
	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)
POLCON III distance (squared)	-2.239	-2.239	-2.239	-2.239	-2.239
	(2.073)	(2.073)	(2.073)	(2.073)	(2.073)
Geographic distance (kms/in millions)	37.561	37.560	37.561	37.561	37.561
	(35.732)	(35.732)	(35.733)	(35.732)	(35.733)
NATO member (indicator)	0.402	0.402	0.402	0.402	0.402
	(0.285)	(0.285)	(0.285)	(0.285)	(0.285)
UNGA voting similarity to the U.S. (5-year moving average)	0.189	0.189	0.189	0.189	0.189
	(0.590)	(0.590)	(0.590)	(0.590)	(0.590)
Constant	22.820***	22.820***	22.820***	22.820***	22.820***
	(1.939)	(1.939)	(1.939)	(1.939)	(1.939)
Year fixed effects	Included	Included	Included	Included	Included
Observations	42,280	42,280	42,280	42,280	42,280
Number of countries	144	144	144	144	144
Log pseudolikelihood	-14346.43	-14293.2	-14320.68	-14296.1	-14259.59
Wald chi2	800.33***	4177.29***	1481.28***	1824.17***	30034.40***

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE VIII

Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Instrumented Heritage Foundation Corruption Index with Variables of Congressional Issues and Federal Agencies Addressed (Country)

Dependent Variable	Total Lobbying Spending					
	(1)	(2)	(3)	(4)	(5)	(6)
	Zero-inflated Negative Binomial					
Instrumented corruption index	0.004***	0.002***	0.003***	0.005***	0.003***	0.003***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Normalized Herfindahl index of congressional issues	-0.165***	-0.155***				
	(0.030)	(0.028)				
Total number of congressional issues addressed (in thousands)		0.236***				
		(0.050)				
Normalized Herfindahl index of federal agencies lobbied				-0.142***	-0.127***	
				(0.031)	(0.028)	
Total number of federal agencies lobbied (in thousands)					0.157***	
					(0.039)	
Log GDP per capita (USD)	-0.049***	-0.015	-0.020*	-0.054***	-0.016	-0.031*
	(0.016)	(0.014)	(0.012)	(0.018)	(0.018)	(0.017)
Log GDP (USD)	0.034***	0.029***	0.036***	0.046***	0.039***	0.041***
	(0.006)	(0.006)	(0.005)	(0.006)	(0.006)	(0.005)
% of export amounts to the U.S. to total export amounts	0.041	0.033	0.095**	0.045	0.038	0.066
	(0.050)	(0.044)	(0.038)	(0.065)	(0.059)	(0.056)
Number of per capita patents granted in the U.S (in thousands)	0.058***	0.014	0.008	0.056**	0.012	0.053***
	(0.022)	(0.017)	(0.018)	(0.026)	(0.020)	(0.019)
Polity IV measure	0.000	0.002	0.002	0.001	0.003	0.002
	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)	(0.002)
Rule of law distance (absolute)	-0.022	-0.005	-0.011	-0.029	-0.011	-0.014
	(0.017)	(0.017)	(0.014)	(0.021)	(0.021)	(0.016)
POLCON III distance (squared)	0.257	0.342*	0.141	0.344*	0.439**	0.184
	(0.192)	(0.178)	(0.144)	(0.208)	(0.203)	(0.177)
Geographic distance (kms/in millions)	-5.730	-1.764	-2.135	-7.902*	-3.619	-1.232
	(3.593)	(3.275)	(2.557)	(4.470)	(4.218)	(3.226)
NATO member (indicator)	-0.041	-0.045	-0.061**	-0.061	-0.067*	-0.065**
	(0.034)	(0.029)	(0.026)	(0.039)	(0.035)	(0.029)
UNGA voting similarity to the U.S. (5-year moving average)	0.198***	0.123*	0.074	0.200**	0.110	0.093
	(0.058)	(0.073)	(0.066)	(0.091)	(0.113)	(0.080)

|						
Constant	1.905***	1.783***	1.447***	1.586***	1.490***	1.420***
	(0.192)	(0.178)	(0.157)	(0.204)	(0.191)	(0.180)
Year fixed effects	Included	Included	Included	Included	Included	Included
% of each congressional issue addressed			Included			
% of each federal agency lobbied						Included
			Logit			
Log GDP per capita (USD)	-0.562***	-0.562***	-0.562***	-0.562***	-0.562***	-0.562***
	(0.166)	(0.166)	(0.166)	(0.166)	(0.166)	(0.166)
Log GDP (USD)	-0.543***	-0.543***	-0.542***	-0.543***	-0.543***	-0.543***
	(0.125)	(0.125)	(0.127)	(0.125)	(0.125)	(0.126)
% of export amounts to the U.S. to total export amounts	-1.484*	-1.484*	-1.483*	-1.484*	-1.484*	-1.484*
	(0.867)	(0.867)	(0.867)	(0.867)	(0.867)	(0.867)
Number of per capita patents granted in the U.S (in thousands)	-119.275	-119.356	-120.744	-119.267	-119.347	-120.579
	(73.468)	(73.793)	(79.846)	(73.425)	(73.742)	(79.095)
Polity IV measure	-0.041	-0.041	-0.041	-0.041	-0.041	-0.041
	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)
Rule of law distance (absolute)	-0.029	-0.029	-0.029	-0.029	-0.029	-0.029
	(0.278)	(0.278)	(0.278)	(0.278)	(0.278)	(0.278)
POLCON III distance (squared)	2.347	2.347	2.352	2.347	2.347	2.352
	(2.457)	(2.457)	(2.460)	(2.457)	(2.457)	(2.459)
Geographic distance (kms/in millions)	-113.523*	-113.516*	-113.405*	-113.525*	-113.518*	-113.417*
	(60.504)	(60.508)	(60.597)	(60.503)	(60.507)	(60.585)
NATO member (indicator)	0.631	0.631	0.633	0.631	0.631	0.632
	(0.593)	(0.593)	(0.593)	(0.593)	(0.593)	(0.593)
UNGA voting similarity to the U.S. (5-year moving average)	0.913	0.913	0.914	0.913	0.913	0.914
	(2.509)	(2.509)	(2.509)	(2.509)	(2.509)	(2.509)
Constant	18.826***	18.825***	18.806***	18.826***	18.825***	18.808***
	(3.239)	(3.241)	(3.280)	(3.239)	(3.241)	(3.275)
Year fixed effects	Included	Included	Included	Included	Included	Included
Observations	2,114	2,114	2,114	2,114	2,114	2,114
Number of countries	144	144	144	144	144	144
Log pseudolikelihood	-2848.291	-2841.869	-2835.354	-2857.316	-2849.745	-2831.807
Wald chi2	692.62***	1133.36***	-	517.04***	867.64***	-

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE IX
Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Instrumented Heritage Foundation Corruption Index with Variables of Congressional Issues and Federal Agencies Addressed (Industry-Country)

Dependent Variable	Total Lobbying Spending (Industry-Country)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Zero-inflated Negative Binomial							
Instrumented corruption index	0.002***	0.001**	0.001***	0.002***	0.002***	0.001***	0.001***	0.002***
	(0.001)	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)
Normalized Herfindahl index of congressional issues by industry-country	-0.044**	-0.045**						
	(0.022)	(0.020)						
Total number of congressional issues addressed by industry-country (in thousands)		0.092***						
		(0.014)						
Normalized Herfindahl index of federal agencies lobbied by industry-country					-0.044	-0.040		
					(0.030)	(0.028)		
Total number of federal agencies lobbied by industry-country (in thousands)						0.061***		
						(0.008)		
Log GDP per capita (USD)	-0.021**	-0.001	-0.007	-0.009	-0.021**	0.000	-0.009	-0.019**
	(0.010)	(0.007)	(0.007)	(0.008)	(0.010)	(0.008)	(0.006)	(0.008)
Log GDP (USD)	0.020***	0.015***	0.021***	0.020***	0.023***	0.017***	0.016***	0.014***
	(0.005)	(0.004)	(0.004)	(0.004)	(0.004)	(0.003)	(0.003)	(0.003)
% of export amounts to the U.S. to total export amounts	-0.006	0.008	0.012	0.026	-0.006	0.011	0.015	-0.014
	(0.023)	(0.018)	(0.016)	(0.020)	(0.024)	(0.019)	(0.022)	(0.031)
Number of per capita patents granted in the U.S (in thousands)	0.005	-0.008	-0.006	0.009	0.003	-0.010	0.012**	0.033***
	(0.009)	(0.008)	(0.009)	(0.011)	(0.008)	(0.007)	(0.006)	(0.007)
Polity IV measure	-0.004***	-0.002*	-0.003**	-0.003**	-0.004***	-0.001	-0.000	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Rule of law distance (absolute)	-0.005	0.009	0.001	-0.002	-0.009	0.007	0.011	0.008
	(0.012)	(0.011)	(0.010)	(0.011)	(0.012)	(0.012)	(0.008)	(0.011)
POLCON III distance (squared)	-0.201*	-0.065	-0.088	-0.118	-0.155	0.009	0.083	-0.075
	(0.115)	(0.096)	(0.103)	(0.101)	(0.114)	(0.094)	(0.080)	(0.100)
	-6.298***	-3.022*	-3.876***	-5.385***	-6.852***	-3.526*	-1.919	-3.611**

Geographic distance (kms/in millions)	(1.637)	(1.698)	(1.354)	(1.630)	(1.763)	(1.853)	(1.292)	(1.702)
NATO member (indicator)	-0.030**	-0.025*	-0.028***	-0.019*	-0.036**	-0.033**	-0.031***	-0.027**
	(0.014)	(0.015)	(0.010)	(0.011)	(0.014)	(0.015)	(0.009)	(0.013)
UNGA voting similarity to the U.S. (5-year moving average)	0.189***	0.135***	0.116***	0.100**	0.193***	0.127***	0.158***	0.153***
	(0.053)	(0.034)	(0.037)	(0.046)	(0.051)	(0.030)	(0.030)	(0.036)
Constant	2.035***	1.988***	1.759***	1.768***	1.953***	1.914***	1.867***	1.956***
	(0.123)	(0.119)	(0.081)	(0.104)	(0.111)	(0.105)	(0.081)	(0.105)
Year fixed effects	Included	Included	Included	Included	Included	Included	Included	Included
Industry fixed effects				Included				Included
% of each congressional issue addressed			Included	Included				
% of each federal agency lobbied							Included	Included
					Logit			
Log GDP per capita (USD)	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***
	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)
Log GDP (USD)	-0.723***	-0.723***	-0.723***	-0.723***	-0.723***	-0.723***	-0.722***	-0.722***
	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)
% of export amounts to the U.S. to total export amounts	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***
	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)
Number of per capita patents granted in the U.S (in thousands)	0.290**	0.290**	0.290**	0.290**	0.290**	0.290**	0.289**	0.289**
	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)
Polity IV measure	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Rule of law distance (absolute)	0.738***	0.738***	0.738***	0.738***	0.738***	0.738***	0.737***	0.737***
	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)
POLCON III distance (squared)	-2.239	-2.239	-2.239	-2.239	-2.239	-2.239	-2.239	-2.239
	(2.073)	(2.073)	(2.073)	(2.073)	(2.073)	(2.073)	(2.071)	(2.070)
Geographic distance (kms/in millions)	37.561	37.561	37.562	37.561	37.561	37.561	37.431	37.428
	(35.732)	(35.732)	(35.732)	(35.732)	(35.732)	(35.732)	(35.732)	(35.731)
NATO member (indicator)	0.402	0.402	0.402	0.402	0.402	0.402	0.400	0.400
	(0.285)	(0.285)	(0.285)	(0.285)	(0.285)	(0.285)	(0.286)	(0.286)

UNGA voting similarity to the U.S. (5-year moving average)	0.189 (0.590)	0.189 (0.590)	0.189 (0.590)	0.189 (0.590)	0.189 (0.590)	0.189 (0.590)	0.188 (0.589)	0.188 (0.589)
Constant	22.820*** (1.939)	22.820*** (1.939)	22.820*** (1.939)	22.820*** (1.939)	22.820*** (1.939)	22.820*** (1.939)	22.809*** (1.938)	22.808*** (1.938)
Year fixed effects	Included	Included	Included	Included	Included	Included	Included	Included
Observations	42,280	42,280	42,280	42,280	42,280	42,280	42,280	42,280
Number of countries	144	144	144	144	144	144	144	144
Log pseudolikelihood	-14345.07	-14339.5	-14331.27	-14271.9	-14345.65	-14339.13	-14321.45	-14261.31
Wald chi2	970.12***	1419.45***	-	-	845.23***	1701.16***	-	-

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

Figure I.1
Total Lobbying Spending in the U.S.
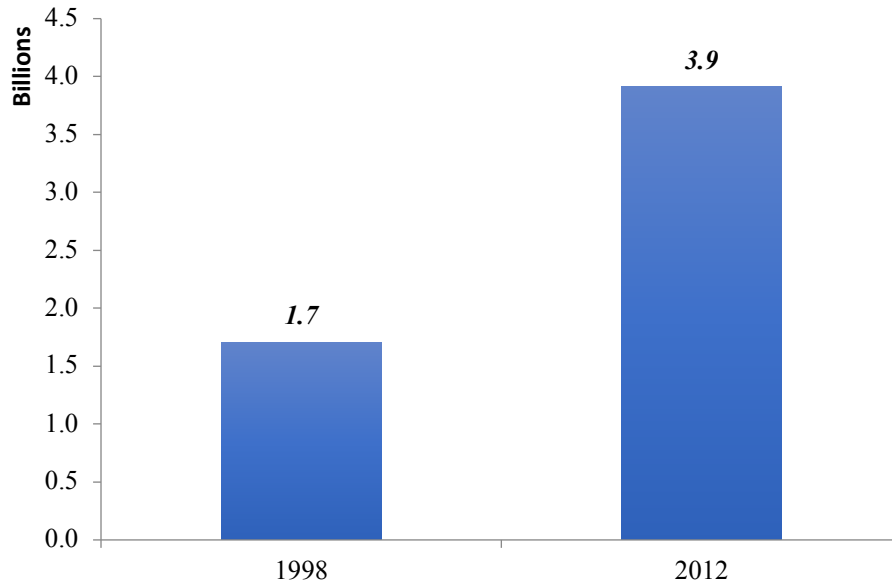
Figure I.2
Total Number of Firms Engaging in Lobbying in the U.S.
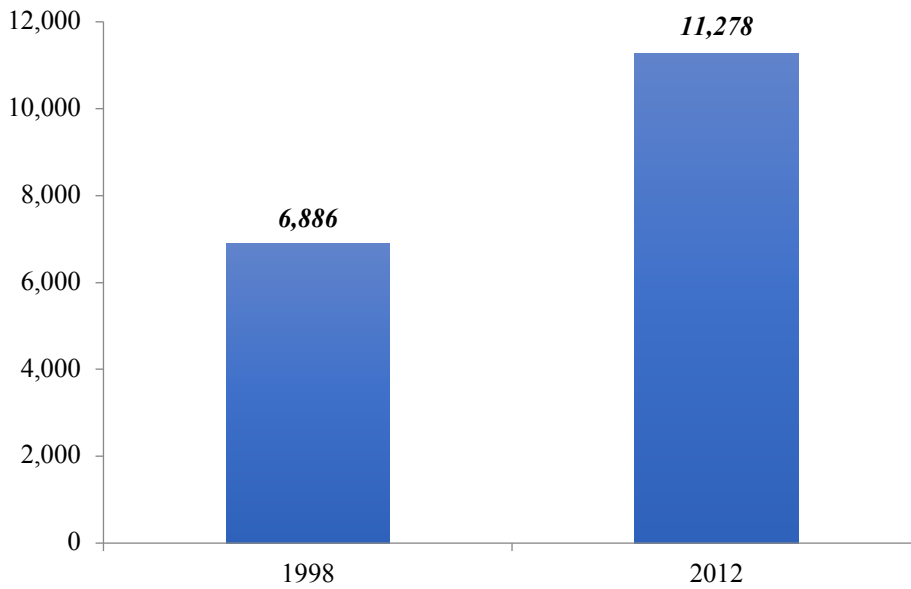
Figure II.1
Total Lobbying Spending by Foreign Firms in the U.S.
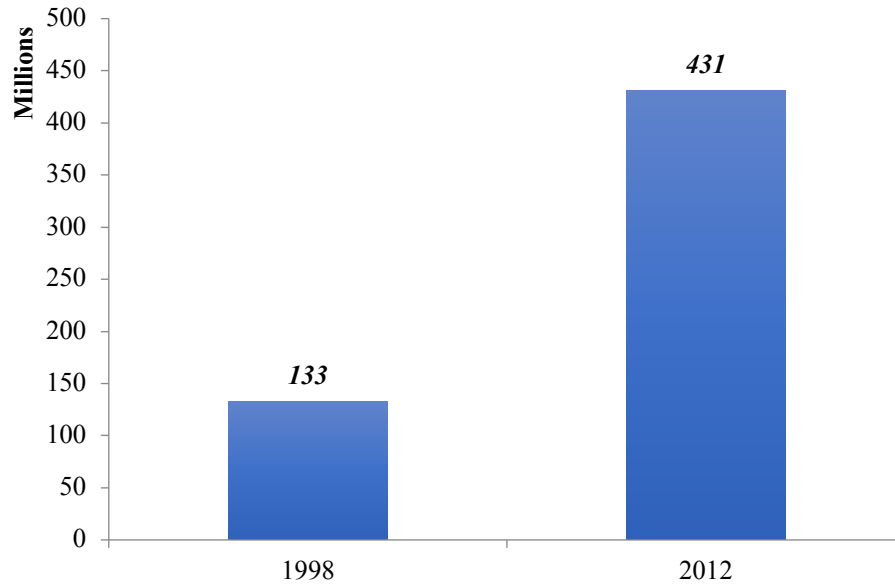
Figure II.2
Total Number of Foreign Firms Engaging in Lobbying in the U.S.
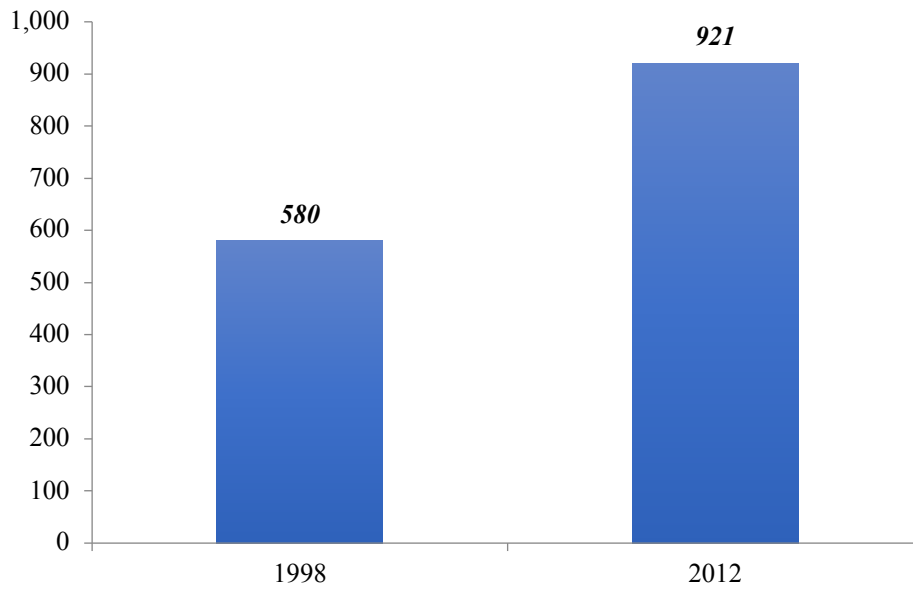
Figure III
Number of Parking Violations and Heritage Foundation Corruption Index
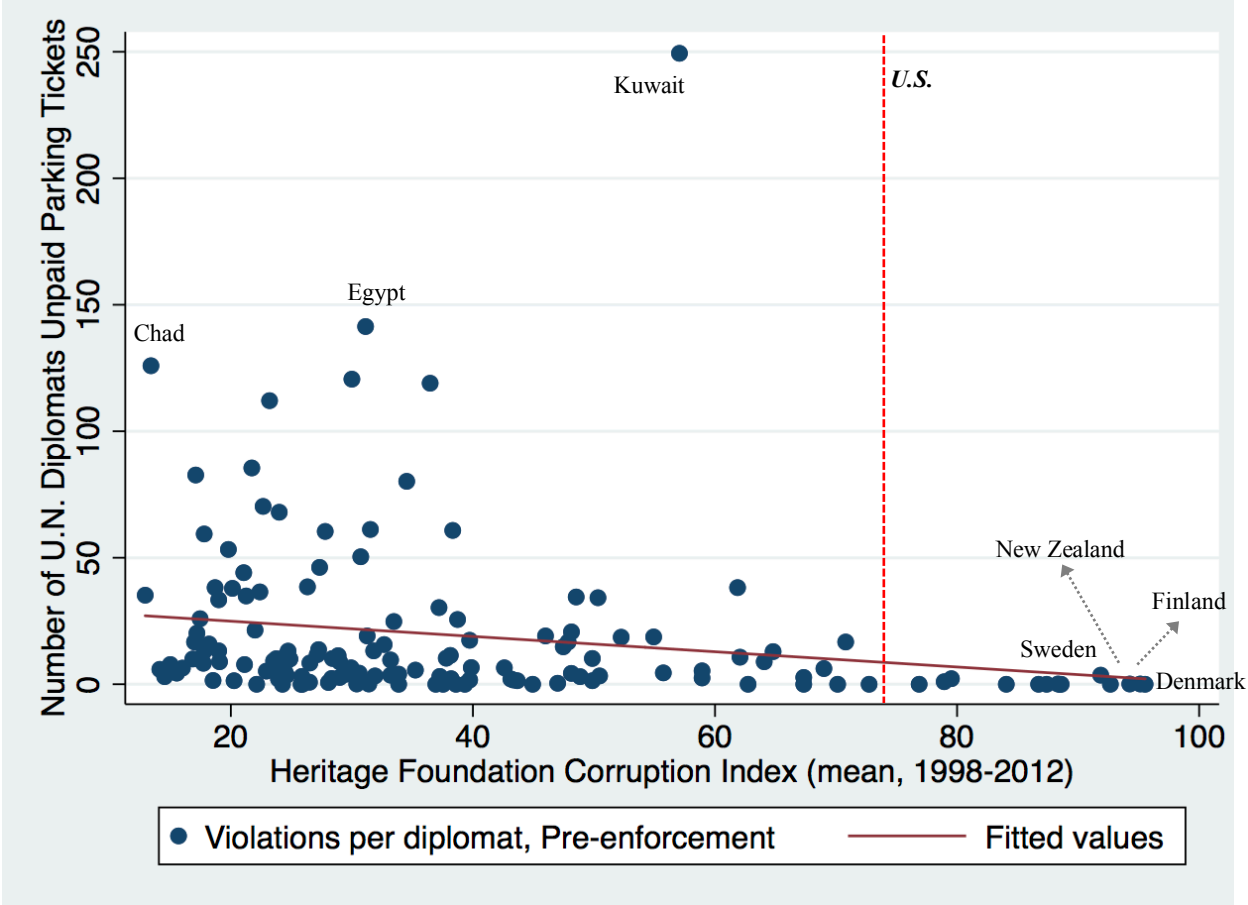
Figure IV.1
Heritage Foundation Corruption Index
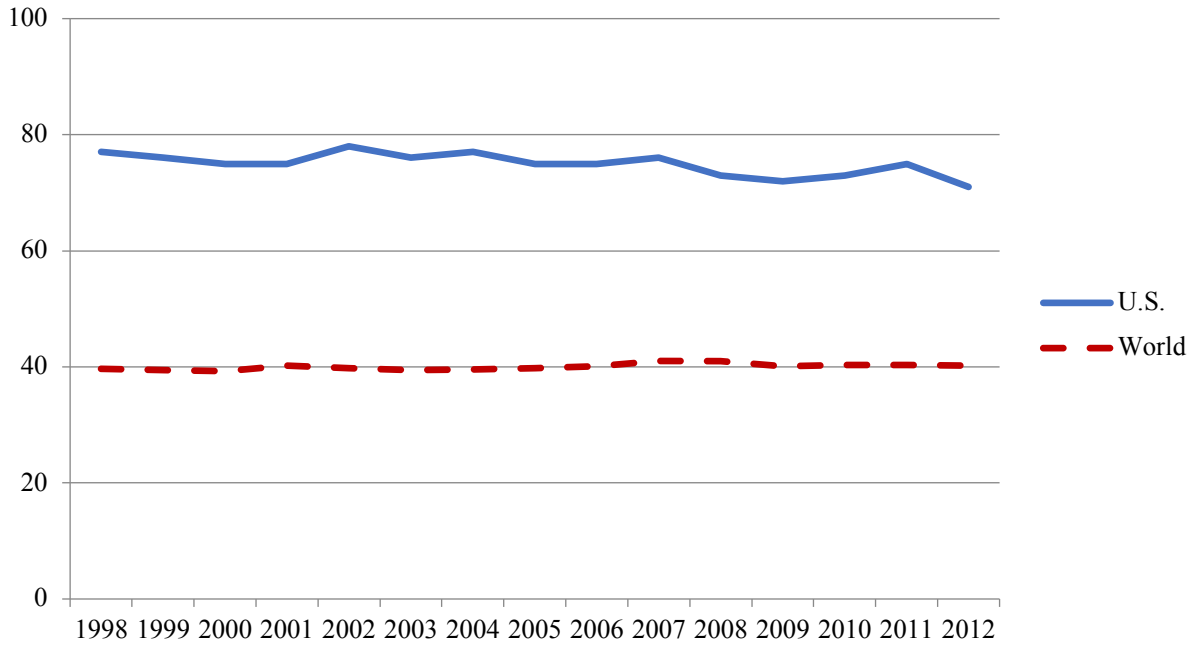
Figure IV.2
World Governance Indicators Corruption Index
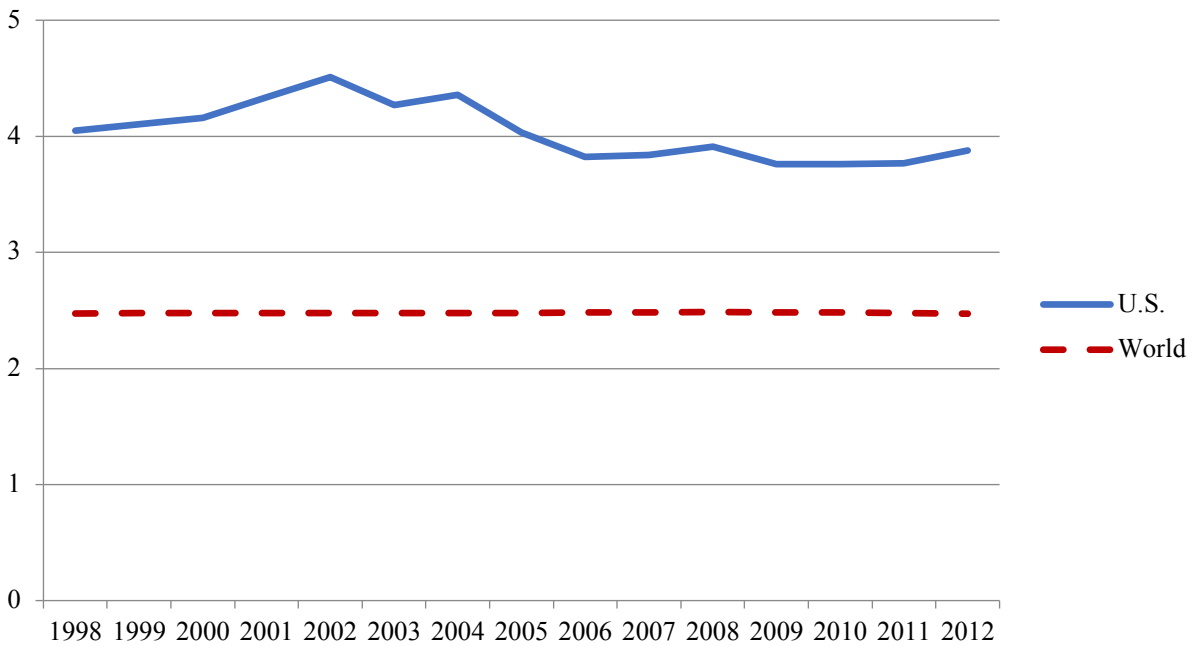
Figure V
Marginal Effect of Instrumented Heritage Foundation Corruption Index on Lobbying Spending After Controlling for All Control Variables
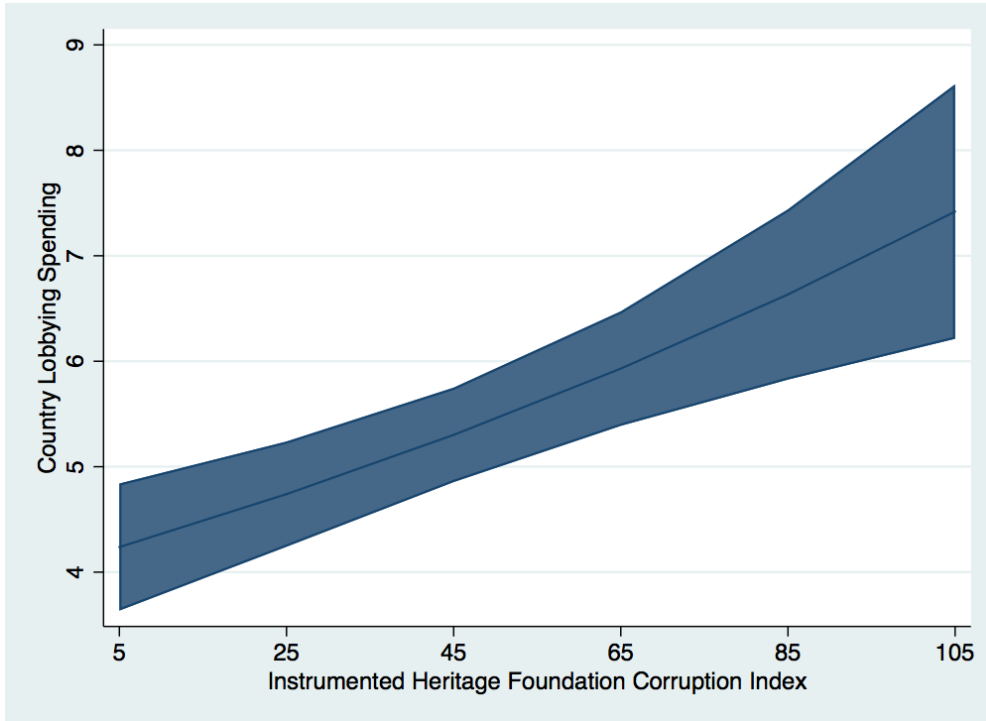
Figure VI
Marginal Effect of Instrumented Heritage Foundation Corruption Index on Lobbying Spending Only Controlling for GDP per Capita
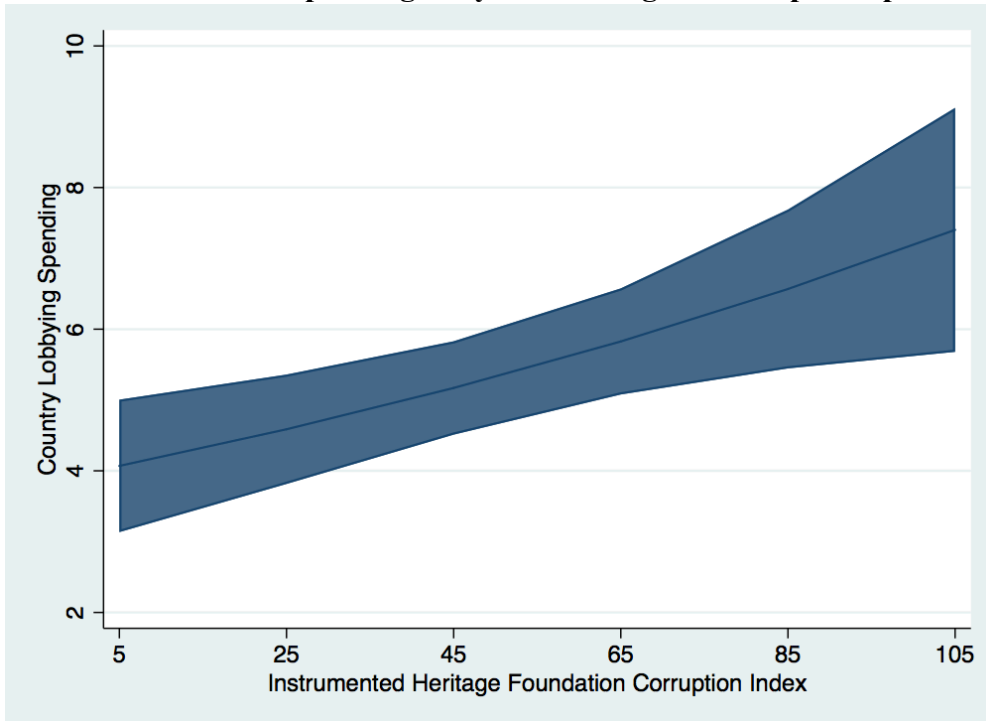
Figure VII
**Marginal Effect of Instrumented Heritage Foundation Corruption Index on Lobbying
Spending Only Controlling for Number of Patents per Capita**
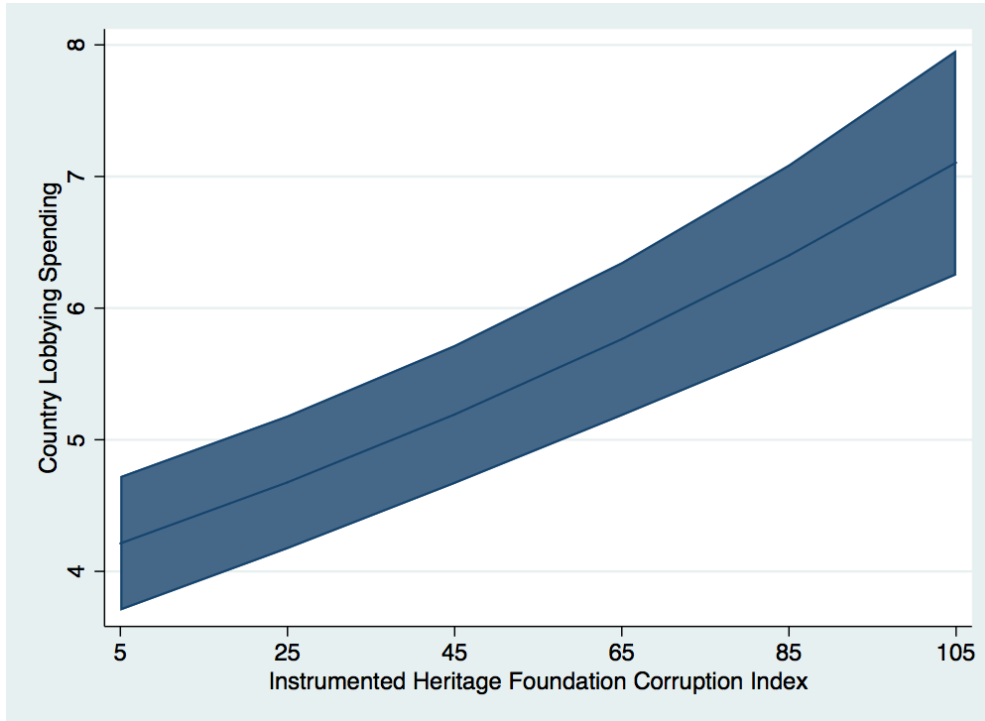
Figure VIII
**Marginal Effect of Instrumented Heritage Foundation Corruption Index on Lobbying
Spending After Controlling for Both GDP and Number of Patents per Capita**
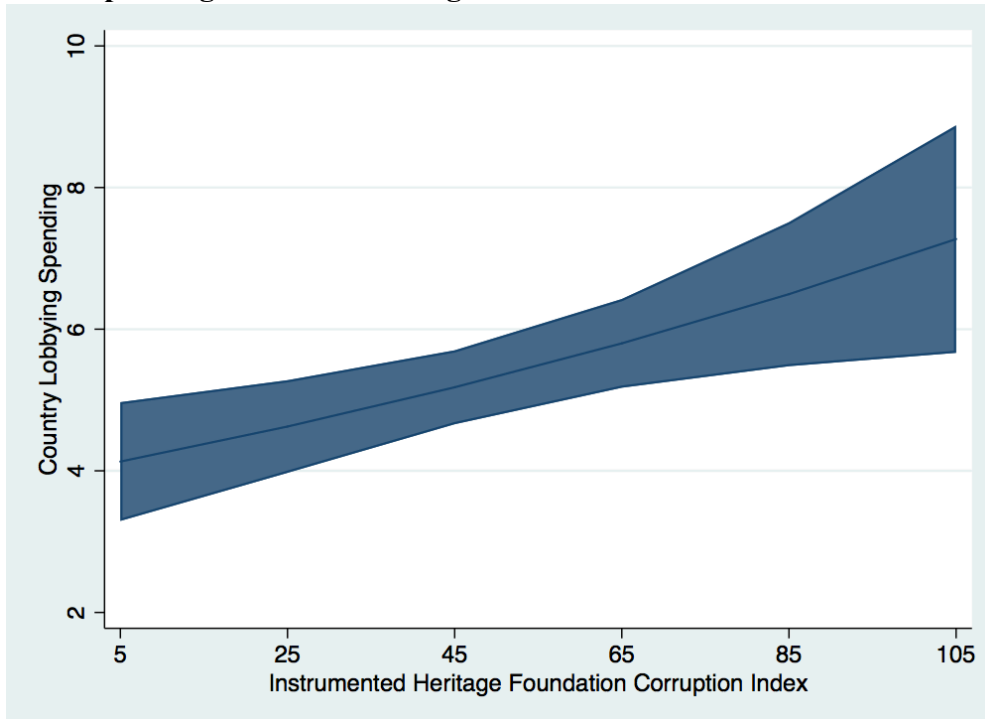
APPENDIX

TABLE A.1
Bootstrapped Standard Errors for Corruption Index and Number of Unpaid New York City Parking Tickets (Pre-Enforcement)

Dependent Variable	Heritage Foundation Corruption Index	Kaufmann et al. Corruption Index
	(1)	(3)
Number of unpaid parking tickets (pre-enforcement)	-0.050**	-0.003**
	(0.023)	(0.001)

Note. – Ordinary least squares regression. Bootstrapped standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE A.2
Bootstrapped Standard Errors for Lobbying Spending and Instrumented Heritage Foundation Corruption Index (Country)

Dependent Variable	Total Lobbying Spending	
	(1)	(2)
	Zero-inflated Negative Binomial	
Instrumented corruption index	0.006***	0.003**
	(0.002)	(0.001)

Note. – Zero-inflated negative binomial regression. Bootstrapped standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE A.3
Bootstrapped Standard Errors for Lobbying Spending and Instrumented Heritage Foundation Corruption Index (Industry-Country)

Dependent Variable	Total Lobbying Spending					
	(1)	(2)	(3)	(4)	(5)	(6)
	Poisson					
Instrumented corruption index	0.002***	0.003***	0.002***	0.002***	0.003***	0.002***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Observations	42,280	42,280	42,280	39,062	39,062	39,062

Note. – Zero-inflated Poisson regression. Bootstrapped standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE A.4
Second-Stage Instrumental Variable Regression Results: Lobbying Spending and
Instrumented Heritage Foundation Corruption Index (Country)

Dependent Variable	Total Lobbying Spending (Country)			
	(1)	(2)	(3)	(4)
	Zero-inflated Negative Binomial			
Instrumented corruption index	0.006***	0.006***	0.006***	0.005***
	(0.001)	(0.001)	(0.001)	(0.001)
Number of scientists and technicians (per 1,000 people)	0.006			
	(0.005)			
Higher education expenditure (% of GDP)		-0.017		
		(0.132)		
Total R&D expenditure (% of GDP)			1.274	
			(1.721)	
Total cumulative international patents granted (in thousands)				-0.062**
				(0.025)
Log GDP per capita (USD)	-0.058***	-0.054***	-0.059***	-0.051***
	(0.018)	(0.018)	(0.023)	(0.019)
Log GDP (USD)	0.049***	0.061***	0.051***	0.049***
	(0.006)	(0.007)	(0.010)	(0.006)
% of export amounts to the U.S. to total export amounts	0.050	0.081	0.040	0.026
	(0.067)	(0.076)	(0.084)	(0.066)
Number of per capita patents granted in the U.S (in thousands)	0.045	0.026	0.037	0.317***
	(0.028)	(0.024)	(0.030)	(0.118)
Polity IV measure	0.001	-0.002	0.001	0.002
	(0.002)	(0.003)	(0.002)	(0.002)
Rule of law distance (absolute)	-0.022	-0.033	-0.019	-0.020
	(0.021)	(0.025)	(0.032)	(0.022)
POLCON III distance (squared)	0.295	0.566**	0.407	0.355
	(0.212)	(0.234)	(0.266)	(0.217)
Geographic distance (kms/in millions)	-7.642*	-7.757	-9.529	-7.641*
	(4.604)	(4.859)	(6.426)	(4.505)
NATO member (indicator)	-0.069*	-0.071*	-0.067	-0.072*
	(0.041)	(0.043)	(0.054)	(0.040)
UNGA voting similarity to the U.S. (5-year moving average)	0.185*	0.181*	0.111	0.164*
	(0.101)	(0.105)	(0.126)	(0.094)
Constant	1.496***	1.126***	1.450***	1.456***
	(0.200)	(0.234)	(0.339)	(0.206)
Year fixed effects	Included	Included	Included	Included
	Logit			
Number of scientists and technicians (per 1,000 people)	0.317**			
	(0.160)			
Higher education expenditure (% of GDP)		0.927		
		(2.541)		
Total R&D expenditure (% of GDP)			119.938*	
			(66.988)	
Total cumulative international patents granted (in thousands)				1.997
				(3.418)

Log GDP per capita (USD)	-0.561***	-1.032***	-0.903***	-0.556***
	(0.166)	(0.271)	(0.248)	(0.167)
Log GDP (USD)	-0.545***	-0.644***	-0.609***	-0.555***
	(0.128)	(0.179)	(0.185)	(0.131)
% of export amounts to the U.S.	-1.380	-2.233**	1.018	-1.454*
to total export amounts	(0.873)	(1.083)	(1.971)	(0.872)
Number of per capita patents	-162.479*	-69.415*	-149.804*	-131.528
granted in the U.S (in thousands)	(97.359)	(37.653)	(84.079)	(91.324)
Polity IV measure	-0.040	-0.100*	-0.083*	-0.042
	(0.034)	(0.060)	(0.046)	(0.034)
Rule of law distance (absolute)	0.029	-0.413	-0.057	-0.039
	(0.278)	(0.402)	(0.395)	(0.279)
POLCON III distance (squared)	2.193	1.599	-0.862	2.292
	(2.434)	(4.270)	(4.142)	(2.444)
Geographic distance (kms/in	-107.199*	-190.466**	-115.043	-113.261*
millions)	(60.351)	(79.832)	(103.277)	(61.036)
NATO member (indicator)	0.362	0.268	0.173	0.620
	(0.585)	(0.695)	(0.652)	(0.590)
UNGA voting similarity to the	-0.602	5.405	4.457	0.781
U.S. (5-year moving average)	(2.428)	(3.416)	(4.010)	(2.539)
Constant	19.025***	25.023***	21.596***	19.092***
	(3.320)	(4.553)	(5.038)	(3.373)
Year fixed effects	Included	Included	Included	Included
Observations	2,114	1,085	1,070	2,114
Number of countries	144	131	111	144
Log pseudolikelihood	-2854.995	-1669.894	-1807.751	-2858.098
Wald chi2	429.58***	683.13***	381.18***	903.32***

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE A.5

Second-Stage Instrumental Variable Regression Results: Lobbying Spending where Amounts Below the Thresholds are Temporarily Coded as of Zero Dollar Value and Instrumented Heritage Foundation Corruption Index (Country)

Dependent Variable	Total Lobbying Spending (Country)			
	(1)	(2)	(3)	(4)
	Zero-inflated Negative Binomial			
Instrumented corruption index	0.005***	0.003***	0.003***	0.002**
	(0.001)	(0.001)	(0.001)	(0.001)
Log total campaign contributions contributed		0.012***		0.010***
		(0.002)		(0.002)
Total number of congressional bills addressed (in thousands)			-0.103***	-0.065**
			(0.034)	(0.026)
Total number of appropriations issues addressed (in thousands)			0.004***	0.002***
			(0.001)	(0.000)
Log GDP per capita (USD)	-0.058***	-0.034**	-0.025	-0.017
	(0.018)	(0.016)	(0.018)	(0.016)
Log GDP (USD)	0.047***	0.033***	0.040***	0.031***
	(0.006)	(0.005)	(0.006)	(0.005)
% of export amounts to the U.S. to total export amounts	0.031	0.020	0.047	0.031
	(0.060)	(0.040)	(0.055)	(0.037)
Number of per capita patents granted in the U.S (in thousands)	0.055**	0.030*	0.048***	0.030**
	(0.024)	(0.018)	(0.017)	(0.015)
Polity IV measure	0.001	-0.001	0.003	0.000
	(0.002)	(0.002)	(0.002)	(0.002)
Rule of law distance (absolute)	-0.022	-0.014	-0.005	-0.004
	(0.021)	(0.015)	(0.020)	(0.015)
POLCON III distance (squared)	0.261	0.002	0.375*	0.114
	(0.220)	(0.173)	(0.217)	(0.175)
Geographic distance (kms/in millions)	-8.958**	-3.452	-4.185	-1.363
	(4.422)	(2.980)	(4.036)	(2.853)
NATO member (indicator)	-0.059	-0.034	-0.057*	-0.037
	(0.039)	(0.027)	(0.033)	(0.025)
UNGA voting similarity to the U.S. (5-year moving average)	0.212***	0.124**	0.163*	0.108*
	(0.077)	(0.051)	(0.087)	(0.057)
Constant	1.580***	1.789***	1.504***	1.710***
	(0.196)	(0.145)	(0.178)	(0.144)
Year fixed effects	Included	Included	Included	Included
	Logit			
Log GDP per capita (USD)	-0.553***	-0.553***	-0.553***	-0.553***
	(0.167)	(0.167)	(0.167)	(0.167)
Log GDP (USD)	-0.597***	-0.596***	-0.597***	-0.596***
	(0.119)	(0.119)	(0.119)	(0.119)
% of export amounts to the U.S. to total export amounts	-1.473	-1.473	-1.473	-1.473
	(0.955)	(0.955)	(0.955)	(0.955)
Number of per capita patents granted in the U.S (in thousands)	-75.442	-75.461	-75.447	-75.465
	(55.815)	(55.875)	(55.832)	(55.886)
Polity IV measure	-0.043	-0.043	-0.043	-0.043

	(0.037)	(0.037)	(0.037)	(0.037)
Rule of law distance (absolute)	0.070	0.070	0.070	0.070
	(0.298)	(0.298)	(0.298)	(0.298)
POLCON III distance (squared)	2.057	2.057	2.057	2.057
	(2.642)	(2.642)	(2.642)	(2.642)
Geographic distance (kms/in millions)	-101.500	-101.496	-101.498	-101.495
	(67.579)	(67.581)	(67.579)	(67.581)
NATO member (indicator)	0.841	0.841	0.841	0.841
	(0.562)	(0.562)	(0.562)	(0.562)
UNGA voting similarity to the U.S. (5-year moving average)	1.216	1.216	1.216	1.216
	(2.787)	(2.787)	(2.787)	(2.787)
Constant	20.142***	20.142***	20.142***	20.142***
	(3.276)	(3.276)	(3.276)	(3.276)
Year fixed effects	Included	Included	Included	Included
Observations	2,114	2,114	2,114	2,114
Number of countries	144	144	144	144
Log pseudolikelihood	-2604.028	-2590.486	-2596.561	-2588.012
Wald chi2	440.34***	906.15***	1118.13***	1719.78***

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE A.6

Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Instrumented Kaufmann et al. Corruption Index with Variables of Congressional Issues and Federal Agencies Addressed (Country)

Dependent Variable	Total Lobbying Spending					
	(1)	(2)	(3)	(4)	(5)	(6)
	Zero-inflated Negative Binomial					
Instrumented corruption index	0.083***	0.040**	0.062***	0.099***	0.052***	0.064***
	(0.021)	(0.017)	(0.016)	(0.023)	(0.019)	(0.020)
Normalized Herfindahl index of congressional issues	-0.167***	-0.156***				
	(0.031)	(0.029)				
Total number of congressional issues addressed (in thousands)		0.239***				
		(0.051)				
Normalized Herfindahl index of federal agencies lobbied				-0.141***	-0.128***	
				(0.031)	(0.029)	
Total number of federal agencies lobbied (in thousands)					0.160***	
					(0.040)	
Log GDP per capita (USD)	-0.041***	-0.007	-0.012	-0.043***	-0.006	-0.024
	(0.014)	(0.013)	(0.011)	(0.016)	(0.017)	(0.015)
Log GDP (USD)	0.035***	0.030***	0.037***	0.047***	0.040***	0.042***
	(0.007)	(0.006)	(0.005)	(0.006)	(0.007)	(0.005)
% of export amounts to the U.S. to total export amounts	0.075	0.052	0.122***	0.086	0.061	0.092*
	(0.049)	(0.044)	(0.036)	(0.065)	(0.059)	(0.055)
Number of per capita patents granted in the U.S (in thousands)	0.048**	0.009	0.002	0.044*	0.005	0.046**
	(0.021)	(0.017)	(0.018)	(0.025)	(0.020)	(0.019)
Polity IV measure	0.000	0.002	0.002	0.001	0.003	0.002
	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)	(0.002)
Rule of law distance (absolute)	-0.025	-0.007	-0.014	-0.033	-0.013	-0.016
	(0.017)	(0.017)	(0.014)	(0.021)	(0.021)	(0.016)
POLCON III distance (squared)	0.226	0.327*	0.110	0.308	0.422**	0.156
	(0.194)	(0.179)	(0.144)	(0.212)	(0.207)	(0.177)
Geographic distance (kms/in millions)	-3.900	-0.620	-0.634	-5.684	-2.156	0.161
	(3.451)	(3.141)	(2.429)	(4.371)	(4.082)	(3.037)
NATO member (indicator)	-0.042	-0.045	-0.062**	-0.063	-0.067*	-0.066**
	(0.035)	(0.030)	(0.026)	(0.041)	(0.036)	(0.030)
UNGA voting similarity to the U.S. (5-year moving average)	0.198***	0.124*	0.078	0.201**	0.112	0.091
	(0.058)	(0.072)	(0.066)	(0.092)	(0.111)	(0.081)

Constant	1.981***	1.806***	1.488***	1.668***	1.511***	1.477***
	(0.186)	(0.173)	(0.155)	(0.194)	(0.185)	(0.174)
Year fixed effects	Included	Included	Included	Included	Included	Included
% of each congressional issue addressed			Included			
% of each federal agency lobbied						Included
			Logit			
Log GDP per capita (USD)	-0.562***	-0.562***	-0.562***	-0.562***	-0.562***	-0.562***
	(0.166)	(0.166)	(0.166)	(0.166)	(0.166)	(0.166)
Log GDP (USD)	-0.543***	-0.543***	-0.543***	-0.543***	-0.543***	-0.543***
	(0.125)	(0.125)	(0.127)	(0.125)	(0.125)	(0.126)
% of export amounts to the U.S. to total export amounts	-1.484*	-1.484*	-1.484*	-1.484*	-1.484*	-1.484*
	(0.867)	(0.867)	(0.867)	(0.867)	(0.867)	(0.867)
Number of per capita patents granted in the U.S (in thousands)	-119.267	-119.345	-120.646	-119.258	-119.335	-120.520
	(73.433)	(73.750)	(79.372)	(73.390)	(73.694)	(78.814)
Polity IV measure	-0.041	-0.041	-0.041	-0.041	-0.041	-0.041
	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)
Rule of law distance (absolute)	-0.029	-0.029	-0.029	-0.029	-0.029	-0.029
	(0.278)	(0.278)	(0.278)	(0.278)	(0.278)	(0.278)
POLCON III distance (squared)	2.347	2.347	2.352	2.347	2.347	2.352
	(2.457)	(2.457)	(2.460)	(2.457)	(2.457)	(2.459)
Geographic distance (kms/in millions)	-113.524*	-113.517*	-113.412*	-113.526*	-113.519*	-113.422*
	(60.503)	(60.507)	(60.589)	(60.503)	(60.506)	(60.580)
NATO member (indicator)	0.631	0.631	0.632	0.631	0.631	0.632
	(0.593)	(0.593)	(0.593)	(0.593)	(0.593)	(0.593)
UNGA voting similarity to the U.S. (5-year moving average)	0.913	0.913	0.914	0.913	0.913	0.914
	(2.509)	(2.509)	(2.509)	(2.509)	(2.509)	(2.509)
Constant	18.826***	18.825***	18.807***	18.826***	18.825***	18.809***
	(3.239)	(3.241)	(3.277)	(3.239)	(3.240)	(3.273)
Year fixed effects	Included	Included	Included	Included	Included	Included
Observations	2,114	2,114	2,114	2,114	2,114	2,114
Number of countries	144	144	144	144	144	144
Log pseudolikelihood	-2848.687	-2842.216	-2835.617	-2858.019	-2850.343	-2831.959
Wald chi2	722.68***	1147.96***	-	532.93***	905.19***	-

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Instrumented Kaufmann et al. Corruption Index with Variables of Congressional Issues and Federal Agencies Addressed (Industry-Country)

Dependent Variable	Total Lobbying Spending (Industry-Country)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Zero-inflated Negative Binomial							
Instrumented corruption index	0.031***	0.015**	0.019***	0.024***	0.032***	0.016**	0.019***	0.030***
	(0.011)	(0.007)	(0.007)	(0.007)	(0.011)	(0.006)	(0.007)	(0.008)
Normalized Herfindahl index of congressional issues by industry-country	-0.047**	-0.047**						
	(0.023)	(0.021)						
Total number of congressional issues addressed by industry-country (in thousands)		0.093***						
		(0.014)						
Normalized Herfindahl index of federal agencies lobbied by industry-country					-0.045	-0.041		
					(0.031)	(0.028)		
Total number of federal agencies lobbied by industry-country (in thousands)						0.062***		
						(0.008)		
Log GDP per capita (USD)	-0.015*	0.003	-0.003	-0.003	-0.015	0.005	-0.004	-0.011
	(0.009)	(0.007)	(0.007)	(0.008)	(0.009)	(0.007)	(0.006)	(0.008)
Log GDP (USD)	0.020***	0.015***	0.021***	0.020***	0.023***	0.017***	0.016***	0.015***
	(0.005)	(0.004)	(0.004)	(0.004)	(0.004)	(0.003)	(0.003)	(0.003)
% of export amounts to the U.S. to total export amounts	0.010	0.016	0.022	0.039*	0.011	0.020	0.025	0.003
	(0.024)	(0.018)	(0.017)	(0.020)	(0.025)	(0.019)	(0.023)	(0.032)
Number of per capita patents granted in the U.S (in thousands)	0.001	-0.010	-0.008	0.006	-0.002	-0.012*	0.009	0.028***
	(0.008)	(0.008)	(0.009)	(0.011)	(0.008)	(0.007)	(0.006)	(0.007)
Polity IV measure	-0.004***	-0.002*	-0.003**	-0.003**	-0.003***	-0.001	-0.000	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Rule of law distance (absolute)	-0.007	0.009	0.000	-0.003	-0.011	0.005	0.010	0.006
	(0.012)	(0.011)	(0.010)	(0.011)	(0.012)	(0.012)	(0.008)	(0.011)
POLCON III distance (squared)	-0.206*	-0.065	-0.097	-0.128	-0.157	0.010	0.078	-0.081
	(0.117)	(0.096)	(0.102)	(0.100)	(0.116)	(0.095)	(0.080)	(0.102)
Geographic distance (kms/in millions)	-5.194***	-2.375	-3.184**	-4.524***	-5.737***	-2.858	-1.218	-2.482
	(1.628)	(1.674)	(1.420)	(1.700)	(1.776)	(1.835)	(1.326)	(1.756)

NATO member (indicator)	-0.029*	-0.024	-0.027**	-0.018	-0.035**	-0.033**	-0.031***	-0.026*
	(0.015)	(0.015)	(0.011)	(0.011)	(0.015)	(0.015)	(0.009)	(0.013)
UNGA voting similarity to the U.S. (5-year moving average)	0.189***	0.134***	0.115***	0.099**	0.193***	0.126***	0.156***	0.151***
	(0.056)	(0.036)	(0.038)	(0.047)	(0.053)	(0.031)	(0.031)	(0.037)
Constant	2.058***	1.994***	1.767***	1.781***	1.968***	1.915***	1.868***	1.958***
	(0.127)	(0.120)	(0.082)	(0.104)	(0.114)	(0.106)	(0.081)	(0.107)
Year fixed effects	Included	Included	Included	Included	Included	Included	Included	Included
Industry fixed effects				Included				Included
% of each congressional issue addressed			Included	Included				
% of each federal agency lobbied							Included	Included

					Logit			
Log GDP per capita (USD)	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***	-0.264***
	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)
Log GDP (USD)	-0.723***	-0.723***	-0.723***	-0.723***	-0.723***	-0.723***	-0.722***	-0.722***
	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)
% of export amounts to the U.S. to total export amounts	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***	-1.647***
	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)	(0.592)
Number of per capita patents granted in the U.S (in thousands)	0.290**	0.290**	0.290**	0.290**	0.290**	0.290**	0.289**	0.289**
	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)
Polity IV measure	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**	-0.051**
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Rule of law distance (absolute)	0.738***	0.738***	0.738***	0.738***	0.738***	0.738***	0.737***	0.737***
	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)	(0.177)
POLCON III distance (squared)	-2.239	-2.239	-2.239	-2.239	-2.239	-2.239	-2.239	-2.239
	(2.073)	(2.073)	(2.073)	(2.073)	(2.073)	(2.073)	(2.071)	(2.070)
Geographic distance (kms/in millions)	37.561	37.561	37.562	37.561	37.561	37.561	37.431	37.429
	(35.732)	(35.732)	(35.732)	(35.732)	(35.732)	(35.732)	(35.732)	(35.731)
NATO member (indicator)	0.402	0.402	0.402	0.402	0.402	0.402	0.400	0.400
	(0.285)	(0.285)	(0.285)	(0.285)	(0.285)	(0.285)	(0.286)	(0.286)
UNGA voting similarity to the U.S. (5-year moving average)	0.189	0.189	0.189	0.189	0.189	0.189	0.188	0.188
	(0.590)	(0.590)	(0.590)	(0.590)	(0.590)	(0.590)	(0.589)	(0.589)
Constant	22.820***	22.820***	22.820***	22.820***	22.820***	22.820***	22.809***	22.808***
	(1.939)	(1.939)	(1.939)	(1.939)	(1.939)	(1.939)	(1.938)	(1.938)

Year fixed effects	Included	Included	Included	Included	Included	Included	Included	Included
Observations	42,280	42,280	42,280	42,280	42,280	42,280	42,280	42,280
Number of countries	144	144	144	144	144	144	144	144
Log pseudolikelihood	-14345.53	-14339.71	-14331.49	-14272.17	-14346.21	-14339.4	-14321.64	-14261.78
Wald chi2	967.98***	1393.90***	-	-	804.44***	1690.64***	-	-

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.

TABLE A.8
Second-Stage Instrumental Variable Regression Results: Lobbying Spending and Instrumented ICRG and CPI Corruption Index (Country and Industry-Country)

Dependent Variable	Total Lobbying Spending (Country)			Total Lobbying Spending (Industry-Country)		
	(1)	(2)	(3)	(4)	(5)	(6)
	Zero-inflated Negative Binomial					
Instrumented ICRG corruption index	0.069***		0.032***	0.043***		
	(0.020)		(0.009)	(0.010)		
Instrumented CPI corruption index		0.031***			0.015***	0.021***
		(0.008)			(0.004)	(0.004)
Log GDP per capita (USD)	-0.022	-0.041**	-0.013	-0.021**	-0.023***	-0.034***
	(0.015)	(0.018)	(0.009)	(0.010)	(0.009)	(0.010)
Log GDP (USD)	0.049***	0.050***	0.022***	0.020***	0.023***	0.020***
	(0.006)	(0.006)	(0.004)	(0.005)	(0.004)	(0.004)
% of export amounts to the U.S. to total export amounts	0.090	0.077	0.012	0.017	0.003	0.005
	(0.066)	(0.063)	(0.024)	(0.027)	(0.022)	(0.025)
Number of per capita patents granted in the U.S (in thousands)	0.054**	0.051*	0.003	0.018*	0.002	0.018*
	(0.027)	(0.026)	(0.008)	(0.010)	(0.008)	(0.009)
Polity IV measure	-0.000	0.000	-0.004***	-0.004***	-0.004***	-0.004***
	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.001)
Rule of law distance (absolute)	-0.038*	-0.037*	-0.012	-0.020	-0.011	-0.018
	(0.022)	(0.022)	(0.012)	(0.012)	(0.011)	(0.012)
POLCON III distance (squared)	0.261	0.283	-0.157	-0.212*	-0.132	-0.181
	(0.227)	(0.239)	(0.114)	(0.123)	(0.109)	(0.115)
Geographic distance (kms/in millions)	-4.777	-7.917*	-5.812***	-7.194***	-7.493***	-9.444***
	(4.494)	(4.513)	(1.751)	(1.985)	(1.723)	(1.902)
NATO member (indicator)	-0.064	-0.068	-0.036**	-0.030*	-0.039***	-0.033**
	(0.043)	(0.042)	(0.015)	(0.016)	(0.014)	(0.015)
UNGA voting similarity to the U.S. (5-year moving average)	0.203**	0.152*	0.193***	0.171***	0.156***	0.122**
	(0.096)	(0.086)	(0.048)	(0.058)	(0.043)	(0.054)
Constant	1.228***	1.477***	1.856***	1.934***	1.998***	2.123***
	(0.183)	(0.200)	(0.107)	(0.133)	(0.112)	(0.135)
Year fixed effects	Included	Included	Included	Included	Included	Included
Industry fixed effects				Included		Included

	Logit					
Log GDP per capita (USD)	-0.562***	-0.562***	-0.264***	-0.264***	-0.264***	-0.264***
	(0.166)	(0.166)	(0.097)	(0.097)	(0.097)	(0.097)
Log GDP (USD)	-0.543***	-0.543***	-0.723***	-0.723***	-0.723***	-0.723***
	(0.125)	(0.125)	(0.063)	(0.063)	(0.063)	(0.063)
% of export amounts to the U.S. to total export amounts	-1.484*	-1.484*	-1.647***	-1.647***	-1.647***	-1.647***
	(0.867)	(0.867)	(0.592)	(0.592)	(0.592)	(0.592)
Number of per capita patents granted in the U.S (in thousands)	-119.304	-119.281	0.290**	0.290**	0.290**	0.290**
	(73.570)	(73.479)	(0.139)	(0.139)	(0.139)	(0.139)
Polity IV measure	-0.041	-0.041	-0.051**	-0.051**	-0.051**	-0.051**
	(0.034)	(0.034)	(0.020)	(0.020)	(0.020)	(0.020)
Rule of law distance (absolute)	-0.029	-0.029	0.738***	0.738***	0.738***	0.738***
	(0.278)	(0.278)	(0.177)	(0.177)	(0.177)	(0.177)
POLCON III distance (squared)	2.347	2.347	-2.239	-2.239	-2.239	-2.239
	(2.457)	(2.457)	(2.073)	(2.073)	(2.073)	(2.073)
Geographic distance (kms/in millions)	-113.522*	-113.525*	37.561	37.560	37.561	37.560
	(60.505)	(60.504)	(35.732)	(35.732)	(35.732)	(35.732)
NATO member (indicator)	0.631	0.631	0.402	0.402	0.402	0.402
	(0.593)	(0.593)	(0.285)	(0.285)	(0.285)	(0.285)
UNGA voting similarity to the U.S. (5-year moving average)	0.913	0.913	0.189	0.189	0.189	0.189
	(2.509)	(2.509)	(0.590)	(0.590)	(0.590)	(0.590)
Constant	18.826***	18.826***	22.820***	22.820***	22.820***	22.820***
	(3.240)	(3.239)	(1.939)	(1.939)	(1.939)	(1.939)
Year fixed effects	Included	Included	Included	Included	Included	Included
Observations	2,114	2,114	42,280	42,280	42,280	42,280
Number of countries	144	144	144	144	144	144
Log pseudolikelihood	-2862.627	-2861.899	-14345.98	-14292.23	-14344.22	-14289.26
Wald chi2	394.84***	426.52***	819.77***	4354.95***	699.17***	6254.64***

Note. – Zero-inflated negative binomial regression. Standard errors corrected for clustering at the home country level are in parentheses.
* Statistically significantly different from zero at 90 percent confidence.
** Statistically significantly different from zero at 95 percent confidence.
*** Statistically significantly different from zero at 99 percent confidence.