Preferential Trade Agreements and Leaders' Business Experience

Abstract

Many theories attempt to explain the determinants of Preferential Trade Agreements (PTAs) and their design. Existing accounts, however, focus almost exclusively on structural or domestic factors and ignore individual leaders. In this paper, I develop and test novel theoretical claims regarding executive leaders' prior career in business and their trade cooperation policy once in office. I construct a new dataset on the Heads of the Executive's business managerial experience and test my main claims in a time-series-cross-sectional setting covering 185 countries from 1948 to 2009. To establish causality, I rely on an instrumental variable strategy and leverage exogenous transitions due to sudden deaths or terminal illness in office. The results show that businesspersons-turned-politicians are more likely to enter PTAs and are more likely to sign deeper PTAs. The relationship is further investigated in an illustrative case study of the 1988 US-Canada trade deal. The substantive effect of business experience is comparable to that of established factors in the literature, such as regime type, and is robust to numerous tests, specifications, sub-samples, and measurements of business experience.

On November 16th, 2000, US President Clinton attended the APEC state dinner in Brunei, Singapore, with the executive leaders of other twenty countries.[1] That evening, Singapore's Prime Minister Goh Chok Tong approached Clinton to propose a late-night round of golf after the official state banquet. An avid golfer, Clinton readily accepted. As a storm rolled across the capital, Goh and his staff anxiously watched their window of opportunity narrowing down. Just after midnight, the storm lifted and the two headed to the course. At around 2:00 a.m., the two leaders took a coffee break. Prime Minister Goh - a former business manager with extensive experience in the shipping industry - took the opportunity and made his case for a US-Singapore Free Trade Agreement. Goh's case was convincing and, even if only two months remained until his successor took office, Clinton agreed. To the surprise of the US Secretary of State Madeleine Albright and National Security Advisor Sandy Berger, the morning after Goh and Clinton made the decision public. Likely having in mind the relatively narrow US-Jordan FTA to be signed a few weeks later, President Clinton seemed convinced that two months would have sufficed. As it turned out, though, the Singaporean Ambassador-at-large Tommy Koh and his government had a far larger and more comprehensive deal in mind. Tommy Koh - a US-educated law professor, familiar with the ways of Washington - also realized that a deeper proposal would have been viewed more favorably by the next administration, eager to distinguish itself from the trade deals reached during the 90s. On January 21st, 2001, G.W. Bush - also a former businessman with experiences in the oil and gas industry - was sworn as President. On May 6, 2003, Prime Minister Goh and President Bush formally signed a deeper trade agreement than most had expected.

Undoubtedly, economic as well as geopolitical factors played an important role in the successful negotiation of the bilateral treaty between Singapore and the US. Nevertheless, this

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[1] This paragraph is based on Green and Sebenius (2014) and Crump (2006).

example nicely captures a further element that has been so far overlooked in the literature, i.e. the role of individual leaders in structuring the patterns of international economic cooperation. This oversight is surprising, considering the consequential role of a country's executive in international economic negotiations (Milner and Rosendorff 1996). Moreover, the US-Singapore case shows how the leaders' occupational background – particularly, a professional experience in the business world - may affect their economic policy preferences. While the role of business lobbying has been extensively studied in the literature (e.g. Witko and Friedman 2008), there is little research linking leaders' business experience to international trade policy. Indeed, trade-related preferences at the executive level have been rarely explained, except for ideology (Mansfield and Milner 2012; Raess et al. 2018).

To fill this gap, I draw from the literature in political science, sociology, social psychology, and economics to suggest that one specific type of leader's occupational experience - namely, business experience - is an important factor in explaining a country's propensity to engage in international trade cooperation. To test my claims, I complement and extend previous datasets (Ellis et al. 2015; Fuhrmann 2020) on executive leaders' occupational backgrounds to cover 185 countries between 1948 and 2009.[2] The empirical results show that countries whose Head of the Executive has prior managerial experience in the tradeable sector tend to sign *more* and *deeper* PTAs than their non-business counterparts. I probe for causal plausibility using an instrumental variable (IV) approach and leveraging as-if random transitions in office due to sudden natural death or serious illnesses of the previous leader. Finally, I illustrate my argument with a case study on the 1988 US-Canada Free Trade Agreement. Overall, the paper sheds new lights on the

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[2] Although 2004 is the last year for which I have complete biographical information for all countries.

determinants of international trade cooperation and the importance of individual leaders' background in shaping economic policy.

The Proliferation of PTAs

Unsurprisingly, economic factors are key determinants of PTAs. In a seminal paper, Baier and Bergstrand (2004) show how economic size, economic development, transportation costs and openness predict more than 80% of in force PTAs. Beyond transactional economic gains, other scholars have argued that governments may opt for international trade agreements to lock-in unpopular domestic economic reforms or to curb the demands for protection from interest groups (Fernandez and Portes 1998). More recent work using firm-level data has emphasized the role of firms' lobbying to address export discrimination or to demand investment protection (Manger 2009). Beyond country-specific factors, the most common theoretical explanation for the surge of trade agreements relies on the concept of "slow multilateralism", i.e. the observation that bilateral and regional agreements have been spreading as a response to stalls in multilateral talks (Bhagwati 2008).

While economic factors are paramount, politics clearly plays a role as well (Baccini 2019). A first wave of scholarship in political science attributed the remaining variation in trade cooperation to features of the global system. Building on the insights of hegemonic stability theory, Mansfield (1998) shows how the degree of power concentration in the system affects the rate at which countries form PTAs. Similarly, others provide empirical support for the "slow multilateralism" argument from a political angle arguing that countries engage in PTA negotiation to increase their multilateral bargaining power (Mansfield and Reinhardt 2003).

While systemic political-economic factors promise to explain the overall surge in PTAs, they cannot account for country-level variation. A second wave of scholarship has focused on the domestic sources of economic cooperation. In this vein, Mansfield et al. (2002) and Mansfield and Milner (2012) show how democratic countries are more likely to form PTAs than autocracies. Likewise, Mansfield et al. (2007) have shown how the number of veto players affects whether a country enters a PTA. Other prominent arguments stress the importance of partisanship, electoral concerns, bureaucratic interests, foreign direct investments, and the distribution of alliances (Mansfield and Milner 2012; Gowa and Mansfield 1993). Finally, as many authors have pointed out, international economic agreements tend to be interdependent, and PTAs are no exception (Manger 2005).

While impressive, the sheer increase in the number of PTAs is not the most defining feature of the international trade regime. An equally relevant change in the past few decades has concerned the breadth of their provisions. Over time, PTAs have come to include investment, intellectual property rights, competition policy, government procurement, and many other aspects (Baccini 2019). Indeed, the most recent wave of scholarship has developed and tested arguments to explain the great variation in the characteristic features of PTAs, such as depth (Dür et al. 2014), type (Mansfield et al. 2008), credibility and flexibility (Baccini et al. 2015).

As it turns out, many of the factors affecting PTA formation are also relevant in explaining their design. Building on the above-mentioned work on the linkage between regime type and PTA formation, Mansfield and Milner (2012) find that democracy also positively correlates with the depth of integration. Likewise, countries with more veto players are more likely to sign PTAs that contain fewer liberalization commitments (Allee and Elsig 2017). Moreover, recent studies have also confirmed the role of interest groups in the design of PTAs (Raess et al. 2018). Finally, not

unlike PTAs diffusion more generally, several studies find that specific design choices diffuse from one PTA to another (Allee et al. 2017).

While there is no shortage of explanations for PTA formation and PTA design, one potentially important factor has so far not been explored, i.e. the role of individual leaders' biographical characteristics. Notwithstanding the importance of structural and institutional factors, the common arguments in the literature overlook the role of individual agency in policy-making.[3]

Leaders' Characteristics and Economic Policy

In line with the conventional Downsian models suggesting that individual traits shouldn't be significant, the premise of most domestic-level explanations of PTA formation is that all candidates align with the preferences of the median voter to enhance their chances of staying in power (Downs 1957). For example, the theoretical underpinning behind the nexus between democracy and PTA rests on the assumption that voters are moderately in favor of free trade and that policy-makers want to signal their commitment to liberalization to maximize their chances of remaining in office (Mansfield and Milner 2012). Therefore, leaders are typically portrayed as having no inherent position on free trade or protectionism, but rather a (strong) preference solely for maintaining their hold on power.

However, alternative models offer more flexibility by moving away from the strict assumption of politicians solely driven by vote-maximization. These models entertain the idea that policymakers might enact policies based on their personal preferences (Besley and Coate 1997). Empirically, an expanding body of research is linking leaders' personal characteristics—whether

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[3] Consider the most recent review of the PTAs literature (Baccini 2019). The word "leader(s)" appears 31 times, but none of the studies is concerned with leaders' characteristics.

inherent (such as race) or acquired (such as education)—to the public policies they implement while in office (Krcmaric et al. 2020).

Among the acquired characteristics, a previous experience in the business sector has attracted considerable attention among scholars. Among others, Witko and Friedman (2008) suggest that Congress members with previous experience in business have closer relationship with business interests. Beside legislative production, several studies explore whether businesspersons-turned-politicians lead to systematically different economic policy and outcomes, albeit mostly in single-country contexts and/or at the sub-national level. The empirical results have been by and large mixed. Leveraging quasi-randomness of close elections, Beach and Jones (2016) find no evidence that business-candidates have an impact on city's fiscal outcomes. Likewise, Jochimsen and Thomasius (2014) also explore the role of business background on public deficits and find no effect of leaders' (non-finance) business sector experience. By contrast, Nones (2023) has shown how businesspersons-turned-politicians tend to implement fiscal consolidation policies in a sample of OECD countries, while Szakonyi (2020) finds more pernicious effects in the case of Russian sub-national governments.

Overall, scholarly interests in leaders' biographical features - and business experience - has been on the rise in relation to several different topics. Surprisingly, international economic cooperation - and trade policy in particular - has received scant attention. To the best of my knowledge, I am aware of only one study that specifically examines executive-level dynamics from a cross-national standpoint (Dreher et al. 2009). In one of the most comprehensive attempts at explaining market liberalizing reforms as a function of leaders' characteristics, the authors find that former businesspeople are indeed more likely to reform. Nevertheless, once the authors break down the content of the reforms, they do not find any effect on trade liberalization. The lack of

attention to executive leaders in the literature is particularly surprising given the relevance of the government in setting the pace for and type of trade liberalization (Raess et al. 2018).

Business Experience and Trade Liberalization

What might cause a former businessperson to have systematically different trade preferences compared to someone without business experience? I suggest two primary reasons: firstly, the socialization effects of working in the business sector could positively influence their beliefs about the advantages of freer trade; secondly, their shared material interests with their former professional network may predispose these leaders to favor a pro-business trade stance. For the two mechanisms to be at play three conditions must be met. First, the (future) political leader should have had a managerial and/or executive position to fully appreciate the benefits of free trade and to develop a business network. Second, they should have worked at in a business exposed to the benefits (and costs) of international trade. Third, they should have worked in a business that is to some extent sensitive to market incentives.

Extensive research in social psychology has demonstrated how individual beliefs propagate through inter-group and interpersonal relationships (Pettigrew 1998). Workplace environments notably influence personal attitudes and behaviors, even after accounting for self-selection, a phenomenon referred to as "workplace socialization" (Peterson 1992). Such formative experiences are likely to persist as individuals transition into politics (Szakonyi 2020). This goes beyond mere factual knowledge acquired in the workplace; any meaningful occupational experience involves the internalization of the underlying values of that occupation (Mikosch and Somogyi 2009). These beliefs shape individuals' cultural imprints and worldviews, consciously or unconsciously

influencing their preferences once they hold positions of power. Over their lifetimes, individuals accumulate dispositions reflecting their cumulative experiences (Hayo and Neumeier 2016). Occupational backgrounds provide a framework for comprehending and engaging with the social world; exposure to similar incentives, conditions, and ideas within an occupational class tends to homogenize preferences. Politicians with business experience are likely to demonstrate a distinctive social "habitus" regarding trade liberalization and economic efficiency (Dreher et al. 2009; Szakonyi 2020). In particular, working at a firm is likely to heighten an individual's perception regarding the benefits of freer trade, a policy that would result in a wider range of possible customers for firms as well as an increase in aggregate economic efficiency for the country as a whole. The socialization channel is best summarized in former US President G.W Bush Jr's memoir: "My experiences in business school, China, and the oil business were converging into a set of convictions: The free market provided the fairest way to allocate resources [...] Eliminating barriers to trade created new export markets for American producers more choice for our consumers." (Bush 2011, 38). While anecdotal, Bush's own words are highly suggestive of the socialization channel.

Moreover, a growing literature examines the role of material connections in shaping various political outcomes (Witko and Friedman 2008). The common theme across this research is that politicians are inclined to support policies that benefit, or at least do not harm, their previous industry. Indeed, it seems clear that businesspersons-turned-politicians bring with them connections, allegiances to previous employers and employees, and, more broadly, material preferences in line with those of the professional social network they had been part of. While self-interest drives any politician's behavior, empirical research has shown how businesspersons may be even more prone to maximize the expected wealth and profits of their own sector (Szakonyi

2020). Research on urban politics in the US context has long investigated the links between politicians' experience in the private sector and pro-business public policy. This literature underlines how former entrepreneurs tend to coordinate to shape government policy to create ``growth machines'' that would disproportionately benefit businesses (Molotch and Logan 1984). Similarly, Szakonyi (2020) has presented comparable evidence regarding Russian regions.

In theory, the socialization effect should be particularly strong for those individuals who experienced the gains from free trade, i.e. the "winners". Nevertheless, all former businesspersons may be sensitive to *aggregate* efficiency gain. Instead, the material interest channel may have divergent effects. Trade policy has distributional economic effects, thus inducing a cleavage between the "winners" and "losers" of liberalization. Three sets of trade models help identify where the cleavage might lie. An older class of models is based on the Stolper-Samuelson theorem. According to the theorem, trade increases real returns for owners of the factor of production in which the economy is relatively abundant, while it reduces real returns for owners of the scarce factor of production. Capital owners in capital abundant countries will tend to favor open trade, while they will seek trade protectionism in labor-abundant countries. Hence, we may expect individuals with a business career in a capital-abundant environment to be more strongly in favor of trade liberalization. Nevertheless, this class of models is less useful for our purposes since a person's occupational experience occurs within a more specific professional context. While the national context within which a business career may unfold matters, the lived day-to-day experiences that substantiate thick social networks are likely to take place at a lower level. An alternative is the Ricardo-Viner model(s), which situate the cleavage at the industry-level. In these models, the returns to specific factors are closely tied to the fortunes or misfortunes of the industry they are employed in. The basic prediction of the models is that all factors of production employed

in export-oriented industries will receive an increase in returns from trade, whereas both capital and labor employed in import-competing industry will lose. Finally, according to "new new trade theory" the cleavage lies at the firm level (Melitz 2003). Unproductive (productive) firms stand to lose (win) from trade liberalization. As such, we would expect that a leader who worked at a relatively efficient firm would have a material interest in liberalizing trade.

It is not easy to collect fine-grained information about the firms' productivity for such a long period of time and an heterogeneous group of countries. Coding leaders according to the industry-level experience (such as import-competing vs export-oriented) is also challenging. Export/import data at the industry level for most countries in the world since WWII is not available. However, in the data collection process I try to minimize concerns about the possible effect of working at a low-productivity firm and/or in the import-competing sector. I do so by excluding small (e.g. family-owned) businesses from the analysis. Moreover, while categorizing each industry in all countries for all years as import-competing or export-oriented is not possible, there often is enough biographical information to assess whether the company the leader worked at engaged in exports. In a later section, I will detail my coding scheme for minimizing these concerns. For now, I notice that the possible inclusion of leaders who worked at unproductive firms and/or in an import-competing industry would have an attenuating effect on the estimated coefficient for business experience. Hence, the main empirical results can be interpreted as the lower bound effects of a specific kind of business experience, i.e. that in a productive firm and/or in an export-oriented industry.

In general, the link between business experience and trade policy appears intuitive, given the likelihood of shared frames of reference, common backgrounds, experiences, and interests among individuals with prior business experience. Both socialization and material interest

channels are likely to lead an individual to hold distinct trade policy preferences. Such preferences should align with trade liberalization which, in the case of trade agreements, may take two forms. Most obviously, such leaders should be more likely to support free trade agreements. Second, they should also prefer deep agreements over shallow agreements. Depth is defined as the extent to which an agreement requires states to depart from what they would have done in its absence. In the case of trade, it captures the strength of commitments towards liberalization (Baccini 2019). Deep trade agreements have been found to affect trade flows in goods (Dür 2014) and services (Guillin et al. 2023) significantly more, to correlate more strongly with ex-post enforcement (thus indicating that governments agreeing to deeper PTAs are more committed towards trade liberalization) (Baccini 2019), and to further foster global value chain operations (Laget et al. 2020). Overall, insofar as one's goal is trade liberalization, deeper agreements are likely to be a better instrument.

How can a leader of the executive affect trade policy? First, a government may decide to propose a trade agreement or to accept another country's proposal to initiate trade talks. This is what, for example, Prime Minister Goh did in 2000. Unsurprisingly, given the complexity of bi- or multi-lateral trade policy, many trade agreements are dealt with by different governments throughout several phases, such a initiation, negotiation, approval, signature, and entry into force. Nevertheless, it would be erroneous to conclude that new governments have their hands tied. While the sunk costs of inheriting trade negotiations may make it more likely that the next government would conclude it, the new government still has leeway in terms of the speed at which the trade agreements goes through. For example, while US-Singapore trade talks begun under Clinton, once Bush came to power he swiftly made trade PTAs "a formal and explicit centerpiece of US trade policy" and "the Bush administration quickly wrapped up the talks" (Feinberg 2003, 1030). In

other words, the Bush administration still managed to impress its mark by speeding the pace of the process. Interestingly, the following leadership turnover exemplifies the opposite dynamic. As Gray and Kucik (2017) notice, "Once Barack Obama took office in 2008, representing a significant shift in the ideological leanings of the executive office, those agreements [initiated by Bush] remained mired in Congress for several years before they were eventually ratified" further noticing that "the process became protracted precisely because of Obama's previous campaign pledges" (fn. 8). Overall, for an executive to pursue its favored trade policy, it is not necessary to oversee the entire process of PTA formation. While executives often inherit trade talks from their predecessors, they can still influence the speed at which the process is conducted. As such, I propose two hypotheses:

Hypothesis 1: *Countries led by leaders with prior business experience are more likely to engage in PTAs than their counterparts led by leaders without business experience*.

Hypothesis 2: *Countries led by leaders with prior business experience engage in* deeper *PTAs than their counterparts led by leaders without business experience.*

Finally, we should notice that the hypothesized relationship may also hold under a different data generating process. The (s)electorate may favor business candidates over non-business candidates as they expect the former to liberalize trade. Indeed, at least in developing countries at the sub-national level, there is empirical evidence that businesspersons run for office in a strategic fashion (Gehlbach et al. 2010). While to the best of my knowledge we lack empirical cross-sectional evidence showing a similar behavior at the national level, one can plausibly expect a

businessperson's decision to run for office to be affected by political and economic conditions. If the change in leadership (and the duration of tenure) is influenced by voters' trade preferences, policymakers simply function as faithful agents of the principal, i.e. the (s)electorate. In a later section, I will describe how I leverage "as-if random" transitions to deal with this issue.

Research Design

Unit of Analysis

Many studies of PTA formation have opted for dyads as their units of analysis (e.g. Mansfield et al. 2002). Nevertheless, there is nothing specific in the theory to favor the use of dyads. The theory is meant to explain why a government/leader signs an agreement at time t, rather than why they sign an agreement at time t with country j. Hence, I report results using a monadic (country-year) design to test the first hypothesis, a choice consistent with previous studies in the literature (Gray and Kucik 2017). The Appendix shows the results using different units of analysis. There, I replicate two prominent studies. First, I replicate Mansfield (1998)'s study on PTAs proliferation.[4] In that study, the unit of analysis is the year. I augment the original specification by adding the proportion of business leaders in the system. Second, I replicate the results in (Mansfield and Milner 2018), where the unit of analysis is the dyad.[5]

Regarding hypothesis 2, there are two alternatives. First, following other studies on the content of agreements, we may organize the dataset at the PTA level. Nevertheless, the set of government that signs a PTA might be systematically different from those that do not sign PTAs,

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[4] More precisely, I replicate the chapter in Mansfield and Milner (2012) that extends the original article.
[5] This study is the latest in the ongoing production of Mansfield, Milner and coauthors, and is based on the insights developed in several previous articles.

thus biasing the results. Instead, I rely on a standard country-year dataset and use the average of trade depth across PTAs for those country-year observations when more than one PTA was signed.

Business Experience

The main independent variable is a leader's previous experience in business. Due to practical and theoretical considerations, I focus on the head of the executive. These individuals represent the most influential decision-makers within the executive branch of government, and they wield substantial influence over economic policy (Nones 2023). While the individual characteristics of trade ministers could impact trade policies, it is typically the leader of the executive who proposes or directly appoints these ministers, even in parliamentary democratic systems (Dewan and Hortala-Vallve 2011). Likewise, while trade negotiations are carried out by professional negotiators, "an economic diplomat typically is limited to some degree by instructions in his country" (Odell 2000, 24). The assumption that the leader of the executive can, at a minimum, give the general direction on trade policy is also shared with other studies on PTA formation and with those studies focusing on the trade effects of executive leaders' turnover (e.g. Gray and Kucik 2017)). Moreover, while executive leaders often only inform the general direction of trade policy, leaders sometimes play a more pro-active role (see the case study for an in-depth example).

As a starting point, I rely on the LEAD dataset, which provides biographical information on executive leaders up to 2004 (Ellis et al. 2015). Unfortunately, the LEAD dataset does not provide the most appropriate coding of business experience for the purpose of the present study. For example, some leaders who taught economics or business-related subjects at Business and/or technical schools, but for whom we have no evidence of professional business experience, are coded as having business experience. One such a case is former Bulgarian prime minister Ivan Kostov.

As such, I restrict the sample to the post World War II period, I extend the dataset for leaders who remained in power after 2004 up to 2009, and I re-code business at a more fine-grained level. To do so, I rely on the original sources consulted by Ellis et al. (2015). Where I could not find the information needed, I complemented the search with additional primary and secondary sources. I utilized academic books and articles, newspaper articles, obituaries, libraries, online encyclopedias, and various other sources. For NATO countries, I rely also on a recent study's dataset (Fuhrmann 2020). As a general rule, I code each dimension in the dataset if two sources agree on the biographical facts, although I do make some exceptions if one source is particularly detailed.

I code the following dimensions: 1) whether the (future) leader held an executive/managerial position or not; 2) whether the firm was involved in non-tradable or tradable activities; 3) whether it was of small size (e.g. family owned) or not; and 4) whether it was state-owned or private. Below, I detail the rationale for my coding scheme and measure.

First, the (future) political leader must have held an executive position to fully appreciate the benefits of free trade and to develop a business network. Non-executive business experience is insufficient to meet the criterion. The coding of individuals with managerial/executive positions is one of the major differences relative to the LEAD dataset. For example, I code Ruiz Cortines - President of Mexico in the 50s who worked as an accountant - as not holding an executive/managerial position.

Second, they must have worked at a firm in the tradeable sector to experience international trade. Lacking detailed information on the firms' exposure, I focus on whether their products and/or services could be feasibly traded. The classification of tradable/nontradable for such a long period of time and for so many countries is not straightforward. As a starting point, I rely on the 2016

OECD regional outlook. Tradable sectors are defined as agriculture, industry, information/communication services, financial/insurance activities, and other services (RSTU). Non-tradable sectors are composed of construction, distributive trade, repairs, transport, accommodation, food services, real estate, business services, and public administration. Since the above classification does not clarify the status of tourism, I follow the AMECO classification, and I treat it as tradable. In a few cases, I elected to deviate from the above coding scheme. I do so only when there is consistent, reliable, and clear evidence. For example, former Irish Prime Minister, Garrett Fitzgerald, founded a consultancy firm. While consultancy falls under the nontradable sector, there is consistent evidence that the firm had strong international ties. Fitzgerald's independent business consultancy partnered and eventually merged with the British Economist Intelligence Unit, of which he remained the managing director until the 70s.

Third, I code the likely size of the firm. Exact data on firm size is unavailable. Nevertheless, it is often possible to code whether the firm was small. This is usually the case of family-owned business (although one needs to pay attention to the socioeconomic status of the family). For example, former US President Carter managed the family-owned local peanut farm and a small-town store. The business activity was carried out on a small scale, thus unlikely to be involved in international trade. The leader is coded as having experience in the tradeable sector, but at a small firm.

Fourth, (future) leaders should have worked in an environment sensitive to economic incentives. This is unambiguously the case of private firms, which are driven by profit-maximization motives. The issue is more complicated in the case of state-owned firms. On the one side, public enterprises may respond to different incentives and may differ in terms of goals, business networks, and socialization processes. On the other side, a strict definition of private

ownership would exclude any leader from several countries around the world. For example, any leader in the former Eastern bloc would be excluded even if, within the constraints of a command economy, they operated a profitable business. Moreover, while public firms' primary objective may not be profit *maximization*, they are unlikely to be completely shielded from economic incentives. As such, while I code public sector experience for all leaders, I do not exclude them from the main analysis. At any rate, the few cases where there is less ambiguity about the lack of profit motives tend to be in the non-tradeable sector and, as a result, already fail to satisfy that criterion. As it is the case with the possible miscoding of leaders with experience in small and/or import competing firms, the inclusion of leaders with business experience in the public sector would attenuate the overall effect, thus biasing the results in a conservative direction.[6]

As a final step, I code a leader as having business experience with a binary indicator that takes the value of 1 if the leader held a managerial/executive position at non-small firm in the tradeable sector. If any of these three core conditions is not met, the variable is coded as 0. As mentioned in the theory section, though, leaders' business experiences may be substantially more heterogenous than my baseline coding scheme allows. As such, I further code a leader as having export-oriented business experience. The criteria for coding export-oriented business experience - and some examples - are listed in the Appendix, which also contains the empirical results with this more fine-grained coding of business experience. In line with the theoretical expectations, the results tend to be stronger for this sub-sample of leaders.

Figure 1 below shows the result of the data-collection phase for the main independent variable (countries that never had a business leader are excluded). Each square represents a country-year observation. Red squares indicate the presence of a leader with business experience.

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[6] As I show in the Online Appendix, it is indeed the case that leaders with public sector experiences are not strongly correlated with more and deeper trade agreements.

White squares indicate missing values.[7] Two points are worth emphasizing. First, there is an appreciable treatment variation over time and space. Some countries in the dataset were never led by leaders with business experience (Saudi Arabia), while others have been run mostly by former businesspersons (Zambia). Second, while business leaders have become more common over time, there has always been at least one business leader at any point in time. The Online appendix also contains a descriptive table showing the distribution of business experience across levels of development, geography, and regime type.

Figure 1: Business Experience

Time (1948–2004)

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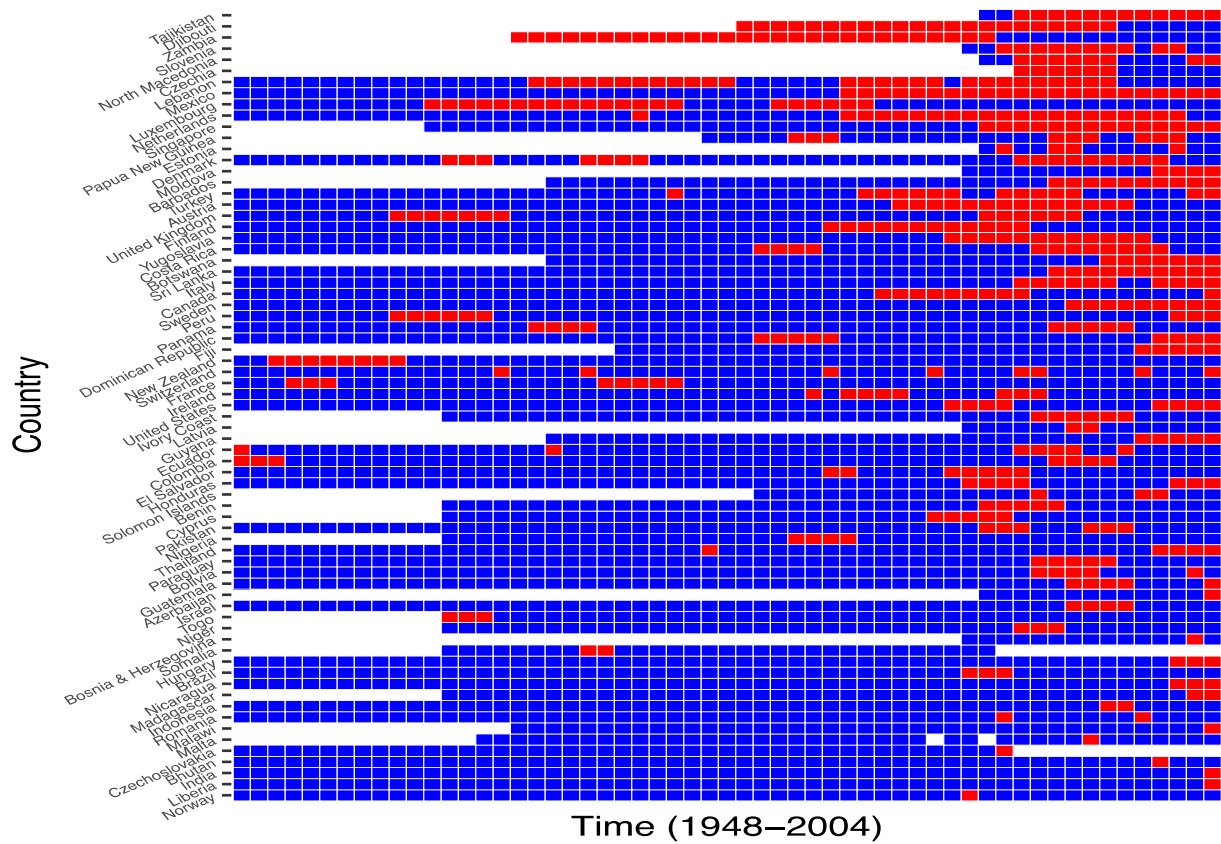
[7] The graph ends in 2004 as it is the last year for which I have complete biographical data for all countries.

Control Variables

I rely on the Design of Trade Agreement Dataset (DESTA) (Dür et al. 2014). Ideally, one would use information about the timing of all stages of trade negotiation - beginning of negotiation, signature, ratification, and entry into force. The DESTA dataset provides "signature" dates and "entry into force" date, i.e. (usually) right after the last country in the agreement ratified it. I use both dates, although I leave the results using the latter in the Appendix. As a further robustness check, I also use the year when negotiations started for a subset of trade agreements. The data comes from Mölders (2016) who coded the beginning of negotiation of 123 trade agreements signed since 1969.

To test hypotheses 1, I operationalize the dependent variable in two ways: a count variable indicating the number of agreements signed in a given year; a dichotomous variable indicating whether at least one PTA was signed in a given year. To test the second hypothesis, I rely on two measures of depth directly available in the dataset. The first measurement of depth is an additive index (0-8) that captures the degree of tariffs reduction as well as liberalizing provisions regarding services, investments, standards, public procurement, competition and intellectual property rights. The second one is continuous and was constructed through latent trait analysis on 48 items that theoretically relate to liberalization. It ranges from -1.43 to 2.17. In both cases, higher values are associated with deeper agreements. The two measures of depth include 0 as a possible value, thus raising an econometric issue. Including them directly in a panel model would conflate cases when no agreement was signed with cases when a country joined an agreement whose content is coded as having 0 depth. To avoid that while preserving the variables' distribution, I employ a simple linear transformation. To the first measure, I add +1 to the index. Similarly, I simply add 0.01 to

the second index minimum value after mean-centering the variable. This way, the country-year observations with no treaty have a value of 0 while the country-year observations with the shallowest treaty have a value of 1 or 0.01 in the first and second measure, respectively. Table 1 below provides some descriptive statistics for the dependent variables as well as for the main explanatory variables.

Table 1: Descriptive Statistics

Variable	Mean	Std. Dev.	Min.	Max.
PTA (Count)	0.284	0.699	0	9
PTA (Binary)	0.207	0.405	0	1
PTA depth (Latent)	1.326	0.937	1	8
PTA depth (Additive)	1.409	0.395	0.010	3.621
Business (Binary)	0.066	0.249	0	1
Export-oriented Business (Binary)	0.036	0.185	0	1

The empirical analysis needs to account for factors that may affect a country's propensity to sign trade agreements as well as the likelihood of having a political leader with business experience. First, I account for the country's market size by including its GDP (in logarithmic scale), its level of development (GDP per capita) and the business cycle (GDP growth). These variables are obtained from the *Penn World Table 9.1* (Feenstra et al. 2015). Mansfield and Milner (2018) document a tendency for countries to sign trade agreements during "hard times". As such, I follow past conventions and I include a dummy variable (*recession*) that takes the value of 1 if a country's GDP declines by at least 1% in a given year. Then, I control for trade openness (exports and imports divided by GDP from the *World Bank*). Third, I include a count variable to capture the leader's experience in office (measured by the number of years). On the one side, as any leader

gains experience in office it might become easier to implement their preferred policy. On the other side, leaders with business experience may have different "quality" than their non-business counterparts, which might affect the likelihood that they would remain in office (Beach and Jones 2016). Fourth, a country's regime type is regarded as a major determinant of the likelihood of signing preferential trade agreements (Mansfield et al. 2002). It is also possible that the selection process leading former businesspeople to positions of power differs across regime types. For example, while reminiscing about his decision to run for office in a 1998 interview, former President of El Salvador Alfredo Cristani - a businessman dedicated to coffee production and export - explicitly stated: "It wasn't very normal for people involved in business in El Salvador to get involved because of the military dictatorships that we had for so long".[8] Therefore, I control for regime type using the Polity2 score from the Polity dataset (Marshall et al. 2010). To capture the number of veto players in a country, I use the most recent version of the veto player measure from Henisz (2000). Finally, I control for global conditions regarding the economy as well as the international trade regime. More specifically, I control for world economic growth (*Maddison Project Dataset 2016*), the total number of PTAs signed per year, and the number of countries signing at least one PTA per year (Mansfield and Milner 2018). I also include two dummy variables to account for the occurrence of a GATT/WTO round and for the post- Cold War period. All control variables are lagged.

Empirical Tests

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[8] Available at https://livinghistory.sanford.duke.edu/interviews/alfredo-cristiani/.

To test Hypothesis 1, I rely on two sets of empirical models - Poisson and logit fixed-effects models, depending on the nature of the dependent variable.[9] Standard errors are clustered at the country-level. I exclude all EU countries from the main analysis since they are member of a single trading bloc. Table 1 shows the estimates derived from fixed-effects Poisson models. To address concerns about potential suppression effects of the main variable of interest, I introduce the covariates sequentially. Model 1 shows the simple bivariate relationship on the full sample. There are 7915 country-year observations for which I have complete data on both the dependent and independent variable (although 210 observations are dropped in the Poisson model because they have all zeroes outcome). Model 2 includes the leader's years of experience in office (individual-level control), Model 3 adds regime type and veto players (domestic-level *institutional* controls), Model 4 further controls for the remaining domestic-level *economic* variables. Model 5 and Model 6 include the full set of controls with country and two-way fixed effects. These will be the specifications for all subsequent models unless otherwise noted.

Table 2: Poisson Fixed Effect Models

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.268^{***}	2.211^{***}	1.883^{***}	1.394^{**}	1.335^{**}	1.302^{*}
	(0.311)	(0.305)	(0.253)	(0.206)	(0.193)	(0.192)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7705	7528	6932	4439	4324	4324
Chi	35.748	34.338	61.063	134.253	240.908	22692.166
Log Likelihood	-4787.342	-4721.227	-4367.346	-3114.629	-2956.647	-2760.873

Exponentiated coefficients. Clustered Standard Errors in parenthesis $^{*} p < 0.10$, $^{**} p < 0.05$, $^{***} p < 0.01$

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[9] FE Poisson regression is preferred since it is consistent under very mild conditions, unlike other count data estimators (Wooldridge 1999). I also estimated random-effect negative binomial models (see Appendix).

As we can see, business experience has a positive and statistically significant effect on the number of PTAs signed. The results hold across specifications. Based on Model 5, as a country switches from an Executive leader without business experience to one with business experiences, the rate at which it signs a trade agreement in a given year increases by 34%.

Following the same procedure described above, I estimated logit fixed effects models. To account for temporal dependence, I include the cubic polynomial approximation of spell-time (Carter and Signorino 2010).[10] To get a better sense of the magnitude of the effect in a more familiar scale, Table 3 shows the marginal effect of regime type and business experience based on the fully specified logit model. To facilitate comparison with the binary business variable, I dichotomize regime type at the 6-point score cut-off. As we can see, holding the covariates at their observed value, the substantive effect of having a leader with business experience is almost 75% as large as that of democracy.

Table 3: Marginal Effects of Democracy and Business

	Business	Democracy
AME	0.058	0.079
95% CI	[0.001-0.115]	[0.017-0.142]

Overall, multivariate analysis seems to support hypothesis 1. To test hypothesis 2, I rely on OLS fixed-effects estimation.[11] The control variables are the same as in previous models except for the exclusion of the total number of PTAs signed per year and the number of countries signing

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[10] In the Online Appendix, I show that the count model results (see Table 2) also hold after controlling for the cubic polynomial approximation of time since the last PTA was signed. Likewise, the results are robust to controlling for the count of years elapsed since the first year that a country entered in the dataset.

[11] I opt for OLS models so that one can more easily compare the results using the two depth indicators. See Online Appendix for substantively similar results using Tobit models.

at least one PTA in a given year. There is little theoretical reason to suggest that these factors should affect the *design* of trade agreements. Indeed, they do not feature in previous studies on PTA design (Alee and Elsig 2017; Mansfield et al. 2008). I present the results using the additive index of depth (see Appendix for the results using the Rasch Index). As we can see from Table 4, business experience consistently exhibits a positive and statistically significant relationship with PTA depth. Based on Model 5, as a country moves from a non-business leader to one with business experience, the depth of PTA measured by the additive index increases by 0.416 points, on average, controlling for the covariates. The magnitude of the effect of business experience on the additive index of depth is in between a half and a third of a standard deviation (SD = 1.06).

Table 4: OLS Models - Additive Index

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.613***	0.612***	0.566***	0.448***	0.417***	0.416***
	(0.111)	(0.112)	(0.108)	(0.129)	(0.128)	(0.128)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7915	7731	7157	4469	4469	4469
R^2	0.071	0.073	0.083	0.117	0.125	0.194
Adj. R^2	0.049	0.051	0.061	0.087	0.094	0.157

Clustered Standard Errors in parenthesis $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Alternative explanations and endogeneity concerns

While the correlation between business experience and PTA formation and PTA depth is robust, two alternative explanations may lead to observationally equivalent outcomes. First, it might be that business experience simply proxies for a leader's ideology. If that is the case, the variable of interest would be capturing an entirely different concept. Second, and most importantly, neither leaders' selection into their occupation (business) nor their selection into office happen in a vacuum (Krcmaric et al. 2020). In the Online Appendix, I discuss the possibility that ideology may confound the relationship between businesspersons-turned-leaders and trade policy and provide strong evidence that the results hold after accounting for this alternative channel. In what follows, instead, I focus on the issues of self-selection.

Self-selection into occupation

(Future) leaders self-select into their respective occupations. This makes it difficult to determine whether the observed relationship is driven by the individuals' actual experiences or whether individuals simply select into occupations that reflect their prior characteristics (Krcmaric et al. 2020). If the latter, professional experiences might be helpful to predict behavior, but they are not the true source of causality. While this problem is pervasive in leaders' studies, it is often only briefly acknowledged and assumed away suggesting that both self-selection and socialization are at work (e.g. Fuhrmann 2020).

The specific problem at hand can be restated as follows. Leadership ability (or other unobservable personal traits) may affect the probability of: first, becoming a businessperson; second, becoming the Head of the Executive; and, third, of engaging in successful international cooperation. A possible solution is to rely on a plausibly exogenous source of variation that affects a (future) leader's decision to start a business career without directly affecting the other outcomes. This is, essentially, the realm of instrumental variable estimation. To find suitable instruments for

individual leaders' business experience, I rely on a number of family background variables in the original LEAD dataset. The idea underlying such identification strategy comes from a vast literature in labor economics concerned with estimating the returns to schooling (Hou et al. 2020). The goal in such studies is to correct for endogeneity by including exogenous variables that affect schooling, but not earnings. To do so, scholars often rely on mother and father's educational background. In this vein, I utilize the following instruments: the leaders' fathers' business experience, their mothers' occupational status, their royalty status, their family's wealth level when they grew up, and their family parental stability (i.e. whether their parents were married or not). Each variable is binary. While the original dataset does not provide an explicit variable for the father's business experience, it contains a short description of the father's occupation. As such, I construct the father's business experience dummy by coding those occupation descriptions that contain the word "business".[12] An important aspect is that these variables capture socio-economic dimensions of the leader's family *at the time when he or she grew up*. Hence, their realizations materialized prior to their decision to venture into the business world and much prior to their decision to run for office. These thus-constructed variables are plausibly exogenous to the individual country's structural PTA equation, yet likely to be correlated with a leader's business experience in the reduced-form equation.

Table 4 shows the results from IV-2SLS estimation. In the Appendix, I show the results using the bivariate probit for the binary dependent variable. Since using multiple instruments can improve precision, I instrument a leader's business experience with all the variables mentioned above when possible. Unfortunately, the Sargan test of over-identification yields a statistically

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[12] More specifically, the father's business variable takes the value of 1 if any of the following is coded under father's occupation: "business", "Business", "Business Owner", "Business; landowner", "Business/Journalist", "businessman", "Businessman", "Businessman; Landowner", "Bussiness", "Businessman (boating)".

significant p-value in the first three models.[13] As such, in Model 1-3 I instrument the endogenous regressor only with the father's business experience, arguably the most relevant instrument.

The F statistic is above 10, thus satisfying the rule of thumb value for one endogenous regressor and one instrument. For the case with multiple instruments, instead, we have to rely on the critical value for one regressor and five instruments in Stock and Yogo (2005). The Kleibergen-Paap F statistics (which is equivalent to the standard F statistics in the case of one instrument) across all specifications is decidedly above 10.83, thus rejecting the null that the worst-case (maximum) relative bias of the 2SLS estimator is greater than 10% (with respect to the OLS bias). The Hansen J statistics further suggest the over-identifying restrictions to be valid. As a robustness check, I re-estimate the models using Limited Information Maximum Likelihood, which is more robust to weak instruments (Stock and Yogo 2005). The business experience variable remains substantively and statistically significant across all specification. As it is usually the case in the labor economics literature on the return to schooling, the 2SLS estimates are larger than the comparable OLS estimates. Reassuringly, the confidence intervals for the instrumented models overlap with the OLS ones, thus suggesting that the larger IV estimates are due to imprecise estimation rather than misspecification.[14]

Table 5: Instrumental Variable Regression - PTA Count

	IV	IV	IV	2SLS	2SLS	2SLS
Business	0.640***	0.670***	0.514**	0.530*	0.588*	0.641**
	(0.210)	(0.219)	(0.223)	(0.322)	(0.335)	(0.325)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)		Yes	Yes	Yes	Yes	Yes
Domestic (econ.)			Yes	Yes	Yes	Yes
Systemic					Yes	Yes

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[13] This is not surprising considering that a rejection of the null hypothesis indicates one of two problems: either some of the instruments are invalid or the model is misspecified. Since the first three models contain fewer variables than the fully specified model, they are by construction somehow misspecified.

[14] I re-estimated all models with OLS to compare the coefficients.

Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
Instrument	Father	Father	Father	All	All	All
Kleibergen-Paap F	105.46	101.68	97.01	17.87	16.20	16.47
Sargan's test (p-value)				0.59	0.52	0.39
N	7915	7729	7157	4468	4355	4355

Robust Standard Errors in parenthesis * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

I follow the same instrumental variable approach to test hypothesis 2. As before, the diagnostic statistics do not detect any major issue in the statistical model. The coefficient for business experience is larger than in the OLS models and statistically significant across all specifications. After accounting for endogeneity, the exogenous part of business experience is still associated with an increase in the average depth of PTAs signed.

Table 6: Instrumental Variable Regression - PTA Depth (Additive)

	IV	IV	IV	2SLS	2SLS	2SLS
Business	0.874***	0.909***	0.629*	0.795*	0.809*	0.924**
	(0.328)	(0.340)	(0.346)	(0.469)	(0.464)	(0.451)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
Instrument	Father	Father	Father	All	All	All
Kleibergen-Paap F	105.46	101.68	97.01	17.87	18.17	18.26
Sargan's test (p-value)				0.60	0.65	0.39
N	7915	7729	7157	4468	4468	4468

Robust Standard Errors in parenthesis. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The Kleibergen-Paap Wald F statistic measures weak instruments, with the following critical values for a relative bias of 0.05, 0.10, 0.20, and 0.30: 18.37, 10.83, 6.77, 5.25.

While an instrumental variable approach combined with the appropriate covariates and/or fixed effects should increase our confidence in the causal nature of the relationship, such strategy is not without drawbacks. To begin with, one may doubt the instruments exogeneity on theoretical grounds. For example, a country's economic development may be related to the probability that any individual will be born in a family with the characteristics captured by the instruments. In turn, given historical path-dependency, those characteristics affects a country's trade policy. As such, the instruments would not be uncorrelated with the error term in the first-stage equation and the results would be biased. A second issue is that the family background characteristics may be directly related to the outcome of interest by, for example, affecting the (future) leaders' opinion towards free trade, thus also violating the exogeneity assumption. Likewise, family attributes may be correlated with a (future) leader's attitudes, such as cosmopolitan attitudes, that may affect their economic preferences. Finally, we should bear in mind that 2SLS yields only a weighted-average local treatment effects across all instrument-specific compliant sub-populations.[15] Loosely speaking, then, the results above refer to those individuals who chose a business career because of their family characteristics and who would have chosen a different career path had those family characteristics been different. While these limitations are serious and suggest caution in interpreting the results, such approach is arguably superior to ignoring the issue of self-selection into occupational experience.

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[15] Technically, this does not need to apply to the bivariate probit models in the Appendix. Indeed, the resulting marginal effects can be interpreted as average causal effects, but only under a demanding set of assumptions. Unfortunately, such assumptions are unlikely to be met in practice and a LATE interpretation is often more sensible.

Self-selection into Office

Beside professional self-selection, the possibility that preexisting political and economic circumstances may influence leadership transitions is the most pressing endogeneity concern. During a period of perceived economic uncertainty the selectorate might opt for business candidates because of their perceived ability to run the country "like a business", while at the same time not being "career politicians". Alternatively, it is possible that candidates with business experience strategically wait for overall good economic conditions to reap the benefits once in office. In any case, endogeneity concerns loom large. As a result, the business experience variable might be capturing the effect of (partially) unobservable dynamics that are orthogonal to the effect of the individual leader's trade preferences. Moreover, even if the timing ("when" a leader becomes the head of the executive) is exogenous, the selection of the next leader (the "who" becomes the Head of the executive) is endogenous to the political process (Gift and Krcmaric 2017).

I deal with endogenous selection as follows. To address the timing of leadership transitions, I rely on plausibly exogenous leadership transitions due to the previous leaders' natural death or serious illness while in office (Jones and Olken 2005; Besley et al. 2011; Gift and Krcmaric 2017). I subset the sample to include only leaders who assumed power immediately after their predecessors suddenly stepped down due to natural illness or died of natural causes. In such cases, the timing of the power transfer from one leader to the next should be uncorrelated with the underlying economic and political conditions. Moreover, to ease concerns about the selection process being endogenous to political and economic conditions, I follow Gift and Krcmaric (2017) and further subset the dataset to those transitions that took place via "regular" means. Hence, I am excluding those leaders who come into power because of an "irregular" (e.g. coup) or "foreign-imposed" processes, which are likely to be related to political-economic developments. In

particular, I rely on the datasets constructed by Jones and Olken (2005) and Besley et al. (2011). The thus-constructed sample includes 88 as-if random transitions for which I have biographical data on the successor, after excluding two transitions in EU members. Since it is the timing of the leadership transition, rather than transition itself, to be as-if random I utilize only the first two years after the transition takes place (hence, there are 88 x 2 = 176 observations in Model 1 and fewer in the rest due to covariate missingness). Using 1 or 3 years after the transition does not substantially alter the results.

Given the characteristics and small size of the new sample, I have to make a few modifications to test hypotheses 1 and 2. First, country fixed-effects are not included since the independent variable now is time-invariant. As a second-best option, then, I include random effects. Then, I also exclude trade openness since it is missing for more than 50\% of leaders' transitions. Third, I do not include year fixed effects since very few as-if random transitions temporally overlap, thus limiting the time dimension to a few data points.

Overall, leveraging as-if random regular transitions should increase our confidence in the causal nature of the relationship by minimizing concerns that leaders are being selected because of their professional background. Nevertheless, we should be explicit about some potential drawbacks. First, it is not the transition to be exogenous, but its *timing*. In other words, the occupational prior experience of the successor may not be random. Second, such strategy rests on the assumption that the general political and economic environment does not change because of the leadership transition in and of itself. Finally, the exogeneity of the timing of the transition with respect to the determinants of PTA formation would be called into question if economic and political circumstances were affecting the probability of natural death or serious illness. Given these limitations, we should interpret the empirical results with caution. Table 7 and 8 show the

results for the number and depth of PTAs. As we can see, business experience remains statistically

and substantively significant across all specifications, and larger in size than in the original models.

Table 7: Random Effect Models (Count) - As-if Random Transitions (2 Years)

	Model 1	Model 2	Model 3	Model 4	Model 5
Business	4.130***	3.944***	4.032***	3.015***	3.809***
	(1.943)	(1.837)	(1.822)	(1.189)	(1.806)
Individual		Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes
Domestic (econ.)				Yes	Yes
Systemic					Yes
Country FE					
Year FE					
N	176	170	169	138	138
Chi	53.789	56.341	66.195	76.428	264.761
Log Likelihood	-98.605	-97.604	-95.135	-82.859	-75.277

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^{*}\,p < 0.10,\ ^{**}\,p < 0.05,\ ^{***}\,p < 0.01$

Table 8: Random Effect Models (Additive Depth) - As-if Random Transitions (2 Years)

	Model 1	Model 2	Model 3	Model 4	Model 5
Business	0.602**	0.613**	0.608**	0.551**	0.560**
	(0.247)	(0.250)	(0.251)	(0.250)	(0.263)
Individual		Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes
Domestic (econ.)				Yes	Yes
Systemic					Yes
Country RE	Yes	Yes	Yes	Yes	Yes
N	176	170	169	138	138
Chi	5347.639	685.169	1775.444	162.691	483.570
Log Likelihood	-210.980	-204.445	-201.799	-169.511	-167.196

Clustered Standard Errors in parenthesis $^{*}\,p < 0.10,\ ^{**}\,p < 0.05,\ ^{***}\,p < 0.01$

Mulroney and the 1988 US-Canada Trade Agreement

The historical example of Canada and the 1988 US-Canada Free Trade Agreement serves to illustrate my argument. This period corresponds to the first government led by Brian Mulroney (1984-1988). Mr. Mulroney transitioned to the private business sector after an auspicious career as a lawyer, ultimately assuming the role of president at Iron Ore Canada (IOC) in 1976. He held this position until his decision to pursue the Progressive Conservative party leadership in 1983. I selected this case for three reasons. Firstly, Mulroney was a business executive in the tradeable sector with distinct cross-border connections. Secondly, he wielded substantial influence as a Prime Minister, as evidenced by his documented ability to directly and/or indirectly impact policymaking (Blake 2007; Savoie 2022). Hence it is an ideal case, effectively controlling for the possibility that other significant actors were the primary drivers of policymaking. Moreover, from a practical perspective, the life of Mr. Mulroney (before, during, and after his tenure) is well-documented in numerous sources, including academic books and papers, biographies, as well as autobiographies of the key figures involved (Blake 2007; Mulroney 2011; Wilson 2022).

The September 1984 election marked a pivotal moment in recent Canadian history, signaling the conclusion of the Liberal party's dominance. Mr. Mulroney would win the elections again in 1988 and remain in power until 1993. The primary focus of his government's trade policy was an emphasis on greater liberalization to increase Canada's international competitiveness and remained constant throughout this time frame (Gill 2021). In the economic domain, Mulroney's administration is widely characterized as particularly proactive, "unveiling one reform after another, virtually from the day it assumed office" (Savoie 1994, 238). This approach was made possible by the increasing centralization of power in the hands of the Prime Minister. According to contemporaneous records, an "increased concentration of power under the prime minister" was

the "most important organizational implication" under Mulroney's first year in office (Aucoin 1986, 20). This wasn't merely a matter of the prime minister being present; it entailed "a significant personal intervention in those areas of priority to the prime minister and his government. The prime minister in this sense becomes the principal counterweight to ministerial ambitions that are not in accord with his policies, priorities or strategy" (Aucoin 1986, 21).

It was during the 1984 electoral campaign and the preceding primary contest that the issue of free trade first arose. While Mulroney did not explicitly endorse a free trade deal with the US at the time (initially proposed by another candidate), his decision was driven by strategic calculations. Acknowledging that it was a "powerful idea", he and his team realized that he could not endorse it given that his "second-place status in the race [would make him] the focus of attacks on the idea" without reaping the benefits of exclusive political ownership (Mulroney 2011, 229). Strategic considerations notwithstanding, Mulroney and his team agreed that Mulroney's book launching his campaign "should include my opinions on international trade" (Mulroney 2011, 230). In the book, he made his stance in favor of free trade unequivocal, stating that "For Canadians, with over 30 per cent of our GNP devoted to trade, increasing global protectionism is totally contrary to our economic well-being. [...] [W]e must view with alarm the damaging consequences to ourselves and others of orchestrated restrictions to the flow of trade [...] [W]e [...] must energetically stand and press for the lowering of barriers to trade because trade is our lifeblood. In that direction lies our future prosperity. Government in Canada must see its role as creating with the private sector a greater and freer access to world markets and higher levels of trade [...] Access to trade is therefore a top priority for us." (cited in Mulroney 2011, 252). Once secured the premiership, Mulroney quickly moved to action and the trade agreement with the US would eventually become a defining topic of his 1988 campaign. It had indeed been the PM himself

to raise the issue for the first time personally with Reagan in 1985 (Wilson 2022). As the negotiations unfolded, Mulroney "[N]ot only had approved every step of the negotiations, he had been thoroughly briefed by officials on the contents of the FTA" (Blake 2007, 427). He played an even more prominent role during several critical junctures of the process, both domestically and internationally. At home, the PM took the "incredibly high-risk [...] on-the-spot decision" (Blake 2007, 427) to publicly debate three hecklers on the merits of the proposed agreement. The sit-down with the protesters proved a success, with one contemporaneous source describing it as a "very civil, very Canadian moment" in a high-stake situation "in which the momentous decisions were Mulroney's, and his alone, to make." (Blake 2007, 428). Meanwhile, on the international stage, Mulroney was no passive spectator. As the negotiations stalled on the controversial dispute-settlement issue, Canadian negotiators flew home "on Mulroney's orders" on October 1st, 1987 (Blake 2007, 427). Once again, this was a risky move as Reagan's fast-track authority would have expired two days later. Back on the negotiating table in Washington on October 3rd, an agreement was reached at last. Overall, primary and secondary accounts of the US-Canada agreement offer abundant evidence to suggest that Mulroney's role was anything but passive. As one source notes, "What is clear is that it was Mulroney's personal determination to get a deal, and to go over the heads of the negotiators to do so, that in fact made it happen" (Blake 2007, 420).

Beside playing an active role in the US-Canada deal, is there evidence to suggest that Mulroney's trade preferences may have stemmed from his business experience? The answer seems in the affirmative. Indeed, in articulating his trade (and, generally, economic) stances, Mulroney was quite explicit in linking his beliefs to his professional background, in ways consistent with the socialization and material interest channels. His achievements in the mining industry were notably successful (Mulroney 2011; Wilson 2022). During this formative period, as recounted by Mr.

Mulroney in his *Memoirs*, the businessman "developed skills, talents, interests, and aptitudes hitherto unknown to me. They were extraordinarily beneficial [...] when I became prime minister" (Mulroney 2011, 178). What he learned informed his views on the primary economic challenges facing Canada. Reflecting on this, he notes, "In many ways, the presidency of IOC was a dream job. It was a demanding but challenging opportunity that provided new occasions to learn, travel, and grow. In the course of trips to China, Japan, Brazil, and central and eastern Europe, for example, I was able to witness first-hand [...] the remarkable stirrings of extraordinary trade possibilities in our own hemisphere [...] [W]ith time devoted to reading, study, and reflection, I was able to begin the process of thinking through some of Canada's problems and elaborating realistic proposals to deal with them." (Mulroney 2011, 184). According to some, Mulroney's pragmatic approach to policymaking and willingness to compromise is also rooted in his previous professional experience. As a senior cabinet member of his government recalled, "He likes to cut a deal. That is what he did for a living before he came to politics." (cited in Savoie 1994, 268).

Finally, there is some evidence to suggest that the material interest channel might have been at play as well. Unsurprisingly, Mulroney's autobiography and the recollections of other cabinet members do not provide unequivocal statements connecting the PM's preferences solely to the material interests of the business community. However, there seems to be little doubt that that the economic policies pursued by his government aligned with the preferences of the business sector (Savoie 1994; Blake 2007; Nones 2023). As Michael Hart, an academic and trade policy advisor to the Canadian government during the US-Canada FTA negotiations, recalls the public perception of Mulroney at the time was that of "a consummate practitioner of the art of the deal; [...] too cozy with the Americans, too close to business barons, and too ready to help a crony," further noticing that the Prime Minister himself actively promoted this image as a popular deal-

maker at ease with ``the Americans and business leaders'' (Blake 2007, 62). Moreover, while clearly framing the US-Canada agreement as beneficial to the country as a whole, Mulroney's own recollections hardly run counter to this view: "The Canadian business community [...] rallied vigorously in support of free trade. During the election campaign, business leaders spoke out bluntly and purchased ads in favour of the trade agreement. Their support was unprecedented and effective" (Mulroney 2011, 633).

Conclusion

This study has sought to explore a neglected aspect of international economic cooperation. The findings demonstrate that one of the most widely researched phenomena in international political economy is influenced by a factor overlooked in previous scholarship: the professional experience of political leaders. In so doing, the paper contributes to a growing body of literature, illustrating that political leaders can wield significant influence over the economic policy of their nations. I underlined two channels through which business experience can affect a (future) leader's attitude towards trade liberalization - socialization effects and shared material interests with one's professional network. The empirical evidence reveals a strong and robust correlation between leaders and trade policy. Moreover, while far from definitive, the empirical strategy adopted in this paper suggests that self-selection into either a business career or political office cannot account for the association between business leaders and trade policy. In so doing, the analysis emphasizes the need to approach endogeneity concerns with due seriousness, urging researchers to consider the diverse factors that may influence a leader's probability of attaining a position of power and to

self-select into "acquired" characteristics. Finally, a qualitative illustrative case study of the 1988 US-Canada trade agreement lends further support to the theory.

Overall, the paper provides systematic support for a basic intuition often suggested by practitioners and observers alike, but rarely acknowledged among scholars of IPE: individuals make economic policy, and it matters who these individuals are and the web of experiences, beliefs, interests and perceptions that they bring with them. An intriguing direction for further exploration involves investigating whether the professional backgrounds of trade ministers influence trade policy and how they might interact with the Head of the Executive's own background. Additionally, future research might explore potential variations across different trade policy instruments as well as the extent to which legislators' backgrounds affect the probability of successful ratification of trade agreements in the parliament.

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Online Appendix

In Appendix A, I replicate two extant studies – Mansfield and Milner (2012; 2018) - of PTA formation, which use different units of analysis. In Appendix B, I show the regression table for the logit models used to calculate the marginal effects in Table 3.

In Appendix C, I show the results for all the robustness checks cited in the paper. The results are in the order in which they were referenced in the main text and/or footnotes. Importantly, this sub-section also contains a discussion of the confounding role of ideology. While some scholars have documented how businesspeople may harbor distinct ideological leanings (Gulbrandsen 2005), there are good theoretical and empirical reasons to doubt that ideological predispositions confound the relationship between business experience and the propensity to sign more and deeper PTAs. First, ideology per se is not a strong determinant of neither PTA formation nor PTA depth.[16] This is because PTAs, unlike unilateral liberalization, function as a costly signal to voters. While right-wing governments may usually be in favor of free(r) trade (Milner and Judkins 2004), left-wing ones are the most likely to gain from signaling a free trade stance (Mansfield and Milner 2012). As Figure 1 shows, and consistent with previous research on businesspersons' ideological leaning, business leaders in the dataset tend to lead right-wing governments more often than their non-business counterparts (the data comes from the *Database of Political Institutions*). As such, assuming the widely held view of PTAs as signaling device, if business experience was simply a proxy for right-wing ideology, we would expect them to sign *fewer* and/or *shallower* PTAs, thus running against my hypotheses. Second, we can test the potential role of ideology more formally. Under the reasonable assumption that a government

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[16] For example, there is no mention of government ideology in Baccini (2019)'s recent review on PTAs.

ideology reflects its leader's ideology, we can see whether business and non-business leaders are systematically different in ideological term.[17] I do so in two ways. To begin with, while Figure 1 shows that business leaders tend to be more right-wing, it should be noted that the difference is not particularly large. Indeed, a simple test of equality of proportions across groups yields a statistically insignificant result (p=0.18). Then, I re-estimate the main models including the government/leader's ideology. As Tables 12-13 show, the effect of business experience holds even after controlling for the government/leader ideology. Nevertheless, the ideology of the leader's party may be a better proxy for the leader's ideology, above all in the case of broad and ideologically diverse coalitions. As such, in Tables 14-15 I repeat the analysis using the V-Dem economic left-right scale for the leader's party.[18]

In Appendix D, I run some placebo tests. First, I test the main hypotheses using *only* business experience in the public (e.g. state-owned) sector. I repeat the placebo exercise in the two replication studies in Appendix A as well. While the coefficients are generally positive, such experience is not significantly correlated with neither PTA formation nor PTA design across most models, thus lending credibility to my previous conjecture that the inclusion of leaders with public sector business experience would bias the results towards zero. Second, I use the year of signature of Human Rights treaties collected from the UNHR's website. There is no specific reason to expect leaders with business experience to be more likely to sign non-economic agreements. Indeed, I do not find any systematic relationship between the two variables. Appendix E contains further robustness checks. Due to space constraints, I show the results for the Poisson models (for the count of PTAs) and for the additive index (for PTAs depth). I describe each step in turn.

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[17] I refrain from including ideology in the main models since it contains a high number of missing values.
[18] As in the DPI's ideology variables, larger values indicate right-wing ideology.

First, I rerun the models using the less restrictive criteria for business coding as in Ellis et al. (2015) after correcting for the cases that were unambiguously mis-coded in the original dataset (for example, the Bulgarian Prime Minister Ivan Kostov).

Second, I show the results for the sub-set of business leaders with export-oriented experience (including and then excluding the ambiguous cases). See Appendix F for the coding scheme of export-oriented business experience and the description of ambiguous cases.

Third, I explore the effect of business experience conditional on political experience (the measurement comes from Baturo and Elkinnk (2022). Figure 2 shows the results for the full fixed effects Poisson model. As the leader's political experience increases, and the relative span of the pre-politics business experience likely decreases, so does the effect of business experience on the rate at which trade agreements are signed. The estimates remain statistically significant for low to moderate values of political experience, but those estimates become indistinguishable from zero at higher levels of political experience.

Fourth, instead of excluding EU members, I extend my coding of business experience to the EEC/EU Trade Commissioner and rerun the models including all EU countries.[19] Three Trade Commissioners are coded as having business experience: Frans Andriessen, Pascal Lamy, and Catherine Ashton.

Fifth, while the Executive's leader is clearly in a prominent position relative to other actors, institutional and political contexts vary in the extent to which they can individually exert influence in policy making. Politicians should be more likely to implement their favorite trade policy when they are less constrained by other actors. As such, I re-run the Poisson fixed-effect model interacting the business experience indicator with the level of government fractionalization (from

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[19] I thank an anonymous reviewer for suggesting this approach.

the *Database of Political Institution*).[20] Intuitively, Figure 3 shows that the effect of business experience decreases as fractionalization increases.

Sixth, I check whether *education*, rather than occupational experience, may explain the results. I do so in two ways. To begin with, I include a variable capturing the leader's educational level. Next, I exclude leaders with an educational background in economics. This way, the effects of business experience cannot be confounded by the effects of an education in economics (Nones 2023). I rely on the recently released Political Leaders' Affiliation Database (PLAD) (Dreher et al. 2020), which covers most countries since 1988. While the authors do not provide a specific "education type" variable, they do include a description of the degree the (future) leader earned. I code a leader as having an economic education if the description contains the word "econom*" (e.g. political economy) or "business" (e.g. master's in business and administration). The disadvantage of this dataset is that it starts only in 1989. As such, I complement the dataset with another one from Dreher et al. (2009), that starts in 1970.

Seventh, I include the cubic polynomial approximation to control for time dependence as in Carter and Signorino (2010). In an alternative specification, I control for the (country-specific) count of years elapsed since the first year in the dataset. The results hold in both cases.

Eight, in response to recent criticisms of the two-way fixed effects estimator (e.g. Kropko and Kubinec 2020), I conducted a thorough investigation into the robustness of the findings. This involved the application of recently proposed counterfactual estimators outlined in Liu et al. (2024). These estimators offer three key advantages. Firstly, they circumvent the negative weights problem inherent in Diff-in-Diff standard estimation by ensuring that early treatment adopters are not utilized as controls for late treatment adopters. Secondly, without imposing stringent functional

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[20] This test applies only to at least partially democratic countries.

form assumptions the counterfactual estimators are more efficient relative to the available alternatives (e.g. Imai et al. 2023; De Chaisemartin and d'Haultfoeuille 2020). Thirdly, the counterfactual estimators provide clear statistical routines to verify the underlying assumptions, a crucial aspect given that a violation of these assumptions could suggest self-selection biases. For instance, the electorate may favor a more open economy, potentially influencing the selection of businesspeople as well as the trade policy they enact. This could lead to a violation of the parallel trend assumptions, implying that countries choosing business leaders were already on a systematically different trajectory regarding trade policy compared to others. The robustness of the results to these more conservative estimators is demonstrated in Table 38. Importantly, placebo tests reveal no major violations of the underlying assumptions. These tests involve concealing certain observation periods just before the treatment for the treated units. A model trained on the untreated observations is then used to predict the outcomes for those periods. Minimal average disparities between the observed and predicted outcomes during these concealed periods indicate valid identification assumptions. The conventional placebo F test is employed, testing the null hypothesis that the placebo effect is zero. All models successfully pass the placebo F test. Additionally, following Liu et al. (2024), a more conservative placebo equivalence test is conducted. This test reverses the null hypothesis, checking whether the placebo effect exceeds a pre-specified equivalence threshold (using the default threshold in the associated R package). Notably, all three models reject the null that the effect is outside the equivalence range. This further enhances confidence in the underlying parallel trend assumption.

Ninth, I estimate a set of pooled zero inflated Poisson models to account for the possibility that there might be a different data generating processes for countries that never sign PTAs. The

results are consistent with the main analysis: business experience is negatively related in the excess zero equation and positively related in the count equation.

Tenth, I show the results for the PTA depth index with random effects Tobit models. Finally, Appendix F describes the coding scheme for export-oriented business experience. It also contains additional descriptive statistics concerning the distribution of business experience by level of development, regime type, and geography.

Mansfield and Milner (2012) – Chapter 3

The unit of analysis is the year, and the dependent variable is the total number of PTAs signed. I

extend the dataset to 2009 following as close as possible the operationalizations in the original

article. I augment the specification with the proportion of leader with business experience in the

system. For the sake of space, I do not show the remaining coefficients. I report the replication for

the main models of the study (Table 3.2, p. 84) Models 1 and 2 show the results for the proportion

of leaders with business experience. As a placebo test, Models 3 and 4 show the results for the

proportion of leaders with business experience in the public sector.

Table 1: Replication of Table 3.2 (Mansfield and Milner, 2012)

	Model 1	Model 2	Model 3	Model 4
Business	5.940^{*}	6.011^{**}		
	(3.196)	(2.797)		
Business (Public)			-15.370^{*}	-5.355
			(8.810)	(8.198)
All controls	Yes	Yes	Yes	Yes
N	56	56	56	56
χ^2	280.333	348.276	260.713	298.894
Log Lik.	-107.387	-105.381	-107.703	-106.466

Negative binomial regression estimates. Standard Errors in parenthesis $^{*} p < 0.10,$ $^{**} p < 0.05,$ $^{***} p < 0.01$

Mansfield and Milner (2018)

The original dataset already covers the period under study; hence I make no modification. I show

the replication results of the models using directed dyads (Table 1 in the original article). Given

the (directed) dyadic structure of the dataset, I test the main argument using two different versions

of the independent variable. In the first case, the business experience variable takes the value of 1

if both countries' leaders have business experience. In the second case, business experience is

coded as 1 if a business leader is the Head of government in either one of the two countries. As

before, I repeat the analysis using business experience in the public sector as a placebo.

Table 2: Replication of Table 1 - Both countries with business leaders

	Demo (20 cutoff) RegionA FE	Demo (20 cutoff) Country FE	Demo (16 cutoff) RegionA FE	Demo (16 cutoff) RegionA FE
Business in both	0.307^{***}	0.434^{***}	0.328^{***}	0.449^{***}
	(0.085)	(0.087)	(0.084)	(0.087)
All controls	Yes	Yes	Yes	Yes
Clusters	29394.000	28598.000	29394.000	28598.000
LogLikelihood	-43172.117	-40350.556	-43277.210	-40425.547
JointSig	0.000	0.000	0.000	0.000
N	1032434	1020183	1032434	1020183

Entries are logistic regression coefficients. Dyads-clustered standard errors in parentheses
$^{*} p < .1, ^{**} p < .05, ^{***} p < .01$

Table 3: Replication of Table 1 - At least one country with business leader

	Demo (20 cutoff) RegionA FE	Demo (20 cutoff) Country FE	Demo (16 cutoff) RegionA FE	Demo (16 cutoff) RegionA FE
Business in at least 1	0.084^{***}	0.134^{***}	0.087^{***}	0.141^{***}
	(0.031)	(0.032)	(0.031)	(0.032)
All controls	Yes	Yes	Yes	Yes
Clusters	29394.000	28598.000	29394.000	28598.000
LogLikelihood	-43173.643	-40352.796	-43279.151	-40427.735
JointSig	0.000	0.000	0.000	0.000
N	1032434	1020183	1032434	1020183

Entries are logistic regression coefficients. Dyads-clustered standard errors in parentheses
$^{*} p < .1, ^{**} p < .05, ^{***} p < .01$

Table 4: Replication of Table 1 - Both countries with business (public) leaders

	Demo (20 cutoff) RegionA FE	Demo (20 cutoff) Country FE	Demo (16 cutoff) RegionA FE	Demo (16 cutoff) RegionA FE
Business (public) in both	0.496	0.072	0.435	0.094
	(0.417)	(0.434)	(0.423)	(0.430)
All controls	Yes	Yes	Yes	Yes
Clusters	29394.000	28598.000	29394.000	28598.000
LogLikelihood	-43177.084	-40360.477	-43283.062	-40436.099
JointSig	0.000	0.000	0.000	0.000
N	1032434	1020183	1032434	1020183

Entries are logistic regression coefficients. Dyads-clustered standard errors in parentheses
* $p < .1$, ** $p < .05$, *** $p < .01$

Table 5: Replication of Table 1 - At least one country with business (public) leader

	Demo (20 cutoff) RegionA FE	Demo (20 cutoff) Country FE	Demo (16 cutoff) RegionA FE	Demo (16 cutoff) RegionA FE
Business (public) in at least 1	0.181***	-0.029	0.167***	-0.007
	(0.051)	(0.060)	(0.051)	(0.060)
All controls	Yes	Yes	Yes	Yes
Clusters	29394.000	28598.000	29394.000	28598.000
LogLikelihood	-43172.198	-40360.382	-43278.871	-40436.116
JointSig	0.000	0.000	0.000	0.000
N	1032434	1020183	1032434	1020183

Entries are logistic regression coefficients. Dyads-clustered standard errors in parentheses
* $p < .1$, ** $p < .05$, *** $p < .01$

Appendix B: Logit Models (Table 3 in the Main Paper)

Table 6: Logit Fixed Effect Models (Table 3)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.383***	2.277***	2.025***	1.473**	1.472**	1.505**
	(0.332)	(0.317)	(0.288)	(0.249)	(0.253)	(0.279)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
t, t^2, t^3	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7705	7526	6932	4439	4324	4249
Log Lik.	-3687.872	-3626.083	-3360.624	-2359.103	-2243.081	-2012.511
AIC	7387.743	7266.166	6737.249	4742.207	4520.162	4139.023

Exponentiated coefficients; Clustered Standard Errors in parenthesis * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Appendix C: Robustness Checks

Table 7: Negative Binomial Random Effects - PTA Count

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.206***	2.165***	1.917***	1.618***	1.450***	1.422***
	(0.182)	(0.179)	(0.162)	(0.151)	(0.137)	(0.136)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country RE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7915	7729	7157	4469	4357	4357
χ^2	92.344	88.441	129.821	135.824	269.223	453.570
Log Lik.	-5209.193	-5152.097	-4792.110	-3519.916	-3324.469	-3142.554

Exponentiated coefficients; Standard Errors in parenthesis $^*\ p < 0.10,\ ^{**}\ p < 0.05,\ ^{***}\ p < 0.01$

Table 8: Poisson Fixed Effect Models (Replicating Table 2 Main Paper with Entry into Force Date)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.471***	2.400***	1.953***	1.441***	1.329**	1.341**
	(0.318)	(0.311)	(0.242)	(0.193)	(0.170)	(0.181)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7705	7528	6932	4413	4302	4302
χ^2	49.423	46.350	77.891	134.647	264.832	32612.640
Log Lik.	-4064.206	-4011.056	-3688.177	-2714.644	-2565.849	-2370.153

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^*\ p < 0.10,\ ^{**}\ p < 0.05,\ ^{***}\ p < 0.01$

Table 9: OLS Models - Additive Index (Replicating Table 4 with Entry into force date)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.541***	0.537***	0.476***	0.347**	0.308**	0.306**
	(0.120)	(0.121)	(0.116)	(0.142)	(0.139)	(0.136)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7915	7731	7157	4469	4469	4469
R^2	0.076	0.077	0.091	0.122	0.136	0.217
Adj. R^2	0.054	0.055	0.069	0.092	0.105	0.181

Clustered Standard Errors in parenthesis. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 10: Poisson Fixed Effects Models - Beginning of Negotiation Year (Mölders, 2016)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	4.008***	4.032***	3.157***	1.624	1.859	2.093**
	(1.498)	(1.470)	(1.162)	(0.757)	(0.733)	(0.780)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	1083	1080	1054	1029	1005	1005
χ^2	13.803	14.760	18.621	93.666	6663.980	17817.217
Log Lik.	-352.235	-352.001	-334.813	-264.792	-238.269	-214.211

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 11: OLS Models - Rasch Index (Replicating Table 4 with Rasch Index)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.157***	0.158***	0.138***	0.134***	0.131***	0.144***
	(0.040)	(0.041)	(0.040)	(0.048)	(0.046)	(0.045)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7915	7731	7157	4469	4469	4469
R^2	0.052	0.053	0.059	0.087	0.106	0.228
Adj. R^2	0.030	0.030	0.036	0.055	0.075	0.193

Clustered Standard Errors in parenthesis. $^{*} p < 0.10$, $^{**} p < 0.05$, $^{***} p < 0.01$

Figure 1: Business Experience and Ideology
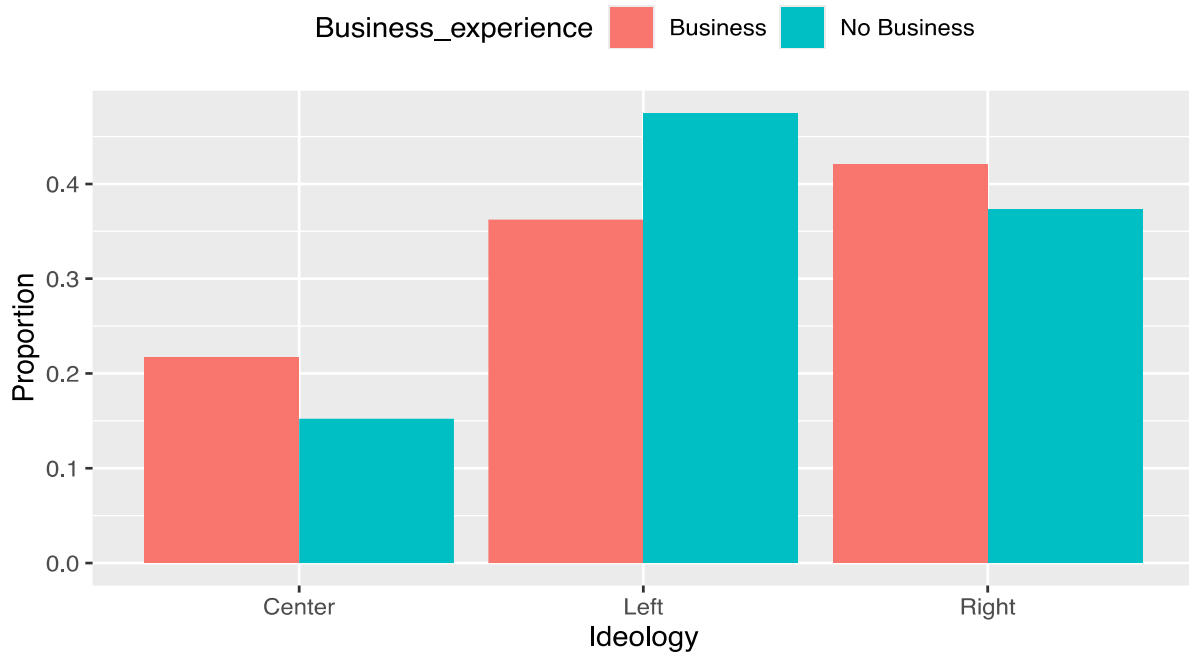
Table 12: Poisson Fixed Effect Models

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	1.844***	1.840***	1.682***	1.622**	1.521**	1.461*
	(0.304)	(0.298)	(0.289)	(0.312)	(0.286)	(0.284)
Ideology	1.018	1.019	1.020	1.044	1.073	1.079
	(0.085)	(0.084)	(0.078)	(0.083)	(0.079)	(0.079)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	2610	2608	2437	1849	1800	1800
χ^2	13.871	14.428	35.613	47.139	66.788	16274.457
Log Lik.	-2030.443	-2028.884	-1868.129	-1477.182	-1401.711	-1311.417

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 13: OLS Models - Additive Index (Including ideology)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.550***	0.543***	0.505***	0.359**	0.312*	0.310**
	(0.125)	(0.122)	(0.127)	(0.160)	(0.157)	(0.151)
Ideology	-0.055	-0.054	-0.051	-0.067	-0.059	-0.059
	(0.067)	(0.067)	(0.067)	(0.073)	(0.073)	(0.075)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	2747	2745	2536	1873	1873	1873
R^2	0.103	0.101	0.119	0.150	0.162	0.220
Adj. R^2	0.059	0.058	0.074	0.097	0.108	0.155

Clustered Standard Errors in parenthesis $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 14: Poisson Fixed Effect Models - Executive Leader's Party Ideology (V-Dem)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	1.617***	1.612***	1.517***	1.336*	1.170*	1.167*
	(0.201)	(0.199)	(0.200)	(0.206)	(0.106)	(0.105)
Ideology	1.032	1.035	1.005	0.955	0.968	0.968
	(0.047)	(0.047)	(0.047)	(0.048)	(0.023)	(0.023)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	3866	3862	3759	3047	2985	2985
Log Lik.	-2879.177	-2875.655	-2774.943	-2290.395	-3571.700	-3570.222

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^{*} p < 0.10$, $^{**} p < 0.05$, $^{***} p < 0.01$

Table 15: OLS Models - Additive Index - Executive Leader's Party Ideology (V-Dem)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.555***	0.553***	0.538***	0.370***	0.343**	0.341**
	(0.118)	(0.118)	(0.117)	(0.138)	(0.137)	(0.138)
Ideology	0.027	0.027	0.004	-0.015	-0.023	-0.026
	(0.027)	(0.027)	(0.028)	(0.027)	(0.027)	(0.029)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	3933	3929	3793	3072	3072	3072
R^2	0.089	0.090	0.094	0.132	0.140	0.202
Adj. R^2	0.057	0.057	0.060	0.095	0.102	0.156

Clustered Standard Errors in parenthesis. $^{*} p < 0.10$, $^{**} p < 0.05$, $^{***} p < 0.01$

Table 16: Instrumental Variables - PTA Depth (Replicating Table 6 with Rasch Index)

	IV	IV	IV	2SLS	2SLS	2SLS
Business	0.232*	0.235*	0.119	0.795*	0.317*	0.345**
	(0.120)	(0.125)	(0.129)	(0.469)	(0.183)	(0.168)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
Instrument	Father	Father	Father	All	All	All
Kleibergen-Paap F	105.46	101.68	97.01	17.87	18.18	18.26
Sargan's test (p-value)				0.02	0.00	0.00
N	7915	7729	7157.000	4468	4468	4468

Robust Standard Errors in parenthesis. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The Kleibergen-Paap Wald F statistic measures weak instruments, with the following critical values for a relative
bias of 0.05, 0.10, 0.20, and 0.30: 18.37, 10.83, 6.77, 5.25.

Table 17: Bivariate Probit with Endogenous Regressor - PTA Dummy

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.025*	2.111*	1.834*	2.030**	2.638***	2.796***
	(0.764)	(0.812)	(0.620)	(0.690)	(0.922)	(1.048)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
Instruments	Father	Father	Father	All	All	All
N	7915	7729	7157	4469	4357	4357
Log Lik.	-4825.754	-4747.953	-4346.881	-2917.689	-2777.692	-2513.221
AIC	9943.508	9795.907	8957.762	6061.377	5803.385	5306.442
Rho	-0.097	-0.131	-0.100	-0.354	-0.559	-0.617

Exponentiated coefficients; Clustered Standard Errors in parenthesis * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 18: Instrumental Variables - PTA Count - Limited Information Maximum Likelihood (LIML)

	IV	IV	IV	2SLS	2SLS	2SLS
Business	0.640***	0.670***	0.514**	0.536	0.597*	0.651*
	(0.210)	(0.219)	(0.223)	(0.328)	(0.342)	(0.333)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
Instrument	All	All	All	Father	Father	Father
Kleibergen-Paap F	105.46	101.68	97.01	17.87	16.20	16.47
Sargan's test (p-value)				0.59	0.52	0.39
N	7915	7729	7157	4468	4355	4355

Robust Standard Errors in parenthesis * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$
The Kleibergen-Paap Wald F statistic measures weak instruments, with the following critical values for a relative
bias of 0.05, 0.10, 0.20, and 0.30: 18.37, 10.83, 6.77, 5.25.

Table 19: Instrumental Variables - Depth (Additive) - Limited Information Maximum Likelihood (LIML)

	IV	IV	IV	2SLS	2SLS	2SLS
Business	0.874***	0.909***	0.629*	0.798*	0.813*	0.930**
	(0.328)	(0.340)	(0.346)	(0.474)	(0.468)	(0.456)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
Instrument	All	All	All	Father	Father	Father
Kleibergen-Paap F	105.46	101.68	97.01	17.87	18.18	18.26
Sargan's test (p-value)				0.02	0.05	0.09
N	7915	7729	7157	4468	4468	4468

Robust Standard Errors in parenthesis. The Kleibergen-Paap Wald F statistic measures weak instruments, with the
following critical values for a relative bias of 0.05, 0.10, 0.20, and 0.30: 18.37, 10.83, 6.77, 5.25. * $p < 0.10$, ** $p <$
0.05, *** $p < 0.01$

Table 20: Random Effect Models (Binary DV) - As-if Random Transitions (2 Years) - PTA Binary

	Model 1	Model 2	Model 3	Model 4	Model 5
Business	1.137***	1.104***	1.210***	0.942**	1.138**
	(0.421)	(0.416)	(0.408)	(0.426)	(0.572)
Individual		Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes
Domestic (econ.)				Yes	Yes
Systemic					Yes
Country RE	Yes	Yes	Yes	Yes	Yes
N	176	170	169	138	138
χ^2	115.990	152.486	133.160	251.614	591.650

Clustered Standard Errors in parenthesis. $^{*}\,p < 0.10,\ ^{**}\,p < 0.05,\ ^{***}\,p < 0.01$

Appendix D: Placebo

Table 21: PTA Count and Binary - Public Sector Business Experience Placebo

	Poisson	Poisson	Poisson	Logit	Logit	Logit
Business Public	1.386	1.266	1.170	1.444	1.349	1.254
	(0.333)	(0.298)	(0.282)	(0.462)	(0.440)	(0.452)
Individual	Yes	Yes	Yes	Yes	Yes	Yes
Domestic (instit.)	Yes	Yes	Yes	Yes	Yes	Yes
Domestic (econ.)	Yes	Yes	Yes	Yes	Yes	Yes
Systemic		Yes	Yes		Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE			Yes			Yes
N	4439	4324	4324	4439	4324	4249
χ^2	120.083	222.108	23317.383	na	na	na
Log Lik.	-3118.745	-2960.343	-2764.324	-2361.381	-2245.631	-2015.390
AIC	6255.490	5948.686	5638.648	4746.762	4525.262	4144.781

Exponentiated coefficients; Clustered Standard Errors in parenthesis. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 22: PTA Depth (Additive and Rasch) - Public Sector Business Experience Placebo

	Additive	Additive	Additive	Rasch	Rasch	Rasch
Business	0.239	0.225	0.220	-0.003	0.008	0.037
	(0.189)	(0.184)	(0.182)	(0.062)	(0.059)	(0.056)
Individual	Yes	Yes	Yes	Yes	Yes	Yes
Domestic (instit.)	Yes	Yes	Yes	Yes	Yes	Yes
Domestic (econ.)	Yes	Yes	Yes	Yes	Yes	Yes
Systemic		Yes	Yes		Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE			Yes			Yes
N	4469	4469	4469	4469	4469	4469
R^2	0.109	0.118	0.188	0.082	0.102	0.223
Adj. R^2	0.079	0.088	0.151	0.051	0.070	0.188

Clustered Standard Errors in parenthesis. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 23: Logit Fixed Effect Models - Human Right Treaties Signature Date

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	1.302[*]	1.180	0.834	0.814	0.876	1.185
	(0.198)	(0.188)	(0.137)	(0.133)	(0.171)	(0.286)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
t, t^2, t^3	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7969	7244	4802	4802	4557	3858
Log Lik.	-2251.409	-2075.083	-1581.010	-1608.155	-1308.324	-899.749
AIC	4510.817	4164.167	3188.020	3240.309	2652.647	1897.497

Exponentiated coefficients; Clustered Standard Errors in parenthesis [*] $p < 0.10$, [**] $p < 0.05$, [***] $p < 0.01$

Appendix E: Further Robustness Checks

Table 24: Poisson Fixed Effect Models - Business experience coded as in Ellis et al. (2015)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	1.919***	1.891***	1.584***	1.330**	1.305**	1.298**
	(0.221)	(0.219)	(0.187)	(0.174)	(0.166)	(0.160)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7700	7523	6927	4434	4319	4319
χ^2	31.906	30.762	50.562	128.538	238.872	22747.432
Log Lik.	-4789.457	-4721.830	-4370.361	-3108.281	-2949.958	-2753.448

Exponentiated coefficients; Clustered Standard Errors in parenthesis * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 25: OLS Fixed Effect Models (Additive index) Business experience coded as in Ellis et al.(2015)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.449***	0.453***	0.397***	0.354***	0.340***	0.334***
	(0.093)	(0.094)	(0.095)	(0.117)	(0.111)	(0.110)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7910	7726	7152	4464	4464	4464
R^2	0.067	0.070	0.078	0.116	0.124	0.194
Adj. R^2	0.045	0.047	0.055	0.086	0.094	0.157

Clustered Standard Errors in parenthesis. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 26: Poisson Fixed Effect Models - Export-oriented Business Experience

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.609***	2.545***	2.086***	1.599***	1.613***	1.585***
	(0.389)	(0.385)	(0.330)	(0.247)	(0.232)	(0.217)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7650	7474	6878	4386	4275	4275
χ^2	41.367	38.086	60.493	139.414	236.819	22172.416
Log Lik.	-4758.523	-4691.852	-4335.383	-3074.014	-2918.980	-2728.872

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^{*} p < 0.10,$ $^{**} p < 0.05,$ $^{***} p < 0.01$

Table 27: OLS Fixed Effects models (Additive Index) - Export-Oriented Business Experience

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.777***	0.776***	0.712***	0.582***	0.547***	0.539***
	(0.162)	(0.164)	(0.168)	(0.196)	(0.190)	(0.187)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7860	7677	7103	4416	4416	4416
R^2	0.071	0.073	0.083	0.120	0.128	0.195
Adj. R^2	0.049	0.050	0.061	0.090	0.098	0.158

Clustered Standard Errors in parenthesis. $^{*} p < 0.10,$ $^{**} p < 0.05,$ $^{***} p < 0.01$

Table 28: Poisson FE Models - Export-oriented Business Experience excluding ambiguous cases

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	3.304***	3.224***	2.692***	1.757***	1.780***	1.766***
	(0.514)	(0.501)	(0.497)	(0.336)	(0.322)	(0.306)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7548	7373	6778	4315	4206	4206
χ^2	59.146	56.644	74.414	150.890	272.324	22075.859
Log Lik.	-4638.792	-4571.909	-4219.876	-2985.554	-2831.786	-2641.452

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^*\ p < 0.10,\ ^{**}\ p < 0.05,\ ^{***}\ p < 0.01$

Table 29: OLS Fixed Effects models (Additive Index) - Export-Oriented Business excluding ambiguous cases

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.971***	0.971***	0.938***	0.744***	0.709***	0.711***
	(0.203)	(0.204)	(0.209)	(0.216)	(0.209)	(0.201)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7758	7576	7003	4345	4345	4345
R^2	0.073	0.075	0.084	0.123	0.131	0.199
Adj. R^2	0.051	0.052	0.062	0.093	0.100	0.161

Clustered Standard Errors in parenthesis. $^*\ p < 0.10,\ ^{**}\ p < 0.05,\ ^{***}\ p < 0.01$

Figure 2: The Effect of Business Experience Conditional on Political Experience
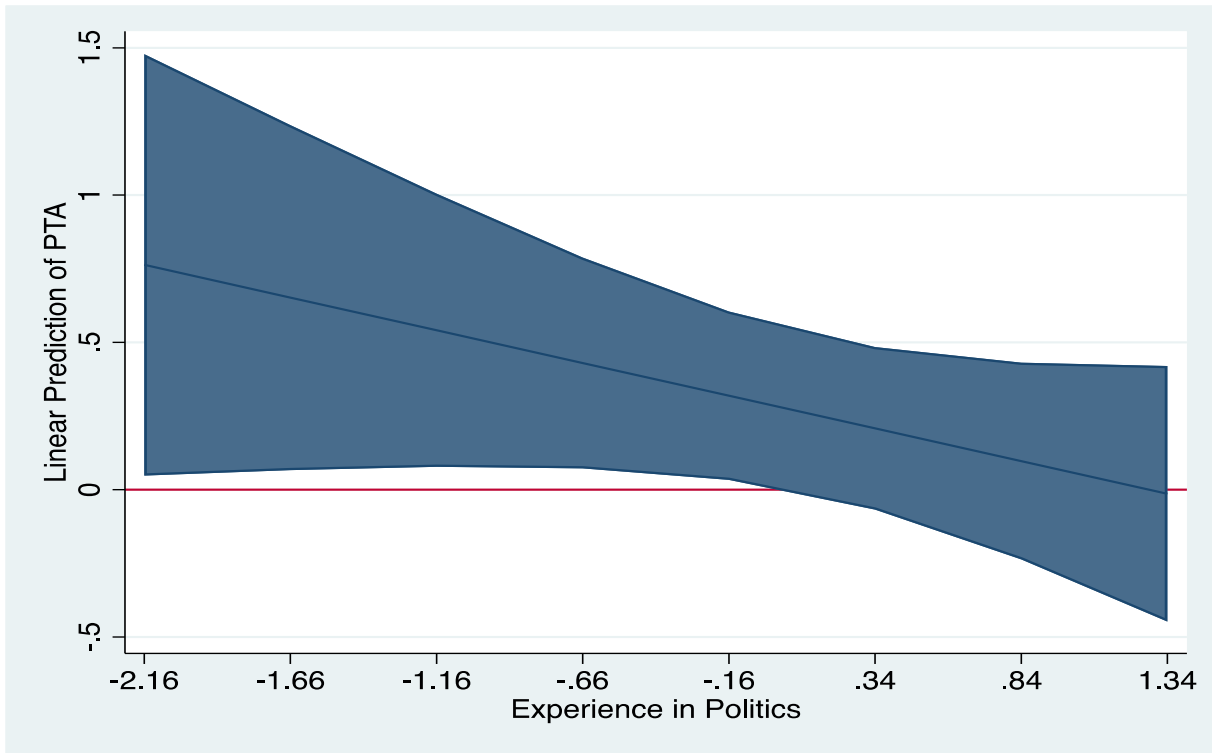
Table 30: Poisson Fixed Effect Models - Including EU Trade Commissioner Background

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.043***	2.038***	1.795***	1.302***	1.170**	1.204**
	(0.168)	(0.169)	(0.133)	(0.085)	(0.086)	(0.099)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7997	7994	7393	4872	4742	4742
χ^2	75.398	73.884	125.787	136.223	274.897	1901.659
Log Lik.	-5800.354	-5797.725	-5385.054	-4005.292	-3777.458	-3459.633

Exponentiated coefficients; Clustered Standard Errors in parenthesis $^* p < 0.10$, $^{**} p < 0.05$, $^{***} p < 0.01$

Table 31: OLS Fixed Effect Models (additive index) - Including EU Trade Commissioner Background

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.614***	0.614***	0.576***	0.500***	0.473***	0.443***
	(0.116)	(0.116)	(0.113)	(0.129)	(0.128)	(0.133)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7682	7681	7107	4420	4420	4420
R^2	0.073	0.073	0.083	0.120	0.128	0.194
Adj. R^2	0.050	0.050	0.061	0.090	0.098	0.157

Clustered Standard Errors in parenthesis. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Figure 3: The Effect of Business Experience Conditional on Government Fractionalization
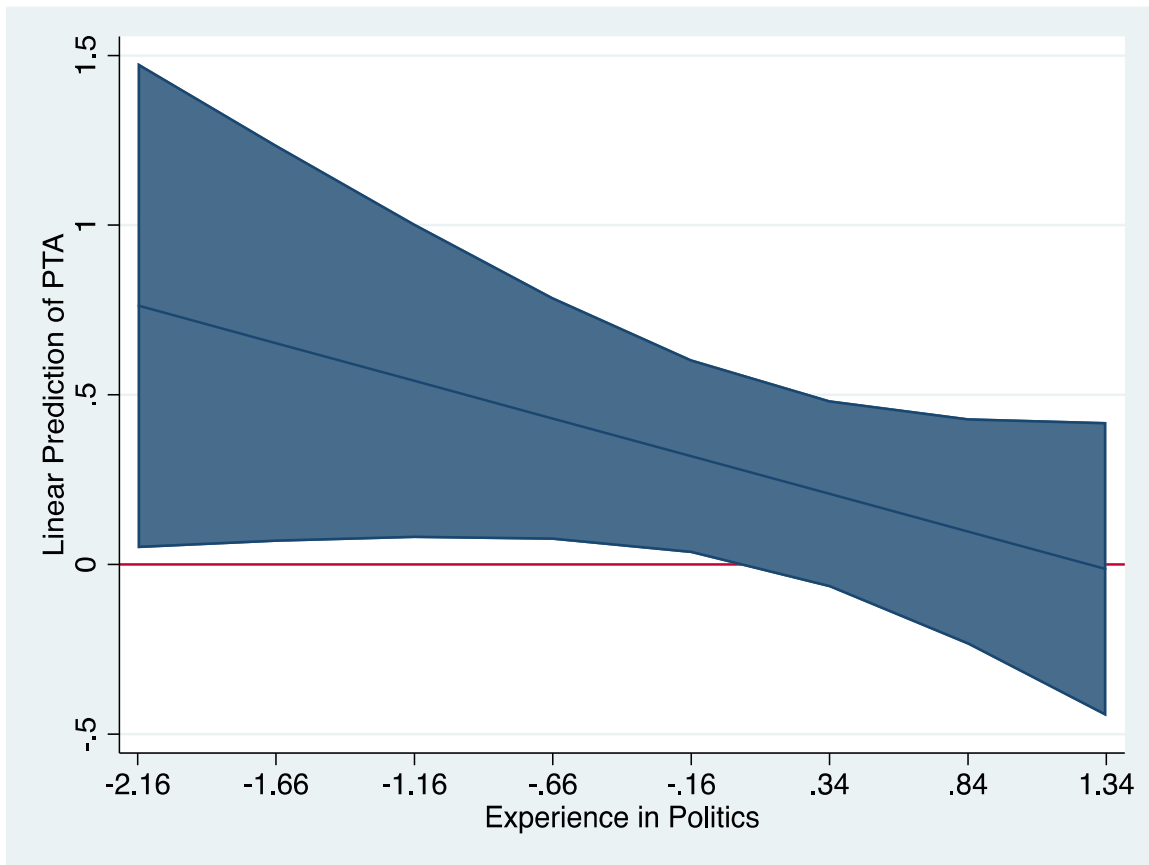
Table 32: Poisson Fixed Effect Models - Including Educational Level (1-3)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Education (1-3)	1.307***	1.311***	1.232***	1.145**	1.143**	1.135*
	(0.086)	(0.085)	(0.079)	(0.072)	(0.074)	(0.075)
Business	2.174***	2.117***	1.865***	1.391**	1.331**	1.296*
	(0.295)	(0.287)	(0.251)	(0.203)	(0.192)	(0.190)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7705	7528	6932	4439	4324	4324
χ^2	49.990	48.628	74.885	138.548	243.036	23196.912
Log Lik.	-4759.612	-4693.355	-4352.085	-3110.500	-2953.077	-2757.735

Exponentiated coefficients; Clustered Standard Errors in parenthesis. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 33: OLS Fixed Effect Models (Additive index) - Including Educational Level (1-3)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.602***	0.600***	0.564***	0.444***	0.413***	0.412***
	(0.110)	(0.110)	(0.107)	(0.130)	(0.128)	(0.129)
Education (1-3)	0.079***	0.082***	0.056**	0.064*	0.057	0.059
	(0.026)	(0.026)	(0.027)	(0.037)	(0.036)	(0.037)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7915	7731	7157	4469	4469	4469
R^2	0.074	0.076	0.084	0.118	0.126	0.195
Adj. R^2	0.052	0.054	0.062	0.088	0.095	0.158

Clustered Standard Errors in parenthesis. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 34: Poisson Fixed Effect Models - Excluding leaders with Economic Education

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.448***	2.393***	2.009***	1.943**	1.930**	1.952**
	(0.614)	(0.620)	(0.505)	(0.542)	(0.552)	(0.507)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	2654	2635	2452	1942	1907	1907
χ^2	12.744	11.368	33.006	92.502	158.881	14738.460
Log Lik.	-1773.682	-1766.418	-1673.928	-1335.110	-1275.131	-1183.258

Exponentiated coefficients; Clustered Standard Errors in parenthesis. $^* p < 0.10$, $^{**} p < 0.05$, $^{***} p < 0.01$

Table 35: OLS Fixed Effect Models (Additive index) - Excluding leaders with Economic Education

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.601***	0.592***	0.522***	0.447**	0.410**	0.355*
	(0.178)	(0.177)	(0.179)	(0.198)	(0.195)	(0.187)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	2695	2676	2492	1985	1985	1985
R^2	0.098	0.097	0.110	0.139	0.152	0.210
Adj. R^2	0.062	0.062	0.074	0.095	0.107	0.148

Clustered Standard Errors in parenthesis. $^* p < 0.10$, $^{**} p < 0.05$, $^{***} p < 0.01$

Table 36: Poisson Fixed Effect Models - with Cubic Polynomial Approximation

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	2.042***	1.948***	1.746***	1.384**	1.335**	1.299*
	(0.247)	(0.233)	(0.212)	(0.197)	(0.191)	(0.189)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
t, t^2, t^3	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7705	7528	6932	4439	4324	4324
χ^2	106.264	110.844	119.749	156.377	250.147	22583.054
Log Lik.	-4700.505	-4619.903	-4295.896	-3102.316	-2953.108	-2755.185

Exponentiated coefficients; Clustered Standard Errors in parenthesis. $^*\,p < 0.10$, $^{**}\,p < 0.05$, $^{***}\,p < 0.01$

Table 37: Poisson Fixed Effect Models - Linear Time Trend since first year in the dataset

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	1.366**	1.356**	1.375**	1.376**	1.330**	1.296*
	(0.179)	(0.177)	(0.183)	(0.198)	(0.191)	(0.191)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Linear Time Trend	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE						Yes
N	7705	7528	6932	4439	4324	4324
χ^2	227.181	204.628	191.054	150.034	248.555	2.402e+08
Log Lik.	-4470.770	-4429.487	-4161.647	-3104.194	-2952.756	-2760.217

Exponentiated coefficients; Clustered Standard Errors in parenthesis. $^*\,p < 0.10$, $^{**}\,p < 0.05$, $^{***}\,p < 0.01$

Table 38: Counterfactual Estimators – PTA Count

	FEct	IFEct	MC
Business	0.229**	0.213**	0.219**
	(0.104)	(0.099)	(0.090)
Controls	Yes	Yes	Yes
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Placebo F test	0.378	0.965	0.919
Placebo equivalence test	0.047	0.001	0.002
N	6811	6468	6468

Jackknife bootstrap standard errors. $*$ p < 0.10, $**$ p < 0.05, $***$ p < 0.01
The placebo tests are run on the 2 periods before treatment.
The estimators drop global variables that do not change across panels.

Table 39: Zero Inflated Pooled Models

	Model 1	Model 2	Model 3	Model 4	Model 5
Count Equation					
Business	0.629***	0.632***	0.354***	0.198**	0.183*
	(0.093)	(0.093)	(0.098)	(0.100)	(0.094)
Excess Zero Equation					
Business	-0.422**	-0.400**	-0.565***	-0.682***	-0.500*
	(0.172)	(0.173)	(0.196)	(0.233)	(0.280)
N	7915	7731	7157	4469	4357
χ^2	38.983	39.593	118.401	216.171	295.132
Log Lik.	-5394.213	-5338.287	-4930.586	-3551.668	-3314.264

Standard errors in parentheses. * p < 0.10, ** p < 0.05, *** p < 0.01

Table 40: Tobit Random Effect Models - Additive Index

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.581***	0.582***	0.523***	0.502***	0.409***	0.405***
	(0.044)	(0.045)	(0.047)	(0.063)	(0.062)	(0.060)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country RE	Yes	Yes	Yes	Yes	Yes	Yes
N	7915	7731	7157	4469	4469	4469
χ^2	171.995	168.189	244.592	178.329	344.567	751.179
Log Likelihood	-10594.77	-10416.25	-9624.945	-6591.633	-6526.588	-6345.252

Standard Errors in parenthesis $^*\ p < 0.10,\ ^{**}\ p < 0.05,\ ^{***}\ p < 0.01$

Table 41: Tobit Random Effect Models - Rasch Index

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Business	0.149***	0.151***	0.130***	0.149***	0.130***	0.137***
	(0.019)	(0.019)	(0.020)	(0.027)	(0.027)	(0.025)
Individual		Yes	Yes	Yes	Yes	Yes
Domestic (instit.)			Yes	Yes	Yes	Yes
Domestic (econ.)				Yes	Yes	Yes
Systemic					Yes	Yes
Country RE	Yes	Yes	Yes	Yes	Yes	Yes
N	7915	7731	7157	4469	4469	4469
χ^2	64.022	63.857	120.586	117.081	243.479	945.969
Log Lik.	-3818.179	-3796.918	-3626.780	-2813.084	-2754.439	-2442.903

Standard Errors in parenthesis $^*\ p < 0.10,\ ^{**}\ p < 0.05,\ ^{***}\ p < 0.01$

Appendix F: Export-oriented business experience

As mentioned in the theory section, leaders' business experiences may be substantially more heterogenous than my baseline coding scheme allows. As such, I further code a leader as having *export-oriented* business experience if at least one of the following conditions is met:

1) The company the (future) leader worked at the time was a Multinational Corporation or, while not strictly defined as such, it has obvious links to more than one country. An example of the first case is former Mexican President Fox worked at Coca-Cola, a multinational company. These are, of course, the least ambiguous cases. The latter cases are also relatively unambiguous, at least in the dataset. One example is former Bolivia's President de Lozada whose company had "brought in the British mining giant RTZ LtD as a partner […] and the companies have formed a joint partnership for new mines in Bolivia."[21]

2) There is an explicit reference in the biographical sources that the firm the (future) leader worked at the time engaged in exports. For example, former El Salvador President had an executive position at a major exporting firm in the agricultural sector.

3) While there is no explicit mention of exports, the economic structure of the country at the time is such as to make it very likely. For example, former Honduras President Callejas was an executive of the Honduran Banana Corporation. Several sources list bananas as the most (or second most) important export goods for Honduras during those decades.

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[21] *New York Times*, June 10th, 1992. Available at https://www.nytimes.com/1992/06/10/business/2-bolivian-executives-vie-in-new-arena-politics.html

4) If the name of the company is available, I further research its business structure at the time when the (future) leader was working there and find reference to its exporting business structure. For example, former Mexican President de la Madrid had an executive position at an Oil company (Pemex) at a time when, according to the Encyclopedia Britannica, "Pemex became a major world exporter of fossil fuel."[22]

As it is the case in the baseline coding of business experience, one business experience that satisfies the above-mentioned criteria is sufficient for being coded as having export-oriented business experience. As such, Honduras President Callejas is coded to have business experience in an export-oriented sector as he was an executive at the Honduran Banana Corporation, although he also had executive position in other firms in the non-export-oriented firms (in this case, non-tradeable utilities).

Two features of the coding of export-oriented experience are worth noticing. First, I take a strict definition of "at the time". It is important to make sure that the company they worked at did not internationalize and engaged in export-oriented business only *after* the leader had already left the company. For example, Czech leader Strasky had executive positions in a commercial bank (KB). Nevertheless, he had these executive positions prior to 1995, the year when the bank opened to international markets according to the business history of the bank itself.[23]

Second, by contrast, I take a loose definition of "export-oriented experience". This is defensible on the ground that any of the four criteria mentioned above are likely to indicate a meaningful experience in a firm that traded goods and services across borders. Nevertheless, as mentioned before, there is a trade-off between business experience granularity on the one side, and the amount of information available. As a result, the more fine-grained the dimension of interest,

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[22] Available at https://www.britannica.com/money/Petroleos-Mexicanos.
[23] Available at https://www.kb.cz/en/about-bank.

the more judgement calls the coder has to make. To deal with this issue, I followed Fuhrmann (2020) in coding whether the case was "ambiguous". By and large, these instances fall under criterion number 3 above. In these cases, it seems reasonable to assume the leader to have export-oriented experience, but there is scant direct evidence to support it. In addition to the case mentioned above, for example, former Malta's leader Sant had executive positions in the country's leading clothing company. While I was unable to uncover the firm's name, the leader's biographical sources refer to his business as being successful and making him very wealthy. Given Malta's small size, it is hard to see how this could happen without some exporting capacity. Moreover, these management positions "required that he travel around the globe", according to one source.[24] Once again, while not certain, it seems likely that these travels were related to business opportunities abroad. Overall, Sant is coded as having export-oriented business experience, but he is also coded as an ambiguous case (the same goes for Callejas, mentioned before).

Table 42: The proportion of country-year with business experience by regime type, economic development, and geography

Business	Percentage
Democracy (polity > 7)	53.44
Econ. development (Q1)	12.55
Econ. development (Q2)	29.84
Econ. development (Q3)	26.34
Econ. development (Q4)	31.28
Africa	18.98
Europe	17.61
Asia	24.46
Oceania	5.28
Americas	33.66

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[24] Available at https://www.culturaldiplomacy.org/academy/index.php?Alfred-Sant.

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