



Zaitian Chen, QAC Summer 2022,
Professor Mary Alice Haddad, Wesleyan University

Introduction

- Diplomacy, conventionally thought to be the mechanism between states to manage international relationships, increasingly, became observable between cities/regions.
- Now, cities are significant entities helping form an international order and community. For instance, cities and regions are the main actors in pushing forward global environmental agendas (e.g., Paris Agreement) and accomplishing regional economic goals (e.g., OPEC). The impact of city diplomacy should draw more attention (Surmacz, 2019).
- In the recent decade, many cities in the United States have established an office or unit directly responsible for international affairs.
- But the diplomacy of the city is structurally less powerful than the state, and its impact may remain in the realm of "soft power" or is less significant (Foster & Swiney, 2019). So, this project intends to estimate the economic benefits of city diplomacy.

Research Questions

- Does higher city diplomacy predict better economic growth?

Methods

Sample

- All data were from measures of the top 100 metropolitan areas (by 2019 population) of the United States. The baseline of 2019 was chosen because the project intends to exclude the economic downsides due to COVID-19 beginning from 2020.

Measures

- City diplomacy (independent variables) was operationalized in the following several ways:
 - (1) office presence: from 0-4 based on the level of city diplomacy scale presented in the city (nothing at all - 0; non-city governmental entity responsible such as NGO - 1; volunteer-based committee under city hall - 2; a paid unit under city hall - 3; an entire department under city hall - 4); aggregate the number for each level for the metropolitan area.
 - (2) number of sister cities for each metropolitan area
 - (3) number of consulates stationed in each metropolitan area
 - (4) IO: 1 or 0 for any city inside the metropolitan area that has membership in either C40 or ICLEI
- For the progress completed this summer: dependent variables are 2019 total exports, change in exports (2014-2019), change in exports (2005-2019)
- Controlled for population (size) and personal income per capita (richness)

Results

Regression

Dependent Variable I: 2019 total exports

- Insignificant results

Dependent Variable II: Change in exports 2014-2019

- Independent variables are negatively associated with the dependent variable as three strong outliers (experienced dramatic economic downsides during 2014-2019 while being the more globalized cities); Insignificant results after the outliers were dropped

Figure 1. Office Presence v.s. Change of Exports 2005-2019

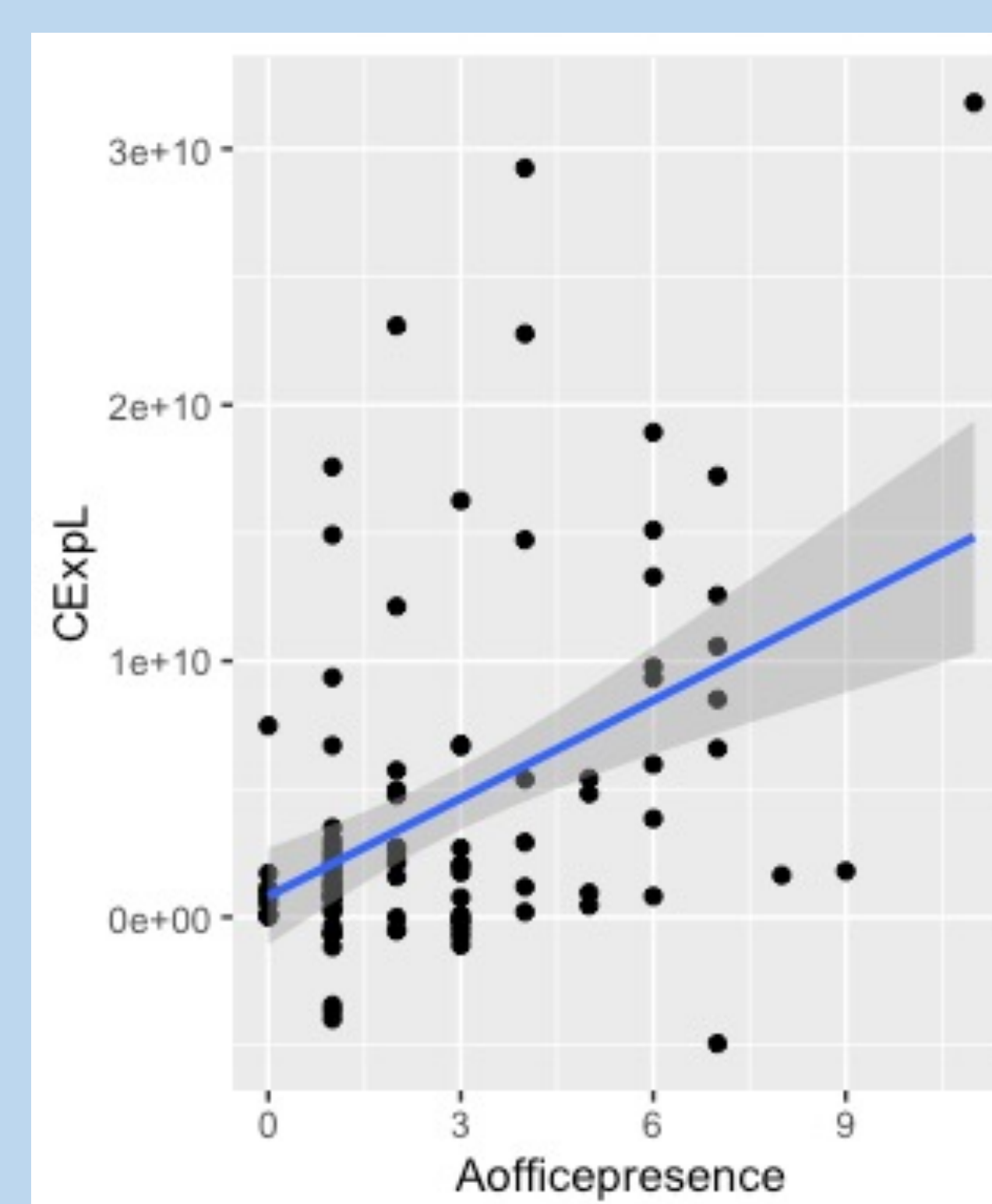


Figure 2. The Number of Sister Cities v.s. Change of Exports 2005-2019

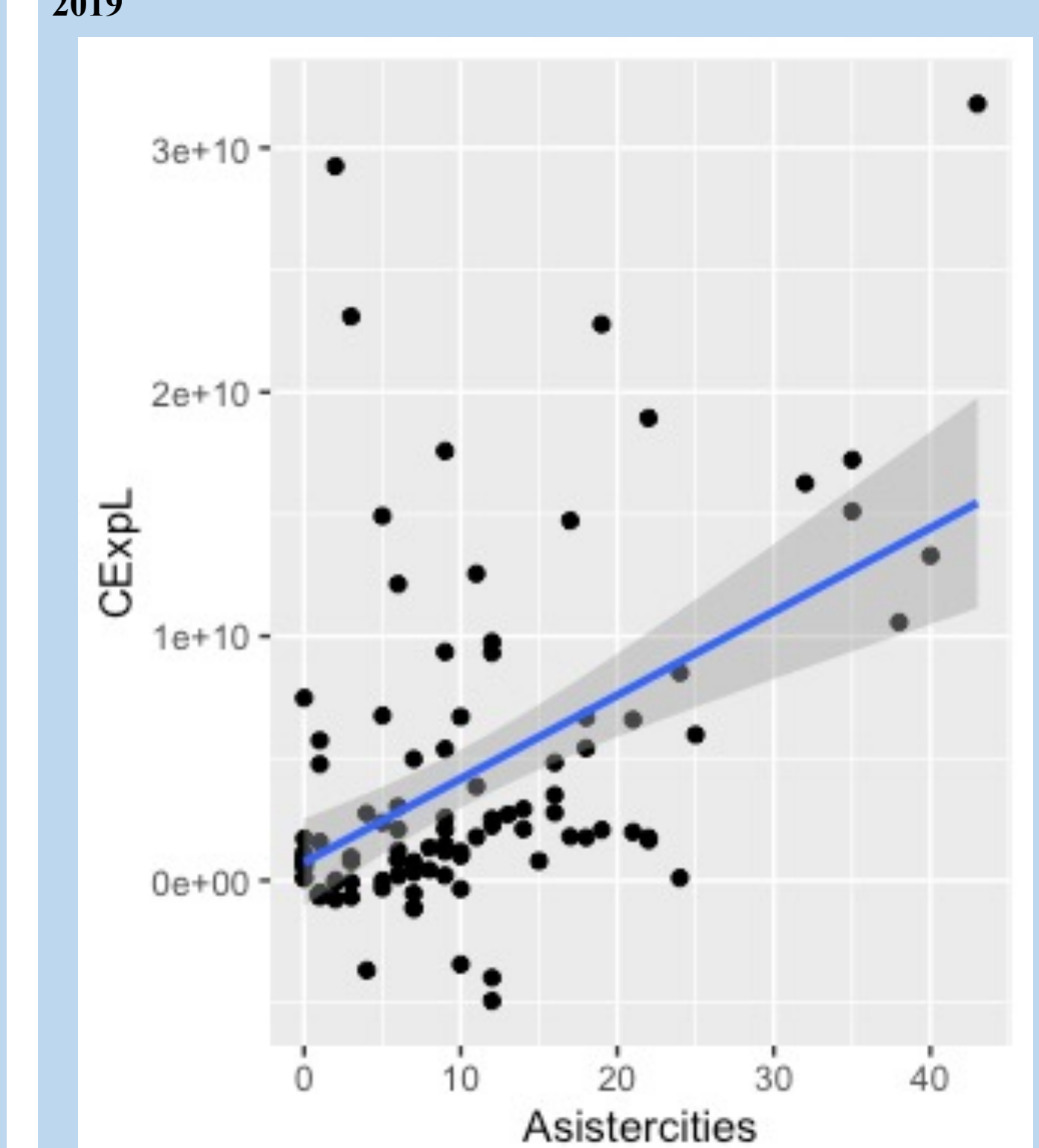
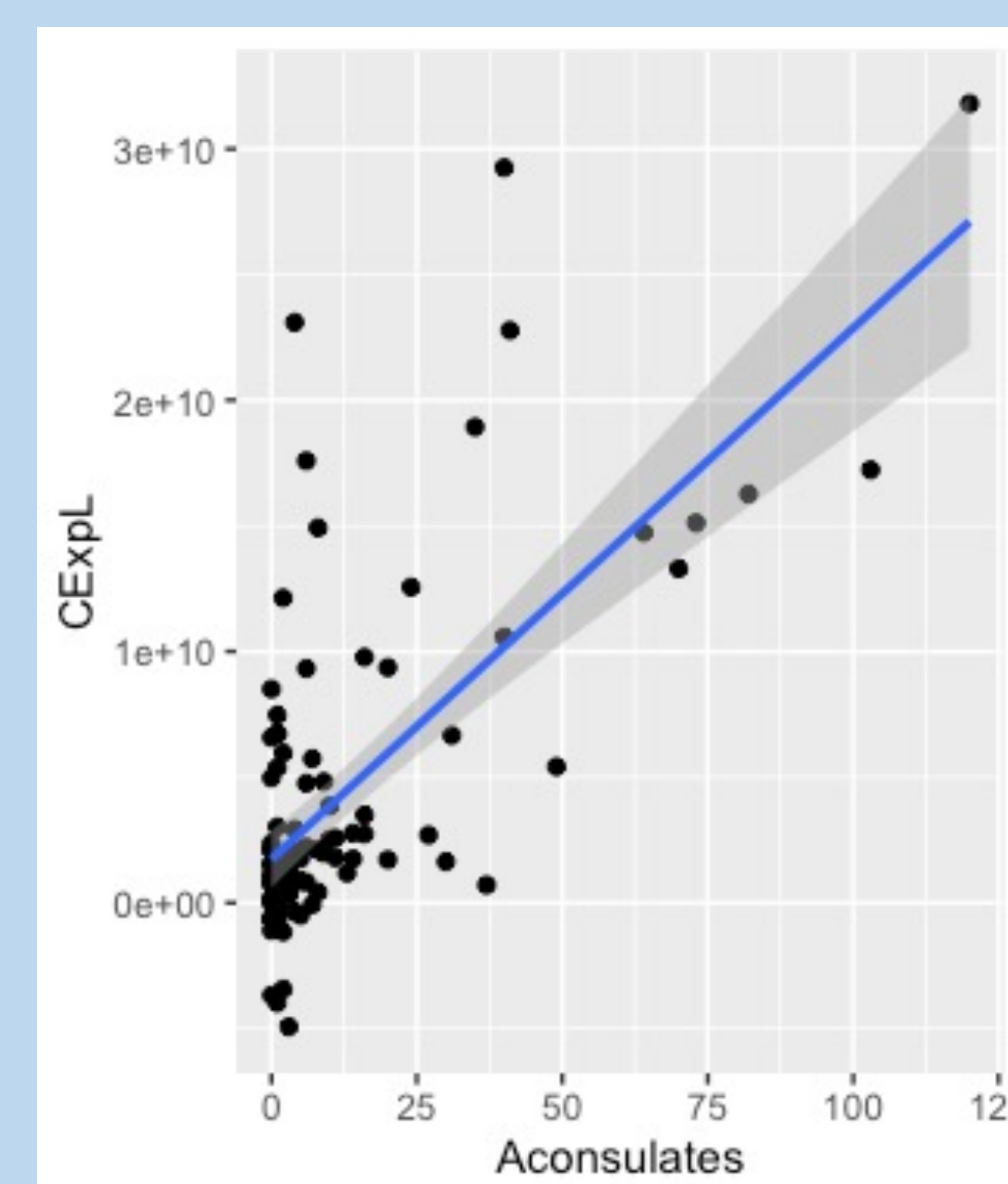


Figure 3. The Number of Consulates v.s. Change of Exports 2005-2019



Dependent variable III: Change in exports 2005-2019

- An outlier (Houston-The Woodlands-Sugar Land, TX) is dropped
- Office presence is positively correlated with the dependent variable (estimate=8.423e+08, p-value=0.07485) adjusted through robust standard error after confirming that heteroscedasticity presents;
- The number of sister cities is positively correlated with the dependent variable (estimate=2.533e+08, p-value=0.00232);
- The number of consulates is positively correlated with the dependent variable (estimate=2.021e+08, p-value=4.33e-11);
- Did not generate significant results for international organization membership.

Discussion

- City diplomacy positively correlates with office presence, the number of sister cities, and the number of consulates in a relatively long term when controlled for city size and richness.
- Nevertheless, export growth is only one aspect of economic growth, and city diplomacy could also be operationalized in other terms. This project aims for more extensive exploration and is estimated to end before the end of this year. For the remaining time, variables such as FDI, airport/port volume, and the number of Memorandum of Understanding between a U.S. city and a foreign entity will be included in the analysis.
- Further, the project might expand to have time-series data and the corresponding analysis to show more clearly the impact of city diplomacy on economic growth.