

S T U D I A

Investing in Ministries of Foreign Affairs: Building Diplomatic Capacity to Increase Soft Power

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States' foreign policy strategies aimed at promoting their values, cultures, and policies (soft power), as well as at advancing their interests have intensified by over 100% in the last 25 years. This article seeks to explain the increasing level of soft power around the world and its variations among states. Using a quantitative model, it argues that states which invest more resources in their Ministries of Foreign Affairs, thus building diplomatic capacity, are the ones that exert higher levels of soft power in world affairs.

Keywords: Ministries of Foreign Affairs, soft power, diplomatic capacity, soft presence, diplomacy.

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States design and implement foreign policy strategies to make their values, cultures, and policies known in foreign countries (soft power). More importantly, they do it in order to advance their interests.¹ Since the end of the Cold War, there has been a significant increase in the soft power use by countries worldwide. In 1990, soft power level was at 3,483.52 points, based on the Real Instituto Elcano's Global Presence Index (GPI),

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¹ J. Nye, 'Soft Power: The Means to Success in World Politics', *Public Affairs*, 2004; J. Melissen (ed.), *The New Public Diplomacy, Soft Power in International Relations*, New York: Palgrave Macmillan, 2005; M. Leonard, 'Public Diplomacy', *The Foreign Policy Centre*, 2002; S. Aghazadeh, 'Public Diplomacy for a Global World: The United States and Iran', Master's thesis: San Jose State University, 2015. http://scholarworks.sjsu.edu/etd_theses/4524.

one of the best proxy measurements of soft power (measurement of 99 countries). By 2016, it had increased to 7,051.07 points. This means that soft power grew by over 100% in the last 25 years. This leads us to the central questions of this article: what explains the increasing level of soft power around the world? More importantly, what explains the variation between countries' soft power? We argue that countries which invest more resources in their Ministries of Foreign Affairs (MFAs), thus building diplomatic capacity, are the ones that possess higher levels of soft power. In short, higher investment in the MFAs' diplomatic capacities generates more soft power in world politics.

To support this argument, we have organized this article in three sections. The first section discusses how diplomacy has undergone significant changes in the last decades. We critically analyse the literature on diplomatic capacities and soft power, arguing that qualitative research has been dominant in the field, and that it has been useful to study soft power strategies and mechanisms. However, we believe that it has not provided hard and generalizable evidence to support the relationship between diplomatic capacities and soft power. The second section develops a quantitative model to test whether the MFAs' diplomatic capacities have an impact over time on the projection of countries' culture, political ideals, and policies, that is, soft power. The third section comprises an in-depth analysis of the results of the quantitative model, elucidating what variables are the most important to explain the variation in soft power worldwide. Finally, the conclusions summarize the most important findings of the article, underscoring that investing in MFAs' diplomatic capacities has a positive impact on the countries' soft power in world affairs.

Diplomacy and Soft Power

Diplomacy has undergone significant changes during the last decades. Globalization has transformed the practice of diplomacy faster than ever before. On the one hand, globalization challenges the state-centred vision of the world in which traditional diplomacy used to take place. In the past, diplomacy was linked to national sovereignty and the state. The exercise of diplomacy was centred on one player, the nation state, with defined foreign policy roles, rules, and procedures. This traditional vision leaves little room for other types of diplomatic interactions and does not reflect today's reality.²

By the end of the 20th century, the proliferation of non-state actors involved in international relations increased, including non-governmental organizations (NGOs), multi-national corporations (MNCs), media, and even cultural and sports personalities.³ For example, in 1992, there were 724 NGOs with consultative status at the United

² A. Rozental, A. Buenrostro, 'Bilateral Diplomacy', in: Andrew F. Cooper, Jorge Heine and Ramesh Thaku (eds.) *The Oxford Handbook of Modern Diplomacy*, Oxford: Oxford University Press, 2013, pp. 229–246.

³ A. Cooper, B. Hocking, W. Maley. *Global Governance and Diplomacy: Worlds Apart?*, New York: Palgrave Macmillan, 2008; J. Melissen, op. cit.

Nations (UN) ECOSOC, and by 2018, there were 5 161 of them.⁴ As Melissen points out, “the interlocutors of today’s foreign service officers are not necessarily their counterparts, but a wide variety of people that are either involved in the diplomatic activity or are at the receiving end of international politics”.⁵ Moreover, there has been a significant increase in the speed in which information, goods, and people move through borders, as well as in the density of these flows. In 2005, only 15.8% of the world’s population had access to the Internet, and by 2017 coverage had grown to 48%.⁶ This new global dynamic has prompted the incorporation or coexistence of different variants in diplomatic practice, such as digital diplomacy or science diplomacy.

The transformation of MFAs and diplomacy in the past decades has been the focus of recent diplomatic studies, and special attention has been paid to public diplomacy. Joseph Nye developed the concept of soft power and presented public diplomacy as the most important instrument that states possess to mobilize resources such as culture, values or policies outside their borders.⁷ What is the relation between soft power and public diplomacy? To answer this question, in the first place we need to define what soft power and public diplomacy are.

Soft power is a concept that has gained popularity among international relations scholars and practitioners. Also, it has become a key concept in some countries’ international policy and strategy debates.⁸ However, it is also a concept that has been widely misunderstood by the public and experts of international relations when trying to measure it. Nye defined soft power as ‘getting others to want the outcomes that you want’ or as ‘the ability to shape the preferences of others’.⁹ Also, Nye states that culture, political values and policies are the main sources of soft power. Nye’s definition has been the most widely used in the soft power literature. Some scholars have argued that Nye’s concept is under-theorized or lacks analytical refinement.¹⁰

Such a general definition may lead to misinterpretations not only at a theoretical level, but also at the empirical one. For example, experts of international relations

⁴ Statista, ‘Changes in the number of non-governmental organizations (NGO’s) with consultative status with ECOSOC, 1948 to 2010’, Statista, 2018, <https://www.statista.com/statistics/268357/changes-in-the-number-of-ngos-worldwide-since-1948/> (accessed on 25 November 2018).

⁵ J. Melissen, op. cit.

⁶ Statista. ‘Percentage of the global population accessing the internet from 2005 to 2017, by market maturity’, Statista, 2018, <https://www.statista.com/statistics/209096/share-of-internet-users-in-the-total-world-population-since-2006/> (accessed on 25 November 2018).

⁷ J. Nye, op. cit.

⁸ S. Lee, *Transforming Global Governance with Middle Power Diplomacy: South Korea’s Role in the 21st Century*, New York: Palgrave Macmillan, 2016; I. Kalin, ‘Soft Power and Public Diplomacy in Turkey’, *Perceptions*, 2011, No. 16, pp. 5–23; D. Malone, ‘Soft Power in Indian Foreign Policy’, *Economic and Political Weekly*, 2011, No. 46, pp. 35–39; E. Gilboa, ‘Searching for a Theory of Public Diplomacy’, *The Annals of the American Academy of Political and Social Science*, No. 616(1), 2008, pp. 55–77; J.-R. Leguey-Feilleux, *The dynamics of diplomacy*, Boulder: Lynne Rienner Publishers, 2009.

⁹ J. Nye, op. cit, p. 5.

¹⁰ A. Vulving, ‘How Soft Power Works’, *SSRN*, 2009, <http://dx.doi.org/10.2139/ssrn.1466220>.

and relevant consultancy agencies have developed indexes and studies that equate soft power with the resources that generate it.¹¹ Why can this be a misinterpretation of soft power? This is known as the ‘vehicle fallacy’, a term coined by Peter Morriss.¹² Basically, the vehicle fallacy happens when we equate the power of something with the factors that give it that power. For example, to think that the power of a country to win a battle is given by the number of battalions or tanks that it possesses is fallacious, since there are other factors that impact the probability of victory (i.e. the conditions of the battlefield where the battle is held). However, the power of a country to win a war might be given by the number of tanks or battalions it possesses. The study of other factors that must be considered simply allows us to analyse how much power the tanks of a country have under different conditions. If we equate soft power with defined cultures or political values (i.e. liberal democracy), we assume these factors will provide power in any situation, which can be fallacious.

In this article, we will analyse soft power with a relational approach¹³ in order to avoid the vehicle fallacy. We understand soft power as a relation in which the preferences, wishes and thoughts of State B are shaped by the culture, political values and policies of State A. Information and strategy are key pieces in the process: states that possess more information can design better strategies, by picking the soft power resources that have a better probability of giving them power in a specific situation.

Public diplomacy is the policy instrument that states use to mobilize soft power resources and shape the preferences of others. The main difference between traditional diplomacy and public diplomacy is that, while the former focuses on relations between governmental actors, the latter is concerned with the construction and maintenance of relations with foreign societies. So, when we speak of public diplomacy, we are referring to diplomatic strategies meant to shape foreign societies in a way that brings benefits for a countries’ foreign policy objectives. Public diplomacy is not an entirely new way of making diplomacy. Many countries used communication strategies with foreign societies during the 20th century and even before.¹⁴ For example, the United States and the Soviet Union used communication tools through their diplomatic representations to spread and defend their political positions during the Cold War.¹⁵

¹¹ J. McClory, ‘The Soft Power 30. A Global Ranking of Soft Power 2016’, 2016, <https://softpower30.com> (accessed on 25 November 2018); Ernst & Young, ‘Rapid-growth markets soft power index. Spring 2012’, 2012, [http://www.ey.com/Publication/vwLUAssets/Rapid-growth_markets_Soft_power_index/\\$FILE/Rapid-growth_markets-Soft_Power_Index-Spring_2012.pdf](http://www.ey.com/Publication/vwLUAssets/Rapid-growth_markets_Soft_power_index/$FILE/Rapid-growth_markets-Soft_Power_Index-Spring_2012.pdf), (accessed on 25 November 2018); J. Trunkos, ‘What is Soft Power capability and how does it impact Foreign Policy’, Ph.D. Prospectus Proposal, University of South Carolina, 2013, <http://culturaldiplomacy.org/academy/content/pdf/participant-papers/2013-acdusa/What-Is-Soft-Power-Capability-And-How-Does-It-Impact-Foreign-Policy--Judit-Trunkos.pdf>.

¹² P. Morriss, *Power: A philosophical analysis*, Manchester: Manchester University Press, 2002.

¹³ G. Wiseman, ‘Public Diplomacy and Hostile Nations’, *The Hague Journal of Diplomacy*, No. 14(1–2), 2019, pp. 134–153.

¹⁴ R. Cohen, *Theatre of power: the art of diplomatic signaling*, London and New York: Longman, 1987.

¹⁵ N. Cull, *The Cold War and the United States Information Agency: American Propaganda and Public Diplomacy, 1945–1989*, New York: Cambridge University Press, 2008.

Nevertheless, it is true that technological revolution has prompted the use of these types of strategies around the world, especially in the last two decades.

There has been a wave of new studies focusing on the development of public diplomacy,¹⁶ as well as the analysis of MFAs' organization and capacities.¹⁷ Also, there are studies that compare diplomatic capacities between countries. Schiavon and Figueroa compare the diplomatic capacities of the two largest economies in Latin America: Mexico and Brazil.¹⁸ They gather information on the number of diplomatic representations, diplomats and budgets of both countries' MFAs to analyse their impact on their international activity. They explain how Brazil has invested more than Mexico in its MFAs' capacities and how this has improved its soft power in world affairs. Another study made by Rana compares the diplomatic capacities of India and China, making a qualitative assessment of MFAs' performance and assigning it a numerical score.¹⁹ He provides evidence to sustain how China's investment in its foreign affairs capacities has substantially increased its soft power in the international system.

Other authors have written about the reforms of the diplomatic structures of different countries. In all cases, they concede to MFAs a central role.²⁰ These studies discuss recent diplomatic transformations in countries like the United Kingdom, China, and Romania. Nevertheless, there are no comparative studies of ten or more countries. On the one hand, access to information about diplomatic capacities is limited since it is not always made available by governments. On the other hand, international relations scholars have underestimated the importance of diplomatic capacities in countries'

¹⁶ S. Bry, 'Brazil's Soft -Power Strategy: The Political Aspirations of South-South Development Cooperation', *Foreign Policy Analysis*, No. 13, 2007, pp. 297–316; L. Baños Rivas, 'Reflexiones sobre la diplomacia pública en México. Una mirada prospectiva', *Revista Mexicana de Política Exterior*, No. 85, 2008–09, pp. 137–165; Y. Wang, 'Public Diplomacy and the Rise of Chinese Soft Power', *The Annals of the American Academy of Political and Social Science*, No. 616, 2008, pp. 257–273; I. Kalin, op. cit.; D. Malone, op. cit.; M. Li, *Soft Power: China's Emerging Strategy in International Relations*, Plymouth: Lexington Books, 2009.

¹⁷ B. Hocking, 'Catalytic Diplomacy: Beyond "Newness" and "Decline"', in: Jan Melissen (ed.) *Innovation in Diplomatic Practice*, London: Palgrave Macmillan, 1999, pp. 19–42; D. Clark, 'Neoliberalism and Public Service Reform: Canada in Comparative Perspective', *Canadian Journal of Political Science*, No. 35, 2002, pp. 771–793; A. Cooper, T. Shaw, *The Diplomacies of Small States: Between Vulnerability and Resilience*, London: Palgrave Macmillan, 2009; A. Cooper, B. Hocking, W. Maley, *Global Governance and Diplomacy: Worlds Apart?*, New York: Palgrave Macmillan, 2008; C. Jérémie, V. Pouliot, 'Practice Theory and the Study of Diplomacy: A Research Agenda', *Cooperation and Conflict*, No. 50, 2015, pp. 297–315; J. Robertson, *Diplomatic Style and Foreign Policy: A Case Study of South Korea*, New York: Routledge, 2016; C. Lequesne, *Ethnographie du Quai d'Orsay. Les pratiques des diplomates français*, Paris: CNRS Editions, 2017.

¹⁸ J. Schiavon, B. Figueroa, 'Brasil y México: Inversión y capacidades en política exterior', *Foreign Policy Edición Mexicana*, No. 3, 2014, pp. 12–15.

¹⁹ K. Rana, *The Contemporary Embassy: Paths to Excellence*, New York: Palgrave Macmillan, 2013.

²⁰ Y. Wang, op. cit.; V. Naumescu, 'Diplomatic Services Today: Between Political Decisions and Administrative Criteria', *Transylvanian Review of Administrative Sciences*, No. 44, 2015, pp. 161–179; J. Pamment, *British Public Diplomacy and Soft Power: Diplomatic Influence and the Digital Revolution*, London: Palgrave Macmillan, 2016.

foreign affairs.²¹ As a result, there are few large-scale studies available on the impact of diplomatic capacities on international influence. The transformation of diplomatic practice due to globalization calls for a deeper analysis of diplomatic capacities and their impact on soft power.

Findings in existing studies have been limited to one-state experiences, and there are questions about the impact of public diplomacy in the projection of a nation's culture, political values, and policies. We believe this is due to two main reasons. Firstly, qualitative research has been dominant in most studies about public diplomacy. Although qualitative case studies are useful to study different strategies and mechanisms which are used by states to project their image abroad, they do not provide enough evidence to support the impact of diplomacy on soft power. Secondly, quantitative research has focused on the development of indexes that classify countries depending on a series of characteristics that arguably give them soft power.²² The problem is that most data employed in these indexes is based on perceptions or opinions on what constitutes a countries' soft power. These studies bring some evidence to the table; however, they do not develop empirical causal explanations using their data.

The central objective of this article is to make a quantitative contribution to the fields of foreign policy analysis and diplomatic studies by developing a model to test the impact of the MFAs' capacities on the projection of countries' culture, political values, and policies, that is, soft power. In order to do so, we have collected data from the Real Instituto Elcano's GPI as a proxy of countries' soft power, a projection of countries' economies, policies, and societies outside their borders (Elcano, 2017).²³ This index shows changes in the global presence of countries since the end of the Cold War. The GPI measures the global presence of 120 countries around the world, plus the European Union, and is divided into three dimensions: soft presence, economic presence, and military presence. In the following paragraphs, we will discuss why the soft presence dimension of the GPI is a better measure of soft power than other existing indexes.²⁴

²¹ S. Murray, 'The Present and Future of Diplomacy and Diplomatic Studies', *International Studies Review*, No. 13, 2011, pp. 709–728.

²² Ernst and Young, op. cit.; J. Trunkos, op. cit.; J. McClory, op. cit.

²³ Elcano Royal Institute, 'Global Presence Index', 2017, <http://www.globalpresence.realinstitutoelcano.org> (accessed on 25 November 2018).

²⁴ The soft presence dimension is composed of nine variables: 1. Migration: estimated number of international immigrants in the country at mid-year; 2. Tourism: thousands of arrivals of non-resident tourists at borders; 3. Sports: the weighted sum of points in the FIFA world ranking and medals won at Summer Olympic Games; 4. Culture: exports of audiovisual services (cinematographic productions, radio and television shows, and musical recordings); 5. Information: number of mentions in the news of main press agencies (Associated Press, Reuters, AFP, DPA, ITAR-TASS, EFE, ANSA, Xinhua) and internet bandwidth (Mbps); 6. Technology: foreign-oriented patents; 7. Science: number of articles, notes, and reviews published in the fields of the arts and humanities, social sciences, and sciences; 8. Education: number of foreign students in tertiary education on national territory; and, 9. Cooperation for development: total gross flows of official development aid or comparable data.

On the one hand, McClory's 'Soft Power 30' index offers a comparative study between 30 countries.²⁵ It includes six dimensions to measure soft power: education, culture, enterprise, digital, engagement, and government.²⁶ The Soft Power 30 index is a useful tool to compare the openness and international engagement of different countries. The main problem we identify with this index is that it considers a limited number of political values, cultures, and policies to be crucial for the soft power of states. By equating soft power to liberty, respect of human rights, democracy, equality and commitment with climate change or global development, the index ignores that soft resources that might give a country soft power in one dimension can also be useless or even a disadvantageous in other areas. Thus, this index falls in the vehicle fallacy explained above. For example, the recent wave of anti-liberalism in the world (i.e. Austria, Brazil, Hungary, Poland, and even the Trump administration in the United States) questions independent institutions' usefulness to promote global governance. Also, anti-liberalism questions the idea of legitimate public disagreement.²⁷ Thus, the Soft Power 30 index is skewed towards certain liberal values and ideas which, in some cases, might not be relevant to explain a country's soft power.

On the other hand, Ernst & Young 'Rapid-growth markets soft power index'²⁸ employs a similar measurement to the Soft Power 30 index. This index is integrated by 13 variables: CO₂ emissions, freedom index, most admired companies, Olympics, TIME 100 most influential people, university rank, tourism arrivals, language enrolments, voter turnout, media exports, English fluency, rule of law, and immigration.²⁹ Ernst & Young's comparative study brings relevant information about how emerging markets are perceived by potential global investors. Nevertheless, we find two main problems in using this index for our study of soft power. First, Ernst & Young index is a combination of objective and perception-based data. While we consider tourism arrivals and media exports to be objective and unbiased, rule of law and freedom are liberal-biased indicators such as the ones discussed in the Soft Power 30 index.

²⁵ McClory, op. cit.

²⁶ 1. Education: quality of superior education, ability to attract foreign students and contributions to academic research publishing; 2. Enterprise: attractiveness of a countries' business model, capacity to innovate, and regulatory frame; 3. Engagement: diplomatic network reach of a country and commitment to climate change and development; 4. Culture: global reach of countries' culture; 5. Government: political values like freedom, human rights, democracy and equality; and, 6. Digital: digital and communications infrastructure.

²⁷ N. Schenkan, 'Nations in Transit 2018: Confronting Illiberalism', *Freedom House*, 2018, <https://freedomhouse.org/report/nations-transit/nations-transit-2018>, (accessed on 20 May 2018).

²⁸ Ernst and Young, op. cit.

²⁹ 1. CO₂ emissions: CO₂ million metric tons; 2. Freedom index: 0–14 scale on human rights indicator (Freedom House); 3. Most admired companies: accumulated score of ranked companies; 4. Olympics: medals won; 5. TIME 100 most influential people: number of citizens ranked; 6. University rank: accumulated score of ranked schools (Times Higher Education); 7. Tourism arrivals: arrivals of tourists (thousands); 8. Language enrollments: students enrolled for a second language; 9. Voter turnout: % of voting age population that voted; 10. Media exports: royalties and fees paid for exported media goods; 11. English fluency: population that speaks English (first and second language); 12. Rule of law: –2 to 2 index scale (World Bank); and, 13. Immigration: number of international migrants at mid-year.

Second, Ernst & Young's index is not designed to measure soft power at a global level; its main purpose is to compare emerging market economies. Therefore, variables like English fluency or most admired companies might not be relevant for other countries' projection of political values, culture, and policies.

Furthermore, while the Soft Power 30 analyses only 30 countries and Ernst & Young includes 20, the GPI soft presence includes data for 120 countries. This makes it easier to match the data between variables to develop a quantitative model to inquire which factors might determine a countries' soft power. Therefore, the GPI soft presence dimension provides an opportunity for incorporating quantitative analysis to the study of soft power and public diplomacy. As we discussed earlier, the main advantage of the GPI is that it only considers objective data and avoids data based on perceptions or opinions. In this sense, the GPI is a better measure of soft power or presence than other available indexes.

In the quantitative analysis, we will use the GPI soft presence dimension as a proxy of the levels of soft power between countries (as our unit of analysis or dependent variable). What we are really measuring here is the extent in which a country is capable to influence world politics through its political values, culture and policies (soft power). In this way, we avoid falling under the vehicle fallacy previously discussed. The real extent in which a country can or cannot influence others in a specific situation depends on the conditions and context in which this influence is exercised. For example, we will surely find differences when exercising soft power with democratic or non-democratic states.³⁰ Additionally, we might find differences when exercising soft power in European, Latin American, African or Asian countries. In this article, we are not analysing or measuring under which specific circumstances a country might influence others through soft power. The complexity of the phenomenon itself would make it impossible to use quantitative analysis to find general conclusions between countries. It would be better to conduct case studies if the aim is to understand the underlying conditions under which soft power might be more or less effective in a specific case. The purpose of our study is to find a wide-ranging explanation of the most relevant factors that contribute to a country's general ability to influence world politics through its use of soft power.

MFAs' Capacities and Soft Power

Based on the GPI Quantitative Index proxy measure, soft power has intensified by over 100% between 1990 and 2018. Our central goal is to analyse which factors help to explain the increasing level of soft power around the world and its variations among states. We argue that countries which invest more resources in their MFAs generate more diplomatic capacity, and this could lead to higher levels of soft power. To

³⁰ Wiseman, *op. cit.*

measure diplomatic capacity, we used data from the Lowy Institute Global Diplomacy Index (GDI). The GDI was first released in 2016 and includes data on resources spent by MFAs, especially the number of embassies, consulates, permanent missions, and other diplomatic representations of 42 countries (G20 and OECD members). This is the largest database available that includes information on diplomatic capacities in a systematic way.

To test our argument, we develop a quantitative model using panel data to explain the variation in the levels of soft power, underscoring the importance of resources invested in MFAs, measured using the proxy of the GDI.³¹ We also include other variables that could have an impact on soft power levels between countries (as control variables), such as population, GDP and quality of education, to isolate the effect of diplomatic capacity. In short, our quantitative model can be expressed as follows:

$$\begin{aligned}
 \text{Soft power} = & \beta_0 + \beta_1 (\text{number of embassies}) + \beta_2 (\text{number of consulates}) \\
 & + \beta_3 (\text{quality of education}) + \beta_4 (\text{population}) + \beta_5 (\text{GDP}) \\
 & + \beta_6 (\text{power}) + \mu
 \end{aligned}$$

To test this model, we matched the data from the GPI soft power with the data from the GDI for 42 countries, which includes all the members of the G20 and OECD (see Table 1). This sample includes the most relevant countries in global affairs. In 2016, the economies of these 42 countries represented 87.68% of the world’s GDP.³² Moreover, these countries are highly involved in world politics and the development of new global governance schemes. Together, they have 5,967 diplomatic representations (3,945 embassies and 1,608 consulates) across 677 cities around the world.³³

Table 1. Members of OECD and G20

Organizations	Members
OECD and G20	Australia, Canada, France, Germany, Italy, Japan, Mexico, South Korea, Turkey, United Kingdom, United States
Only OECD	Austria, Belgium, Chile, Denmark, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Israel, Luxembourg, Norway, New Zealand, Netherlands, Poland, Portugal, Czech Republic, Slovakia, Slovenia, Spain, Sweden, Switzerland
Only G20	Argentina, Brazil, China, India, Indonesia, Russia, Saudi Arabia, South Africa

³¹ Data was collected for 2 years (2016 and 2017) in 42 countries (G20 and OECD members). This makes up a total of 84 (n=42 and t=2) observations in our data panel.

³² World Bank, ‘GDP Ranking’, 2018, <https://data.worldbank.org> (accessed on 25 November 2018).

³³ Lowy Institute, ‘Global Diplomacy Index 2016’, 2016, <https://globaldiplomacyindex.lowyinstitute.org> (accessed on 25 November 2018).

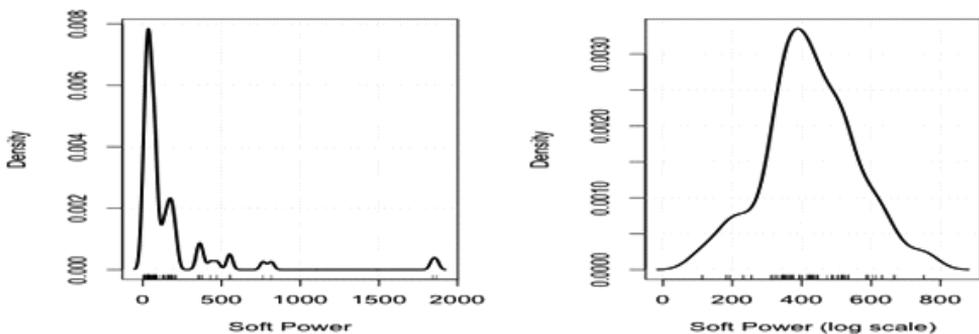
Even though our sample includes the most relevant countries in global affairs, its small size has quantitative implications and limitations.³⁴ To estimate the effect of MFAs' capacities on soft power, we carried out two OLS models and a random effects model using panel data for 2016 and 2017.³⁵

To test the possible impact of other variables in a country's soft power, we included the nominal GDP and the total population (World Bank data).³⁶ On the one hand, the size of the economy is an important factor to consider. For example, a larger economy might attract more tourism or generate more media material to be exported. On the other hand, the population could have an impact on the number of times a country is mentioned in media or in the number of scientific publications.

We also included education in our model, since recent studies on soft power have paid special attention to it.³⁷ The difference is that, in our model, we measure

³⁴ With a sample of 42 countries, it is hard to claim representativity of the world's 190+ countries. The data currently available, especially diplomatic capacity (number of embassies or consulates), is limited to the 42 countries included in the Lowy Institute GDI. Therefore, it is only possible to match these 42 countries with our measurement of soft power (Elcano GPI) even if we have data for 120 countries in this index. This is commonly known as availability sampling and is frequently used in social sciences, especially when dealing with complex social phenomenon. Nevertheless, we could collect data for two years (2016 and 2017), allowing us to build a data panel to study the variation of soft power over time.

³⁵ We identified two problems in using an OLSM to explain the levels of soft power. First, linear regressions are highly sensitive to the presence of outliers in the sample studied. We found that the value for the United States significantly differs from the other countries in our sample. Second, one of the main assumptions in which linear regressions are based is normality. If the sample studied does not have a normal distribution, the resulting estimators might be skewed and inaccurate. Using a statistical test, we found that our sample of 42 countries was not normally distributed. We also conducted a preliminary Shapiro-Wilk normality test to our sample. The result showed that our sample was not normally distributed. This was a consequence of the presence of an outlier. To solve these two problems, we transformed the sample into a logarithmic scale. A typical use of a logarithmic transformation variable is to pull outlying data from a positively skewed distribution closer to the bulk of data in a quest to have the variable be normally distributed (see density graphs of soft power, before and after logarithmic transformation). The transformation solved the outlier problem in our sample, making it suitable for robust quantitative analysis. We also multiplied our dependent variable so the values of the coefficients were easier to interpret and represent.



³⁶ We scaled GDP and population in a way that coefficients were not close to zero, making it easier to interpret the results.

³⁷ Ernst and Young, *op. cit.*; J. Trunkos, *op. cit.*; J. McClory, *op. cit.*

the quality of educational systems rather than the number of universities in a country. Some countries might have many universities, but quantity does not guarantee quality. For this reason, we collected data from Quacquarelli Symonds QS World University Rankings and quantified the number of universities included in the top universities ranking as a proxy of education quality for 2016 and 2017.

Finally, we include a categorical variable that captures whether a country is considered a great power or an emerging power in the international system. We divided our sample of 42 countries into three groups. The first category of great powers (codified with a value of 1), includes all G8 members. Originally, the G7 was an informal group of countries that were considered politically, economically and militarily important in the world. After the end of the Cold War, Russia was invited to join the G7 in 1997 (then called G8), and was later excluded from it in 2014, after the annexation of Crimea.

In the Cologne Summit of 1999, 11 countries plus the European Union were added to the G8 to create the Group of 20 (G20): Argentina, Australia, Brazil, China, India, Mexico, Indonesia, Saudi Arabia, South Africa, South Korea and Turkey. Some of these countries had previously been identified as emerging powers by G8 members. The Group of 5 (G5) was created in 2005 to participate in an extended dialogue with the G8. The United Kingdom invited the leaders of the main emerging powers at the time (Brazil, China, India, Mexico and South Africa) to form this group. The G5 showed interest in building common positions during G8 meetings. As Maihold and Villamar argue, ‘it was natural to assume that these five countries would opt to amplify and strengthen this mechanism including other emerging powers with similar development, such as Argentina, Indonesia or Turkey’.³⁸In fact, they did. In the following years, two groups of emerging powers formed within the G20: BRICS (Brazil, Russia, India, China, and South Africa) and MIKTA (Mexico, Indonesia, South Korea, Turkey, and Australia).³⁹ The case of Russia is interesting because of its dual role. At the same time, Russia can be considered a great power or an emerging power. It was part of the G8, but also participates in BRICS, an emerging powers group. Nevertheless, in this study, we consider Russia as a great power, as member of the G8. Thus, the second category of emerging powers⁴⁰ (codified with the value of 2) includes the nine members of BRICS and MIKTA without Russia: Brazil, India, China, South Africa, Mexico, Indonesia, South Korea, Turkey, and Australia. Finally, the third category (codified as 0) includes the rest of the OECD and G20 countries which are not great or emerging powers (see Table 2).

³⁸ G. Maihold, Z. Villamar, ‘El G20 y los países emergentes’, *Foro Internacional*, No. 56(1), 2016, pp. 165–211.

³⁹ J. Schiavon, D. Domínguez, ‘Mexico, Indonesia, South Korea, Turkey, and Australia (MIKTA): Middle, Regional, and Constructive Powers Providing Global Governance’, *Asia & The Pacific Policy Studies*, No. 3(3), 2016, pp. 495–504.

⁴⁰ E. Jordaan, ‘The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers’, *Politikon: South Africa Journal of Political Studies*, No. 30, 2003, pp. 165–181.

Table 2. Great and Emerging Powers

Great powers (G8)	Canada, France, Germany, Italy, Japan, Russia, United States and United Kingdom
Emerging powers (BRICS without Russia + MIKTA)	Australia, Brazil, China, India, Indonesia, Mexico, South Africa, South Korea and Turkey
Rest	Argentina, Austria, Belgium, Chile, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Ireland, Israel, Luxembourg, New Zealand, Netherlands, Norway, Poland, Portugal, Saudi Arabia, Slovakia, Slovenia, Spain, Sweden, Switzerland

In the next section, using panel data to run a random effects model, we test the impact of MFAs' diplomatic capacities and all control variables on soft power.⁴¹ The objective is to provide evidence to support our central argument, that investing in the capacities of MFAs increases countries' impact in world affairs, particularly, in their soft power worldwide.

Results and Discussion

To test our argument, we carried out three different models: a regular OLS, a least squares OLS and a fixed effects regression (see Figure 1). First, we ran a regular OLS regression, which does not consider heterogeneity across groups or time.⁴² We found that, from the five variables included (embassies, consulates, GDP, population and education), only two of them had significant results: diplomatic capacity and quality of education. Then, we conducted a least squares model including a categorical variable (great and emerging powers) to see if we had different results from the first model. The results showed that diplomatic capacity and quality of education remained as the most important variables to consider when explaining changes in soft power. The inclusion of our categorical variable to determine if there is a difference between great and emerging powers did not change the results obtained in the first model but increased the R^2 to 0.914. This result is quite impressive. Although we concede that the R^2 is not the only measure for a model's goodness of fit, it does suggest that our model explains around 91.4% of the variation of responses around the mean. We also ran a post-regression analysis tests to our models and found them to be statistically valid.⁴³

⁴¹ The dependent variable was also transformed into a logarithmic scale when running the panel data models. This was done to avoid the presence of outliers in our sample, mentioned previously, since they can drastically bias the fit estimates and predictors of the models.

⁴² In statistics, heterogeneity means that the populations, samples or results are different. It is the opposite of homogeneity, which means that the population or data is all the same. A heterogeneous population (such as panel data) is one where every member has a different value for the characteristic of interest.

⁴³ The residuals of the fitted predicted values behave normally and are not correlated to the variable coefficients' responses.

Next, we conducted a time fixed effects model to determine if investing in diplomatic capacities influences soft power over time.⁴⁴ The R^2 of our model was also very high, at 0.873. These results suggest that changes in diplomatic capacity over time have an impact on soft power levels. This is a first approximation to measuring impact over time, as our model only contains data for two years. Gathering data for a longer period could provide more precise and stronger conclusions. Nevertheless, our model proved to be robust with a high explanation of the variability around the mean and a meaningful F-Statistic, which tells us that there is a low probability that the coefficients produced by the estimators are not zero.

Diplomatic capacity, measured as number of embassies, remained significant in all models, providing support to our argument: countries that invest more in their MFAs' capacities possess higher levels of soft power. Surprisingly, we found that consulates are not as relevant as embassies for soft power, even if they have been conducting more public diplomacy in the last years. This result might be related to the type of diplomatic activities carried out by both types of representations. Consulates are mostly responsible for providing documents, protection, and assistance to the nationals of the state living abroad. Although these are not their only functions (they also protect and advance commercial interests or check that ships and aircrafts are observing laws and regulations),⁴⁵ most of their time and resources are dedicated to these activities. For example, Article 2 of the European Convention on Consular Functions states that the protection and defence of rights and interests of nationals is the main consular function. It also recognizes that consulates might be entitled to further the interests of the sending state in many areas, but this is generally not their primary function. In contrast, embassies, which are permanent diplomatic missions, are larger and more important than consulates. Embassies represent a sending state in a receiving state and act as their permanent channel of communication.⁴⁶ They protect and promote the interests of states outside their borders, usually in a broader sense than consulates, including public diplomacy. This allows them to engage in more activities in a receiving country than consulates. In some cases, embassies have a consular section in charge of the protection of nationals.

How does investing in diplomatic capacities increase soft power? To answer this question, we need to understand how states design and execute their foreign policies

⁴⁴ We developed a pooled regression with our panel data and applied the Lagrange Multiplier test. The result suggested that some parameter of heterogeneity must be considered into our analysis of the panel data. Then, we ran both fixed and random effects models. We used a Hausman test for testing the presence of endogenous regressors, which can help to choose between random or fixed effects models. In Hausman, the null hypothesis is that the random effects model is the preferred option. The result of the test provided enough evidence to reject the null hypothesis, so we chose fixed effects models for our study. We decided to use time fixed effects rather than individual fixed effects to test changes through time in the levels of soft power.

⁴⁵ G. Berridge, A. James, *A Dictionary of Diplomacy*, New York: Palgrave Macmillan, 2001.

⁴⁶ *Ibidem*.

and which institutions are involved in the process. According to Hocking ‘national governments have developed a series of instruments for their interaction with foreign environments and the implementation of their international political objectives’.⁴⁷ This is what he calls National Diplomatic System (NDS). Within this system, we find different institutions involved in foreign affairs. MFAs have been the main referents of diplomatic studies. In most cases, MFAs are equated to the NDS of countries. However, MFAs are not the sole institutions involved in foreign affairs. In many countries, MFAs face rivalries with other governmental departments that have international responsibilities.

Figure 1. Quantitative models results: What explains soft power?⁴⁸

	Dependent variable: Soft Power		
	<i>OLS Models</i>		<i>Time Fixed Effects Model</i>
Embassies	2.681*** (0.271)	1.619*** (0.313)	2.681*** (0.273)
Consulates	-0.146 (0.313)	-0.036 (0.269)	-0.145 (0.315)
GDP	-1.877 (4.359)	1.596 (4.221)	-1.898 (4.387)
Population	0.014 (0.028)	0.049* (0.027)	0.014 (0.029)
Education	1.498*** (0.556)	1.572** (0.597)	1.501*** (0.560)
Great Power		132.439*** (40.271)	
Emerging Power		-217.520*** (69.611)	
Embassies: Great Power		-1.543*** (0.385)	
Embassies: Emerging Power		1.631*** (0.541)	
Constant	152.269*** (17.181)	282.093*** (32.852)	
Observations	84	84	84
R ²	0.873	0.914	0.873

⁴⁷ B. Hocking, ‘The Ministry of Foreign Affairs and the National Diplomatic System’, in: Pauline Kerr and Geoffrey Wiseman (eds.), *Diplomacy in a Globalizing World: Theories and Practices*, New York: Oxford University Press, 2013.

⁴⁸ The results shown in model 3 where re-scaled to the original values of soft power, which were transformed into a logarithmic scale in our models.

Figure 1 – continued

	Dependent variable: Soft Power		
	<i>OLS Models</i>		<i>Time Fixed Effects Model</i>
Adjusted R ²	0.865	0.903	0.863
Residual Std. Error	48.230 (df = 78)	40.755 (df = 74)	
F Statistic	107.097*** (df = 5; 78)	87.240*** (df = 9; 74)	105.764*** (df = 5; 77)

Note: * p < 0.1, ** p < 0.05, *** p < 0.01.

Even if NDS are composed of different institutions, MFAs and their diplomatic networks are key elements in the international relations of countries. Hocking summarizes the main functions of MFAs in six points:⁴⁹

- Information analysis: analysis and dissemination of information about the international environment.
- Political advising: providing knowledge and expertise to politicians, other parts of bureaucracy and non-state actors with interests in international affairs.
- Information storage: memory bank that stores and gathers information.
- Information transferring: diplomatic channels are used to exchange information and ideas about a great variety of subjects involving different countries.
- Diplomatic service: actions to cover the necessities of national communities abroad; for example, commercial promotion (commercial diplomacy) and consular services.
- Administrative responsibilities: directing the diplomatic network abroad, maintaining relations with diplomatic corps and protocol matters related to diplomacy.

To sum up, MFAs, through their network of embassies and consulates, are constantly in contact with the international environment.⁵⁰ Most of their functions are related to information. They analyse, store, and transfer information to a wide range of actors nationally and internationally. Investing in MFAs may lead to a better execution of these functions; consequently, states possess more information about the international environment, which increases diplomatic capacity. In this sense, states can design and implement more efficient diplomatic strategies to advance their interests in international relations. Also, investing in MFAs may also lead to produce better diplomats through more efficient recruitment, training and retention policies, which contributes to the design and implementation of better strategies.

In our model, we also find other variables with a positive impact on soft power. Firstly, education quality has a positive impact on soft power in all models. This result highlights the importance of investing in education systems. Secondly, our

⁴⁹ B. Hocking, op. cit., pp. 129–131.

⁵⁰ A. Cooper, J. Cornut, ‘The changing practices of frontline diplomacy: New directions for inquiry’, *Review of International Studies*, No. 45(2), 2019, pp. 300–319.

categorical variable of power had significant effects in all models. In Model 2, results show that being an emerging power has a positive impact on soft power. We included a categorical and an interactive variable (between number of embassies and great or emerging powers) in Model 2. The results indicate that great powers have a comparative advantage over the rest of the countries in the sample. We believe this is due to their economic and political influence in the world. Another interesting finding is that, for great powers, investing in MFAs has less impact on soft power than it is the case for rest of the countries. In other words, investing in MFAs becomes more relevant for non-G8 members. In Figure 2, results of these findings are represented graphically. The darkest line represents general predicted values for soft power depending on the number of embassies a country possesses. The other two lines represent how much the impact of investing in diplomatic capacities on soft power differs between great and emerging powers. Great powers are represented by the grey line and emerging powers by the light grey line. We can clearly observe a difference between both lines: investing in diplomatic capacities has a greater impact on soft power for emerging powers compared to great powers.

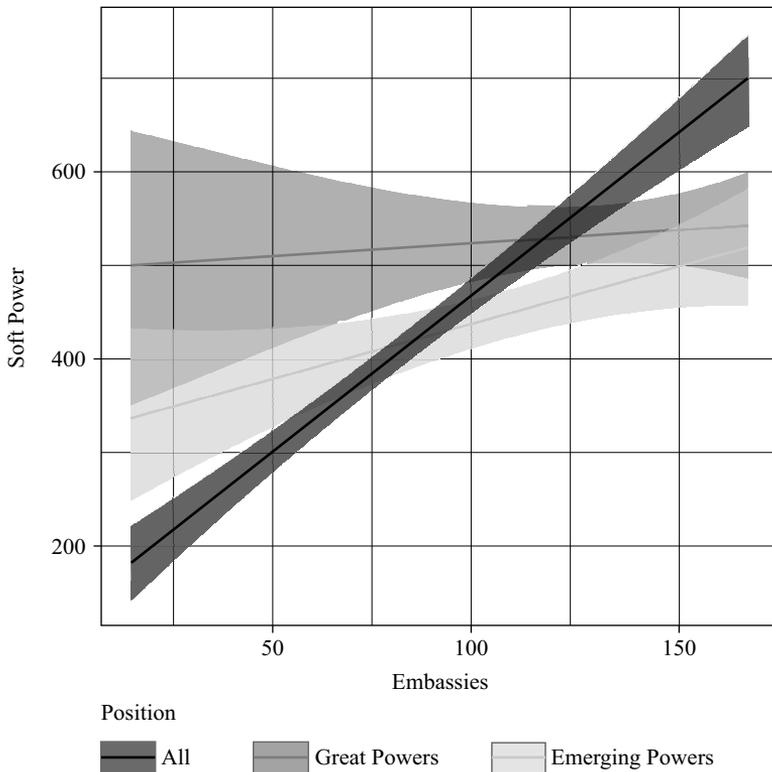


Figure 2. Predicted values for Soft Power

Conclusion

The objective of this article was to explain the variation in countries' soft power. Our argument was that countries that invest more resources in their MFAs generate more diplomatic capacity, which has a positive impact on soft power. We developed three quantitative models to provide support to this hypothesis. The models show that there is a robust positive relationship between investment in MFAs' diplomatic capacities and soft power. While the number of embassies has a significant and positive impact, consulates are not relevant. This difference is explained by the functions and activities that each type of representation conducts. Consulates generally oversee documentation, protection, and assistance to nationals living abroad, while embassies are responsible of political and economic promotion in a broader sense, including the projection of countries' cultures, political values and policies.

First, it is important to note that even if some components of soft power seem to have little relation to diplomatic activities, the relationship between diplomatic capacities and soft power is very strong. This finding supports Nye's thesis that diplomacy is the main instrument for states to increase their soft power. Thus, if governments want to gain influence in the world, they need to invest in their MFAs' diplomatic capacities.

Second, quantitative studies of soft power are limited. Future studies need to focus on the design and implementation of MFAs' strategies. Moreover, it will be necessary to develop new databases or strengthen the existing ones. Indexes like Elcano GPI are useful to visualize states' soft power. However, information is only available for a limited number of countries and for a limited number of years.

Third, investing in MFAs' diplomatic capacities has a major impact on soft power for emerging powers. We provide preliminary evidence that suggests that investing in diplomatic networks is key to emerging powers seeking to increase their influence in world politics. BRICS and MIKTA members will be interesting case studies for future research on this point.