Essays on the Political Economy of International Trade and Coups

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Abstract

In this dissertation, I shed light on the nexus between coups and trade. I address three key questions. First, I examine whether all coup attempts, regardless of outcome, have the same effect on international trade. I demonstrate that while failed coups and increased coup risk negatively impact bilateral trade, the effect of successful coups is mixed. Disaggregating trade along its intensive and extensive margins, I also show that coups and increased coup risk largely influence bilateral trade through their impact on the extensive margin of trade.

Second, I examine how the changing composition of international trade affects coup propensity. I show that increased intra-industry trade is associated with a reduction in the incidence of coups. I link this to reduced support for coups among consumers and firms and anti-coup action taken by governments as intra-industry trade increases. I also show that horizontal intra-industry trade has a bigger pacifying effect on coups compared to its vertical counterpart, due to the differing firm-level effects of these trades.

Third, I analyze the links between trade agreements and the survival of incumbents at risk of coups. I demonstrate that contrary to assertions in the existing literature, it is the impact of trade agreements that matter for the coup-proofing capability of such agreements. I also show that these effects are expressed most strongly for coups staged...
by regime outsiders.

The dissertation makes several contributions to the coup-trade literature. It is the first to demonstrate that successful and failed coups can have very different impacts on the trade of the coup state and that these effects can be countervailing along the intensive and extensive margins of trade. This challenge existing assumptions in the literature that treat coup attempts homogeneously. It also demonstrates for the first time that increased risk of coups dampen trade along both the intensive and extensive margins of trade. This is important for domestic policy makers because it highlights the importance of managing firm-level perceptions of coup risk.