Online Appendix to Foreign Influence and Domestic Policy

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January 2019

1 Data sources available for the empirical study of Foreign Influence

In this appendix, we list important datasets used by the literature on foreign influence. Country-specific studies and field experiments are not included. Neither do we include datasets that are not specific to foreign influence. For example, we do not list datasets related to economic indicators, international trade flows or to indicators of democracy or to the quality of institutions. Furthermore, we restrict the list to those datasets that are publicly available. All links were accessed in January 2019.

Trade, Investment and Environmental Agreements

Regional Trade Agreements Information System (RTA-IS) Link

The Design of Trade Agreements (DESTA), developed by Baccini and Urpelainen (2014) Link

Tuck Trade Agreements Database Link

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WTO Regional Trade Agreements Database link

Trade Agreement Heterogeneity Database, developed by Kohl, Brakman, and Garretsen (2016) Link

Data on Non-trade Issues in Preferential Trade Agreements, developed by Morin, Dür, and Lechner (2018) Link

International Investment Agreements, United Nations Conference on Trade and Development (UNCTAD) Link

International Environmental Agreements Database Project Link

Non-reciprocal Trade Preferences

NSF-Kellogg Institute Database on Economic Integration Agreements developed by Baier, Bergstrand, and Feng (2014) Link

Lobbying

International Institute for Democracy and Electoral Assistance (International IDEA)'s Political Finance Database Link

Open Secrets. Database on US political donations Link

PAC contributions to representatives (from the US House of Representatives) across issues Link

Bribery

World Bank's Doing Business survey Link

The International Country Risk Guide (ICRG) corruption index Link

Transparency International's Corruption Perception Index (CPI) Link

The World Bank's Worldwide Governance Indicators (WGI) Corruption Index Link

Foreign Aid Data

Official Development Assistance (ODA) Link

U.S. Overseas Loans and Grants (Greenbook) Link

AidData Link

US Food Aid Link

IMF and World Bank Programs and Conditionality

IMF Programs Link

World Bank Programs Link

IMF Conditionality Dataset Link

IMF Programs and World Bank Projects, 1970-2015, developed by Dreher (2006) and Boockmann and Dreher (2003) Link

Monitoring of Fund Arrangements (MONA) Link

World Bank International Development Association Commitments and Disbursements Link

Political Interest

United Nations General Assembly Voting Data Link

Voting Patterns in the United Nations, Inter-University Consortium for Political and Social Research of the University of Michigan Link

Global Database of Events, Language, and Tone (GDELT) Link

Sanctions

HSE (also called HSEO): Peterson Institute database Link

Threat of Imposition of Economic Sanctions (TIES) Link

Foreign Influence and Regime changes

Foreign Imposed Regime Changed developed by Downes and Monten (2013) Link

Declassified CIA and KGB interventions, developed by Berger, Easterly, Nunn, and Satyanath (2013) and Berger, Corvalan, Easterly, and Satyanath (2013) Link

Archigos. A Data Base on Leaders 1875 - 2004, Constructed by Goemans, Gleditsch, and Chiozza (2009) Link

Interventions in Elections

PEIG dataset (Partisan Electoral Interventions by the Great-powers), developed by Levin (2019) Link

USAID Dollars Obligated and Dollars Spent Link Link

National Elections across Democracy and Autocracy (NELDA) Dataset Link

International Electoral Monitoring Link

Foreign Involvement in Civil War

Uppsala Conflict Data Project Link

Dynamic Analysis of Dispute Management (DADM) Project Link

The Armed Conflict Location & Event Data Project (ACLED) Link

Military Aid

Military Aid - US Agency for International Development (USAID)

Link

Military Interventions

International Military Interventions Dataset, developed by Pickering and Kisangani (2009) Link

Correlates of War Link

Refugees

United Nations Refugee Agency Link

UCDP/PRIO Armed Conflict Dataset Link

Non-State Actor Data, developed by Cunningham, Gleditsch, and Salehyan (2013) Link

Peacekeeping Interventions

United Nations peacekeeping interventions Link

United Nations Peacekeeping and Local Governance Project, developed by Ruggeri, Gizelis, and Dorussen (2013) Link

State contributions to United Nations peacekeeping operations Link

Ceasefire

Global Incidence of Civil War Ceasefire, developed by Fortna (2008) Link

Military Disputes

Militarized Interstate Dispute (MID) data Link

2 The mathematical analysis underlying Figure 5

This appendix explains how Figure 5 is constructed.

Strategy SR versus SS (panel A and B). The critical value $\hat{q}_{SS}$ is defined by comparing

$$q_{SR}(W_F(SR) - C(SR)) + (1 - q_{SR})W_F(U) \geq$$
$$q_{SS}W_F(SS) + (1 - q_{SS})W_F(U).$$

For $q_{SR} = \hat{q}_{SR}$ (a fixed value of q_{SR}), this can be solved to get

$$q_{SS} \leq \frac{W_F(SR) - C(SR) - W_F(U)}{W_F(SS) - W_F(U)} \hat{q}_{SR} \equiv \hat{q}_{SS} < 1,$$

since $W_F(SR) = W_F(SS)$ for $\eta_{SS} = 1$. The critical value $\hat{q}_{SS}$ is increasing in $\hat{q}_{SR}$ and decreasing in η_{SS} because $\frac{\partial W_F SS}{\partial \eta_{SS}} > 0$.

Strategy SR versus IA (panel A and B). The critical value $\hat{q}_{IA}$ is defined by comparing

$$q_{IA}W_F(IA) + (1 - q_{IA})W_F(U) \geq$$
$$q_{SR}(W_F(SR) - C(SR)) + (1 - q_{SR})W_F(U).$$

For $q_{SR} = \hat{q}_{SR}$, this can be solved to get

$$q_{IA} \leq \frac{W_F(SR) - C(SR) - W_F(U)}{W_F(IA) - W_F(U)} \hat{q}_{SR} \equiv \hat{q}_{IA} < 1$$

for $\hat{q}_{SR}$ sufficiently smaller than 1. $\hat{q}_{IA}$ is increasing in $\hat{q}_{SR}$ and independent of η_{SS}.

Strategy SS versus IA (panel A and B). The critical value $\overline{q}_{IA}$ as a

function of q_{SS} is defined by comparing

$$q_{IA}W_F(IA) + (1 - q_{IA})W_F(U) \geq$$
$$q_{SS}W_F(SS) + (1 - q_{SS})W_F(U),$$

which can be rewritten to

$$q_{IA} \geq \frac{W_F(SS) - W_F(U)}{W_F(IA) - W_F(U)}q_{SS} \equiv \bar{q}_{IA}(q_{SS}),$$

where $\frac{W_F(SS) - W_F(U)}{W_F(IA) - W_F(U)} > 1$ for $\eta_{SS} = 1$. This is independent of $\hat{q}_{SR}$ and decreasing in η_{SS}.

Notice that

$$\bar{q}_{IA}(\hat{q}_{SS}) = \hat{q}_{IA}.$$

Strategy CCI versus SS and RI without ongoing conflict (panel C).
We assume that all policy interventions are fully credible and that $\eta_{SS} = 1$. This means that strategy SS is the best of the policy interventions and that the foreign power needs to select between a sanction-aided policy change in the target country (SS), a regime intervention (RI), or a conflict-creating intervention (CCI) that triggers a conflict in the target country. To construct the diagram in panel C, we start by observing that the parameter space is restricted by $\bar{\beta} \leq 1$ and $\epsilon \leq \frac{1-p}{q_{CI}}$ (because the win probability of group 1 in the conflict cannot exceed 1).

The foreign power prefers strategy SS to strategy RI when

$$W_F^e(SS) \geq \gamma_F W_{D,1}(t(\bar{\beta})) + w_F(t(\bar{\beta})) - I_F \equiv W_F(RI, \bar{\beta}),$$

where $t(\bar{\beta}) = \{t_D(\bar{\beta}), t_F(\bar{\beta})\}$ is the policy vector resulting from the uncoordinated policy game when group 1's power is $\bar{\beta}$. Since $\frac{\partial W_F(RI, \bar{\beta})}{\partial \bar{\beta}} > 0$ if $W_F(RI, \bar{\beta} = 1) > W_F^e(SS)$, then there exists a critical value of $\bar{\beta}$, which we call $\bar{\beta}_c$, such that $W_F^e(SS) = W_F(RI, \bar{\beta} = \bar{\beta}_c)$. This is the horizontal (red) line in Figure 5, panel C.

The foreign power prefers strategy SS to strategy CCI when

$$\gamma_F W_{D,1}(SS) + w_F(SS) \geq$$
$$(p + q_{CI}\epsilon)(\gamma_F W_{D,1}(1) + w_F(1)) + (1 - (p + q_{CI}\epsilon)(\gamma_F W_{D,1}(0) + w_F(0)) - \gamma_F c - q_{CI}c_F.$$

This can be rewritten as a condition on ϵ:

$$\epsilon \geq \frac{1}{q_{CI}} \left(\frac{(W_{D,1}(SS) - W_{D,1}(0) + c) + \frac{1}{\gamma_F}(w_F(SS) - w_F(0) + q_{CCI}c_F)}{(W_{D,1}(1) - W_{D,1}(0)) + \frac{1}{\gamma_F}(w_F(1) - w_F(0))} - p \right) \equiv \tilde{\epsilon}.$$

We have indicated $\tilde{\epsilon}$ with the vertical (blue) line in Figure 5, panel C. If the foreign power cares a lot for the welfare of group 1, we observe that

$$\lim_{\gamma_F \to \infty} \tilde{\epsilon} = \frac{1}{q_{CI}} \left(\frac{(W_{D,1}(SS) - W_{D,1}(0) + c)}{(W_{D,1}(1) - W_{D,1}(0))} - p \right) > \bar{\epsilon}_D,$$

where $\bar{\epsilon}_D$ is the critical value of ϵ at which group 1 is willing to start a conflict based on the expectation of assistance from the foreign power. Finally, we need a condition to insure that $\tilde{\epsilon} < \frac{1-p}{q_{CI}}$, i.e., that the win probability of group 1 is less than 1. This requires that

$$W_F(1) - W_F(0) > q_{CI}c_F + \gamma_F c_F.$$

That is, the welfare gain from having group 1 in power from the point of view of the foreign power exceeds the expected cost of the intervention and the resulting conflict. We have drawn Figure 5, panel C under the assumption that this condition holds.

The foreign power prefers strategy RI to strategy CCI when $W_F(RI, \bar{\beta}) \geq W_F(CCI, \epsilon)$, where the payoffs of the two strategies have been indexed by $\bar{\beta}$ and ϵ, respectively. We observe that

$$W_F(CCI, \tilde{\epsilon}) = W_F(SS) = W_F(RI, \bar{\beta}_c)$$

and that the combinations of $\bar{\beta}$ and ϵ at which the foreign power is indifferent

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between the two strategies are positively related:

$$\frac{\partial \bar{\beta}}{\partial \epsilon} = \frac{\frac{\partial W_F(CCI,\epsilon)}{\partial \epsilon}}{\frac{\partial W_F(RI,\bar{\beta})}{\partial \bar{\beta}}} > 0.$$

This is illustrated with the upwards sloping (green) line in Figure 5, panel C (which for simplicity is drawn as a linear line).

Strategy CII versus PKI with ongoing conflict (panel D). The status quo is an ongoing conflict in which group 1 wins with probability p in the absence of foreign intervention. This gives the foreign power the payoff

$$W_F(p) = p[\gamma_F W_{D,1}(1) + w_F(1)] + (1-p)[\gamma_F W_{D,1}(0) + w_F(0)] - \gamma_F c.$$

Strategy CII gives the foreign power

$$W_F(CII) = (p+q_{CI}\epsilon)[\gamma_F W_{D,1}(1)+w_F(1)]+(1-(p+q_{CI}\epsilon))[\gamma_F W_{D,1}(0)+w_F(0)]-\gamma_F c-q_{CI}c_F.$$

So, this is better than no intervention if $W_F(CII) \geq W_F(p)$ which implies

$$\epsilon \geq \frac{1}{q_{CI}} \frac{c_F}{\gamma_F W_{D,1}(1) + w_F(1) - (\gamma_F W_{D,1}(0) + w_F(0))} \equiv \hat{\epsilon}.$$

This is the horizontal (red) line in Figure 5, panel D.
 Strategy PKI gives the foreign power

$$W_F(PKI) = \gamma_F(W_{D,1}(U) + b) + w_F(U) - \alpha_F b.$$

This is better than no intervention (ongoing conflict) if $W_F(PKI) \geq W_F(p)$, which implies

$$p \leq \frac{\gamma_F W_{D,1}(U) + w_F(U) - (\gamma_F W_{D,1}(0) + w_F(0)) + (\gamma_F - \alpha_F)b + \gamma c_F}{\gamma_F W_{D,1}(1) + w_F(1) - (\gamma_F W_{D,1}(0) + w_F(0))} \equiv \hat{p}.$$

We observe that $\hat{p} < 1$ for all b as long as $\gamma_F < \alpha_F$ and the internalized cost of the conflict for the foreign power ($\gamma_F c$) is not too large, and that $\hat{p} > 0$ for b sufficiently small and/or for the internalized cost of conflict sufficiently

large. This is the vertical (blue) line in Figure 5, panel D.

Finally, we need to compare strategy CII to strategy PKI. For the purpose of drawing Figure 5, panel D, we express this as a relationship between ϵ and p. Strategy CII is better for the foreign power than strategy PKI if

$$\epsilon = \frac{(\gamma_F W_{D,1}(U) + w_F(U)) - (\gamma_F W_{D,1}(0) + w_F(0)) + (\gamma_F - \alpha_F)b + \gamma_F c + q_{CI} c_F}{(\gamma_F W_{D,1}(1) + w_F(1) - (\gamma_F W_{D,1}(0) + w_F(0)))q_{CI}}$$
$$- \frac{(\gamma_F W_{D,1}(1) + w_F(1) - (\gamma_F W_{D,1}(0) + w_F(0)))p}{(\gamma_F W_{D,1}(1) + w_F(1) - (\gamma_F W_{D,1}(0) + w_F(0)))q_{CI}} \equiv \bar{\epsilon}(p).$$

We observe that $\bar{\epsilon}$ is a decreasing function of p and that $\bar{\epsilon}(\hat{p}) = \hat{\epsilon}$. This is the downward sloping (green) line in Figure 5, panel D. Since the probability of wining the conflict must be less than or equal to 1, the feasible combinations of p and ϵ are

$$\epsilon \leq \frac{1-p}{q_{CI}}.$$

This is the black dotted line in Figure 5, panel D.

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