



## Do superpower interventions have short and long term consequences for democracy?

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### ABSTRACT

**Berger, Daniel, Corvalan, Alejandro, Easterly, William, and Satyanath, Shanker**—Do superpower interventions have short and long term consequences for democracy?

The United States' wars in Afghanistan and Iraq have revived again the phenomenon of “regime change” that was thought to have died with the Cold War. We study Cold War “regime changes” for insight, although of course they do not extrapolate exactly to modern events. The recent declassification of Cold War documents now makes it possible to develop a new time series cross section dataset of superpower interventions during the Cold War which takes account of interventions by the secret services. We find that US interventions to prop up a leader are associated with significant short term and medium term declines in democracy in the intervened country. We observe a similar size effect for Soviet interventions, but they are not robustly significant like US interventions. Although the negative effect of interventions dissipates once the intervention ends, an intervention has a large effect on democracy when it lasts for a long time. *Journal of Comparative Economics* 41 (1) (2013) 22–34. Department of Government, University of Essex, United Kingdom; Department of Economics and Business, Universidad Diego Portales, Chile; Department of Politics, New York University, United States; Department of Economics, New York University, NBER, United States.

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### 1. Introduction

The United States' wars in Afghanistan and Iraq have revived again the phenomenon of “regime change” that was thought to have died with the Cold War. These external interventions in leadership choice have raised the question of the short and long term consequences of such superpower interventions for democracy in intervened countries. Systematic analysis of this question has so far been obstructed by the absence of adequate data on covert interventions, namely cases where the secret service of a superpower was propping up a leader. The recent declassification of Cold War documents now makes it possible to surmount this obstacle for the Cold War period. We thus develop a new time series cross section dataset of superpower interventions during the Cold War that makes it possible to examine the effect of Cold War interventions. We do not presume that these effects extrapolate to modern cases, but argue that these are of independent interest as one example of intervention effects.

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We are interested in two related questions. Do superpower interventions to install and prop up political leaders in other countries subsequently result in more or less democracy? If so, what are the temporal dynamics of any decline or increase?

We also investigate whether this effect varies depending on whether the intervening superpower is democratic or authoritarian. Superpowers may have a preference for spreading their own form of government. US security doctrine claims that American interventions allow the nurturing of democracy. If the benefits of establishing democracies overseas exceed the costs for a democratic but not for an authoritarian superpower, interventions by a democratic superpower could subsequently result in more democratic environments than interventions by a non-democratic superpower. However, the realist school would have very different predictions than the idealist school described above. Interventions by democratic and authoritarian superpowers alike may be primarily driven by their self-interests, such as repressing opponents overseas. Crony authoritarian regimes overseas offer fewer checks and balances against repression of opponents, which may cause democratic and non-democratic superpowers alike to favor their presence. If so, we may expect interventions by both democratic and authoritarian superpowers to have similar adverse consequences for democracy in intervened countries.

We investigate these questions in light of newly declassified Cold War data. Aside from being of considerable historical importance in its own right, a study of Cold War interventions is of great interest because it speaks directly to whether and how outside forces may alter the path of institutional evolution, in contrast to the usual focus on domestic actors.

We find that interventions immediately reduce the level of democracy by about 6%. Because of lagged adjustment, the cumulative effect is larger than the impact effect, and gets larger the longer the intervention lasts. A 5 year intervention has a cumulative negative effect of 20.2% on democracy, while a 20 year intervention would have an effect of 29.7%. The average length of American interventions in our sample is 21 years.

However, our estimated dynamic structure also implies no permanent effect of temporary interventions. After the intervention ends, its effects fade away rapidly. In the long run, it is impossible to tell from levels of democracy whether a country had experienced an intervention. We confirm this with a cross-section illustrative exercise which finds that countries which had Cold War interventions are no more authoritarian in the post-Cold War period than those which had none.

Although our baseline estimation strategy controls for country-specific time-invariant factors (with country fixed effects) and time-specific country-invariant factors (with time-period fixed effects), there is still concern that omitted time-varying and country-varying factors may bias the estimates. A primary concern is that interventions may have been more likely where and when democracy has already been declining. This form of selection will result in inflated estimates of the effect of interventions on democracy. We undertake a number of strategies to control for this. We first control for pre-trends in democracy. We also examine leads of interventions. Our results are robust to these strategies.

In the next section of the paper we summarize the related literature. We then provide a full description of our new time series cross section data set of interventions. In Section 4 we discuss the econometric specification and describe the sources of the data we use for the democracy and control variables. The next two sections present our results and robustness checks, while Section 7 concludes.

## 2. Related literature

This paper relates most closely to the recent economics literature on determinants of institutions. This literature is growing rapidly, partly of interest in its own right and partly as a side effect of searching for instruments for institutions to use in empirical exercises assessing the effects of institutions on other variables. Engermann and Sokoloff (1997) in a seminal paper stress inequality as a key (negative) factor in the evolution of institutions in North and South America; Easterly (2007), Easterly and Levine (2003), and Satyanath and Subramanian (2007) confirm this for the worldwide sample. The famous work by Acemoglu, Johnson, and Robinson (2001) and Acemoglu and Robinson (2005) stresses colonizing strategies as a historical determinant of institutions, using settler health conditions as a determinant of whether the colonizer followed a settler colony strategy or an exploitative strategy. Mauro (1995), Easterly and Levine (1997, 2003), and Alesina et al. (2003) focus on ethnic fractionalization as an adverse factor inhibiting institutional development; Alesina et al. (2011) suggest that colonial partitioning of ethnic groups and other forms of artificial boundary drawing made things even worse. Acemoglu and Robinson (2005) also stress long run factors like inequality, share of agriculture in production, and natural resource endowments in their magisterial work on determinants of democracy. Our paper extends this literature by focusing on a more transitory and recent set of political shocks that influenced democracy.

This paper also relates to recent work by Bueno de Mesquita and Downs (2006) on the effects of interventions in wars and other militarized disputes. Their paper focuses on military interventions in wars and militarized interstate disputes and finds that this genre of interventions “lead to little if any improvement, and all too often erosion in the trajectory of democratic development.”<sup>1</sup> They argue that this is because democratic and authoritarian leaders alike share a common interest in preferring to deal with non-democratic target states. In the case of authoritarian regimes, which they argue are primarily concerned with providing private goods to government insiders, non-democratic target regimes facilitate the transfer of resources to insiders. In the case of democratic regimes, which they argue are primarily concerned with providing public goods to their country’s citizens, non-democratic regimes in the target state facilitate policy concessions that benefit the intervener’s citizens.

<sup>1</sup> Bueno de Mesquita and Downs (2006, pp. 627).

Our paper extends this work in two ways. First, we do not focus exclusively on military interventions, but extend our examination to behind the scenes efforts by the secret services of the superpowers to install and prop up leaders in office. Second, we do not limit ourselves to studying countries which are experiencing violent conflict, but also consider interventions with limited and no casualties. This difference is significant because wars and militarized disputes are relatively rare events.

Our paper has a much more distant relation to an extensive literature that looks at the success of foreign “peacekeeping” forces in ending wars (Doyle and Sambanis, 2000; Gilligan and Stedman, 2004; Weinstein, 2005), which is in turn related to the literature on the determinants of civil war (Collier and Hoeffler, 1998, 2001, 2002; World Bank, 2003; Miguel et al., 2004; Blattman and Miguel, 2010) and the literature on what to do about “failed states” (Collier, 2007; Birdsall et al., 2006; Weinstein et al., 2004; Council on Foreign Relations, 2005; Brainard, 2007). Although we share the interest in foreign intervention, our paper deals with a different subject than these papers do – we are looking at foreign interventions that are explicitly concerned with leadership selection and maintenance rather than “peacekeeping” or fixing “failed states”.

### 3. Superpower intervention data

As a source of variation in US influence over a country, we rely on historic episodes where the CIA intervened in a foreign country to either install a new leader or to provide support to an existing leader to help maintain the power of the regime. To identify these episodes, we rely on a number of studies examining the history of the Cold War, much of which is based on recently declassified documents. Using these sources, we have constructed an annual data set of interventions undertaken by the CIA. We also construct analogous measures for Soviet KGB interventions. The most heavily used sources include Blum (2004), Weiner (2007), Westad (2005), Yergin (1991), and the Library of Congress' Country Studies Series for the CIA interventions, and Andrew and Mitrokhin (2000, 2005) for KGB interventions. Full details of the data construction and sources are reported in a data appendix that will be posted on the authors' web page upon publication. In the rest of this section we describe the coding procedure for CIA interventions in detail. The process of coding KGB interventions is identical and therefore the description is not repeated.

Our baseline measure of CIA interventions is an indicator variable that equals one, in a country and year, if the CIA either installed a foreign leader or provided covert support for the regime once in power. We label this variable  $US\ influence_{t,c}$ . The activities used by the CIA to install and help maintain the power of specific regimes are many and varied. They include the creation and dissemination of (often false) propaganda, usually through radio, television, newspapers and pamphlets. They also included covert political operations, which typically consisted of the provision of funds and expertise for political campaigns. More invasive tactics included the destruction of physical infrastructure and capital, as well as covert paramilitary operations, which included the supply of arms and military equipment, direct involvement in insurgency and counterinsurgency operations, and the coordination of coups and assassinations (Johnson, 1989, 1992).

There are many instances in which the CIA set out to remove an existing leader and install a new leader in power. The CIA-organized coups in Iran in 1953, Guatemala in 1954, and Chile in 1973 are the most well-known examples of such cases. For these interventions, the indicator variable  $US\ influence_{t,c}$  takes on the value of one. In other cases, the CIA began to provide support for leaders currently in power. We also code as one cases in which the leader who was not installed by the CIA maintains power with the help of the CIA. In these cases, the CIA did not engage in activities to install the leader into power, but once in power, at some point, the CIA began to engage in activities to help maintain the power of the regime. Typically, these were covert counter-insurgency operations undertaken by the CIA. A good example of this is the CIA's involvement in Haiti. Paul Magloire, Papa Doc Duvalier, and Baby Doc Duvalier, were not installed by the US, but they were reliant on CIA support to help maintain their power. As a robustness check, we also create a second more narrowly defined measure that codes as zero interventions where the CIA engaged in activities that propped-up a leader it did not originally install. As we show in Section 6, the results are robust to using this alternative measure.

To illustrate the construction of our variable, consider the history of the CIA in Chile. The sequence of CIA interventions is reported in Table 1. During the 1964 Chilean elections, the CIA provided covert funding and support for the Christian Democratic Party candidate Eduardo Frei Montalva. Eduardo Frei won the presidential election in 1964, and continued to receive CIA support while he was in power. In the 1970 election, Salvador Allende, a candidate of a coalition of leftist parties, was elected, and remained in power until the CIA orchestrated coup of 1973. After the coup, Augusto Pinochet took power and was backed by the CIA. Since  $US\ influence_{t,c}$  equals one in all periods in which a leader is installed or supported by the CIA, for Chile the variable equals one from 1964 to 1970 when Eduardo Frei was in power. It equals zero in 1971 and 1972, the years when Salvador Allende was in office (since he was not supported or installed by the CIA). It then equals one from 1973 to 1988, the years when Augusto Pinochet, who was installed and supported by the CIA, was in power.

Our sample of 156 countries includes all countries except the United States and countries that were part of the former Soviet Union. We also exclude from the sample countries whose borders change significantly during the period. This includes Bangladesh, Pakistan, Germany, Vietnam, and Yemen. Among the 156 countries, 50 were subject to at least one CIA intervention between 1947 and 1989. Fig. 1 shows the total number of interventions among all countries in each year between 1947 and 1989. That is, the figure reports the number of countries for which  $US\ influence = 1$  in each year. The figure illustrates a number of patterns present in the data. The first is that interventions were common. In an average year between 1947 and 1989, 24 countries were experiencing a CIA intervention. Among the group of countries that experienced an

**Table 1**

An example: the history of successful CIA interventions in Chile.

Isocode	Year	US	Key historical events
...	...	...	
CHL	1963	0	
CHL	1964	1	Election; CIA propaganda funding, etc.; Frei wins
CHL	1965	1	Continued support for the right wing groups, etc.
CHL	1966	1	...
CHL	1967	1	...
CHL	1968	1	...
CHL	1969	1	...
CHL	1970	1	Salvador Allende wins election
CHL	1971	0	
CHL	1972	0	
CHL	1973	1	CIA planned coup; head of military, Pinochet takes power
CHL	1974	1	...
CHL	1975	1	...
CHL	1976	1	...
CHL	1977	1	...
CHL	1978	1	...
CHL	1979	1	...
CHL	1980	1	...
CHL	1981	1	...
CHL	1982	1	...
CHL	1983	1	...
CHL	1984	1	...
CHL	1985	1	...
CHL	1986	1	...
CHL	1987	1	...
CHL	1988	1	Plebiscite, democratic elections; Pinochet steps down
CHL	1989	0	

**Fig. 1.** Total number of countries experiencing a successful CIA intervention in each year.

intervention between 1947 and 1989, the typical country experienced 21 years of interventions. The figure also shows that the total number of interventions increased after 1947, peaked around the 1970s, and then fell until 1989. This is consistent with the history of the CIA. Between 1953 and 1961 covert action increased significantly, with attention focused on political action, particularly support to political figures and political parties. The 1960s witnessed a continued presence of CIA covert activities, although there was a shift towards greater paramilitary activities. The period from 1964 to 1967 is known to have been the high point of CIA covert activities. The post-1967 slow-down was brought about, in part, by the 1967 Ramparts magazine article that exposed the CIA's funding of national student groups and other private organizations (Leary, 1984). Consistent with this history, Fig. 1 shows a leveling off of covert interventions in the late 1960s until the mid-1970s, after which the number falls. The lagged decline after 1967 results from the persistence of interventions. Typically, newly installed or newly supported leaders remained in power for several years, and continued to be supported by the CIA for their remaining tenure.

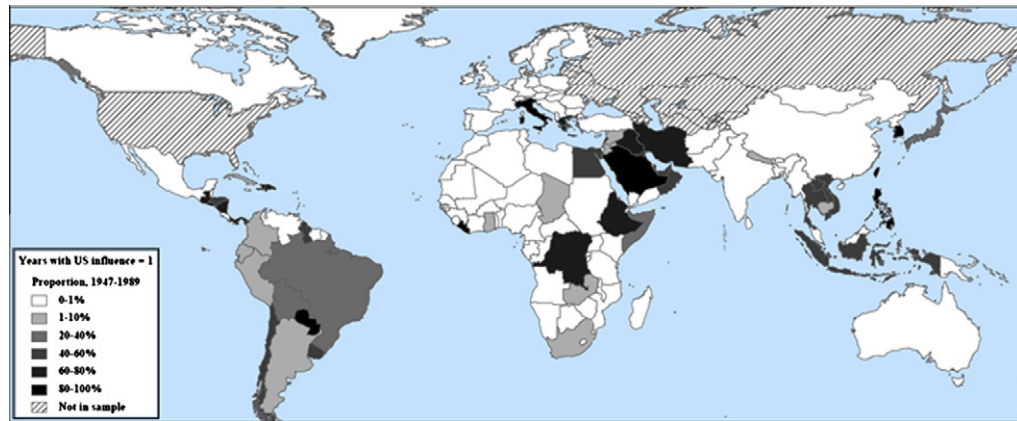


Fig. 2. Map showing the fraction of years between 1947 and 1989 with a CIA intervention.

An alternative to looking at interventions over time is to examine the pattern of interventions across countries. The map shown in Fig. 2 reports, for each country, the fraction of years between 1947 and 1989 for which there was a CIA intervention. The cross-country distribution of interventions is consistent with the descriptive history of the CIA during the Cold War era. The CIA intervened most heavily in Latin America, but also in a few European countries – namely, Italy and Greece – as well as in a number of countries in Africa, Asia, and the Middle East.

The map also helps to illustrate exactly what our intervention variable captures and what it does not capture. For example, our intervention variable is zero for Angola throughout the period. This is the case despite the heavy and well-known involvement of the CIA in Angola's civil war (see e.g. Weisman, 1979). The CIA provided covert support for the anticommunist group Union for the Total Independence of Angola (UNITA). However, the group was never successful at gaining power from the Movimento Popular de Libertação de Angola (MPLA). Because the US-backed UNITA forces never gained control of the government, our variable is not coded as one for Angola, despite clear intervention by the CIA in the country. The example illustrates that our intervention measure is not a measure of all CIA meddling or activities in a country. Rather, it is an indicator of CIA activities that were successful at either installing a new leader or in maintaining the power of an existing leader.

Using CIA covert activities to measure changes in US influence over foreign countries has a number of particularly attractive characteristics. First, because these interventions were covert at the time, they were largely unaffected by US public opinion, and from the opinion of other countries in the international arena. This reduces one source of endogeneity for our measure.

Further, because the interventions affect the leader in power, they are significant and plausibly have a significant impact on US influence over the regime. Our measure of covert CIA interventions that install and/or support foreign regimes can be interpreted as a measure of US “client states” or “puppet leaders”, which are well-established subjects of analysis in the qualitative political science literature (e.g., Sylvan and Majeski, 2009). Therefore, an alternative interpretation of our analysis is of the effects of US influence on client states and puppet leaders on democracy.

Why do we focus on successful interventions? We do so because we believe the US (and the USSR) would have greater influence on the political institutions of an intervened country when the intervention is a successful rather than a failed intervention. In fact, it is hard to make a claim in the face of a failed intervention that the intervention would have any effect at all. Still, to be sure, we coded failed interventions as well and found that they did not have a significant effect on democracy (results available on request).

#### 4. Specification and other data

The main equation that we estimate is the following

$$D_{it} = \alpha d_{it-1} + \beta^{US} I_{it}^{US} + \beta^{RUS} I_{it}^{RUS} + \gamma X_{it-1} + \mu_t + \mu_i + \varepsilon_{it} \quad (1)$$

where  $i$  indexes all independent countries at  $t - 1$  except the US and the Soviet Union, and  $t$  is each year between the post-war period 1947 and 1989. The dependent variable is democracy, which is explained by lagged democracy, contemporary American (US) and Soviet (RUS) interventions, a set of controls grouped in  $X$ , a time dummy  $\mu_t$  in order to control for the time trend and a country dummy  $\mu_i$  to control for omitted variables at country level. We further assume that  $\mu_i$  is a fixed effect which can be correlated with other terms at the right hand side. (Due to the large  $T$  in our sample our analysis is not subject to Nickell bias.<sup>2</sup>) We also assume that errors are correlated across countries.

<sup>2</sup> As Nickell (1981) has shown at  $T > 15$  the bias converges to 0. We confirmed that our results were substantively unchanged when we dropped the lagged dependent variable.



**Table 2**  
Summary statistics.

Variable	Obs.	Mean	St. Dev.	Min.	Max.
Democracy dem/diet	4385	0.328	0.469	0	1
Democracy Polity2	4385	0.433	0.376	0	1
American Intervention	4385	0.229	0.42	0	1
Soviet Intervention	4385	0.090	0.286	0	1
Income	3262	7.881	1.037	5.831	10.667
Income Growth	3262	0.016	0.057	−0.300	0.464
Percent Urban	3262	43.25	24.1	2.16	100
Urbanization	3262	0.018	0.021	−0.345	0.209

Note: samples selected are from Table 3 (1 year data) and from Table 6 (modernization controls).

Our preferred specification considers the time span of 1 year for all the postwar period, since interventions are likely to have a short run effect over democracy. As that is the case, in several regressions we introduced additional lags in order to control for serial correlation without any change in the results. As a robustness check, and following a growing literature on democracy (Barro, 1999; Acemoglu et al., 2008; Benhabib et al., 2011), we consider a longer time span with data each 5 years.<sup>3</sup>

Our dependent variable is the level of democracy. We use the two measures that are most widely used in political science. The first, called Democracy–Dictatorship or DD, is from Adam Przeworski and colleagues and is an annual dummy variable which takes a value of 1 in the presence of an authoritarian regime (Alvarez et al., 2000). The measure is behavioral in the sense that a country is only classified as being democratic if it displays turnover in office following an election where the incumbent is defeated. This procedure acts as a safeguard against counting rigged elections which perpetuate the tenure of the incumbent as democratic elections. We invert their scale so that the variable takes on the value of 1 in the presence of democracy and 0 in autocracies.

Our second measure is the Polity scale.<sup>4</sup> This is a subjective measure which takes values from −10 to 10. This measure is increasing in the degree of democracy. We use PolityII instead of the PolityI, since it has values included to account for periods “interruption”, “interregnum”, and “transition. Polity2 conducts linear interpolations between beginning and ending periods of the transition period while PolityI marks them as missing. It would be inappropriate to exclude these transition periods from the sample, as the inclusion of country fixed effects relies heavily on the transition periods for within-country variation in the data. In order to make marginal effects comparable across specifications, we rescale *Polity* to the same 0 to 1 interval as *DD*.

We use *DD* as our core measure of democracy and only use *Polity* for conducting robustness checks. We do so because we believe that it is especially important to be wary of subjective measures of democracy in the context of this project. The subjectivity of *Polity* is a special concern for this paper given that *Polity* estimates are subjective assessments from the perspective of the western bloc, which was of course one of the participants in the Cold War. There is thus cause for concern that *Polity* may overstate the degree of democracy in countries in which the United States intervened, and overstate dictatorship in Soviet interventions. We have no way of testing these concerns directly since we do not know the true level of democracy, but we can note that the largest divergences between *DD* and *Polity* are clustered in countries where the CIA intervened.

Munk and Verkuilen's (2002) excellent discussion of democracy measures also rates *DD* much more highly than *Polity*. They express particular concern over some of the aggregation procedures used to generate the *Polity* scores.<sup>5</sup> Both *Polity* and *DD* are limited dependent variables, the first ordinal and censored, the second dichotomous. The linear specification can be seriously misleading in some applications as extensively discussed in Corvalan (2010) and Benhabib et al. (2011)<sup>6</sup>. While our core specifications are linear, allowing for the intuitive interpretation of coefficients and conforming with the standard in the literature, we are careful to confirm that all of our results are robust to nonlinear functional forms.

We control for the main variables that have been identified in the political science literature as influencing democracy. As Przeworski and his colleagues have found, confirming a very long literature, democracy is significantly influenced by per capita GDP (Alvarez et al., 2000). We thus include log GDP per capita as a control variable. The widest available coverage of GDP comes from the dataset created by Angus Maddison (2003). This is of special interest to us because Maddison takes great pains to generate GDP estimates for countries that were part of the Soviet bloc. Selection bias from other conventional sources is heavily skewed against countries that experienced Soviet interventions, which is obviously a serious problem for the subject of this paper. One statistic which should reassure readers that our results are not driven by quirks in Maddison's approach to assessing GDP is that GDP values in his data set are highly correlated to those of the widely used GDNGD (Growth Development Network Growth Database) data set. (The correlation is 98%.)

<sup>3</sup> In this case Nickell Bias is a concern so we confirmed that our results were unchanged when we applied the Arellano and Bond technique to address this bias.

<sup>4</sup> The data is available at <http://www.cidcm.umd.edu/polity/>.

<sup>5</sup> However, Munk and Verkuilen (2002) note that ALL democracy measures have serious problems and call for much more effort at constructing them. This call has thus far not been answered.

<sup>6</sup> In fact, this problem has been noted in the democracy literature for a long time (see Barro 1999), yet has attracted curiously little effort at resolving it.

While per capita GDP is the primary variable associated with democracy, Haggard and Kaufmann have argued that bad economic times in general influence the propensity for democracy (Haggard and Kaufman, 1995). We thus also include controls for GDP growth from Maddison. We also control in some specifications for two other proxies for modernization; the percent urban population and the growth rate of urbanization. The data for both of these comes from WDI.

Table 2 displays summary statistics for all the variables described above. Statistics are displayed over the sample we used for regressions, were we use data with information in both measures of democracy to make our results comparable across samples.<sup>7</sup>

Following a common practice in the literature, we include lagged democracy as a determinant of democracy today (Barro, 1999; Acemoglu et al., 2008; Benhabib et al., 2011). This lagged value of democracy captures persistence in democracy and also potentially mean-reverting dynamics. The distance of this coefficient above zero magnifies the cumulative effect of a temporary intervention. The distance of the coefficient below unity measures the extent of mean reversion of democracy, and will capture how quickly the effect of a temporary intervention dissipates after it ends. Of course, the magnitude of the persistence coefficient reflects many other factors besides the time series pattern of the response of democracy to interventions (e.g. theoretical stories that predict some sensitivity of democracy to initial conditions, measurement error, etc.).

## 5. Results

Before presenting the results, we would like to point out an initially counter-intuitive pattern in them. While the effects of American interventions are consistently significant across all the specifications we explore, the significance of the effect of Soviet interventions is NOT robust to model specification. This is at odds with previous work which has shown the effects of both superpowers' interventions to be of similar sizes under random effects (Berger et al., 2009) and leads us to ask whether this is because Soviet interventions had more benign institutional effects or whether there is another explanation. We suggest that the former explanation is unlikely for several reasons.

Tables A1 and A2 in the appendix summarize United States and Soviet interventions during the postwar, respectively. In order to analyze the effect of intervention on democracy, we report democracy measures 1 year before and after the intervention.<sup>8</sup> We exclude interventions that occurred the same year of independence.<sup>9</sup> First of all, we notice that many Soviet interventions lasted the entire length of the Cold War. Of the 20 Soviet interventions in our sample, 6 of them lasted the complete period of the Cold War while 14 had onsets or offsets during the period between 1947 and 1989. The fixed effects estimators will thus be able to gain limited information on the effect of Soviet interventions from these observations. While the United States had 3 interventions which lasted the entirety of the Cold War, there were also 45 which did not, giving far more leverage. The second major difference between American and Soviet interventions is that the United States was far more likely to intervene in democracies. Only 3 Soviet interventions occurred in countries which were either identified as a democracy by Przeworski or had a Polity score of over 5, in contrast to 15 for the US. If the Soviet Union is primarily intervening in countries unlikely to be democratic even in the absence of an intervention it requires more observations to achieve the same power as it would had Soviet interventions occurred in countries which would otherwise be expected to be democratic.

The short term effect of interventions is laid out in Table 3. The first column shows a linear probability model with a complete set of year and country fixed effects along with two lags of the dependent variable. It demonstrates that interventions by the United States lower the probability of being classified as a democracy by Przeworski et al. by about 6.1 percentage points while interventions by the Soviet Union lower the same probability by 3.4 percentage points. The former result is significant at the 1% level, while the latter fails to achieve statistical significance. The difference between the point estimates is not statistically significant. Column 2 reports similar results of using the Polity measure of democracy. Both American and Soviet interventions lower democracy by approximately 3% of the Polity scale and US interventions are significant at the 1% level.

Next two columns report non linear estimation. In column 3, the Logit model is used to check for robustness, and thus the coefficient instead of the marginal effect is reported. In terms of statistical significance the results are substantively similar. In this case, however, while the magnitude of the negative effect of Soviet interventions is still insignificant the point estimate is nearly identical to that of an American intervention. Using a Tobit in column 4 to account for censoring of the Polity scale results in a slight increase of both coefficients to 4% of the Polity scale while leaving significance levels unchanged.

Columns 5 and 6 repeat the fixed effect OLS estimations using data each 5 years. Coefficients are not directly comparable since they refer to a different time length. However, the results are substantively similar. (As mentioned these results are robust to the application of the Arellano and Bond GMM technique to address Nickell bias.)

Because lagged democracy enters the equation for contemporary democracy, interventions have a cumulative effect larger than the impact effect. Consider the case of *DD* where only one lag of democracy is significant in a linear model. Assume also that intervention and lagged democracy have coefficients  $\alpha$  and  $\beta$ , respectively. A 1 year intervention has an effect  $\alpha$ ,

<sup>7</sup> Similar results are obtained for different samples.

<sup>8</sup> As dem/dict dataset begin in 1946, to include a larger time span for previous democracy excludes all the countries intervened in 1947 as it is the case with all Eastern European countries.

<sup>9</sup> Those interventions are Philippines (1947), Taiwan (1949), Laos (1954), Congo (1960), Kuwait (1961), Guyana (1966), UAE (1971), Oman (1971), Qatar (1971) and Bahrain (1971) for the United States, and North Korea (1947), Ghana (1957), Angola (1975) and Mozambique (1975) for the Soviet Union.

**Table 3**  
Core results.

Democracy	1 y data				5 y data	
	FE OLS		Unc. Log.	Unc. Tob.	FE OLS	
	dem/dict	Polity2	dem/dict	Polity2	dem/dict	Polity2
Democracy ( $t - 1$ )	0.790*** (0.03)	0.920*** (0.03)	4.977*** (0.34)	0.929*** (0.03)	0.174* (0.10)	0.257** (0.11)
Democracy ( $t - 2$ )	0.025 (0.03)	-0.079** (0.03)	0.741 (0.46)	-0.072** (0.03)	0.017 (0.07)	-0.029 (0.08)
American Intervention	-0.061*** (0.02)	-0.033*** (0.01)	-1.579*** (0.57)	-0.039*** (0.01)	-0.179* (0.09)	-0.129** (0.05)
Soviet Intervention	-0.034 (0.03)	-0.03 (0.02)	-1.419* (0.85)	-0.035* (0.02)	-0.001 (0.12)	-0.063 (0.09)
Observations	4385	4385	1468	4385	597	597
R-squared	0.906	0.747			0.458	0.646
Number of en	131	131	40	131	129	129

Note: Fixed effects OLS regressions in columns (1), (2), (5) and (6), with country and year dummies. Fixed Effect Unconditional Logit and Tobit regressions in columns (3) and (4), with country and year dummies. Robust standard errors clustered by countries in parenthesis in all columns. Base sample is unbalanced panel from 1947 ( $t - 1 = 1946$  for 1 y data and  $t - 1 = 1942$  for 5 y data) to 1989.

Significance:

\*  $p < 0.1$ .

\*\*  $p < 0.05$ .

\*\*\*  $p < 0.01$ .

with  $\alpha < 0$ . If intervention continues next year, the total effect of the 2-year intervention on democracy in the second year is  $\alpha + \alpha\beta$ . The cumulative effect of a  $D$ -year intervention on the last year of the intervention is given by

$$\alpha \frac{1 - \beta^D}{1 - \beta} \quad (2)$$

Note that if the intervention lasted forever, then there would be a permanent effect given by the well-known formula  $\alpha / (1 - \beta)$ .

For finite interventions, we can evaluate the cumulative effect of interventions using the coefficients in Table 3 for  $DD$ :  $\alpha = -0.06$  and  $\beta = 0.8$ . Interventions of 5, 10 or 20 years have negative cumulative effects equal to 20.2%, 26.8% or 29.7%, respectively. Note there is a diminishing marginal effect of one additional year of intervention, which reflects the fading of the effects of early years of intervention in a very long intervention.

In our sample, the 50 American interventions have an average duration of 21 years, while the 23 Soviet interventions have an average duration of 20 years. These values include some interventions which persisted throughout the entire 43 year period of the Cold War. The cumulative effect of such an intervention is therefore large according to our estimates.

The effect does fade once the intervention ends. We compute their effect  $T$  years after their ends:

$$\alpha \frac{1 - \beta^D}{1 - \beta} \beta^T \quad (3)$$

The decay of the effect is exponential and in fact quite fast. A decade after the end of an intervention, its effect on democracy has been reduced approximately 10 times. For 5, 10 and 20 year interventions, the respective negative cumulative effect of 20.2%, 26.8% and 29.7% are reduced to 2.2%, 2.9% and 3.2%, respectively, in 10 years. Both this and the previous calculation are of course very sensitive to the estimated value of  $\beta$ , which estimate as noted above may depend on many other things besides the time series properties of the response to an intervention.

In our sample, the initial average date of US and Soviet interventions are 1961 and 1962, while the final average date was 1978 and 1981, respectively. If we apply those average figures to the long run effect formula, we observe that a 20-year intervention from 1960 to 1980 should have a tiny effect on democracy in 1990. This means that, at least for those values, the effect on democracy should be extremely hard to see after the end of the Cold War.

In Table 4 we check the predictions and results of the dynamic panel specification in a cross-section test. This is meant to be purely illustrative, since we do not claim to address causality in the cross section tests. (In the next section we do so in the context of the panel results by controlling for leads of democracy and prior trends.) We showed that long interventions have (1) a substantial effect on democracy while they are ongoing (and the longer the intervention the greater the effect), but (2) their effects fade quickly once the intervention ends. The end of the Cold War generally marked the end of interventions. So we assess the effect during the Cold War of years of intervention on democracy to test (1), and then assess the effect of the same on post Cold War democracy to test (2).

The first two columns regress democracy ( $DD$  and  $Polity$  respectively) on percentage of years of interventions, while controlling for GDP and democracy in 1950. The effects of both types of interventions are strongly negative and significant. The next two columns employ a dummy for any intervention instead of a count of percentage of years of intervention. The results are substantively unchanged. The next four columns consider democracy in the post-Cold War era. We regress average



**Table 4**  
Cross sectional tests.

	Mean democracy 1947–1989				Mean democracy 2000–2008			
	dem/dict	Polity2	dem/dict	Polity2	dem/dict	Polity2	dem/dict	Polity2
Democracy (1950)	0.497*** (0.07)	0.620*** (0.06)	0.511*** (0.07)	0.628*** (0.07)	0.134 (0.13)	0.111 (0.13)	0.103 (0.12)	0.064 (0.13)
Income (1950)	0.139*** (0.04)	0.106*** (0.03)	0.133*** (0.04)	0.106*** (0.03)	0.170** (0.07)	0.169*** (0.06)	0.137 (0.08)	0.160*** (0.06)
US Interventions (% of years)	-0.178** (0.07)	-0.135** (0.05)			0.045 (0.16)	0.021 (0.11)		
USSR Interventions (% of years)	-0.294*** (0.092)	-0.183*** (0.062)			0.098 (0.213)	0.061 (0.176)		
US Interventions (binary indicator)			-0.134** (0.06)	-0.095** (0.04)			-0.145 (0.11)	-0.062 (0.09)
USSR Interventions (binary indicator)			-0.190*** (0.07)	-0.115** (0.05)			-0.031 (0.15)	-0.016 (0.12)
Observations	70	70	70	70	68	68	68	68
R-squared	0.802	0.863	0.801	0.861	0.168	0.248	0.19	0.254

Note: Pooled OLS regressions by country in columns, with robust standard errors in parenthesis. Base sample is all independent countries, except US and RUS, with data on democracy and income in 1950.

Significance:

\*  $p < 0.1$ .

\*\*  $p < 0.05$ .

\*\*\*  $p < 0.01$ .

**Table 5**  
Controlling for pre-trends and leads.

	dem/dict	Polity2	dem/dict	Polity2	dem/dict	Polity2
American Intervention	-0.061*** (0.02)	-0.031** (0.01)	-0.061*** (0.02)	-0.032** (0.01)	-0.061*** (0.02)	-0.032** (0.01)
Soviet Intervention	-0.028 (0.03)	-0.021 (0.02)	-0.028 (0.03)	-0.021 (0.02)	-0.028 (0.03)	-0.021 (0.02)
Democracy ( $t - 1$ )	0.785*** (0.04)	0.914*** (0.04)	0.792*** (0.03)	0.926*** (0.04)	0.792*** (0.03)	0.928*** (0.04)
Democracy ( $t - 2$ )	0.016 (0.03)	-0.092*** (0.03)	0.02 (0.03)	-0.098*** (0.03)	0.02 (0.03)	-0.101*** (0.03)
Democracy ( $t - 3$ )			-0.031 (0.05)	-0.02 (0.04)	-0.031 (0.05)	-0.024 (0.04)
Democracy ( $t - 4$ )			0.028 (0.04)	0.023 (0.03)	0.038 (0.04)	0.083** (0.04)
Democracy ( $t - 5$ )					0.005 (0.03)	-0.075** (0.03)
Democracy ( $t - 6$ )					-0.021 (0.02)	0.012 (0.03)
Pre-Trend Democracy	0.007 (0.02)	0.01 (0.01)				
Observations	3851	3851	3851	3851	3851	3851
R-squared	0.671	0.73	0.672	0.73	0.672	0.731
Number of en	131	131	131	131	131	131

Note: Fixed effects OLS regressions in all columns, with country dummies and robust standard errors clustered by countries in parenthesis. Base sample is unbalanced panel from 1947 ( $t - 1 = 1946$ ,  $t - 2 = 1945$  and so on) to 1989.

Significance:

\*  $p < 0.1$ .

\*\*  $p < 0.05$ .

\*\*\*  $p < 0.01$ .

democracy in the period 2000–2008 on the same variables as before. In line with our expectations from the annual data analysis, the results are uniformly small and statistically insignificant.<sup>10</sup>

These results are robust to further checks (not shown here). The results are unchanged controlling for levels of democracy and development in 1960. We also add a control for the absolute value of latitude in order to account for climate differences and ethnic fractionalization to address additional heterogeneity between countries. In addition, we add continent dummies. The negative effect of interventions during the Cold War is still highly significant, both statistically and substantively. Post Cold War democracy is still unaffected by interventions from during the Cold War. (Results available upon request.)

<sup>10</sup> These results are the same if we consider the changes in democracy instead of the levels, since to the different between those two is just to subtract democracy in 1950 at both sides of the estimated equation.

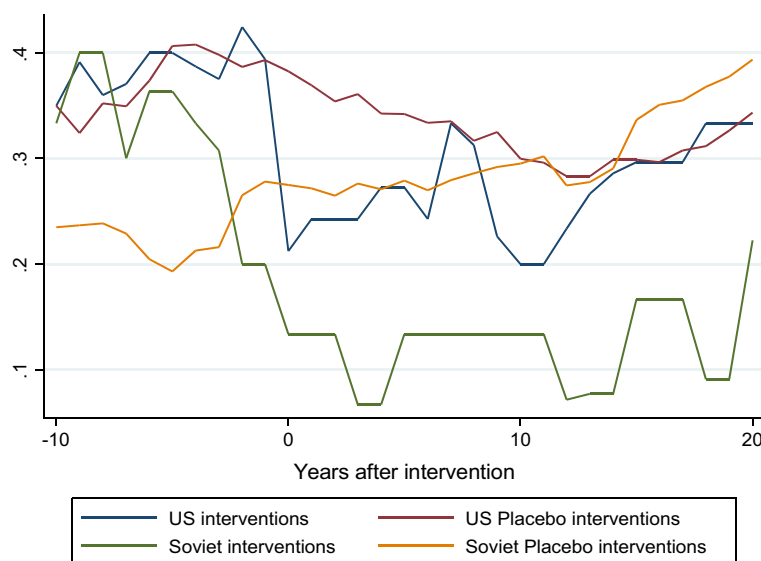


Fig. 3. Democracy response to intervention.

## 6. Robustness and sensitivity analysis

We now consider questions of identification. Obviously we would prefer an experiment or a valid instrument. Unfortunately neither of those presents itself to us and we therefore move on to two other approaches. Both of these are variants of using leads of variables to catch trends which may be correlated with the timing of interventions.

In the first approach, we control for the pre-trend in democracy. The first two columns of Table 5 follow columns 1 and 2 of Table 3, while incorporating the 5 year pre-trend in democracy. These trends are not significant for either democracy indicator. The next four columns disaggregate the democracy trend. Columns 3 and 4 consider four lags of democracy, while columns 5 and 6 consider six lags. As may be seen it is impossible to claim that the data shows a robust adverse trend in democracy prior to interventions. More important, the core results are substantively unaffected by the addition of these controls.<sup>11</sup>

Fig. 3 provides another representation of both pre and post intervention levels of democracy. Democracy levels in countries which experienced interventions are compared with the average level of democracy in non-intervened countries in the same region. (Thus, the placebo intervention for the installation of the Shah in Iran is the average level of democracy in all Middle Eastern countries not experiencing interventions.) Pre-intervention democracy levels in countries where the CIA intervened are very similar to those of other countries in the same region. After the intervention there is an immediate drop in democracy in the intervened countries but not the placebo countries. We can observe that 15–20 years later the levels of democracy had once again converged. The pattern in KGB interventions is different. The Soviet Union appears to have intervened in relatively less democratic countries than the United States, and the effect of the interventions appears to be longer lasting. This apparent differential effect could be driven both by the fact that Soviet interventions were longer lasting,<sup>12</sup> on average, and this presentation ignores the timing of the ends of interventions, and by the fact that the difference between democracy levels in Eastern and Western Europe during the Cold War were especially stark.

Table 6 offers two additional robustness checks. First, we confirm that the effects are not driven by our coding of borderline cases of intervention. We first use a narrow version of the intervention indicator which only takes a value of 1 when the evidence of regime change through covert agency action is unambiguous. The first four columns in Table 6 recreate Table 3, with substantively similar results.

Secondly, the core results in Table 3 represent a very sparse specification. The literature on democratization has consistently found correlations between income, urbanization, and democracy. If these drive democracy, omitting them would lead to bias, but if their values are themselves endogenous to interventions including them could lead to more extreme bias. The last four columns in Table 6 explore these possibilities, replicating our basic regressions while adding controls for per capita GDP, growth in per capita GDP, percent urban population, and urbanization growth rate. These are of course omitted from

<sup>11</sup> We also attempted to see the separate effects of individual years after the first years of interventions ( $t + 1$  vs.  $t + 2$ , etc.) but multicollinearity resulting from the fact that almost all interventions last for several years rendered these regressions uninformative. (Put differently, almost all years after the first intervention year are also intervention years since hardly any interventions last for only a year.) For some reason regressions in first differences were also inappropriate for this data. Only the first and last years of interventions show up as non-zero observations.

<sup>12</sup> The offsets of most Soviet interventions would only show up in the figure if we used a much longer time interval than 20 years because many of them (specially the Eastern European ones) began after the WW2 and ended at the end of the Cold War.

**Table 6**  
Robustness.

	Narrow definition of interventions				Modernization controls			
	FEOLS		Unc. Log.	Unc. Tob.	FEOLS		Unc. Log.	Unc. Tob.
	dem/dict	Polity2	dem/dict	Polity2	dem/dict	Polity2	dem/dict	Polity2
Democracy ( $t - 1$ )	0.792*** (0.03)	0.925*** (0.03)	4.948*** (0.34)	0.935*** (0.03)	0.781*** (0.03)	0.938*** (0.04)	4.968*** (0.62)	0.946*** (0.04)
Democracy ( $t - 2$ )	0.024 (0.03)	-0.081** (0.03)	0.72 (0.46)	-0.074** (0.03)	-0.008 (0.03)	-0.124*** (0.03)	0.228 (0.61)	-0.121*** (0.03)
American Intervention	-0.064*** (0.02)	-0.027** (0.01)	-1.686** (0.69)	-0.036*** (0.01)	-0.075*** (0.03)	-0.035** (0.02)	-1.319** (0.65)	-0.044** (0.02)
Soviet Intervention	-0.008 (0.02)	-0.015 (0.02)	-0.902 (0.91)	-0.017 (0.02)	-0.046 (0.04)	-0.038 (0.03)	0.036 (1.19)	-0.046* (0.03)
Income					0.024 (0.02)	0.018* (0.01)	3.280*** (1.00)	0.030** (0.01)
Income Growth					0.04 (0.03)	-0.005 (0.03)	2.199 (2.79)	-0.019 (0.04)
Percent Urban					0 (0.00)	0 (0.00)	0.011 (0.08)	0 (0.00)
Urbanization					0.197 (0.19)	-0.157 (0.20)	70.943** (28.53)	-0.16 (0.21)
Observations	4385	4385	1468	4385	3262	3262	844	3262
R-squared	0.679	0.949			0.636	0.949		
Number of en	131	131	40	131	123	123	30	123

Note: Fixed effects OLS regressions in columns (1), (2), (5) and (6), with country dummies and robust standard errors clustered by countries in parenthesis. Fixed effects Unconditional Logit and Tobit in columns (3), (4), (7) and (8) with country dummies and robust standard errors clustered by countries in parenthesis. Base sample is unbalanced panel from 1947 ( $t - 1 = 1946$ ) to 1989.

Significance:

\*  $p < 0.1$ .

\*\*  $p < 0.05$ .

\*\*\*  $p < 0.01$ .

**Table 7**  
The effect of interventions on other variables.

Dep. var.	Income	Inc. growth	Urban	Urbanization
Dependent Variable ( $t - 1$ )	1.095*** (0.04)	0.105*** (0.04)	1.860** (0.03)	0.717*** (0.04)
Dependent Variable ( $t - 2$ )	-0.129*** (0.04)	0.021 (0.03)	-0.870*** (0.02)	-0.035 (0.03)
American Intervention	-0.002 (0.01)	-0.001 (0.01)	-0.008 (0.01)	-0.008 (0.01)
American Intervention ( $t - 1$ )	-0.004 (0.01)	-0.002 (0.01)	0 (0.00)	0.012 (0.01)
American Intervention ( $t - 2$ )	0.01 (0.01)	0.012* (0.01)	0.011 (0.01)	-0.005 (0.01)
Soviet Intervention	-0.022 (0.02)	-0.017 (0.02)	-0.006 (0.01)	0 (0.00)
Soviet Intervention ( $t - 1$ )	0.036* (0.02)	0.037* (0.02)	0 (0.01)	-0.002 (0.00)
Soviet Intervention ( $t - 2$ )	-0.024 (0.02)	-0.019 (0.02)	-0.004 (0.02)	0.001 (0.00)
Observations	4191	4191	3561	3561
R-squared	0.974	0.074	0.999	0.521
Number of en	128	128	153	153

Note: Fixed effects OLS regressions in all columns, with country dummies and robust standard errors clustered by countries in parenthesis. Base sample is unbalanced panel from 1947 ( $t - 1 = 1946$ ,  $t - 2 = 1945$ ) to 1989.

Significance:

\*\*  $p < 0.05$ .

\*  $p < 0.1$ .

\*\*\*  $p < 0.01$ .

our core specifications since they may potentially be driven by government type. The results for US interventions are essentially unchanged.

Table 7 explores whether any of the four modernization controls are driven by interventions. Both interventions along with two lags are included, along with two lags of the dependent variable and a complete set of year and country fixed effects. Neither US or Soviet interventions is ever significant at the 5% level.

In addition to all these checks, we tested whether the effect of interventions may differ across time and continents. We found no evidence that the effect of interventions varies across decades and they are almost unrelated to the identity of the president of the US or the Soviet general secretary.<sup>13</sup> Across regions, American interventions in the Americas, appear to have stronger negative effects on democracy than interventions in other continents. There is no continent effect evident in Soviet interventions. All these results are available upon request.

## 7. Conclusion

In this paper we have demonstrated that superpower interventions in the domestic politics of other countries during the Cold War had substantial adverse consequences for democracy in the intervened countries. Discriminating between the democratic superpower and the totalitarian one, we find only the interventions of the first to be statistically significant and robust. The longer the interventions last, the stronger the negative effects of the intervention. However, once the intervention ends, the effects dissipate quite rapidly. In the post Cold War period, previously intervened countries are no more authoritarian than ones which did not suffer such an intervention.

How far can one extrapolate from the history of the Cold War to interventions justified by the war on terror? We have no rigorous empirical basis on which to calibrate the relevance of the past to the present, but to the extent that commonalities exist some qualified conclusions can be made. To the extent that US leaders continue to share the Cold War world view that repressing anti-US groups overseas enhances security, the US government has incentives to install leaders who have powerful incentives to repress anti-US groups in their countries.

It is clear that under these conditions our findings offer a negative short-term prognosis for democracy in intervened countries. On a positive note, however, once the foreign-supported government falls or loses its external backers, the prognosis for democracy will soon be no different than it would have been had no intervention occurred.

## Appendix A. Supplementary material

Supplementary data associated with this article can be found, in the online version, at <http://dx.doi.org/10.1016/j.jce.2013.01.004>.

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<sup>13</sup> Only interventions under Jimmy Carter can be statistically distinguished from the average intervention.

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