

Coup d'état and International Trade

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Do coups against democracies reduce international trade? Several researchers provide theoretical explanations which support this idea. The threat of war can disrupt trade, even if conflict does not occur (Long 2008). Political instability can lead to currency crises that make trade more difficult and costly (Leblang 2004). Expected government dysfunction can lead to decreased trade (Anderson 2002).

What structural differences exist between democracies that exhibit a strong decrease in trade after a coup and those which do not? Dissimilarity in government policy and economic strength contribute to the diverse outcomes experienced by different countries. I analyze several variables to determine which attributes best explain the variety of trade outcomes experienced by overthrown democracies.

Theoretical Foundations

In his paper, “Bilateral Trade in the Shadow of Armed Conflict”, Andrew Long details the relationship between the threat of war and decreases in international trade (Long 2008). Long argues that expectations of future war result in decreased international trade, even if the expected conflict never occurs. Coups could act as a signal of future conflict and instability, so following Long’s logic, international trade should be negatively impacted.

Long argues that conflict both directly and indirectly affects trade. The direct costs of conflict include damage to infrastructure, business assets, private property, and human capital. Trade policy instability and currency inconvertibility add indirect costs to trade. Because of conflict, government institutions are sometimes less able and willing to enforce contracts or respect the rights of businesses. James Anderson shows in his paper, “Insecurity and the Pattern of Trade: An Empirical Investigation”, that among the top ten barriers to international trade are tax regulations, corruption, inadequate infrastructure, crime and theft, uncertainty of cost of regulations, policy instability, and regulations on foreign trade (Anderson 2002). These barriers could be severely strengthened by a coup that imposes an autocratic regime on a democracy.

While Long’s paper discusses interstate and civil conflict, and my paper studies coups, the lessons learned by Long are applicable to my findings. Conflict does not actually need to occur to harm trade, Long finds, as long as people expect that there could be conflict or business disruption. Although I am studying coups against democracies and not civil wars, I expect that the threat to stability from coups provokes similar reactions from government, businesspeople, and investors.

Coups frequently precede civil wars and other coups, and typically signal dissatisfaction with the government or the economy. Any businessperson looking to buy, sell, or trade products in a democracy that experiences a coup does not know if a war or countercoup will follow. They do not know if the new government will appropriate goods, impose higher tariffs, or refuse to guarantee contracts. They might suspect that importing and exporting will take extra time due to government disruption, or that they will be unable to buy enough of the country’s currency to

complete the transaction. The transition from democracy to some form of autocracy may worry businesspeople. Any rational firm should respond by taking steps to maximize expected profits. Exporters will raise prices to insure against indirect costs imposed by the coup. Doing business in a democracy that undergoes a coup becomes much more risky, so in order to maximize profits, importing businesses will also decide to raise prices to compensate for lost goods and increased transaction and transportation costs (Long 2008). Some firms may redirect business to a less risky and costly market. The law of demand in economics states that when the price of a good increases, the quantity demanded of that good decreases. Even if consumer preferences remain the same during coups, trade should decrease because higher risk increases prices of foreign firms' goods.

Consumer preferences likely do not remain the same. Unfortunately, consumer-level data for coup-prone countries is very poor, so I cannot say with any certainty whether savings rates or consumer goods preferences change during coups. Long suggests that consumers will purchase less in times of conflict, or even expected conflict. Consumers in unstable situations may care more about life's necessities than luxuries, or save more of their income in case of further crisis. Consumers may also be afraid that their country's transition away from democracy will disrupt their earnings or ability to consume. Whatever the motivations, it seems likely that consumers will spend less during coups because of expectations about future conflict. This also reduces the volume of international trade.

Long's framework predicts that coups will harm international trade. Direct costs should be minimal as coups typically involve minimal damage to property and life. Indirect costs probably contribute more than direct costs to decreased trade.

Research design

I compiled a list of coup candidates against democracies. I defined a democracy using Penn State's Autocratic Regime data by Barbara Geddes, Joseph Wright, and Erica Frantz, which classifies regimes each year by government type. I eliminated any regime which is not classified as democratic, which omitted regimes which came to power through any means other than free, fair, and competitive elections. Also eliminated were regimes which gained power democratically, but then assumed unconstitutional powers or interfered with subsequent elections (Geddes 2014).

I cross-referenced the remaining regimes with Powell and Thyne's coup dataset from "Global Instances of Coups from 1950-Present". Powell and Thyne define successful coups as "illegal and overt attempts by the military or other elites within the state apparatus to unseat the sitting executive" where "the perpetrators control power for at least seven days" (Powell 2011). Civil wars and coups are defined separately, so direct costs such as battle deaths and destroyed infrastructure are unlikely to influence my coup candidates.

I omitted several coups because they were either too recent, meaning future data is not yet collected, or the state did not exist long enough before or after the coup to collect relevant data. I did not exclude any candidates from the list because of unreliable or nonexistent data, but several of the tests I ran in the structural explanations section required me to omit a few candidates only for that test. I investigated each coup on Keesing's World News Archive to

ensure data reliability, and two coups that occurred before Powell and Thyne's dataset, but fit their coding rules, were added to the list. The forty-one coup candidates are listed in Figure 1 with the country name and date of the coup.

Figure 1

Coup Candidates listed by Country Name and Coup Date		
Argentina 3/24/1976	Honduras 10/3/1963	Peru 7/18/1962
Brazil 4/1/1964	Honduras 12/4/1972	Peru 10/3/1968
Burundi 7/25/1996	South Korea 5/16/1961	Sierra Leone 3/23/1967
Cent. African Rep. 3/15/2003	Myanmar 9/26/1958	Sierra Leone 5/25/1997
Chile 9/11/1973	Myanmar 3/2/1962	Somalia 10/21/1969
Cuba 3/10/1952	Niger 1/27/1996	Sudan 6/30/1989
Dominican Rep. 9/25/1963	Nigeria 1/16/1966	Thailand 10/6/1976
Ecuador 7/11/1963	Nigeria 12/31/1983	Thailand 2/23/1991
Ghana 1/13/1972	Pakistan 10/12/1999	Thailand 9/19/2006
Ghana 12/31/1981	Panama 11/20/1949	Turkey 9/10/1980
Greece 4/21/1967	Panama 10/12/1968	Uganda 2/22/1996
Guatemala 6/29/1954	Peru 10/27/1948	Uruguay 2/10/1973
Haiti 5/10/1950	Sudan 11/17/1958	Venezuela 11/23/1948
Haiti 9/30/1991	Sudan 5/25/1969	

Results

Trade grows more slowly on average during coups against democracies than it normally does in these countries. In some cases trade shrank during the coup, but in most cases the rate of growth of trade slowed significantly during the year of the coup and the following year. World trade grew rapidly during the last century, so dramatic political events are necessary to cause an actual decrease in trade volume.

I calculated a natural average rate of growth for trade for each country included on the candidates list. This number measures the average growth rate of imports plus exports from ten years before each coup until two years before the coup. International trade data was collected from the "Trade Data set (v3.0)" in the Correlates of War project (Barbieri 2012). I used this method to estimate the general trends of trade growth before the coups take place. Discarding five countries which did not exist as a state ten years prior to their coups, I found that trade grew on average by 14.67% annually. I chose to measure the coup's effect on trade by measuring how trade grew from two years before the year of the coup to two years after the year of the coup. I refer to this time period as the coup window. Using this window allows me to capture most of the effects of the coup. During this time, the trade grew in the candidate countries by an average of 9.70%. Trade growth clearly slows during the period of coups compared to the years before.

Within this coup window, there is substantial variation. On average, trade grew by only 5.85% from the year before the coup to the year of the coup. Comparing trade between the year of the coup, which I call X, and the year after, X+1, shows that trade growth typically picks up again shortly after, with a growth rate back up to 10.61%. Exports tend to grow more slowly than imports during the coup window. Most of the countries that I examine have trade deficits, so this

may not be explained by the coup, but could be associated with poor economic management, which breeds political instability. I present my overall results in Figure 2.

Figure 2

Years Analyzed	Average Annual Trade Growth Percentage
X-10 to X-2	14.67%
X-2 to X+2	9.70%
X-1 to X	5.85%
X to X+1	10.61%

Trade growth rates, X represents the year a coup occurred, X-1 represents the year before a coup, X+1 the year after

When coups occur in democracies, international trade suffers. I will provide some theories which explain why this could be the case, then analyze what structural differences between countries tend to explain their varied results.

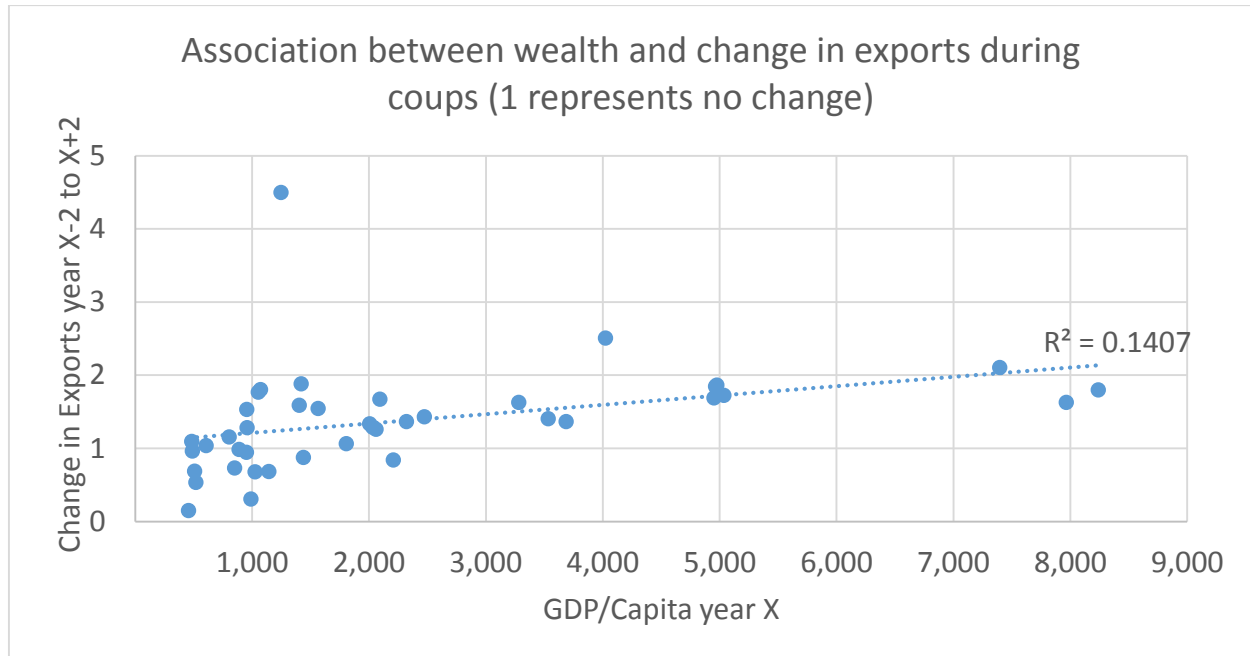
Structural Explanations

Substantial differences exist between the countries represented by the coup candidates. GDP per capita is much higher in some countries than in others. Some countries protect their industries while others favor free trade. A few countries experience currency crises. Certain countries export large quantities of one product, while other countries export a wide range of products. I examine each of these structural differences and consider how they help to explain my results. This analysis provides a foundation to predict how international trade will react to future coups in democracies.

GDP per Capita

Wealth, measured by GDP per capita during the year of the coup, is positively associated with international trade growth during coups against democracies. I compared import and export volumes from year X-2 to volumes from year X+2, the same coup window mentioned earlier. I plotted the association between the change in trade volumes and wealth for each coup candidate. Richer countries clearly tend to perform better, as export and import volumes tend to grow faster throughout the coup window. I found that changes in exports are better explained by differences in wealth than changes in imports. Among countries which exhibit decreased trade volumes after a coup, most are very poor countries with under \$1500 GDP per capita. Historical GDP data was retrieved from the Maddison Project (Bolt 2013). I present my results in Figures 3 and 4.

Figure 3



careful study. My findings, based on the World Bank's data and definitions, are presented in Figure 5. There are small definitional discrepancies because the World Bank periodically changes its definitions, but the trends described are accurate.

Figure 5

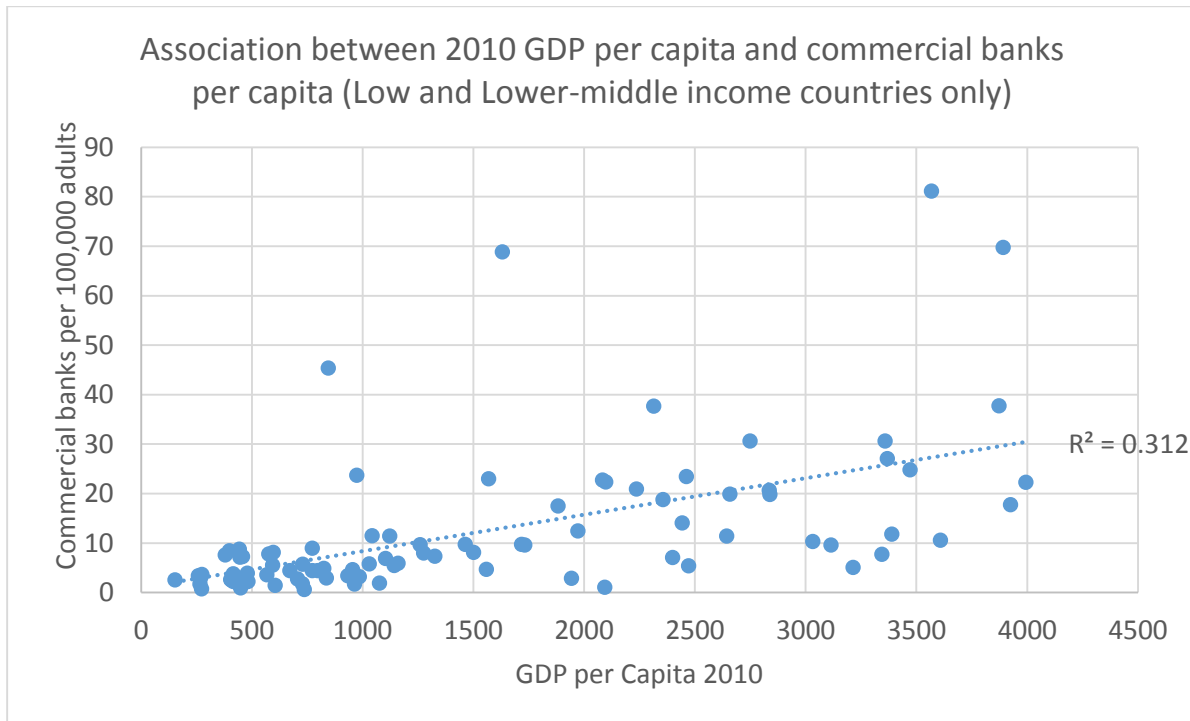
Income Classification	Definition	10 year trade growth
Low income	<\$1045 per person	111%
Lower middle income	\$1046-\$4125 per person	142%
Upper middle income	\$4126-\$12745 per person	132%
High income: nonOECD	>\$12746 per person	96%
High income: OECD	>\$12746 per person	39%

These figures indicate that from 2000-2009, trade grew fastest in lower-middle income countries, but also very quickly in low income and upper-middle income countries. Perhaps part of my claim that wealth is positively associated with better trade results post-coup can simply be explained by this trend. While trade growth rates in high income countries are low, there are no coup candidates in high income countries. There is a clearly positive trend between income and trade growth rates when we only look at low income and middle income countries, which are the countries included in the coup candidates list.

Infrastructure

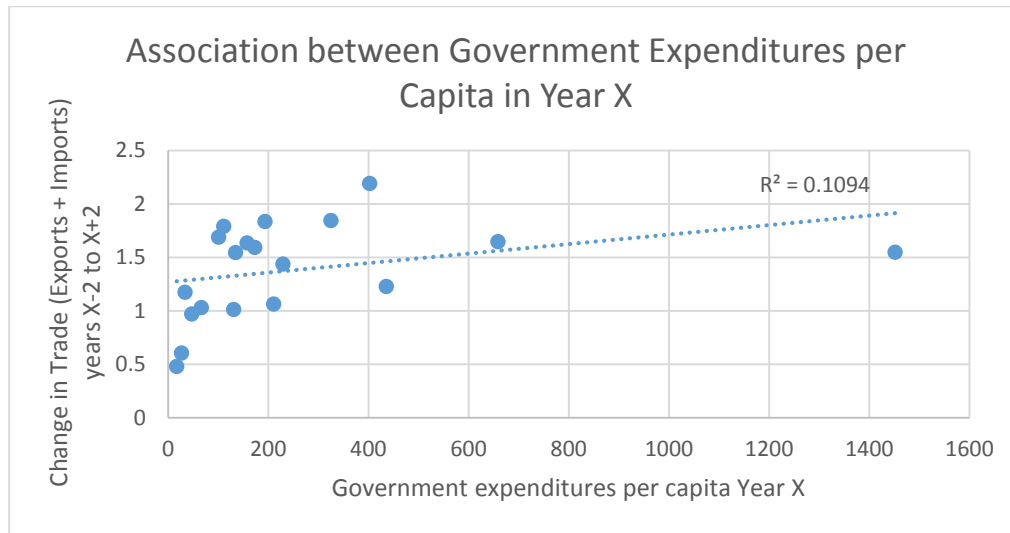
As I discussed in the theoretical foundations section, banking stability, especially during times of crisis, keeps currencies, businesses, and trade from failing. Wealthier countries have more mature financial sectors, and should be better able to withstand political failures like coups. Figure 6 shows the strong relationship between wealth and the number of banks per capita. I only included low and lower-middle income countries as classified by the World Bank because most coups occurred in these types of countries. OECD countries, where coups do not take place, severely skewed the results. This data confirms that increased wealth, especially the first few thousand dollars per capita, is strongly associated with more banks (World Bank 2014). A more mature banking infrastructure should ease transactions during times of crisis and ensure that capital continues to flow to businesses who need it. The existence of better banking systems in wealthier countries likely explains part of richer countries' better trade outcomes after coups.

Figure 6



Government spending per capita, highly dependent on GDP per capita, is a good predictor of my candidates' trade performance during the coup window. To measure the effect of government spending per capita, I used the World Bank's data for General Government Final Consumption Expenditures, which measures government spending on goods and services (World Bank 2014). This excludes spending on transfer payments, which would not accurately reflect government spending on infrastructure, which encourages international trade to continue growing during coups. I divided government consumption expenditures by the population of each candidate country at the time of the coup, and measured spending per capita against the total change in trade during the coup window. About half of my candidates did not have sufficient spending data, which presents selection issues. Methodological issues aside, the remaining candidates shown a clear positive association between government spending per capita and trade performance. These results are shown in Figure 7.

Figure 7



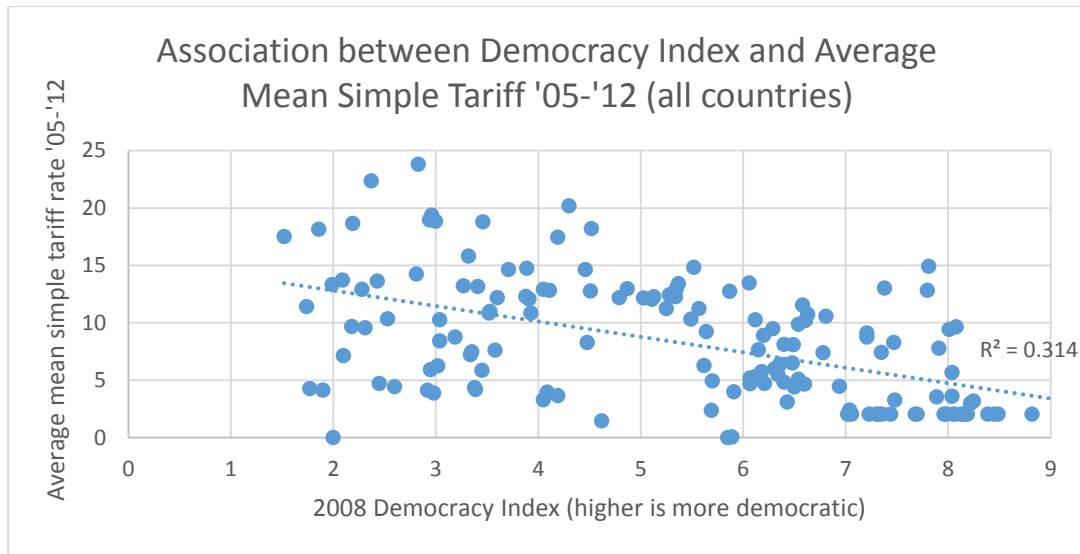
As I discussed in the Theoretical Foundations section, James Anderson provides several leading barriers to international trade. Many of these barriers, such as corruption, inadequate infrastructure, crime and theft, and uncertainty of cost of regulations should be alleviated by increased government consumption spending (Anderson 2002).

Tariffs

Explicitly anti-trade government policy may partially explain why coups frequently negatively impact trade. Since the time of Kant, democracy and liberal trade policy have been associated. To test this idea, I plotted The Economist's Democracy Index against tariff rates (The Economist 2008). Because tariff data is extremely spotty, I averaged the World Bank's data for each country's tariff rate, simple mean, all products, from 2005 to 2012. Most countries did not have good data, especially poorer countries, so averaging the tariff rates allows for holes in the data without substantially skewing the outcome. While I would prefer to use a weighted average tariff, the data, especially for poor countries, is not available. I chose to use the 2008 Democracy Index because the figures were released in the middle of my window for tariff rates. My results are displayed in Figure 8. There is a very clear association between low tariff rates and high scores on the Democracy Index.

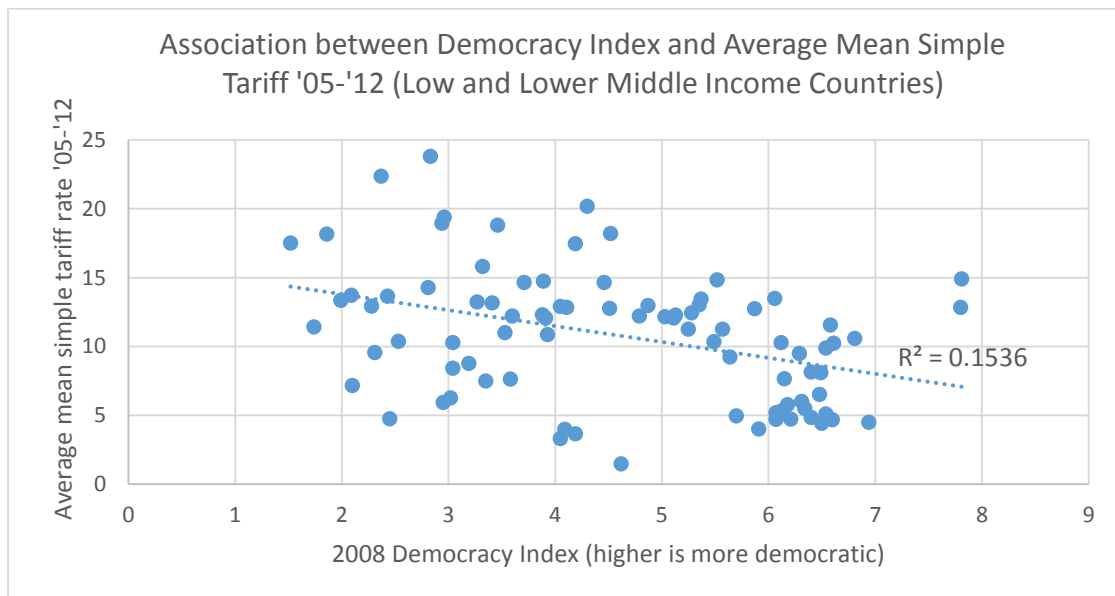
We could reasonably expect that when a coup succeeds against a democratic government, and it transitions to non-democracy, tariff rates will increase and trade will reduce. This follows the trend shown in Figure 8. Counterexamples, such as Argentina in 1976 and Chile in 1973 exist, where right-wing military dictatorships pursued more open-market policies. The type of regime which replaces the democracy via coup likely predicts tariff rates. Unfortunately, tariff data is not complete enough to say with confidence whether or not trade policy really changes drastically overnight. Researchers typically annualize tariff data, and country-years with policy instability, such as from a coup, are omitted for reliability's sake. A more detailed approach requiring a review of each candidate country's trade policy history would be required to more confidently establish causality, but many countries simply do not have the necessary data available, and it is beyond the scope of this paper to create a new tariff dataset.

Figure 8



Rich country bias presents another problem with these findings. I only care about the association between democracy and tariffs in relatively poor countries because these are typically the countries that experience coups. Figure 9 plots the same variables against each other, except I omitted any country that had a GDP per capita of less than \$4125, leaving only low and lower-middle income countries. The association is still strong, although somewhat less pronounced than in Figure 8. Even among poor countries, there remains an association between democracy and tariff rates.

Figure 9



It is still difficult to say with confidence, however, that a coup against a democracy will result in higher tariff rates. I do not know if democracy causes low tariffs, or if trade

opportunities encourage democratization, or whether outside factors such as WTO membership pressures countries into lowering tariffs as they develop. Despite my misgivings over data reliability and the research design flaws that result from these weaknesses, I can say with certainty that better democracies typically have lower tariffs, even among poor countries. It seems likely that coups against democracies cause tariff rates to rise, on average. Among other government policies, increased tariff rates discourage international trade and result in lower volumes of trade. Part of the association between coups against democracies and decreased international trade can possibly be explained by formal barriers to trade like tariffs.

Currency Crises

David Leblang and Shanker Satyanath's paper, "Institutions, Expectations, and Currency Crises", shows that political economic factors such as government turnover increase the likelihood of currency crises (Leblang 2004). Government turnover does not necessarily mean an illegal transition of power in their context, but Long claims that currency inconvertibility crises, such as those described by Leblang and Satyanath's paper, contribute to decreased trade (Long 2008). I examined my candidates to see if currency crises explain a portion of the decrease in trade experienced by democracies during coups.

I looked at a three-year window around each coup candidate, the year of the coup, the year before, and the year after. Using Carmen Reinhart and Kenneth Rogoff's dataset of financial crises, I found that eight of the coup candidates experienced a currency crisis during at least one of the three years around the coup (Reinhart 2010). The dataset provided data for only seventy countries, so several of the countries represented in my candidates list were not represented in the dataset.

I found that on average, trade actually grew much faster in the countries that experienced a currency crisis, contrary to the negative relationship that I expected to find. These results, however, should be taken in context. The cases of currency crises during coups occurred in Argentina, Brazil, Chile, Ghana, South Korea, Peru, Turkey, and Uruguay. The mean GDP per capita in these countries in the year of their respective coups is \$3850, well above the mean of \$2337 of all of my candidates. As I already established, wealthier countries tend to perform much better when measuring for changes in trade volume, so much of this unexpected result can be explained by the wealth differences already discussed. Another issue arises from the missing countries in Reinhart and Rogoff's dataset. The candidates whose countries were not included on the dataset, Burundi, Haiti, Myanmar, Niger, Sierra Leone, Somalia, Sudan, and Uganda, are very poor and volatile countries. The data likely was not collected because reliable statistics are impossible to find for these countries. The missing data presents a sufficiently large issue that I cannot consider my results to be significant.

Despite the difficulty in measuring the effect of currency crises on my candidates, I can draw some important conclusions from what I found. My results show that currency crises do not necessarily cause decreases in trade. The countries I examined, though few in number and biased in selection, experienced rapid trade growth during currency crises and coups. Thus, there is no causal effect between currency crises and trade decreases. Although I cannot conclude anything about the general trend between all currency crises and changes in trade, the candidates in my list do not exhibit the expected behavior, leading me to conclude that the decrease in trade associated with coups against democracies is mostly explained by other factors than currency shock. Per

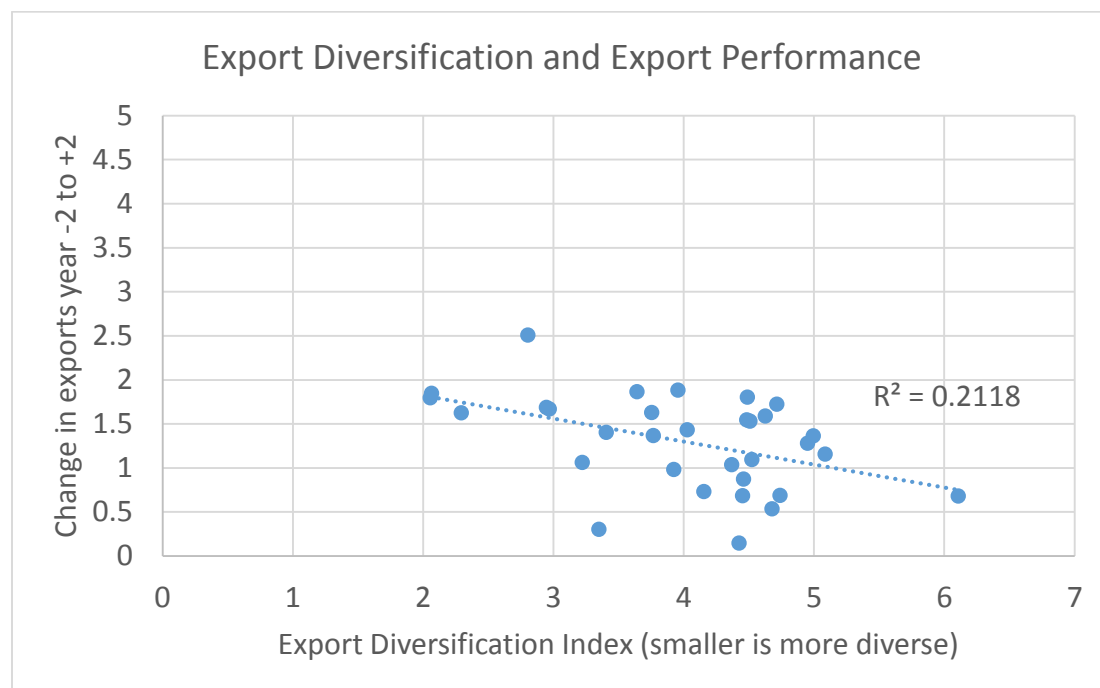
capita income and trade policy provide much more evidence to support their associations with trade decreases.

Export Diversification

The diversification of export products may decrease a coup's negative effects on trade. Autocratic governments are probably more likely to expropriate primary products like rare metals and crude oil than industrial products like tables or services like accounting. Governments in the developing world, where most of my candidates exist, frequently nationalize oil and mining companies, and changes in government could seriously affect their ability to operate and export. Due to government cronyism and corruption, political allies often gain positions in government, especially in such lucrative sectors as nationalized oil and mining companies.

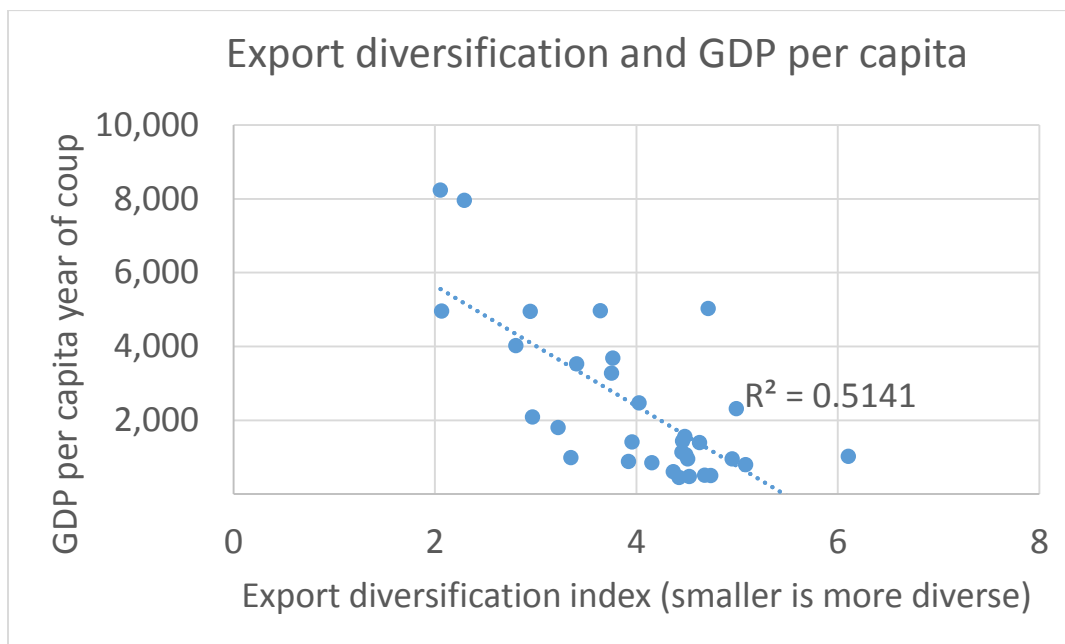
I examined the International Monetary Fund's Export Diversification and Quality Databases (IMF 2014), which provide an export diversification index, where a larger number indicates less export diversity. For example, Nigeria's index is higher than the United States' because Nigeria's oil industry accounts for a large portion of its exports, whereas no single industry accounts for a large portion of exports from the US. The index begins in 1962, so I examined each of my candidates that fit the dataset's time window. I measured the association between the change in exports from two years before the coup to two years after the coup against the export diversification index and discovered that a positive association exists between more diverse exports and higher export performance during a coup. I present these results in Figure 10.

Figure 10



The obvious caveat of this approach is that GDP per capita, already shown to be positively correlated with export performance, is also strongly associated with export diversification. This association is shown in Figure 11. Wealthier countries tend to export a more diverse assortment of products. This trend can be explained by export diversification leading to stability and faster growth, and by richer countries being able to invest capital into more industries.

Figure 11



While export diversification and GDP per capita seem to be strongly associated, that does not mean that export diversification does not matter on its own. Export diversification is one of the mechanisms that allows more wealthy countries to have better trade performance. I tried to control for income by examining eight candidates whose GDP per capita fell between \$800 and \$1200. I found no meaningful association using these eight candidates, but that does not mean that wealth explains everything. Further research should use more advanced methods to control for income to see if there is an association between export diversification and export performance during coups against democracies.

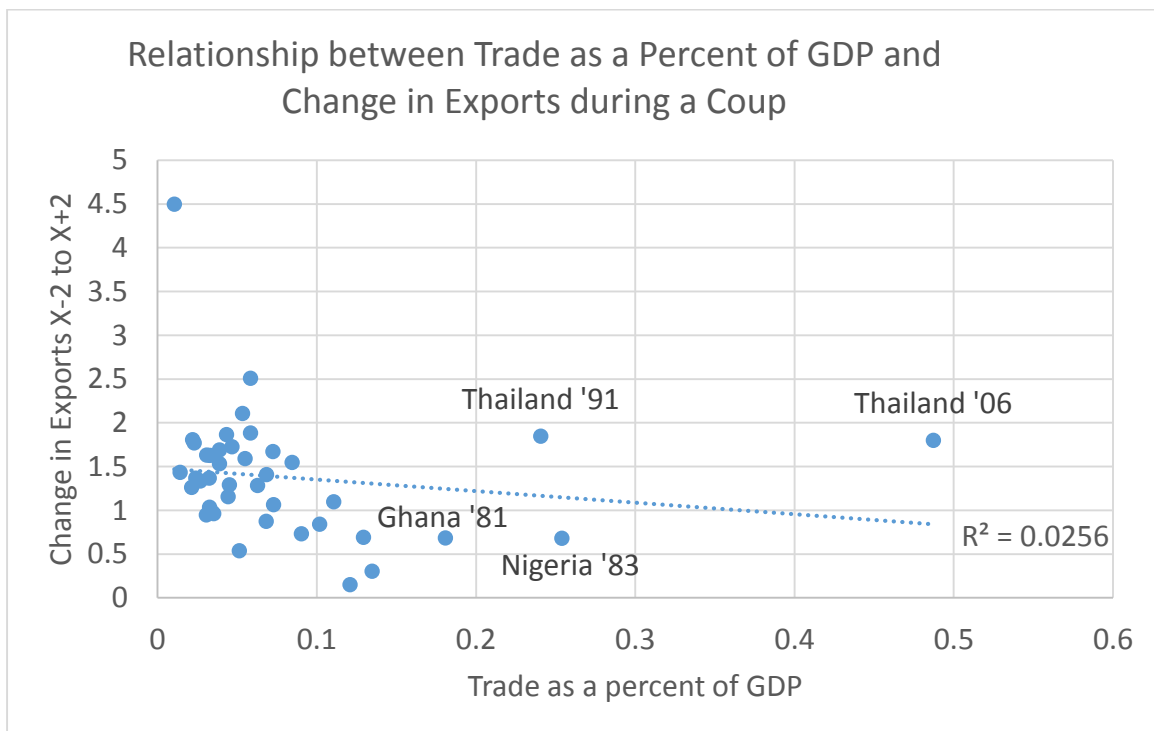
Trade dependence

I tested each candidate to determine if a country's dependence on international trade relates to its trade performance during coups. To do this, I plotted trade as a percent of GDP against the change in exports and imports from two years before the coup to two years after (World Bank 2014). I also plotted the total amount imported and exported against their change from two years before the coup to two years after to see if the size of the trade market mattered.

I expected to find that as trade's portion of GDP increased, trade performance during coups would suffer. I also expected that larger volumes of trade would be associated with better import performance, as foreign firms would be more reliant on the large country's business to maintain revenues.

I found essentially no trend between any of the variables that I measured, but some of the findings still help to inform other structural differences which I have discussed. While I found that in general, there was no association between trade as a percent of GDP and the change in exports or imports, I did find that some of the outliers deserve further study. I found that among the four candidates whose trade as a percent of GDP was above 15%, two performed very poorly when measuring the change in exports over the coup window, while two performed very well. These countries are labeled in Figure 12. I studied each candidate to determine what might account for the vast differences in export performance despite all candidates exhibiting high trade reliance.

Figure 12



In the candidate, Ghana 1981, Flight Lieutenant Jerry Rawlings, a previous ruler of Ghana, returned to overthrow the democratic government of President Hilla Limann to head up the Provisional National Defence Council. Ghana's trade as a percent of GDP in 1981 was about 18%, while exports two years after the coup were only about 69% of the quantity two years before the coup. About 98% of Ghana's exports in 1981 were either agricultural products, food, or fuels and mining products. According to Patricia Aidam and Kwabena Anaman's paper, "Export Earnings Instability and Investment in Ghana, 1981 to 2011", falling fuel prices and a severe drought hampered Ghanaian exports during the early 1980s (Aidam 2014). Primary product reliance caused a severe decrease in exports when production capability fell. They also mention that Ghana's currency was overvalued, which causes exports to decrease because goods become more expensive to foreign consumers. Keesing's World News Archive suggests that economic mismanagement due to government corruption and turnover contributed to the fall in exports (Keesings 1982). Ghana's experience in 1981 highlights how primary product reliance and economic mismanagement contribute to poor export performance.

In Nigeria, 1983, international trade was about a quarter of the size of GDP. Two years after the coup, exports had fallen to 68% of their value of two years before the coup. Fuels and mining products, mostly oil, accounted for about 96% of Nigeria's exports in 1984. Crude oil's price in 1981 was nearly three times higher than it was five years later (EIA 2014), and the oil shock seems largely responsible for Nigeria's flagging export performance during the coup window. Currency overvaluation also harmed Nigeria's exports and contributed to the decrease in trade (Keesings 1984).

The two highly trade-reliant candidates which exhibited the greatest export growth during their respective coups were Thailand, 1991 and 2006. Both of these candidates have much higher income per capita than either Ghana or Nigeria. Thailand's exports were highly diversified during both coups, and exports grew by about 80% during the coup window in both cases (Barbieri 2012). Thailand's major financial crisis occurred during the Asian financial crisis of 1997, but did not play a leading role in either coup. In both of these cases, stable macroeconomic policy and highly diversified exports allowed exports to rapidly grow despite political upheaval. The two underperformers were both in Africa during a terrible famine and oil shock, and Ghana and Nigeria were both highly reliant on their agriculture and oil industries. Thailand's diverse exports protected against price shocks. According to the IMF's export diversification index, Ghana and Nigeria score 4.45 and 6.1 in their respective years. Thailand scores a 2.06 in 1991 and 2.05 in 2006, indicating much more export diversification than either African country (IMF 2014).

There is an element of bad luck, as Ghana and Nigeria experienced drastic price decreases in their export commodities. Poor economic management also plays a role, however, as primary product reliance and currency overvaluation led to export collapses. Many researchers explore the links between primary product reliance and government corruption, instability, and incompetence. Trade as a percent of GDP does not seem to matter very much when measuring trade performance during coups. The diversity of products and types of products traded lead to different outcomes, as I showed in the case studies above.

Research Issues

Several potential issues threaten the validity of my findings. First, most of my analysis relies on annual data. I examined the coup window as two years before the year of the coup to two years after, but some coups occurred in January, others in December. The coup window does not always proportionally fit around the actual date of the coup. All of the data I use is annualized, so examining the year after a coup does not make sense if you try to compare two coups, one in January and one in December. The coup in January might affect that year's data, while the one in late December would only affect next year's. Fortunately, there does not seem to be an overall trend between time of year and frequency of coups, which would distort all of my analysis. I found that on average, the coup candidates I used occurred 53% of the way through the year, so any effects should be somewhat nullified.

Time poses another major concern. The overall structure of world trade and global governance has drastically changed in the past sixty years. The Cold War ended, international trade sharply rose, and entirely new industries emerged. It does not necessarily make sense to compare Peru's trade in 1948 and Thailand's in 2006. Different industries likely respond to coups in different ways, so time surely explains some of the differences observed. In most

countries, income per capita greatly increased over the past half-century, so analysis depending on GDP per capita might be biased by differences in time between coup candidates.

Other research design and statistical issues weaken the precision of my results, but the solutions are beyond the scope of this paper. Despite its flaws, my paper offers evidence to support reasonable and testable hypotheses for why a negative relationship exists between coups against democracies and international trade. I hope that more advanced methodology will be applied in the future to confirm the evidence shown in this paper.

Conclusion

Other researchers may want to explore related topics touched on in this paper. More complete research could study how the type of coup, bloodless or bloody, affects trade outcomes. The type of autocratic regime which replaces the democracy might affect trade outcomes as well. These autocratic regimes are classified by Geddes, Wright, and Frantz as either military, personal, party-military, military-personal, or indirect military (Geddes 2014). Another project could examine how trade performance varies between coups against democracies and coups against autocracies. Detailed trade data could be used to determine whether countries change trade partners or product types when their government is overthrown. While my paper is not an authoritative volume on coups and international trade, it gives an overview of the theories and evidence on the subject.

Coups against democracies tend to decrease international trade growth rates. The severity of this decrease is strongly associated with the wealth of the country. Wealthier countries tend to have more stable financial systems. Higher levels of government spending per capita greatly influence trade performance, as the transportation and bureaucratic infrastructure necessary for trade is better funded. Richer countries typically export a wider variety of products, which results in more stable trade flows during crises.

Currency crises did not cause large decreases in trade, at least among the candidates I examined. Trade dependence did not seem to matter, except when candidate countries exported a low variety of products.

Rational expectations cause producers and consumers to respond to coups by decreasing trade. Government instability contributes to this trend by increasing transaction costs. Various measures of economic development, such as wealth, diversification, and spending, are highly associated with better trade performance during coups. The information provided in this paper should be a starting point for more detailed research into the topic of coups and trade, and the evidence presented should inform policymakers and businesspeople alike.

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