Diverting Domestic Turmoil

Ashani Amarasinghe*

May 2020

Abstract

When faced with intense domestic turmoil, governments may strategically engage in foreign interactions to divert the public's attention away from pressing domestic issues. I test this hypothesis for a globally representative sample of 195 countries, at the monthly level, over the years 1997-2017. Using textual data on media–reported events retrieved from the GDELT database, I find robust evidence that governments resort to diversionary tactics in times of domestic turmoil and that such diversion takes the form of verbally aggressive foreign interactions, typically targeted at 'weak' countries and countries closely linked along religious, linguistic and geographic dimensions. Strategically important trade partners are unlikely to be victimized. These findings suggest that diversionary foreign policy is, in fact, systematically practised by governments as a strategic tool, and that such diversion is exercised in a manner that may not lead to large scale costs or risks of retaliation.

Keywords: Diversionary foreign policy, domestic turmoil, football, connectivity.
JEL classification: F51, H77

---

*Department of Economics, Monash University; email: ashani.amarasinghe@monash.edu. I thank Paul Raschky for detailed conversations that greatly assisted in shaping this paper. I also thank Sascha Becker, Giovanni Caggiano, Gabriele Gratton, Roland Hodler, Sisira Jayasuriya, Claudio Labanca, Federico Masera, Laura Panza, Laura Puzzello, Eik Swee, Haishan Yuan, Yves Zenou, as well as seminar participants at Monash University and the Oz Virtual Econ Research Seminar for helpful comments and suggestions. I gratefully acknowledge support of the Australian Government through its Research Training Program Scholarship.

1 Introduction

During periods of domestic turmoil, it is in the interest of country leaders to divert the attention of the population away from pressing domestic issues. 'Diversionary foreign policy' is a manipulative tool used for this purpose, where governments engage in interactions with foreign entities in a manner that distracts the domestic population (Oakes, 2006; Bennet and Nordstrom, 2000; Fearon, 1998; Ostrom and Job, 1986). Such diversion is expected to lead towards increased support for the government, as citizens rally around their common national identity (Sobek, 2007).

The Falklands War of 1982 provides an ideal example in this regard. Argentina's military *junta* at the time was faced with severe domestic turmoil due to prolonged economic stagnation and accusations of human rights violations. To divert domestic attention, the regime exercised military power to 'reclaim' the disputed territories of the Falkland Islands and South Georgia. The subsequent war lasted 74 days, and allowed reprieve for the Argentinian military *junta* to stabilize the tumultuous situation at home (Femenia, 1996). In the United States (US), the 1998 airstrikes against suspected terrorist sites in Sudan and Afghanistan occurred at the height of the Monica Lewinsky scandal, with Bill Clinton at high risk of impeachment. The airstrikes led to a temporary rise in presidential approval ratings, although he was eventually impeached.[1] More recently, there have been signals that diverting the attention of the domestic population can even take a more subtle, verbal form, which involves lower costs and risks compared to violent inter-state conflict. For example, in the few years that Donald Trump has been in office as president of the US, his use of social media has been widely seen as serving the purpose of distraction in the face of unfavourable domestic conditions.[2]

[1] See, for example, *Washington Post*, "A dirty business," July 25, 1999.

[2] Famously, his somewhat surprising tweet mulling the purchase of the autonomous Danish territory Greenland came merely days after the US bond market yield curve inverted amid significant concerns of economic slowdown. The tweet led to major diplomatic tensions between the US and Denmark, including a cancellation of a scheduled presidential visit, thereby diverting the attention of the domestic population. See, for example, *The Independent*, "Trump lashes out after economic gloom deepens, as he jokes about trading Puerto Rico for Greenland", August 22, 2019. See also, *The Atlantic*, "Trump's attention-diversion tweet cycle goes international," November 30, 2017, *Financial Times*, "Donald Trump's tweets are weapons of mass distraction," September 26, 2017, and *The Guardian*, "Out of control? Or is Trump's tweeting designed to distract?," March 5, 2017.

Apart from such anecdotal evidence, a large literature within the broad domain of political economy documents multiple facets of the concept of diversionary foreign policy. This literature builds on the early work by Simmel (1955) and Coser (1956), who identify conflict as an essential element of group formation. The underlying premise is that conflict with an out-group leads to the strengthening of in-group awareness and unity. Such increase in unity and the consequent boost in popularity serve as motivators for leaders to embark on foreign conflict (Sobek, 2007; Pickering and Kisangani, 1998). In doing so, leaders may choose from substitutable policy alternatives that range from extreme cooperation to extreme aggression, based on the costs and benefits involved (Bennet and Nordstrom, 2000).

My paper extends this literature on diversionary foreign policy by providing, to the best of my knowledge, the first causal estimates of the systematic use of diversionary foreign interactions, not necessarily limited to violent inter-state conflict, by governments across the world. Specifically, I combine textual data on domestic turmoil and governments' foreign interactions, with 'exogenous' sentiment shocks in the form of football losses, for 195 countries, at the monthly level, over the years 1997-2017, to examine whether governments are more likely to engage in diversionary foreign interactions when domestic turmoil is high.

In the absence of a consistent measure capturing public sentiment towards governments, I first construct a novel quantitative *monthly* index of domestic turmoil, DT, by combining textual data on actual physical events from media articles retrieved from the Global Database of Event, Language and Tone (GDELT), with the conflict-cooperation scale introduced by Goldstein (1992).[3] This index acts as the main explanatory variable of my study. Next, I derive the key outcome variables, which are quantitative measures of the cooperative/aggressive foreign interactions initiated by governments, at varying degrees of intensity. Accordingly, I consider four types of foreign interactions that governments engage in i.e., verbal cooperation, material cooperation, verbal conflict and material conflict.

[3]The Goldstein scale assigns a score ranging from –10 to +10 to each event category, based on the theoretical potential impact a particular event type can have on the political stability of a country. A positive (negative) score identifies the particular event category as theoretically strengthening (weakening) the country's political stability.

I incorporate country×year fixed effects to control for any unobserved factors that affect a particular country in a given year, as well as time-invariant country-specific features. Moreover, I include month-of-the-year fixed effects to capture any seasonal variations that simultaneously affect domestic turmoil and governments' foreign interactions.

Despite the fine temporal granularity of the data and the comprehensive set of fixed effects, the empirical estimation of the relationship between domestic turmoil and diversionary foreign policy is threatened by potential endogeneity concerns due to joint determination and reverse causality. Therefore, to causally infer the relationship, I use an IV strategy that leverages on the broad public sentiment shocks resulting from unpredictable outcomes of sporting events. Specifically, I focus on international football 'losses' experienced by a country, against closely ranked teams, as an exogenous shock that affects the level of public sentiment.

In the first part of the analysis I show that, at this fine temporal resolution, international football losses are a formidable shock that increases domestic turmoil faced by governments. Next, using the exogenous variation derived from such 'close' football losses, I provide causal evidence that domestic turmoil leads to an increase in governments' foreign interactions classified as 'verbal' conflict. More specifically, I find that a one standard deviation increase in domestic turmoil leads to, on average, a 9% increase in foreign interactions classified as verbal conflicts. I argue that such increase in verbal conflict is caused by domestic turmoil and that it provides evidence of governments diverting the public's attention away from domestic issues by engaging in verbally aggressive interactions with foreign countries. Engaging in verbal aggression, as opposed to material aggression, suggests that diversionary foreign policy is favoured by governments as a low-risk, low-cost policy option to manage domestic turmoil. This result is robust across a range of alternative specifications. I further find that the effect is more prominent for anocratic countries and those with low levels of development.

In the next step, I investigate whether leaders make a conscious decision on which countries should be targeted for such verbal aggression. Using dyadic data on a multitude of inter-state connectivity measures, as well as country–specific characteristics of the

targets, I show that target selection depends on both the target's own features and the degree of connectivity between countries. Specifically, governments are more likely to direct their verbal aggression at 'weak' countries, as defined by low levels of national capability, military expenditure and population, while strategically important trading partners are unlikely to be victimized. These findings further reiterate that diversionary tactics are only applied by governments in a manner that does not lead to significant economic costs or risks of retaliation. Moreover, I find that verbal aggression is also typically directed countries closely linked along religious, linguistic and geographic dimensions, suggesting that leaders also pay attention to cultural similarities and minimized heterogeneity in preferences when choosing their targets.

This paper primarily contributes to the vast literature in political economy that seeks to establish empirical evidence of diversionary strategies in governments' foreign policy agendas. Much of the existing work rely on traditional indicators of domestic turmoil, such as economic performance, as proxied by the rate of inflation or output, or government/leader approval ratings and electoral cycles, and/or a dichotomous indicator of inter-state military force (Sobek, 2007; DeRouen, Jr., 2000; Morgan and Anderson, 1999; Leeds and Davis, 1997; Meernik and Waterman, 1996; Miller, 1995; Ostrom and Job, 1986). Mitchell and Prins (2004) find that democracies have the most opportunities to divert public's attention, while Pickering and Kisangani (2010) find that diversion occurs across autocracies as well. Related, but taking a slightly different perspective, Djourelova ad Durante (2020) and Durante and Zhuravaskaya (2018) find that governments strategically time unpopular actions when the media and the public are likely to be distracted by other important events. This literature is mainly US-centric,[4] and provides inconclusive empirical evidence on diversionary foreign interactions taking place in a systematic manner (Chiozza and Goemans, 2003; Leeds and Davis, 1997; Meernik and Waterman, 1996).

My paper contributes to this niche literature in multiple ways. First, I introduce a novel measure of domestic turmoil that goes beyond traditional indicators used in the ex-

[4] A few notable exceptions are Morgan and Anderson (1999) focusing on the United Kingdom; Nicholls, Huth and Appel (2010) focusing on Japan; and Sobek (2007) focusing on renaissance Italy.

isting literature. The imperfect suitability of these traditional variables, such as the rate of inflation or the unemployment rate, to measure domestic turmoil, and their coarse level of aggregation, may have hindered existing studies from understanding the true causal relationship between domestic turmoil and governments' foreign interactions. Second, I use a broad set of outcome variables that captures the cooperative/aggressive nature of foreign interactions at varying degrees of intensity, instead of the traditional dichotomous outcome variable on inter-state war. This allows me to flexibly acknowledge the substitutable nature of the policy alternatives governments are faced with, and to provide systematic evidence that diversionary foreign policy takes the subtle form of verbal aggression as opposed to purely violent international conflict. Moreover, I add to the current knowledge of diversionary foreign policy on target selection (Spolaore and Wacziarg, 2016; Jung, 2014; Fordham 2005; Sprecher and DeRouen Jr., 2005) by examining whether governments systematically choose victims, based on a multitude of relationship networks between countries. To the best of my knowledge, this paper is the first to provide a holistic picture of the causal evidence surrounding the systematic use of diversionary foreign policy by governments across the world.

My work also contributes to a burgeoning strand of the literature that uses text-as-data to quantify societal aspects that were previously often overlooked due to data limitations. This literature focuses on quantifying sentiment both at a spatially disaggregated level, for example using social media networks data (Mitts, 2019; Barbera and Zeitzoff, 2017), and at a more aggregate level, using text data from newspaper articles to predict economic and political uncertainty (Benoit, Munger and Spirling, 2019; Shapiro, Sudhof and Wilson, 2019; Vegard and Thorsrud, 2019; Mueller and Rauh, 2018; Baker, Bloom and Davis, 2016). Bybee et al. (2020), who measure the state of the economy via textual analysis of business news, show that such text-based inputs accurately track a wide range of economic activity measures, and perform better than standard measures when forecasting macroeconomic outcomes. I contribute to this literature by developing, to my knowledge, the first quantitative monthly indicator of the prevailing level of public sentiment targeting governments, which I define as 'domestic turmoil'.

Finally, through the identification strategy, this paper relates to the literature linking outcomes of sports events to people's sentiments. Ge (2018) and Card and Dahl (2011) link emotions following sporting events outcomes to taxi passengers' tipping behaviour and family violence, respectively. At a more aggregate level, Edmans, García and Norli (2007) show that soccer losses lead to a significant reduction in stock returns, while Depetris-Chauvin, Durante and Campante (2020) find that Africans are more likely to associate themselves with the national identity than their ethnic identity following a win by the national football team. My work advances this literature by providing new empirical evidence that the effects of sports outcomes on public sentiments have broad implications that materialize in the form of domestic turmoil targeting the government.

This paper is organized as follows. I discuss the data and key variables in Section 2. Section 3 provides the empirical framework along with the baseline results and mechanisms. In Section 4, I explore whether countries systematically choose the targets of diversion. Section 5 concludes.

2 Data

The unit of measurement of this study is a country-month. The final data set combines numerous novel indicators to explore the relationship between domestic turmoil and governments' foreign interactions, at the monthly level, for 195 countries, over the years 1997-2017.

2.1 Data on domestic turmoil and governments' foreign interactions

The dearth of data sources quantifying a society's behavioural aspects at fine spatial and temporal resolutions has led to their under-representation in the policy discourse. However, with the advent of machine learning algorithms and the increased focus on using text-as-data, many avenues enabling such quantification have opened up.

In this study, I focus on quantifying two such societal aspects, i.e. domestic tur-

moil targeting governments and governments' interactions with foreign entities. For this purpose, I use data from GDELT, which is a real time open data global graph of the human society, analyzed using the news media (Leetaru and Schrodt, 2013).[5] The GDELT project monitors print, broadcast, and web news media in over 100 languages across every country in the world, and is updated every 15 minutes, thereby tracking breaking developments across the world. After being translated to English, natural language processing algorithms are used to extract over 300 categories of physical activities based on CAMEO event codes (Gerner, Schrodt and Yilmaz, 2009), and approximately 60 attributes for each event.

The events reported belong to a wide spectrum of event types, ranging from 'make a public statement' to 'appeal', 'demand', 'threaten', and 'engage in unconventional mass violence'[6]. Each event consists of two actors – 'target' and 'source'. Locations of the actors, and the location of the event itself, are reported. Events are classified under four different 'quad' classes – verbal cooperation, material cooperation, verbal conflict and material conflict. Each event is also assigned a related numeric score on the Goldstein scale (Goldstein, 1992), which is a quantitative measure of the theoretical impact a particular event type poses on the political stability of a country. This database is, therefore, a massive (containing approximately 120 million events over the sample period) and intricate dataset of all media-reported events across the world, with the ability to capture both their observed and unobserved characteristics.

2.1.1 Quantifying domestic turmoil

The public's perception of their governments is arguably a controversial societal aspect to quantify. In an ideal setting, a quantification may be derived by recording such perceptions of a random sample of citizens over a long period of time, at consistent temporal intervals. Indeed, in most globally recognized household surveys such as the World Values Survey (WVS) and the Afrobarometer survey (for Africa), respondents express their

[5] https://www.gdeltproject.org. Accessed using Google BigQuery in June 2018. Scripts are available on request.

[6] A summary list of CAMEO event types and their associated Goldstein scores are available in Table A.1.

views on government performance. However, these survey outcomes are only recorded for particular years and are not available consistently for each spatial and temporal unit over a considerable period.

In the absence of such an ideal data set, I attempt to generate a reasonably representative quantification of people's sentiments, using revealed preferences that materialize in the form of actual physical events (worthy of being) reported by the media. For this purpose, I carefully sort through the entirety of events reported by the GDELT database, using the following process.

First, I identify all 'domestic' events that occurred in a country over the sample period. For an event to be classified as 'domestic', I require that the locations of the source, the target and the incident itself, be within the same country. Next, I extract all domestic events where the target actor was the government. From this data set, I preserve events that were reported in at least three media reports.[7] Once aggregated at the country-year-month level, this exercise results in a data set of all domestic events targeted at the government, which occurred in a given country in a given month of a given year.

Next, to extract a quantification of domestic turmoil, I leverage on the Goldstein score (Goldstein, 1992) reported by GDELT for each event type. The Goldstein scale captures the theoretical potential impact posed by each event type, on the stability of a country. The numeric score takes in to consideration the inherent intensity of conflict and/or cooperation in these different event types.[8] On the Goldstein scale, each event type is assigned a score on a range of –10 (extreme conflict) to 10 (extreme cooperation). Since the objective of this study is to quantify domestic turmoil, which is a reflection of the public's *negative* sentiments towards their governments, my focus is primarily on events that receive a negative score on the Goldstein scale.

Accordingly, for each time period, I obtain the number of events targeting the government, which scored less than a threshold value of -5 on the Goldstein score,[9] to estimate

[7]Such filtering is important to address potential media bias in the data. Preserving only the set of events reported in at least three media sources provides corroboration of the occurrence of an event. It establishes confidence that the event was not artificially made prominent by a single media outlet pursuing a particular political agenda.

[8]More details are available in Appendix A.

[9]By using a threshold of –5 and below in the baseline specification, I exclude events with scores

an index of domestic turmoil using equation (1) below.

$$DT_{iymG\leq -5} = \frac{Dom_{iymG\leq -5}}{Dom_{iym-10\leq G\leq 10}} \tag{1}$$

where $Dom_{iymG\leq -5}$ refers to the number of domestic events targeting the government, recording a maximum Goldstein value of -5, and $Dom_{iym-10\leq G\leq 10}$ refers to the total number of domestic events targeting the government, on the full spectrum of the Goldstein scale (-10 $\leq$ G $\leq$ 10). Accordingly, $DT_{iymG\leq -5}$ is a standardized indicator of domestic turmoil, which captures people's resentment towards their government by quantifying events attached with a negative sentiment score relative to all events targeted at the government.

Figure A.1 graphically illustrates the distribution of DT in a sample of countries. I observe that in countries such as the US, Canada, UK and Australia, DT generally ranges between 0.2 – 0.6 (on a scale of 0 – 1). The index varies moderately in Europe and Asia, but displays a very high level of volatility in Latin American and African countries, sometimes reaching 1 – the maximum possible value – signalling high levels of resentment towards governments. In the Middle-East, Syria exhibits high levels of DT, but in the United Arab Emirates (UAE) the index lies mostly at the lower end of the spectrum, sometimes even reaching zero, signalling extremely low levels of domestic turmoil. A variety of within-country factors, ranging from a country's level of political institutions to cultural norms and media behaviour, could explain the levels and variation of DT in different countries and need to be appropriately addressed in the design of the empirical identification strategy. Despite these factors, what Figure A.1 explicitly reveals is that there is a relatively large variation in the raw DT index both within and between countries.

near zero, which could be perceived as being more 'neutral' instead of 'negative', and hence not truly representative of 'domestic turmoil'. The results are robust to alternative thresholds, as indicated in Table B.5.

2.1.2 Relationship between DT and existing measures of public sentiment

In order to be confidently applied as a quantified indicator of domestic turmoil, it is necessary to confirm that this novel indicator does in fact accurately capture people's sentiments towards their government. To ascertain this fact, I conduct two exercises aimed and detecting whether the novel index of domestic turmoil introduced in this paper is reasonably representative of existing (imperfect) measures of public sentiment.

First, in Figure A.2, I graphically illustrate, for the US, the relationships between the DT index and other popular proxies of public sentiment.[10] In Panel (a), I observe that, as expected, the DT index displays a strong positive relationship with the US presidential disapproval rate (β=*0.323, p=0.00*). This high level of positive correlation signifies that DT is able to accurately capture the public's resentment towards the government. Panels (b) and (c) illustrate the relationship between DT and the US Consumer Price Index (CPI) and the unemployment rate, respectively. Both relationships are positive and statistically significant.[11] The statistical significance of these correlations suggest that economic hardships are indeed related to the public's discontent with the government. However, the weak economic significance of the relationship, as signalled by the low β coefficients, suggests that domestic turmoil is a broader concept that transcends economic boundaries, and that economic indicators, applied in isolation, are not ideal tools to gauge its intensity.

Second, I explore the validity of the DT index within a broader multi-country context. For this purpose, I generate a survey-based indicator of people's sentiments towards their governments, using data from waves 3–6 of the WVS (covering 92 countries) and waves 1–6 of the Afrobarometer survey (covering 35 African countries), which overlay with the sample period of this study. Since the survey data is available on an annual basis, this comparison is conducted at the country-year level of aggregation.

To capture people's confidence in their governments in the WVS, I use the question,

[10] In this first step, I specifically focus on the US is due data limitations. Data on presidential approval ratings was obtained form the American Presidency Project. Data on Consumer Price Index (CPI) and unemployment rate were sourced from the Federal reserve Bank of St. Louis. All data are at the monthly level.

[11] For Panel (b), β= *0.002, p=0.00* and for Panel (c), β= *0.010, p=0.00*.

'How much confidence do you have in the government?' This question yields a set of hedonic answers, which may be 'a great deal', 'quite a lot', 'not very much' or 'none at all'. Since my objective is to identify people's negative sentiments towards their governments, I construct an indicator variable equal to 1 if the respondent replied 'not very much' or 'none at all', and 0 otherwise. After summing up over a given country in a given year, I standardize this measure by expressing it as a proportion of the total number of respondents.

In the Afrobarometer survey, I use the question, 'Do you approve or disapprove of the way the following people have performed their jobs over the past twelve months, or haven't you heard enough about them to say: President' to quantify people's sentiment. As with the WVS, this question also yields a set of hedonic answers (i.e., 'strongly disapprove', 'disapprove', 'approve', or 'strongly approve'). I assign a binary variable equal to 1 if the respondent answered 'strongly disapprove' or 'disapprove', and 0 otherwise. Finally, I sum up over a country and a year, and express this sum as a proportion of the total number of respondents.

Table A.2 presents the correlations between the DT index and the measures developed using survey responses. Consistent with the survey data, these correlations are reported at the country-year level. Columns (1) and (2) use the responses from the WVS, while Columns (3) and (4) use the responses from the Afrobarometer survey. Results indicate that the survey indicators are indeed positively and statistically significantly correlated with the DT index, and hold when controlling for year fixed effects (Columns (2) and (4)). These results highlight that the DT index proposed in this paper is representative of the existing measures of public sentiment towards their governments. Accordingly, in the absence of comprehensive and consistent global data that quantifies domestic turmoil at a very fine level of temporal granularity, this index can be confidently applied for academic and policy making purposes.

2.1.3 Quantifying governments' foreign interactions

To generate a quantified measure of the nature of governments' foreign interactions, I again take a step-wise approach, similar to that outlined above. Here, I first extract activities where the source is a country's government. Next, based on the location of the target, I identify foreign interactions initiated by a country's government. I then preserve only those events appearing in at least three media reports.

GDELT, using its natural language processing algorithms, classifies all events under four primary 'quad classes' as per the CAMEO taxonomy: Verbal Cooperation (quad class 1), Material Cooperation (quad class 2), Verbal Conflict (quad class 3), and Material Conflict (quad class 4).[12] I use this classification to quantify the nature of government interactions. Accordingly, I calculate a measure of the nature of governments' foreign interactions by taking the counts under each quad class, and expressing them as a fraction of the total number of foreign interactions initiated by the government, as indicated in equation (2).

$$FP_{iymQ} = \frac{Foreign_{iymQ}}{Foreign_{iym}} \tag{2}$$

where $Foreign_{iymQ}$ refers to the number of foreign interactions initiated by the government belonging to the quad class Q, and $Foreign_{iym}$ refers to the *total* number of foreign interactions initiated by the government.

2.2 Football data

I use the *outcomes* of men's international association football (soccer) matches as an exogenous shock that affects domestic turmoil. Data on football matches and their outcomes were retrieved from the official website of the International Federation of Association Football (FIFA) as well as the six regional confederations associated with FIFA: the Asian Football Confederation (AFC); Confederation of African Football (CAF); Union of European Football Associations (UEFA); Confederation of North, Central American and

[12] More details on event categorization are available in Appendix A.

Caribbean Association Football (CONCACAF); Oceania Football Confederation (OFC); and South American Football Confederation (CONMEBOL). I collect data on approximately 16,000 football matches played over the period 1997–2017, including information on the date, location, opponent, scores and outcome (win, loss, draw or penalty) of each match.

By definition, an international football match involves two opposing countries. Since the unit of analysis is at the country-month level, I assign each match to both participating countries, and the match outcome is also assigned accordingly. More specifically, a match *event* is assigned to both opposing countries of a single match, while the *outcome* is assigned to the relevant countries as a *win* and a *loss*. A match with no definitive outcome is assigned as a *draw* for both countries. In the data, approximately 77% of the matches recorded a definitive outcome while 23% of the matches ended in a draw.

Next, inspired by Edmans, García and Norli (2007), I identify 'close' matches using the annual performance ratings of the two opponents. The relevant annual ratings for the sample period were extracted from World Football Elo Ratings.[13] I consider a match as *close* if the rating differential between opponents is less than 150 points.[14]

Finally, I define binary and count variables to capture both the occurrence of a football match and their outcomes. My preferred variables are count variables, as they are able to more effectively capture the intensity and variation of the effects of football outcomes on domestic turmoil, at this fine level of temporal resolution. Accordingly, $Football\ Match_{iym}$ is a count variable of the 'close' football matches played by country i in month m of year y. $Football\ Win_{iym}$, $Football\ Loss_{iym}$ and $Football\ Draw_{iym}$ are count variables that capture outcomes of such 'close' matches (i.e. wins, losses and draws, respectively), for country i in month m of year y.

Table 1 provides descriptive statistics for the key variables.

[13] www.eloratings.net. Web scraping scripts available on request.

[14] The rating differential between the top five teams over the sample period is approximately 110 points, while the rating difference between the top ten teams is 190. Based on these estimates, I use a rating difference of 150 points between opposing teams to define a match as a 'close' match. I also show robustness to multiple alternative rating differences. Edmans, García and Norli (2007) use a rating differential of 125 points, and observe that at a date reasonably near to their exercise, (i.e. 31 October 2005), the rating difference between the top-ranked country and the country ranked tenth is 122 points.

[Table 1 about here]

2.3 Other variables

I use a range of variables to identify the heterogenous effects of diversionary foreign policy. First, I use data from the Polity IV project (Marshall, Gurr and Jaggers, 2019) to generate time-invariant binary indicators that classify countries as democracies, autocracies and anocracies. Countries with an average polity score ≥ 6 ($\leq$ -6) over the sample period are identified as democracies (autocracies). A country with a score between 5 and -5 is classified as an anocracy.

Next, to examine the role of a country's development in the tendency to exercise diversionary foreign policy, I use World Bank data on country income classifications (Fantom and Serajuddin, 2016). I generate a time-invariant binary indicator $Income_i$, which equals 1 if the country was classified as a high or upper middle income country in at least one year of the sample, and assumes a value of zero otherwise. Additionally, I consider the heterogeneous effects of diversionary foreign policy using the Human Development Index (HDI),[15] where I calculate a time-invariant binary indicator that equals 1 for countries that recorded an average HDI of above 0.5 over the sample period (on a scale of 0–1). Moreover, to examine heterogeneity in governments' foreign interactions during election periods, I source global data on elections from the Constituency-Level Elections Archive (CLEA).

2.4 Connectivity measures

Data on historical conflict and trade between countries, as well as on individual country features such as population, national capability and military expenditure, were obtained from the Correlates of War Project (Barbieri and Keshk, 2016).

I obtain data from the the GeoDist database to identify the geodesic distance between two countries, and whether they belong to the same continent, or share a common lan-

[15] HDI is a quantitative measure capturing three key areas of human development, estimated annually for each country using life expectancy at birth, average years of schooling and per capita Gross National Income.

guage/common colonizer. Additionally, I use data on genetic distance between countries as estimated by Spolaore and Wacziarg (2016), as well as data on linguistic and religious distance as provided by Spolaore and Wacziarg (2016), who in turn rely on estimations by Fearon (2003) and Mecham, Fearon and Laitin (2006), respectively. To incorporate these distance measures in to the analysis, I convert the time-invariant genetic, linguistic, religious and geodesic distance measures to binary indicators based on the median distance value.

3 Empirical framework

3.1 Baseline specification

To estimate the effect of domestic turmoil on governments' foreign policy, I use the following econometric specification.

$$FP_{iym} = \alpha DT_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_{m}} + \epsilon_{iym} \tag{3}$$

Here, i, y and m refer to country, year and month, respectively. The dependent variable FP_{iym} is the number of foreign policy interactions belonging to the different quad classes, expressed as a fraction of the total number of foreign policy interactions in the period.[16] The independent variable DT_{iym} is the index of domestic turmoil faced by the government in the given period. This index expresses the number of domestic events targeting the government that record a Goldstein score of -5 or below, as a fraction of the total number of domestic events targeted at the government.[17] $\mathbf{FE_{iy}}$ is a vector of country $\times$ year fixed effects, which accounts for time-variant unobservables affecting a given country in a given year, as well as time-invariant country characteristics. $\mathbf{FE_{m}}$ is a vector of month–of–the–year fixed effects, and accounts for unobserved seasonal variation.

The coefficient of interest, α, is the estimated effect of domestic turmoil on the governments' foreign interactions. Since governments are faced with a series of substitutable

[16] Q_1 = verbal cooperation, Q_2 = material cooperation, Q_3 =verbal conflict, Q_4 = material conflict

[17] The results are robust across alternative thresholds of the Goldstein score.

foreign policy interactions ranging from extreme cooperation to extreme aggression (as represented by the four quad classes in the data), α captures the governments' propensity to choose a particular type of such substitutable action, over the alternatives. Accordingly, if $\alpha > 0$ (< 0) for a given quad class, this indicates that when domestic turmoil is high, governments are more (less) likely to choose foreign interactions belonging to this particular class.

Despite the fine temporal granularity and the large set of fixed effects, the possibility of reverse causality and joint determination threaten the precise estimation and causal interpretation of α. To address this concern, I use an IV approach, where the first–stage is defined as follows.

$$DT_{iym} = \beta SL_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_{m}} + \epsilon_{iym} \tag{4}$$

In the first–stage, I focus on outcomes of sporting events, particularly football losses, as *exogenous* shocks that affect the level of domestic turmoil. The IV, SL_{iym}, is a count variable of the football losses recorded by a country in a given month of a given year. The coefficient β captures the effect of football losses on domestic turmoil, and at the outset, I expect $\beta > 0$, indicating that a football loss would lead to increased domestic turmoil.

For the instrument to be relevant, it is key that football outcomes have a direct and significant impact on people's sentiments. Football is, by a large margin, the world's most popular sport (Nielsen, 2018).[18] Throughout history, there is ample anecdotal evidence of this widespread interest in football influencing public sentiment, leading to important events that have shaped societies. Perhaps the most important example comes from the 1954 FIFA World Cup Final, famously known as the 'miracle of Bern', where West Germany beat the heavily favoured Hungarian team. For Germans, this win and the consequent euphoria led to the re-ignition of national pride and the creation of a collective identity (Foster, 2003), as well as the regaining of lost international recognition. Conversely for Hungarians, the loss led to widespread national discontent targeted at the

[18] 43% of the respondents surveyed by Nielsen (equivalent to 736 million people), in geographies covering North and South America, Europe, Middle East and Asia, reported football as their most popular sport, with basketball recording the second place with 36% of the votes (equivalent to 626 million people).

communist-authoritarian regime in the run-up to the 1956 Hungarian Revolution.[19] Another example comes from the football war of 1969, where tensions between fans of El Salvador and Honduras following a FIFA World Cup qualifier led to the breakout of war between the two countries. More recently, Iraq's win of the AFC Asian Cup in 2007 is widely believed to have unified the country despite many domestic political issues ranging from ethnic factionalism to invasion by the US military.[20] [21]

Complementing such anecdotal evidence is a growing body of literature which suggests that sports outcomes, and in particular, football outcomes, do drive people's sentiments in a manner that leads to substantive changes in their behavior. For instance, Edmans, García and Norli (2007) find evidence of a significant decline in stock market performance following soccer losses. Card and Dahl (2011) find that emotional cues related to football losses affect reported events of family violence, while Ge (2018) shows that sports outcomes affect the tipping behaviour of taxi commuters. More relevant to my work, Depetris-Chauvín, Durante and Campante (2020) find that football wins lead to the emergence of the national identity, overriding ethnic identity, in the context of Africa. My empirical strategy is complementary to theirs, focusing on the negative shock to public sentiment following football *losses*, instead of the positive effect following football *wins*.

One potential concern on the relevance of the IV could be that football may not be the most popular sport in certain countries, and therefore the effect of a football loss on public sentiment may vary between countries. Considering the high and increasing popularity of football across the globe, this seems a minute concern. Even in countries such as India, where cricket is predominantly the most popular sport, interest in football has risen considerably.[22] Nevertheless, the use of a comprehensive set of country$\times$ year fixed effects, in all estimates, enables me to capture both time-variant and time-invariant country-specific features in football popularity, thereby addressing any such concerns.

[19] See, for example, www.thehardtackle.com, "The miracle of Bern: A game that changed Germany and Hungary forever," October 11, 2012.

[20] www.reuters.com, "Iraq's Asian Cup win transcends sports," July 30, 2007.

[21] Related, but in a different sport, South Africa's win at the 1995 Rugby World Cup is cited as the 'game that made the nation' (Carlin, 2008), uniting a heavily fragmented nation just recovering from the end of apartheid.

[22] Nielsen (2018) records that the popularity of football in India increased from 30% in 2013 to 45% in 2017.

Another potential threat to the strength and relevance of the IV arises if the outcome of the match can be predicted ahead of time. For instance, where an extremely strong team plays against an extremely weak team, the public may have a fairly confident and accurate expectation of the outcome. It is, however, more difficult to predict the outcome correctly in matches played against teams exhibiting similar levels of performance. To maintain the relevance of the IV, and inspired by Edmans, García and Norli (2007), I focus on 'close' football losses, i.e. losses in matches played between teams exhibiting a similar level of performance. Accordingly, I identify close football losses using data on football performance ratings of national teams from Eloratings.com. For each match, I calculate the rating differential between opposing teams, and for the purpose of this study, define a match as 'close' if the rating differential in the contemporary year is less than 150 points.[23]

With respect to the instrument's validity, the identification strategy rests on the assumption that sports outcomes affect governments' foreign interactions (FP_{iym}) only through domestic turmoil (DT_{iym}). I implement numerous measures to mitigate the risk that the exclusion restriction is violated. First, I include a comprehensive set of country $\times$ year fixed effects in equation (4), which absorbs all time-invariant characteristics at the country level, as well as any time-variant factors that might simultaneously drive sports outcomes and domestic turmoil. Accordingly, any unobservables that are specific to a country, such as the propensity for selective reporting, media ethics, changes in socio-economic factors that affect people's attitude towards their governments, are captured by this set of country $\times$ year fixed effects. Moreover, any seasonal variations in DT_{iym} are captured by the vector of month fixed effects.

Second, I disentangle the effects of the match *outcome* from the effects of the *timing* of the match, which is critical for maintaining the validity of the exclusion restriction. The specific dates of football matches are typically predetermined by football authorities, and this information is commonly available to the general public. A threat to the exclusion restriction would arise if, knowing that the public is likely to be distracted by the sports,

[23]I also show robustness across alternative rating differential windows in Table B.7.

governments strategically manipulate such predetermined timings to engage in unpopular foreign interactions, leading to sporting events having a direct effect on FP. Moreover, in an extreme situation, governments' foreign interactions could also lead to the cancellation of existing matches or planning of new matches, which would then raise a concern of reverse causality. Therefore, to maintain the validity of the IV, I it is important to exploit the purely *exogenous* variation in domestic turmoil attributable to the unpredictable occurrence of the $football\ loss$ (SL_{iym}), conditional on the $football\ match$ (SM_{iym}) effect. To account for this distinction, I revise the first–stage specification in equation (4) as below.

$$DT_{iym} = \beta SL_{iym} + \gamma SM_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_{m}} + \epsilon_{iym} \tag{5}$$

where SL_{iym} and SM_{iym} refer to $football\ loss$ and $football\ match$, respectively. The coefficient of interest β captures the direct effect of SL_{iym} on domestic turmoil, conditional on SM_{iym}.

To maintain consistency between the first and second–stages, I also revise the second–stage specification, by incorporating SM_{iym}.

$$FP_{iym} = \alpha DT_{iym} + \gamma SM_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_{m}} + \epsilon_{iym} \tag{6}$$

Finally, I address the concern that a further threat to the exclusion restriction arises if sports outcomes directly influence governments to systematically interact with countries against whom football matches were played over the period. To account for this possibility therefore, I conduct a test of robustness in Table B.2, where I exclude all foreign interactions of governments directed at football opponents.

By virtue of the IV strategy implemented, these estimates represent the local average treatment effect (LATE), i.e. the average effect for observations complying with the instrument (Imbens and Angrist, 1994). Accordingly, compliers in this context are country-month observations that recorded an increase in DT following a football loss. The estimates are not driven by country-months where football losses had no effect on

domestic turmoil. Football outcomes may have very particular effects on domestic turmoil and these effects may vary systematically from other potential sentiment shocks, and this caveat should be borne in mind when drawing general conclusions using these estimates.

3.2 Baseline results

[Table 2 about here]

I begin by reporting the ordinary least squares (OLS) estimates of equation (6), which are presented in Panel A of Table 2. Here, the four categories of governments' foreign interactions are the dependent variables–verbal cooperation (Columns 1 and 2), material cooperation (Columns 3 and 4), verbal conflict (Columns 5 and 6) and material conflict (Columns 7 and 8). For each dependent variable I report two specifications with different sets of fixed effects. In Columns 1, 3, 5 and 7, I include country and year fixed effects separately. My preferred specifications appear in Columns 2, 4, 6 and 8, where I impose the more stringent set of country×year fixed effects. Domestic turmoil is negatively correlated with verbal cooperation (Columns 1 and 2). The positive correlation between domestic turmoil and material cooperation in Column 3 disappears when country×year fixed effects are included (Column 4). In Columns 5–8, I observe a positive correlation between domestic turmoil and foreign interactions classified as verbal and material conflict.

In Panel B, I present the reduced form estimates. Observe that football losses have a positive and statistically significant effect on verbal conflict in international relations, and this relationship holds when controlling for country× year fixed effects.

First–stage estimates of equation (5) are presented in Panel D. I observe a strong positive relationship between football losses and domestic turmoil. In my preferred specification which includes country×year fixed effects, the first-stage Kleibergen-Paap F-statistic for the excluded instrument is 11.10, making it unlikely that the estimates are biased by weak instruments.

The second–stage estimates of equation (6) are provided in Panel C of Table 2. In the second–stage, I observe that, consistent with the reduced form estimates, domestic turmoil causes governments to engage in verbal conflict at the international front, and this result

holds once country× year fixed effects are included as well. The coefficient of interest is 0.3021, which indicates that a one standard deviation increase in domestic turmoil leads to a 9% increase in verbal conflict. I do not observe any statistically significant effects for other types of foreign interactions.

These findings yield interesting insights on the use of diversionary tactics by governments. First, they provide strong evidence that diversionary foreign interactions occur systematically across the world, as represented by the 195 countries in the sample, during periods of domestic turmoil. Additionally, the results suggest that, out of the substitutable policy alternatives available to them, policy makers favor the use of aggression as a diversionary tool, instead of cooperative strategies. Moreover, diversion as a strategic tool is mostly practiced in a subtle 'verbally' aggressive manner that involves lower costs and risks, compared to the more intense forms of aggression.

3.3 Robustness checks

I now discuss a number of robustness checks, which are included in Appendix B.

3.3.1 Accounting for the total number of reported events

Next, I return to the baseline estimates. One concern when using data derived from news media is that the total universe of news varies over time and that this variation should be appropriately considered in the empirical estimates. This concern is more relevant in situations where an analysis depends on the 'number of articles' in news media. For example, Baker et al. (2016), who consider the number newspaper articles containing certain key words, standardize the number of articles to account for such variations in the universe of newspaper articles. My approach differs slightly, since my focus is on the number of *actual physical events* that occurred, instead of the number of *news articles* where such events were reported. Even if an event was reported by multiple news articles, it would be considered as a single event within my analysis. As such, my outcome and explanatory variables are subsamples of the universe of total physical events that occurred in reality.

It could, nevertheless, be argued that variations in the universe of news leads to selection bias in reporting actual physical events. Although this is a minute concern in the age of digital news media (which, unlike physical newspapers or television/radio broadcasts, are not constrained by the number of pages or air time, respectively), I address this concern in a number of ways.

First, the explanatory and outcome variable in my analysis are standardized using the total number of events targeting the government and the total number of foreign actions initiated by governments, respectively, in the given period. This standardization accordingly accounts for a majority of the variation in the news universe over time. Second, by incorporating a comprehensive set of country×year fixed effects, I absorb specific media attributes, such as reporting bias, reporting capacity and tendency for selective reporting, relevant to a particular country in a given year. Third, by considering only those events reported in at least three media reports, I focus on 'important' physical events, again accounting for potential concerns of media bias.

Finally, to further address this concern, in Table B.1 I conduct a robustness check controlling for the total number of events reported in a country in a given month of a given year. Results indicate that the baseline estimates do not change drastically, both in terms of magnitude and statistical significance.

3.3.2 Government interactions with football opponents

A potential threat to the exclusion strategy arises if football matches lead to systematic government interactions between the two opposing countries. I address this possibility in Table B.2. Here, I exclude all foreign interactions by governments targeting countries with whom a football match was played in the given period and re-estimate the baseline specification. I observe that the results remain qualitatively and quantitatively similar to the baseline estimates.

3.3.3 Temporal effects

In Table B.3, I re-estimate the baseline specification after including a lagged dependent variable (LDV) to capture any potential trends in foreign interactions that would drive the results. Again, I observe that the baseline results are robust to this inclusion and, thus, are not driven by such persistent trends in governments' interactions.

Next, in Table B.4, I explore whether the effects of diversionary foreign policy are persistent over time, by including a temporal lag of the independent variable in the estimation. I report the coefficients for $Domestic\ Turmoil_{iym}$ and $Domestic\ Turmoil_{iym-1}$ separately, as well as the joint estimate (which captures the total effect over the contemporary and previous temporal units). I observe that the results are statistically significant only in the contemporary period, and that the effects are indistinguishable from zero when considering the temporal lag. Accordingly, I find no evidence that the effects of diversionary foreign policy are persistent over longer periods.[24] This finding, coupled with evidence of verbal diversion as opposed to material diversion, suggests that country leaders consider diversionary foreign policy as a low-cost short term strategy to distract the public.

3.3.4 Alternative definitions of domestic turmoil

In the baseline results, I use a threshold Goldstein scale score of –5 to identify events contributing to domestic turmoil. In Table B.5, I examine whether the baseline estimates are robust to alternative thresholds. Accordingly, in Columns (1), (2), (3), (4) and (5), I redefine domestic turmoil as all domestic events targeting the government with maximum Goldstein scores of –3, –4, –5, –6 and –7, respectively. Again I observe that, consistent with the baseline estimates, verbal conflict emerges as the more prominent form of diversionary foreign policy, even when using alternative cutoffs for domestic turmoil.

[24]These results are, however, subject to the caveat that the first–stage weakens when a temporal lag of the explanatory variable is included in the specification, generating the possibility of weak instrument bias.

3.3.5 Alternative definitions of the IV

In Table B.6, I consider alternative definitions of the IV. Column (1) provides the baseline specification for comparison purposes. In Column (2), I use the inverse hyperbolic sine (IHS)–transformed count of football losses as the instrumental variable. I observe that the first–stage in Panel E is positive and statistically significant, and not drastically different in magnitude from the baseline result presented in Column (1), although the reported F-statistic is marginally below 10. The second–stage results, presented in Panels A–D are again meaningfully reflective of the baseline results, with verbal conflict emerging as the prominent form of diversionary foreign policy. In Column (3), I use a binary indicator of a football loss as the instrument. Here, although verbal conflict is again identified prominently, the first–stage estimates are weaker compared to the baseline estimates. This is potentially because a binary indicator erases the rich variation in the IV and therefore leads to less precise estimates, especially for countries experiencing more than one football loss over a given month.

Next, I check the robustness of the rating difference used to identify 'close' football matches. In the baseline specification, a 'close' match is one where the rating difference between the opponents is less than 150 points. In Columns (1)–(9) of Table B.7, I consider rating differences (in 10–point intervals) starting from 120 points (a narrower definition of closeness) up to 200 points (a broader definition). The results are quantitatively similar to the baseline specification (although the F-statistics vary), suggesting that the baseline estimates are not driven by the choice of rating difference.

3.4 Heterogeneous effects across different contexts

In the next part of the empirical analysis, I examine whether the effects of domestic turmoil on diversionary foreign policy are heterogenous across different contexts. Arguably, causal identification of heterogenous effects within an IV setting is an empirically challenging task, due to the requirement of strong IVs for the multiple endogenous regressors (Sanderson and Windmeijer, 2016). Faced with a similar situation, but considering the importance of identifying such heterogeneous effects, Nunn and Qian (2014) report such

estimates, while acknowledging potential bias due to weak instruments. In the next section, I follow their approach and consider the underlying mechanisms, subject to this caveat.

I proceed with the heterogeneity analysis as follows. First, I define a variable C_i which identifies time-invariant country-specific characteristics. Next I construct interaction terms with C_i and DT_{iym}, allowing the effects of domestic turmoil on diversionary foreign policy to differ based on such country-specific characteristics. Once heterogeneity is accounted for, the second–stage equation is revised as follows.

$$FP_{iym} = \alpha_1 DT_{iym} + \alpha_2 (DT_{iym} \times C_i) + \gamma SM_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_m} + \epsilon_{iym} \tag{7}$$

To establish causality, I then instrument for DT_{iym} and $DT_{iym} \times C_i$ using SL_{iym} and $SL_{iym} \times C_i$, and accordingly, the first–stage equation for DT_{iym} is revised as follows.

$$DT_{iym} = \beta_1 SL_{iym} + \beta_2 (SL_{iym} \times C_i) + \gamma SM_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_m} + \epsilon_{iym} \tag{8}$$

The other first-stage equation, which is for the interaction term $DT_{iym} \times C_i$, is identical to equation 8 but with $DT_{iym} \times C_i$ as the dependent variable. Since C_i is time-invariant and country specific, it is already absorbed by the vector of country$\times$ year fixed effects, and therefore, C_i by itself does not need to enter the specification.

I commence the empirical analysis of heterogeneous effects by examining whether the nature of political institutions in a country has a role to play in governments engaging in diversionary foreign policy. I use the average polity score assigned for each country in the Polity IV project over the sample period to generate time-invariant binary indicators classifying countries as democracies (average polity score ≥ 6), autocracies (average polity score $\leq$ –6) and anocracies (average polity score 5 $\leq$ to $\geq$ -5). Table 3 presents the results for this specification.

Consistent with the baseline estimates, the only statistically significant result is for the specification with verbal conflict as the dependent variable, and this effect is manifested particularly for anocracies. It seems plausible that anocratic regimes are more susceptible

to the use of diversionary foreign policy, as political leaders attempt to keep the population diverted and satiated in the short run to curb widespread dissent, in the absence of consistent and developed political mechanisms. The joint estimates for the three types of political institutions, and the joint standard error are also reported in Table 3. Here too, the results suggest that the effect of domestic turmoil is largely on verbal conflict, where the effect is statistically significant at the 5% level.

Next, I explore whether the effects of domestic turmoil on diversionary foreign policy differ by the income levels of a country. For this purpose, I generate a time-invariant binary variable $Income_i$, which is equal to 1 if a country was classified as a high income or upper middle income country in at least one year of the sample, and 0 otherwise. Again, as per the estimates presented in Table 4, domestic turmoil is observed as leading to increased foreign interactions classified as verbal conflict, and this effect is observed particularly in the case of low-income countries.

In Table 5, I conduct a similar exercise based on the HDI, which is a comprehensive development indicator that accounts for developments in literacy, health and income. I classify a country as recording a high level of human development if its average HDI score over the sample period is above 0.5 (on a scale of 0–1). The results in Table 5 suggest that diversionary foreign policy occurs mostly in countries with low levels of human development. The cumulative understanding from the results presented in Tables 3–5 is that diversionary foreign policy is more prominently observed in developing countries with unstable political institutions.

As a final attempt to capture heterogeneity, in Table 6, I consider whether governments are more prone to resort to diversionary tactics during election periods. Here, I define a binary variable $Election_{iym}$ which is equal to 1 if the country experienced an election in the given month of the given year, and 0 otherwise. Results in Table 6 do not provide evidence that diversionary foreign policy is driven by election-related political agendas. This result supports the earlier result from Table 3 where no evidence was observed of diversionary foreign policy in democracies, where elections assume greater importance compared to anocracies and autocracies.

4 Which countries are targeted?

In the next part of this study, I focus on identifying whether leaders who engage in diversionary foreign policy choose their targets in a systematic manner. To achieve this objective, I first build a dyadic data set containing the monthly interactions between countries i and j (FP_{ijym}), as well as the data on connectivity between countries based on a number of connectivity measures Z_{ij}. Next I generate an interaction term $FP_{ijym} \times Z_{ij}$ which couples together the foreign interactions and the connectivity measures between these countries.

However, although this key outcome variable of the analysis can be expressed in a dyadic manner, the independent variable DT_{iym} is purely domestic in nature and does not vary dyadically. To maintain consistency between the two measures, I aggregate the outcome variable to the country level such that $\sum_{j=1}^{J} FP_{ijym} \times Z_{ij}$ indicates the foreign interactions with all countries j with whom i is linked through the connectivity measure Z.

Accordingly, the second–stage equation is revised as follows.

$$\sum_{j=1}^{J} FP_{ijym} \times Z_{ij} = \alpha DT_{iym} + \gamma SM_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_{m}} + \epsilon_{iym} \tag{9}$$

Since both the dependent and independent variables in the first–stage are purely domestic, the first–stage remains unchanged, and is as per equation (10).

$$DT_{iym} = \beta SL_{iym} + \gamma SM_{iym} + \mathbf{FE_{iy}} + \mathbf{FE_{m}} + \epsilon_{iym} \tag{10}$$

To begin the analysis, I consider a broad range of connectivity measures that define the historical relationships between countries. Figure 1 presents the estimated second–stage coefficients of $Domestic\ Turmoil_{iym}$, with $Verb\ Conf_{iym} \times Z_{ij}$ as the dependent variable.[25] Here, Z_{ij} is a binary indicator equal to 1 if the two countries belong to the same continent, have had a common colonizer, share a common official language or have

[25]Each dot represents a separate regression estimate.

engaged in conflict over the designated periods. I observe that leaders typically choose a country belonging to the same continent, or with whom their own country shares a colonial or linguistic relationship. In terms of historical conflict, results indicate that diversionary foreign policy is more prominently targeted at countries sharing a recent history of conflict, as opposed to historical conflict at the beginning of the century or following World War II.

Next, I consider a range of distance measures between countries as proxies for the level of connectivity; geodesic distance, genetic distance (Spolaore and Wacziarg, 2016), linguistic distance (Fearon, 2003) and religious distance (Mecham, Fearon and Laitin, 2006). To define a degree of connectivity in a meaningful way, I convert these continuous measures of distance to binary variables based on the median distance value. More specifically, I generate a time-invariant binary indicator Z_{ij} of low (high) distance equal to 1 (0) if the distance between two countries is less (more) than the median distance value.[26] Figure 2 represents the estimated second–stage coefficients. These results indicate that leaders are more likely to target diversionary foreign policy towards countries closer to their own in terms of religious, linguistic geographic dimensions, and that this effect is largest for countries linked closely in terms of linguistic distance.[27] Although the idea that verbal aggression is more likely to be targeted at culturally similar countries might appear somewhat intuitively contradictory at first, this finding resonates with the work of Spolaore and Wacziarg (2016) who document that closely related populations are more likely to enter in to disagreements due to their minimal heterogeneity in preferences over rival goods, government types or policies.

In Figure 3, I explore whether the trade relationship between countries affects the choice of target countries when implementing diversionary foreign policy. Here, I generate binary indicators trade connectivity, using the median value in 1997 (the first year of

[26]Median distance values for genetic distance, religious distance, linguistic distance and geodesic distance are 0.05498, 0.8831761, 0.9800013 and 4382.622, respectively.

[27]An important caveat to these results is that the connectivity measures may be correlated with each other. Countries sharing a border (and therefore closely linked in terms of geodesic distance) are also likely to be closer in terms of genetic, religious and linguistic distance. However, untangling such effects within the current IV setting is an empirical challenge due to the first–stage not varying on the level of inter-state connectivity and due to potential weak instruments bias.

the sample) as the cutoff.[28] Moreover, I consider the direction of this relationship, by identifying whether country j is an import source or an export destination, from the perspective of country i. Results indicate that leaders are likely to target countries with whom they maintain a weak trade relationship and that this holds true for both import sources and export destinations. The fact that no relationship is observed between strong trade partners again signals that while leaders use diversionary foreign policy as a strategic tool, they are hesitant to allow such policy to lead to significant economic costs.

In the final step, I consider whether any particular characteristics of the target countries could define their selection in to the target group. To do so, I generate time invariant binary indicators of national capability, military power and population based on the median values for the first year of the sample. Here, the indicator Z_j is specific for country j, and does not represent a dyadic relationship. As shown in Figure 4, country leaders typically target weak countries, as proxied by low national capability, low military power and low population. This is again illustrative of the use of diversionary foreign policy as a low risk strategic tool, because weak countries, despite being targeted are unlikely to respond with costly retaliations.

5 Conclusion

This paper provides an important contribution to the existing literature on diversionary foreign policy by providing new and systematic evidence of how governments divert domestic turmoil. Existing studies demonstrate a lack of consensus on the importance of diversion as a policy tool, mainly due to the absence of consistent and universal indicators on the public's sentiments towards their governments. To address this shortcoming, I propose a novel indicator, based on textual data from approximately 120 million actual physical events recorded in news media articles, that achieves a quantification of the prevailing level of domestic turmoil in a country at a fine degree of temporal granularity. I show that this index is strongly correlated with existing 'imperfect' measures of public sentiment towards their governments and can therefore be confidently applied as a proxy

[28] The median value in the data is approximately US Dollars 55 million.

for domestic turmoil.

Next, I combine this index of domestic turmoil with quantitative indicators of the nature of governments' foreign interactions, to generate a novel panel dataset for 195 countries from 1997–2017. Using 'close' football losses as a sentiment shock that negatively affects the public's perception of their governments, and accounting for a comprehensive set of fixed effects, I find that governments do resort to diversionary tactics in times of domestic turmoil and that such diversion takes the form of verbal aggression, as opposed to material aggression which involves larger costs and risks. This effect is more prominent for less developed and anocratic countries.

In the final step, I investigate whether governments systematically choose the targets of their diversionary policies. Applying a number of inter-state connectivity measures that capture a range of connectivity types, I find that diversion in the form of verbal aggression is typically targeted at countries closely linked along religious, linguistic and geographic dimensions, supporting the literature that highlights the tendency to minimize heterogeneity when choosing victims of international conflict. I also find that 'strong' countries and countries sharing a close trade relationship, are unlikely to be victimized. These results suggest that foreign policy is in fact systematically used by governments as a strategic tool to divert domestic turmoil, and that such diversion is only exercised in a manner that aims to avoid large–scale costs or risks of retaliation.

References

Baker, S., Bloom, N. and S. Davis (2016), "Measuring economic policy uncertainty," *Quarterly Journal of Economics* 131, 593—1636.

Barberá, P. and T. Zeitzoff (2017) , "The new public address system: Why do world leaders adopt social media?," *International Studies Quarterly* 62, 121-130.

Barbieri, K. and O. Keshk, (2016), *Correlates of war project trade data set codebook version 4.0*, Retrieved from http://correlatesofwar.org.

Bennet, S. and T. Nordstrom (2000), "Foreign policy substitutability and internal economic problems in enduring rivalries," *Journal of Conflict Resolution* 44, 33–61.

Benoit, K., Munger, K. and A. Spirling (2019) , "Measuring and explaining political sophistication through textual complexity," *American Journal of Political Science* 63, 491–508.

Bybee, L., Kelly, B., Manela, A. and D. Xiu (2020), "The structure of economic news," NBER Working Paper No. 26648.

Card, D. and G. Dahl (2011), "Family violence and football: The effect of unexpected emotional cues on violent behaviour," *Quarterly Journal of Economics* 126, 103—143.

Carlin, J. (2008), *Playing the Enemy: Nelson Mandela and the Game that Made a Nation*, London, UK: Penguin Press.

Chiozza, G. and H. Goemans (2003), "Peace through insecurity: Tenure and international conflict," *Journal of Conflict Resolution* 47, 443–467.

Coser, L. (1956), *The Functions of Social Conflict*, New York, NY: Free Press.

Depetris-Chauvín, E., Durante, R. and F. R. Campante (2020), "Building nations through shared experiences: Evidence from African football," *American Economic Review* 110, 1572–1602.

DeRouen Jr, K. (2000), "Presidents and the diversionary use of force: A research note," *International Studies Quarterly* 44, 317–328.

Djourelova, M. and R. Durante (2020), "Media attention and strategic timing in politics: Evidence from US presidential executive orders," CEPR Discussion Paper No. 13961.

Durante, R. and E. Zhuravaskaya (2018), "Attack when the world is not watching? US news and the Israeli-Palestinian conflict," *Journal of Political Economy* 126, 1085–1133.

Edmans, A., García, D. and O. Norli (2007), "Sports sentiment and stock returns," *Journal of Finance* 62, 1967–1998.

Fantom, N. and U. Serajuddin (2016), "The World Bank's classification of countries by income (English)," World Bank Policy Research working paper WPS-7528.

Fearon, J. (1998), "Domestic politics, foreign policy and theories of international relations," *Annual Review of Political Science* 1, 289–313.

Fearon, J. (2003) , "Ethnic and cultural diversity by country," *Journal of Economic Growth* 8, 195–222.

Femenia, N. (1996), *National Identity in Times of Crises: The Scripts of the Falklands-Malvinas War*, New York, NY: Penguin Press.

Fordham, B. (2005), "Strategic conflict avoidance and the diversionary use of force," *Journal of Politics* 67, 132–153.

Foster, D. (2003), "The 1954 Soccer World Cup and the Federal Republic of Germany's self-discovery," *American Behavioral Scientist* 46, 1491–1505.

Ge, Q. (2018), "Sports sentiment and tipping behavior," *Journal of Economic Behavior & Organization* 145, 95–113.

Gerner, D., Schrodt, P. and O. Yilmaz (2009), "Conflict and mediation event observations (CAMEO): An event data framework for a post cold war world.," In: J. Bercovitch and S. Gartner (Eds.), *International Conflict Mediation: New Approaches and Findings*, New York, NY: Routledge, pp. 287–304.

Goldstein, J. S. (1992), "A conflict-cooperation scale for WEIS events data," *Journal of Conflict Resolution* 36, 369–385.

Imbens, G. and J. Angrist (1994), "Identification and estimation of local average treatment effects," *Econometrica* 62, 467–476.

Jung, S. (2014), "Foreign targets and diversionary conflict," *International Studies Quarterly* 58, 566—578.

Leeds, B. and D. Davis (1997), "Domestic political vulnerability and international disputes," *Journal of Conflict Resolution* 41, 814–834.

Leetaru, K., and P. Schrodt (2013), "GDELT: Global data on events, location and tone," *mimeo.*

Marshall, M., Gurr, T. and K. Jaggers (2019), *Polity IV project: Political regime characteristics and transitions, 1800-2018 dataset users' manual*, Centre for Systemic Peace.

Mecham, R., Fearon, J. and D. Laitin (2006), "Religious classification and data on shares of major world religions," *mimeo.*

Meernik, J. and P. Waterman (1996), "The myth of the diversionary use of force by American presidents," *Political Research Quarterly* 49, 573–590.

Miller, R. (1995), "Domestic structures and the diversionary use of force," *American Journal of Political Science* 39, 760–785.

Mitchell, S. and B. Prins (2004), "Rivalry and diversionary uses of force," *Journal of Conflict Resolution* 48, 937–961.

Mitts, T. (2019), "From isolation to radicalization: Anti-Muslim hostility and support for ISIS in the West," *American Political Science Review* 113, 173–194.

Morgan, T.C. and C. Anderson (1999), "Domestic support and diversionary external conflict in Great Britain, 1950- 1992," *Journal of Politics* 61, 799–814.

Mueller, H. and C. Rauh (2018), "Reading between the lines: Prediction of political violence using newspaper text," *American Political Science Review* 112, 358–375.

Nicholls, N., Huth, P. and B. Appel (2010), "When is domestic political unrest related to international conflict? Diversionary theory and Japanese foreign policy, 1890–1941," *International Studies Quarterly* 54, 915—937.

Nielsen (2018), "*World football report*,"
Retrieved from https://www.nielsen.com/us/en/insights/report/2018/world-football-report/.

Nunn, N. and N. Qian (2014), "US food aid and civil conflict," *American Economic Review* 104, 1630-–1666.

Oakes, A. (2006), "Diversionary war and Argentina's invasion of the Falkland Islands,"

Security Studies 15, 431–463.

Ostrom, C., and B. Job (1986) , "The president and the political use of force," *American Political Science Review* 80, 541–566.

Pickering, J. and E. Kisangani (1998), "Diversionary despots? Comparing autocracies' propensities to use and to benefit from military force," *American Journal of Political Science* 54, 477–493.

Sanderson, E., and F. Windmeijer (2016) , "A weak instrument F-test in linear IV models with multiple endogenous variables," *Journal of Econometrics* 190, 212–221.

Shapiro, A., Sudhof, M. and D. Wilson (2019), "Measuring news sentiment," Federal Reserve Bank of San Francisco Working Paper 2017-01.

Simmel, G. (1955), *Conflict and the Web of Group Affiliations* (K. Wolff and R. Bendix, Trans.)., New York, NY: Free Press.

Sobek, D. (2007), "Rallying around the podesta: Testing diversionary theory across time," *Journal of Peace Research* 44, 29–45.

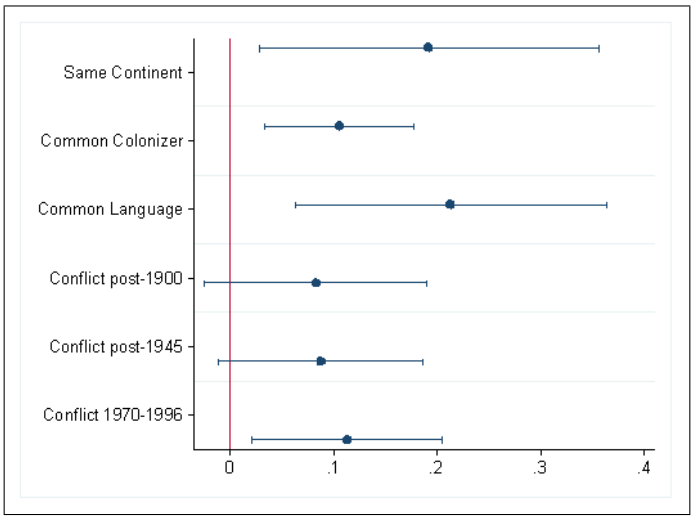
Spolaore, E. and R. Wacziarg (2016), "War and relatedness," *Review of Economics and Statistics* 98, 925–939.

Sprecher, C. and K. Derouen Jr (2005), "The domestic determinants of foreign policy behavior in Middle Eastern enduring rivals 1948–1998," *Foreign Policy Analysis* 1, 121—141.

Vegard, L. and L. Thorsrud (2019), "The value of news for economic developments," *Journal of Econometrics* 210, 203–218.

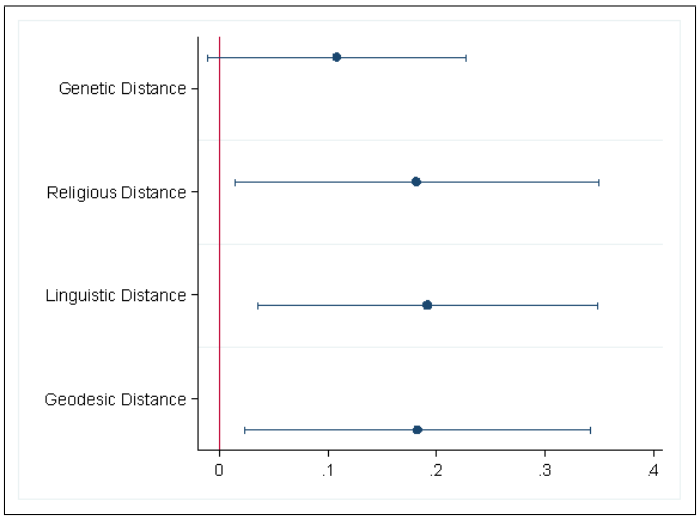
Figures and tables

Figure 1: Target Countries by Historical Relationships



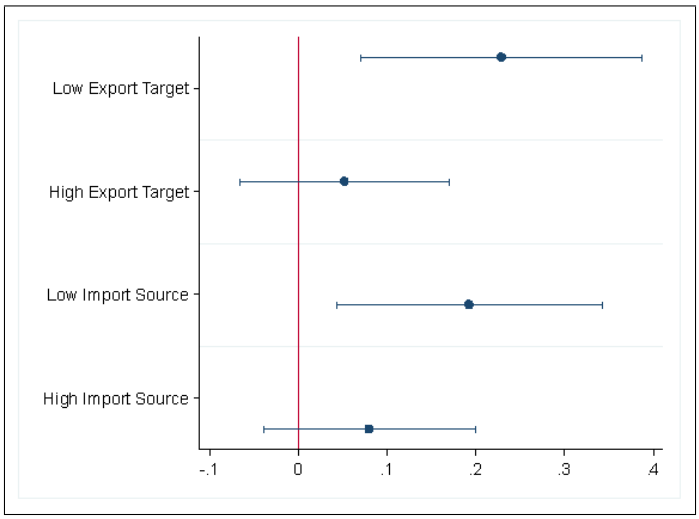
Notes: Dots show the second–stage estimated coefficients of $Domestic\ Turmoil_{iym}$, with $Verb\ Conf_{iym} \times Z_{ij}$ as the dependent variable. Here, Z_{ij} assumes a value of 1 if the countries share a common colonizer, a common language, or a history of conflict in designated time periods. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Horizontal lines show the 90% confidence interval based on standard errors clustered at the country level.

Figure 2: Target Countries by Distance



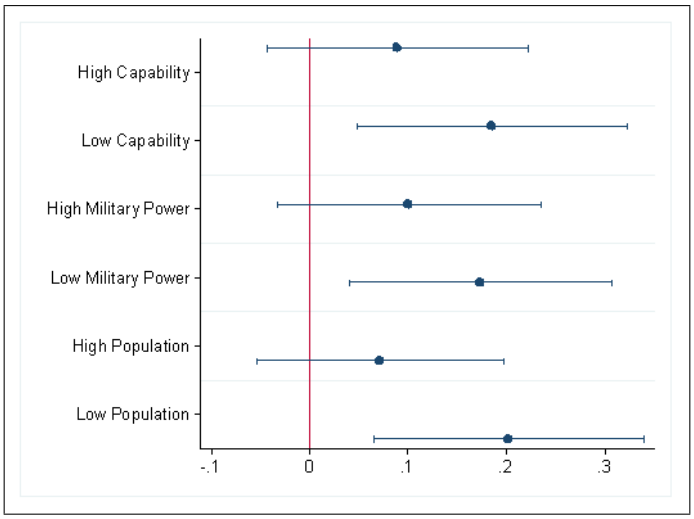
Notes: Dots show the second–stage estimated coefficients of $Domestic\ Turmoil_{iym}$, with $Verb\ Conf_{iym} \times Z_{ij}$ as the dependent variable. Here, for all types of distances, Z_{ij} assumes a value of 1 if the distance between i and j is less than the median distance (i.e., closely connected countries), and 0 otherwise. Median distance values for genetic distance, religious distance, linguistic distance and geodesic distance are 0.05498, 0.8831761, 0.9800013 and 4382.622, respectively. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Horizontal lines show the 90% confidence interval based on standard errors clustered at the country level.

Figure 3: Target Countries by Trade Relationships



Notes: Dots show the second–stage estimated coefficients of $Domestic\ Turmoil_{iym}$, with $Verb\ Conf_{iym} \times Z_{ij}$ as the dependent variable, where Z_{ij} is a time-invariant binary indicator that identifies the nature of the export relationship between countries i and j, using median export values for the year 1997, the initial year of the sample. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Horizontal lines show the 90% confidence interval based on standard errors clustered at the country level.

Figure 4: Target Countries by Features



Notes: Dots show the second–stage estimated coefficients of $Domestic\ Turmoil_{iym}$, with $Verb\ Conf_{iym} \times Z_j$ as the dependent variable. Here, Z_j assumes a value of 1 based on the country's national capability, military expenditure and population. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Horizontal lines show the 90% confidence interval based on standard errors clustered at the country level.

Table 1: Descriptive Statistics for Key Variables

	No. of Observations	Mean	Standard Deviation	Minimum	Maximum
Domestic Turmoil	49,140	0.2288	0.3110	0	1
Foreign Verbal Cooperation	49,140	0.6819	0.3426	0	1
Foreign Material Cooperation	49,140	0.0502	0.1034	0	1
Foreign Verbal Conflict	49,140	0.0701	0.1219	0	1
Foreign Material Conflict	49,140	0.0443	0.1004	0	1
Football Loss	49,140	0.1115	0.3586	0	4
Football Match	49,140	0.3069	0.6827	0	8

Notes: Domestic Turmoil is a standardized indicator recording all domestic events targeting the government, recording a Goldstein score of -5 or less, expressed as a fraction of all domestic events targeting the government. Foreign interactions initiated by a country's government, classified as *Verb Coop*, *Mat Coop*, *Verb Conf* and *Mat Conf*, are also standardized indicators, expressed as a fraction of the total number of foreign interactions initiated by the government. *Football Loss* and *Football Match* are the counts of all football losses and matches experienced by a country, respectively, against an opponent with a rating differential of 150 points or less.

Table 2: Baseline Estimates: The Effect of Domestic Turmoil on Governments' Foreign Interactions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	$Verb\ Coop_{iym}$		$Mat\ Coop_{iym}$		$Verb\ Conf_{iym}$		$Mat\ Conf_{iym}$	
Panel A: OLS Estimates								
$Domestic\ Turmoil_{iym}$	-0.0177**	-0.0159***	0.0043**	0.0003	0.0253***	0.0158***	0.0252***	0.0177***
	(0.0073)	(0.0040)	(0.0019)	(0.0019)	(0.0026)	(0.0023)	(0.0023)	(0.0021)
Panel B: Reduced Form Estimates								
$Football\ Loss_{iym}$	-0.0037	-0.0032	-0.0002	-0.0001	0.0044**	0.0047**	0.0016	0.0004
	(0.0039)	(0.0037)	(0.0015)	(0.0015)	(0.0019)	(0.0020)	(0.0014)	(0.0016)
Panel C: IV Estimates								
$Domestic\ Turmoil_{iym}$	-0.2522	-0.2061	-0.0130	-0.0086	0.3023**	0.3021**	0.1115	0.0234
	(0.2734)	(0.2443)	(0.0997)	(0.0981)	(0.1496)	(0.1411)	(0.1052)	(0.1054)
	$Domestic\ Turmoil_{iym}$							
Panel D: First–Stage Estimates								
$Football\ Loss_{iym}$	0.0147***	0.0154***	0.0147***	0.0154***	0.0147***	0.0154***	0.0147***	0.0154***
	(0.0046)	(0.0046)	(0.0046)	(0.0046)	(0.0046)	(0.0046)	(0.0046)	(0.0046)
Kleibergen-Paap F-statistic	10.00	11.10	10.00	11.10	10.00	11.10	10.00	11.10
Controls:								
Country FE	YES	NO	YES	NO	YES	NO	YES	NO
Year FE	YES	NO	YES	NO	YES	NO	YES	NO
Country-Year FE	NO	YES	NO	YES	NO	YES	NO	YES
Month FE	YES	YES	YES	YES	YES	YES	YES	YES
Football Match	YES	YES	YES	YES	YES	YES	YES	YES
No. of Observations	49,140	49,140	49,140	49,140	49,140	49,140	49,140	49,140
No. of countries	195	195	195	195	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5	-5	-5	-5	-5

Notes: The dependent variables in Panels A, B and C are foreign interactions initiated by a country's government, classified as $Verb\ Coop$, $Mat\ Coop$, $Verb\ Conf$ and $Mat\ Conf$, expressed as a fraction of the total number of foreign interactions initiated. *Domestic Turmoil* records all domestic events targeting the government that record a Goldstein score of -5 or less, as a fraction of all domestic events targeting the government. *Football Loss* is the count of all football losses experienced by a country against an opponent with a rating differential of 150 points or less. Columns (1), (3), (5) and (7) include country and year fixed effects separately, while Columns (2), (4), (6) and (8) include country× year fixed effects. Both stages additionally control for $Football\ Match$, which is the number of close football matches played by the country over the period. The unit of measurement is a country-month. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table 3: Heterogeneity: Political Institutions

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
$Domestic\ Turmoil_{iym} \times Anocracy_i$	-0.3296	0.0943	0.3619**	0.2778*
	(0.2358)	(0.1127)	(0.1539)	(0.1476)
$Domestic\ Turmoil_{iym} \times Autocracy_i$	-0.4986	0.3300*	0.1239	-0.1740
	(0.4279)	(0.1867)	(0.1911)	(0.2012)
$Domestic\ Turmoil_{iym} \times Democracy_i$	0.4614	-0.3541	0.3088	-0.1726
	(0.6732)	(0.3453)	(0.3740)	(0.2932)
$Domestic\ Turmoil_{iym} \times Anocracy_i +$ $Domestic\ Turmoil_{iym} \times Autocracy_i +$ $Domestic\ Turmoil_{iym} \times Democracy_i$	-0.3668	0.0702	0.7945**	-0.0687
	(0.7163)	(0.3667)	(0.3857)	(0.3154)
First–stage F-statistic	3.30;3.12;1.34	3.30;3.12;1.34	3.30;3.12;1.34	3.30;3.12;1.34
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
No. of Observations	40,572	40,572	40,572	40,572
No. of countries	161	161	161	161
Maximum Goldstein Score	-5	-5	-5	-5

Notes: Second–stage IV estimates are reported. $Anocracy_i$ is a time-invariant indicator that equals 1 if the average polity score over the sample period was $\geq$ -5 to $\leq$ 5. $Democracy_i$ ($Autocracy_i$) is a time-invariant indicator that equals 1 if average polity score over the sample period was $\geq$ 6 ($\leq$ -6). All specifications include country$\times$ year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$.The unit of measurement is a country-month. Sample size is determined by data availability. The joint estimate for $Domestic\ Turmoil_{iym} \times Anocracy_i + Domestic\ Turmoil_{iym} \times Autocracy_i + Domestic\ Turmoil_{iym} \times Democracy_i$ is reported at the bottom of the table. When multiple F-statistics are reported, they are from the first-stage regression with $Domestic\ Turmoil_{iym} \times Anocracy_i$, $Domestic\ Turmoil_{iym} \times Autocracy_i$ and $Domestic\ Turmoil_{iym} \times Democracy_i$ as the dependent variable, respectively. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table 4: Heterogeneity: Income Levels

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
$Domestic\ Turmoil_{iym}$	-0.5544	0.1794	0.3970*	0.0292
	(0.4634)	(0.2032)	(0.2417)	(0.1717)
$Domestic\ Turmoil_{iym} \times Income_i$	1.1317	-0.6108	-0.3084	-0.0187
	(1.3639)	(0.7409)	(0.6441)	(0.4872)
$Domestic\ Turmoil_{iym}$ +	0.5773	-0.4313	0.0886	0.0105
$Domestic\ Turmoil_{iym} \times Income_i$	(1.0300)	(0.5949)	(0.4755)	(0.3662)
First–stage F-statistic	5.66;1.62	5.66;1.62	5.66;1.62	5.66;1.62
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
Observations	49,140	49,140	49,140	49,140
No. of countries	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5

Notes: Second–stage IV estimates are reported. $Income_i$ is a time-invariant indicator that equals 1 if the country was classified as a high or upper-middle income country in at least one of the sample years. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Sample size is determined by data availability. The joint estimate for $Domestic\ Turmoil_{iym}$ + $Domestic\ Turmoil_{iym} \times Income_i$ is reported at the bottom of the table. When multiple F-statistics are reported, they are from the first-stage regression with $Domestic\ Turmoil_{iym}$ and $Domestic\ Turmoil_{iym} \times Income_i$ as the dependent variable, respectively Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table 5: Heterogeneity: Human Development

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
$Domestic\ Turmoil_{iym}$	-0.7374	0.2811	0.3724*	0.1395
	(0.4733)	(0.2171)	(0.2146)	(0.1742)
$Domestic\ Turmoil_{iym} \times HDI_i$	0.9240	-0.5012	-0.1518	-0.2067
	(0.7668)	(0.3416)	(0.3634)	(0.2824)
$Domestic\ Turmoil_{iym}$ +	0.1866	-0.2201	0.2206	-0.0672
$Domestic\ Turmoil_{iym} \times HDI_i$	(0.4490)	(0.2068)	(0.2339)	(0.1781)
First–stage F-statistic	6.04;3.90	6.04;3.90	6.04;3.90	6.04;3.90
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
Observations	45,108	45,108	45,108	45,108
No. of countries	182	182	182	182
Maximum Goldstein Score	-5	-5	-5	-5

Notes: Second–stage IV estimates are reported. HDI_i is a time-invariant indicator that equals 1 if the average HDI score over the sample period was > 0.5 (on a scale of 0-1) and zero otherwise. All specifications include country$\times$ year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$.The unit of measurement is a country-month. Sample size is determined by data availability. The joint estimate for $Domestic\ Turmoil_{iym}$ + $Domestic\ Turmoil_{iym}$ $\times\ HDI_i$ is reported at the bottom of the table. When multiple F-statistics are reported, they are from the first-stage regression with $Domestic\ Turmoil_{iym}$ and $Domestic\ Turmoil_{iym} \times HDI_i$ as the dependent variable, respectively. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table 6: Heterogeneity: Election Months

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
$Domestic\ Turmoil_{iym}$	-0.2070	-0.0083	0.3029**	0.0237
	(0.2442)	(0.0979)	(0.1419)	(0.1056)
$Domestic\ Turmoil_{iym} \times Election_{iym}$	-0.1608	0.0499	0.1491	0.0531
	(0.1478)	(0.0432)	(0.1048)	(0.0993)
$Domestic\ Turmoil_{iym}$ +	-0.3678	0.0416	0.4520	0.0768
$Domestic\ Turmoil_{iym} \times Election_{iym}$	(0.3187)	(0.1103)	(0.1935)	(0.1580)
First–stage F-statistic	5.96;29.05	5.96;29.05	5.96;29.05	5.96;29.05
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
Observations	48,384	48,384	48,384	48,384
No. of countries	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5

Notes: Second–stage IV estimates are reported. $Election_{iym}$ is a binary indicator that equals 1 if the country reported an election in the given month of the given year, and zero otherwise. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Sample size is determined by data availability. The joint estimate for $Domestic\ Turmoil_{iym}$ + $Domestic\ Turmoil_{iym} \times Election_{iym}$ is reported at the bottom of the table. When multiple F-statistics are reported, they are from the first-stage regression with $Domestic\ Turmoil_{iym}$ and $Domestic\ Turmoil_{iym} \times Election_{iym}$ as the dependent variable, respectively. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Online Appendix
Diverting Domestic Turmoil

By Ashani Amarasinghe[1]

A Additional data description

A.1 Goldstein scale

The Goldstein scale captures the theoretical potential impact posed by an event on the stability of a country. The assignment of the numeric score takes in to consideration the inherent intensity of conflict and/or cooperation in these different event types. Scores range from -10 (extreme conflict) to 10 (extreme cooperation). Each event type is assigned a relevant score based on the classification shown in Table A.1.

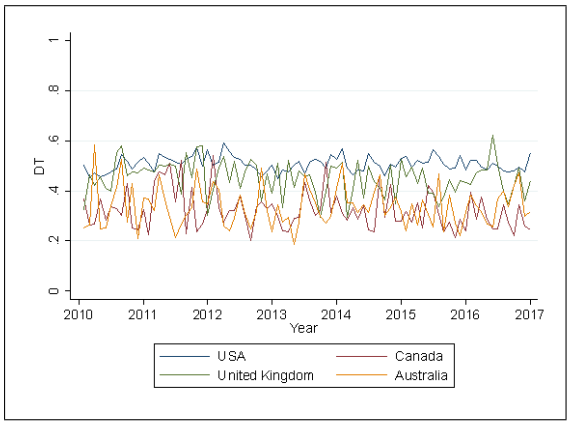
Table A.1: CAMEO Events, Goldstein Scores, and Quad Class Classifiaction

Goldstein Scale	CAMEO Event Description	Quad Class
7.0	Provide Aid	Material Cooperation
6.0	Engage in Material Cooperation	Material Cooperation
5.0	Yield	Material Cooperation
4.0	Express Intent to Cooperate	Verbal Cooperation
3.5	Engage in Diplomatic Cooperation	Verbal Cooperation
3.0	Appeal	Verbal Cooperation
1.0	Consult	Verbal Cooperation
0.0	Make Public Statement	Verbal Cooperation
-2.0	Investigate	Verbal Conflict
-2.0	Disapprove	Verbal Conflict
-4.0	Reduce Relations	Verbal Conflict
-4.0	Reject	Verbal Conflict
-5.0	Demand	Verbal Conflict
-6.0	Threaten	Verbal Conflict
-6.5	Protest	Material Conflict
-7.0	Coerce	Material Conflict
-7.2	Exhibit Force Posture	Material Conflict
-9.0	Assault	Material Conflict
-10.0	Fight	Material Conflict
-10.0	Engage in Unconventional Mass Violence	Material Conflict

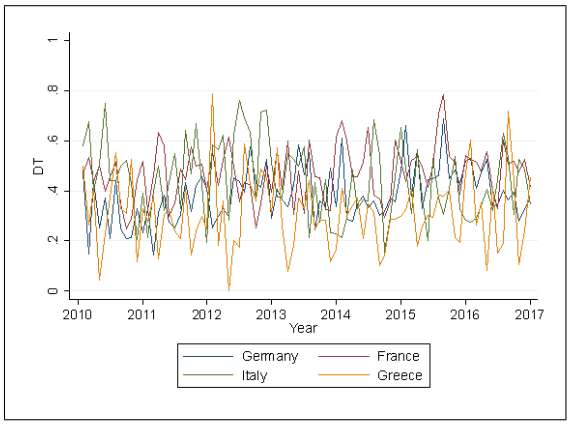
Source: The Computational Event Data System

[1]Department of Economics, Monash University. Email: ashani.amarasinghe@monash.edu.

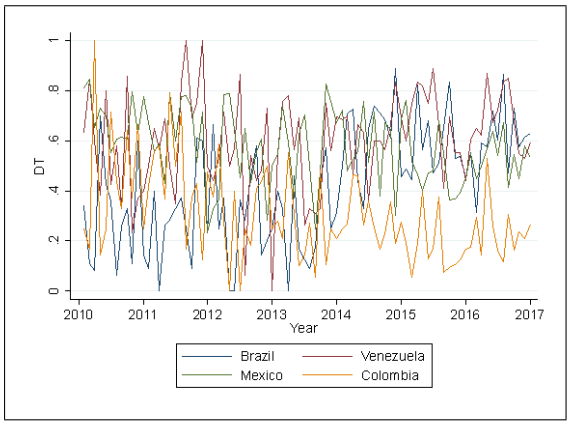
Figure A.1: Domestic Turmoil in a Sample of Countries



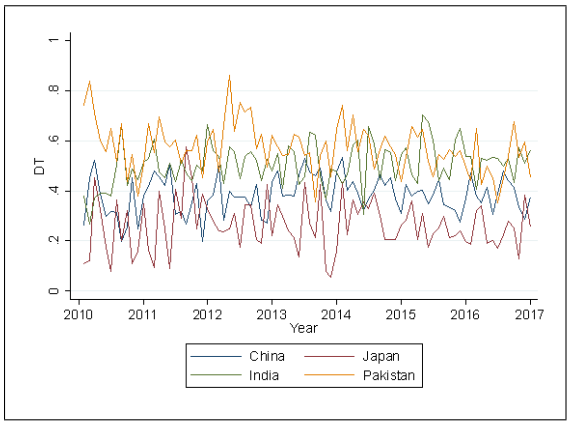
(a) "Western" Countries



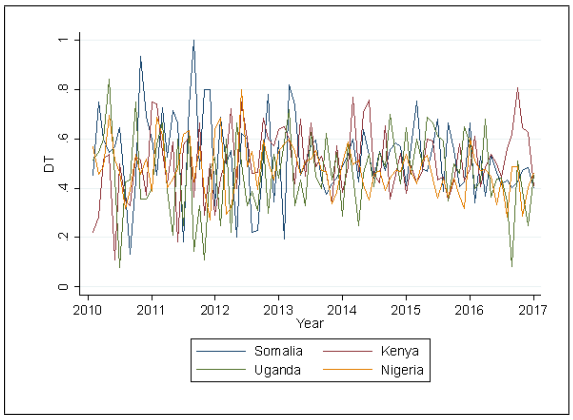
(b) European Countries



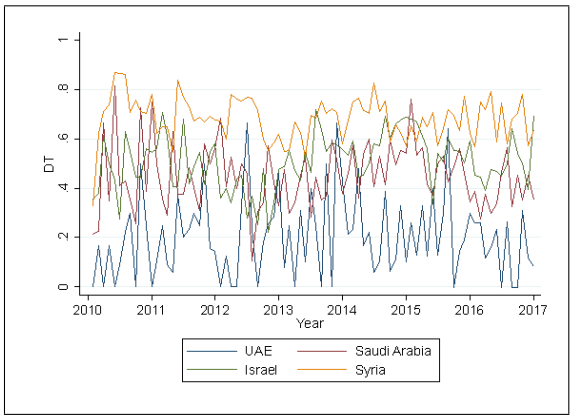
(c) Latin American Countries



(d) Asian Countries



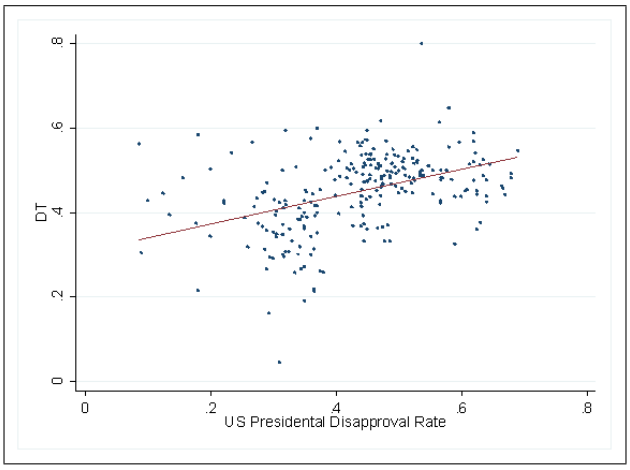
(e) African Countries



(f) Middle-Eastern Countries

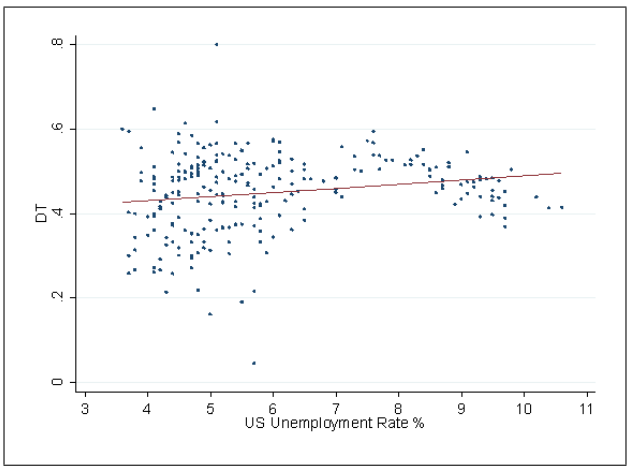
Note: Figure shows the distribution of *Domestic Turmoil* (DT) for a sub-sample of countries. DT is calculated as per the the procedure set down in Section 2.1.1, and using Equation 1. $0 \leq DT \leq 1$.

Figure A.2: Domestic Turmoil in the US



(a) DT vs Presidential Disapproval

(b) DT vs Consumer Price Index



(c) DT vs Unemployment Rate

Notes: Figure shows the relationship between *DT* and key sentiment/economic indicators in the US. Panel (a) plots *DT* against the presidential disapproval rate. Panel (b) considers the Consumer Price Index, while Panel (c) considers the unemployment rate. Data is at the monthly level. The β coefficients for Panels (a), (b) and (c) are *0.323 (p=0.00), 0.002 (p=0.00)* and *0.010 (p=0.00)*, respectively.

Table A.2: Correlation between DT and Survey Indicators of Public Sentiment towards Governments

	(1) DT_{iy}	(2) DT_{iy}	(3) DT_{iy}	(4) DT_{iy}
$Survey\ Response_{iy}$	0.1167*	0.1584**	0.2789***	0.2093**
	(0.0666)	(0.0705)	(0.0791)	(0.0862)
Year FE	NO	YES	NO	YES
Observations	160	160	134	134
Survey	World Values	World Values	Afrobarometer	Afrobarometer

Notes: Results of OLS regressions are presented. The explanatory variable for Columns (1) and (2) is a standardized measure of expressed confidence in government as per the World Values Survey. For Columns (3) and (4), the explanatory variable is a standardized measure of expressed satisfaction with the performance of the president as per the Afrobarometer survey. Details on the construction of these variables are in Section 2.1.2. The unit of measurement is a country-year. Robust standard errors in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

B Robustness checks

Table B.1: Controlling for All Reported Events

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
Panel A: OLS Estimates				
$Domestic\ Turmoil_{iym}$	-0.0159***	0.0003	0.0158***	0.0177***
	(0.0040)	(0.0019)	(0.0023)	(0.0021)
Panel B: Reduced Form Estimates				
$Football\ Loss_{iym}$	-0.0032	-0.0001	0.0047**	0.0004
	(0.0037)	(0.0015)	(0.0020)	(0.0016)
Panel C: IV Estimates				
$Domestic\ Turmoil_{iym}$	-0.2067	-0.0087	0.3029**	0.0243
	(0.2439)	(0.0980)	(0.1410)	(0.1052)
Panel D: First–Stage Estimates				
$Football\ Loss_{iym}$	0.0154***	0.0154***	0.0154***	0.0154***
	(0.0046)	(0.0046)	(0.0046)	(0.0046)
Kleibergen-Paap F-statistic	11.10	11.10	11.10	11.10
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
All Events	YES	YES	YES	YES
No. of Observations	49,140	49,140	49,140	49,140
No. of countries	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5

Notes: This table replicates Table 2 but additionally controls for all reported events in the given country over the given month. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table B.2: Excluding Football Opponents

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
Panel A: OLS Estimates				
$Domestic\ Turmoil_{iym}$	-0.0158***	0.0000	0.0154***	0.0176***
	(0.0040)	(0.0018)	(0.0023)	(0.0022)
Panel B: Reduced Form Estimates				
$Football\ Loss_{iym}$	-0.0045	-0.0000	0.0050**	0.0005
	(0.0037)	(0.0015)	(0.0020)	(0.0016)
Panel C: IV Estimates				
$Domestic\ Turmoil_{iym}$	-0.2714	-0.0045	0.3179**	0.0296
	(0.2470)	(0.0977)	(0.1455)	(0.1054)
Panel D: First–Stage Estimates				
$Football\ Loss_{iym}$	0.0155***	0.0155***	0.0155***	0.0155***
	(0.0047)	(0.0047)	(0.0047)	(0.0047)
Kleibergen-Paap F-statistic	11.10	11.10	11.10	11.10
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
No. of Observations	49,140	49,140	49,140	49,140
No. of countries	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5

Notes: This table replicates Table 2 but excludes foreign interactions with countries who were football opponents in the given time period. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table B.3: Including the Lagged Dependent Variable

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
Panel A: OLS Estimates				
$Domestic\ Turmoil_{iym}$	-0.0162***	0.0003	0.0160***	0.0178***
	(0.0041)	(0.0019)	(0.0023)	(0.0022)
Panel B: Reduced Form Estimates				
$Football\ Loss_{iym}$	-0.0045	-0.0000	0.0050**	0.0005
	(0.0037)	(0.0015)	(0.0020)	(0.0016)
Panel C: IV Estimates				
$Domestic\ Turmoil_{iym}$	-0.2714	-0.0045	0.3179**	0.0296
	(0.2470)	(0.0977)	(0.1455)	(0.1054)
	$Domestic\ Turmoil_{iym}$			
Panel D: First–Stage Estimates				
$Football\ Loss_{iym}$	0.0155***	0.0155***	0.0155***	0.0155***
	(0.0047)	(0.0047)	(0.0047)	(0.0047)
Kleibergen-Paap F-statistic	10.92	10.95	10.83	10.88
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
Lagged Dependent Variable	YES	YES	YES	YES
No. of Observations	48,945	48,945	48,945	48,945
No. of countries	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5

Notes: This table replicates Table 2 but additionally controls for the lagged dependent variable in both stages. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table B.4: Including Temporal Lags

	(1) $Verb\ Coop_{iym}$	(2) $Mat\ Coop_{iym}$	(3) $Verb\ Conf_{iym}$	(4) $Mat\ Conf_{iym}$
$Domestic\ Turmoil_{iym}$	-0.3260	-0.0119	0.2824*	0.1143
	(0.3093)	(0.1089)	(0.1660)	(0.1145)
$Domestic\ Turmoil_{iym-1}$	-0.1626	-0.0056	-0.0405	0.1505
	(0.3245)	(0.1116)	(0.1604)	(0.1136)
$Domestic\ Turmoil_{iym}$ + $Domestic\ Turmoil_{iym-1}$	-0.4886	-0.0176	0.2419	0.2648
	(0.5633)	(0.1883)	(0.2879)	(0.1948)
First–stage F-statistic	5.54;7.02	5.54;7.02	5.54;7.02	5.54;7.02
Controls:				
Country-Year FE	YES	YES	YES	YES
Month FE	YES	YES	YES	YES
Football Match	YES	YES	YES	YES
No. of Observations	48,945	48,945	48,945	48,945
No. of countries	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5

Notes: This table provides the IV second–stage estimates when controlling for a temporal lag of the independent variable. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$ and $Football\ Match_{iym-1}$. The unit of measurement is a country-month. The joint estimate for $Domestic\ Turmoil_{iym}$ + $Domestic\ Turmoil_{iym-1}$ is reported at the bottom of the table. When multiple F-statistics are reported, the first F-statistic is from the first-stage regression with $Domestic\ Turmoil_{iym}$ as the dependent variable and the second is from the first-stage with $Domestic\ Turmoil_{iym-1}$ as the dependent variable. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table B.5: Alternative Definition of Domestic Turmoil

Goldstein Score	(1) ≤ -3	(2) ≤ -4	(3) ≤ -5	(4) ≤ -6	(5) ≤ -7
Panel A: IV Estimates	Dependent Variable:$Verb\ Coop_{iym}$				
$Domestic\ Turmoil_{iym}$	-0.4338	-0.2859	-0.2061	-0.2538	-0.3081
	(0.5376)	(0.3459)	(0.2443)	(0.3042)	(0.3788)
Panel B: IV Estimates	Dependent Variable:$Mat\ Coop_{iym}$				
$Domestic\ Turmoil_{iym}$	-0.0180	-0.0119	-0.0086	-0.0105	-0.0128
	(0.2074)	(0.1363)	(0.0981)	(0.1210)	(0.1468)
Panel C : IV Estimates	Dependent Variable: $Verb\ Conf_{iym}$				
$Domestic\ Turmoil_{iym}$	0.6357	0.4189**	0.3021**	0.3719**	0.4514*
	(0.3896)	(0.2108)	(0.1411)	(0.1890)	(0.2386)
Panel D: IV Estimates	Dependent Variable$Mat\ Conf_{iym}$				
$Domestic\ Turmoil_{iym}$	0.0493	0.0325	0.0234	0.0289	0.0350
	(0.2240)	(0.1469)	(0.1054)	(0.1294)	(0.1569)
Panel E: First–Stage Estimates	Dependent Variable:$Domestic\ Turmoil_{iym}$				
$Football\ Loss_{iym}$	0.0073**	0.0111***	0.0154***	0.0125***	0.0103***
	(0.0037)	(0.0043)	(0.0046)	(0.0041)	(0.0038)
Kleibergen-Paap F-statistic	3.92	6.81	11.10	9.29	7.36
Controls:					
Country-Year FE	YES	YES	YES	YES	YES
Month FE	YES	YES	YES	YES	YES
Football Match	YES	YES	YES	YES	YES
No. of Observations	49,140	49,140	49,140	49,140	49,140
No. of countries	195	195	195	195	195
Maximum Goldstein Score	-3	-4	-5	-6	-7

Notes: This table provides the 2SLS estimates of the baseline specification under alternative definitions of $Domestic\ Turmoil$, ranging from Goldstein scores of ≤-3 to ≤-7. The dependent variables in Panels A, B, C and D are $Verb\ Coop$, $Mat\ Coop$, $Verb\ Conf$ and $Mat\ Conf$, respectively. Panel E provides first–stage estimates. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match$. The unit of measurement is a country-month. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table B.6: Alternative Football Outcomes

	(1)	(2)	(3)
Panel A: IV Second–Stage Estimates	Dependent Variable: $Verb\ Coop_{iym}$		
$Domestic\ Turmoil_{iym}$	-0.2061	-0.2589	-0.3330
	(0.2443)	(0.2738)	(0.4535)
Panel B: IV Second–Stage Estimates	Dependent Variable: $Mat\ Coop_{iym}$		
$Domestic\ Turmoil_{iym}$	-0.0086	0.0375	0.1726
	(0.0981)	(0.1094)	(0.1979)
Panel C: IV Second–Stage Estimates	Dependent Variable: $Verb\ Conf_{iym}$		
$Domestic\ Turmoil_{iym}$	0.3021**	0.3772**	0.5993*
	(0.1411)	(0.1685)	(0.3560)
Panel D: IV Second–Stage Estimates	Dependent Variable: $Mat\ Conf_{iym}$		
$Domestic\ Turmoil_{iym}$	0.0234	0.0372	0.0900
	(0.1054)	(0.1151)	(0.1802)
Panel E: IV First–Stage Estimates	Dependent Variable: $Domestic\ Turmoil_{iym}$		
$Football\ Loss_{iym}$ $(Count)$	0.0154***		
	(0.0046)		
$Football\ Loss_{iym}$ $(IHS-transformed\ Count)$		0.0169***	
		(0.0059)	
$Football\ Loss_{iym}$ $(Dummy)$			0.0099*
			(0.0056)
Kleibergen-Paap F-statistic	11.10	8.30	3.06
Controls:			
Country-Year FE	YES	YES	YES
Month FE	YES	YES	YES
Football Match	YES	YES	YES
No. of Observations	49,140	49,140	49,140
No. of countries	195	195	195
Maximum Goldstein Score	-5	-5	-5

Notes: This table provides the 2SLS estimates when using alternative forms of the football loss variable (i.e. Football Loss, IHS-transformed Football Loss and Football Dummy) as the instrument. The dependent variables in Panels A, B, C and D are $Verb\ Coop$, $Mat\ Coop$, $Verb\ Conf$ and $Mat\ Conf$, respectively. Panel E provides first–stage estimates. All specifications include country$\times$ year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match_{iym}$. The unit of measurement is a country-month. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.

Table B.7: Alternative Definition of 'Close' Football Losses

Rating Difference	(1) ≤ 120	(2) ≤ 130	(3) ≤ 140	(4) ≤ 150	(5) ≤ 160	(6) ≤ 170	(7) ≤ 180	(8) ≤ 190	(9) ≤ 200
Panel A: IV Second–Stage Estimates					Dependent Variable: $Verb\ Coop_{iym}$				
$Domestic\ Turmoil_{iym}$	-0.1301	-0.1684	-0.1901	-0.2061	-0.1666	-0.2202	-0.0875	-0.1296	-0.1600
	(0.3148)	(0.2623)	(0.2349)	(0.2443)	(0.2590)	(0.2788)	(0.2708)	(0.3693)	(0.4698)
Panel B: IV Second–Stage Estimates					Dependent Variable:$Mat\ Coop_{iym}$				
$Domestic\ Turmoil_{iym}$	-0.0217	0.0114	0.0025	-0.0086	-0.0437	-0.0022	-0.0277	-0.0566	-0.0345
	(0.1284)	(0.1101)	(0.0936)	(0.0981)	(0.1045)	(0.1074)	(0.1051)	(0.1383)	(0.1737)
Panel C: IV Second–Stage Estimates					Dependent Variable: $Verb\ Conf_{iym}$				
$Domestic\ Turmoil_{iym}$	0.3485*	0.3131*	0.3076**	0.3021**	0.2973*	0.2823*	0.3194**	0.4246*	0.5251
	(0.2036)	(0.1642)	(0.1433)	(0.1411)	(0.1571)	(0.1601)	(0.1565)	(0.2332)	(0.3517)
Panel D: IV Second–Stage Estimates					Dependent Variable$Mat\ Conf_{iym}$				
$Domestic\ Turmoil_{iym}$	-0.0152	-0.0235	0.0159	0.0234	0.0088	0.0053	-0.0389	-0.0206	-0.0361
	(0.1275)	(0.1166)	(0.1003)	(0.1054)	(0.1082)	(0.1120)	(0.1086)	(0.1477)	(0.1896)
Panel E: IV First–Stage Estimates					Dependent Variable:$Domestic\ Turmoil_{iym}$				
$Football\ Loss_{iym}$	0.0133**	0.0147***	0.0163***	0.0154***	0.0146***	0.0137***	0.0142***	0.0106**	0.0080*
	(0.0052)	(0.0049)	(0.0048)	(0.0046)	(0.0046)	(0.0045)	(0.0044)	(0.0044)	(0.0043)
Kleibergen-Paap F-statistic	6.57	8.98	11.46	11.10	9.83	9.20	10.33	5.81	3.41
Controls:									
Country-Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Month FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Football Match	YES	YES	YES	YES	YES	YES	YES	YES	YES
No. of Observations	49,140	49,140	49,140	49,140	49,140	49,140	49,140	49,140	49,140
No. of countries	195	195	195	195	195	195	195	195	195
Maximum Goldstein Score	-5	-5	-5	-5	-5	-5	-5	-5	-5
Rating Difference	120	130	140	150	160	170	180	190	200

Notes: This Table provides the 2SLS estimates of the baseline specification under alternative specifications of 'close' football matches, ranging from rating differences of 120–200 between opposing teams. The dependent variables in Panels A, B, C and D are $Verb\ Coop$, $Mat\ Coop$, $Verb\ Conf$ and $Mat\ Conf$, respectively. Panel E provides first–stage estimates. All specifications include country× year fixed effects and month fixed effects. Both stages additionally control for $Football\ Match$. The unit of measurement is a country-month. Standard errors, clustered at the country level, are in parentheses. ***, **, * indicate significance at the 1, 5 and 10% level, respectively.