

An important tool great powers sometimes employ to advance their interests is foreign imposed regime change (FIRC), forcible action to replace a country's national leadership by "altering the composition of that state's ruling elite, its administrative apparatus, or its institutional structure" (O'Rourke 2018, 14). However, FIRCs are grave gambles, risking massive upheaval, costly and fruitless wars, and international backlash (O'Rourke 2018; Downes and Lilley 2010; Peic and Reiter 2011; Downes and O'Rourke 2016). What conditions cause great powers to take such risks?

Past scholarship proposed that major powers launch FIRCs to advance their security interests, focusing on American Cold War FIRC attempts (O'Rourke 2018). Continuing to focus on American Cold War FIRC attempts, this article advances past FIRC scholarship in two ways. First, it builds on O'Rourke's (2018) theory that security factors motivate great powers like the Cold War US to attempt FIRCs. She observed that during the Cold War, for security reasons the US focused on preventing countries from going Communist, and sometimes attempted FIRC to prevent states from going Communist. This was in part to maintain its international hierarchy and to prevent losses to the rival Soviet hierarchy. From here we ask, what factors caused the US to suspect that a country might be going Communist, thereby motivating a FIRC attempt? We propose that a key signal as to whether a state was leaning Communist was whether its government expropriated private property, and that during the Cold War the US was significantly more likely to attempt FIRC against a potential target if the government expropriated such assets. The leading competitor to the security proposition is the argument that the US attempted FIRC during the Cold War to advance subnational economic interests, in particular interests of multinational corporations (MNCs). We propose that if security factors drove US decisions, then all economic expropriations would make a US FIRC attempt more likely, because any expropriative

act, whether of locally-owned or US-owned property, would signal a shift to Communism and trigger American security concerns. Conversely, if subnational economic factors drove US FIRC attempts, then only expropriations of US-owned property would make a FIRC attempt more likely, as expropriations of US-owned assets would directly threaten MNC interests, but expropriations of locally-owned assets would not.

We test the security and economic propositions on a data set of all US FIRC attempts from 1947-1989, overt and covert, failed and successful. To code our central independent variables, we use a new data set of economic expropriations. The results show a US hierarchy member was 40-80% more likely to be the target of a US FIRC attempt during the Cold War if it expropriated economic assets, but that neutral governments were not significantly more likely to be FIRC targets if they expropriated economic assets. We also found that expropriation of any assets, not just US-owned, made FIRC attempts more likely, suggesting that security interests dominated subnational economic interests. Together, these results suggest the primacy of security interests over subnational economic interests, though not that national economic interests were completely irrelevant in US FIRC decisions. They also show that the costs and benefits of FIRC affected US decisions, as the lesser benefits of preventing a neutral state from going Communist meant that economic expropriation within a neutral state did not make a FIRC attempt more likely.

The article makes several contributions. First, it builds out FIRC security theory, providing a more nuanced perspective of exactly what triggered US security concerns sufficient to motivate a FIRC attempt, specifically that economic expropriation was a critical signal that a US hierarchy member was possibly going Communist. Second, it presents new, better data on economic expropriations. Third, it presents some of the most rigorous quantitative tests yet on

the causes of FIRC, providing additional evidence that security rather than subnational economic interests drove US FIRC attempts during the Cold War. These findings also support the broader perspective that during the Cold War security interests rather than subnational economic interests drove American foreign policy.

I. Signaling, International Hierarchy and the Causes of FIRC.

Realism proposes that major power foreign policy is driven by the desire to advance national security. As many realists recognize, major powers often frame, advance, and protect their security interests in the context of hierarchies, networks of power relationships with smaller powers (on hierarchy, see Lake 2009; McCormack 2019). Major powers create, manage, and maintain their own hierarchies of smaller powers, and are strongly motivated to prevent hierarchy members or neutrals from entering adversaries' hierarchies. Hierarchies are clusters of bargains between the major power leader and the smaller power members, and those bargains can contain economic, security, and ideological elements. Bargains often require major power concessions (such as extending deterrence over smaller powers) and smaller power concessions (such as contributing to collective defense). Hierarchies vary, not all containing the same economic, security, and ideological bargains. Hierarchy can overlap the term "hegemony" (see below).

Foreign imposed regime change is a critically important tool major powers can use to manage hierarchies and protect their security interests (Lo et al 2008; Reiter 2009; O'Rourke 2018). FIRC can enforce compliance with or change the terms of hierarchy bargains, prevent exit from hierarchies, and bring in new members. FIRC is attractive because unlike methods

such as negotiations or coercion, it does not rely on persuading the target state to comply, but rather forces compliance by subverting the autonomy of the target. FIRC can inflict costs on a major power imposer by provoking international or domestic backlash if the international community has not sanctioned the use of force, including increasing the willingness of smaller powers to exit the hierarchy. However, the FIRC imposer can attempt to circumvent these costs by acting covertly (O'Rourke 2018; Poznansky 2020). FIRC presents other risks, as it can provoke backlash within the target state (Downes and O'Rourke 2016; see also Lo et al. 2008; Reiter 2009), and it can stimulate internal instability within the target, undermining a potential economic trading partner or military ally (Peic and Reiter 2011; O'Rourke 2018). FIRC is at best rarely likely to spread democracy (Downes and Monten 2013; Bueno de Mesquita and Downs 2006).

O'Rourke (2018) provides the major theoretical statement that major powers and the US in particular use FIRC to advance security interests (Lake (2009, 115-118) notes in passing that the US has used FIRC to “discipline disobedient or defiant subordinates” in its hierarchy, especially in Latin America¹). She presents three theories for why major powers attempt FIRC: offensive, to “replace governments that they consider current military threats”; preventive, “to prevent another state from taking certain actions...that may threaten the intervener’s security in the future”; and hegemonic (her definition of hegemony compares with our definition of hierarchy²), an “offensive... or defensive” action to help pursue “the goal of regional hegemony.” O'Rourke’s theoretical categories of motives are not cleanly distinct, as FIRCs in

¹ See also McCormack (2019, 155-157).

² O'Rourke (2018, 39-40) imports Mearsheimer’s definition of a hegemon as a dominant power that cannot be challenged, then notes that “the defining feature of a hegemonic regime change is the desire to maintain a hierarchical relationship between the intervener and the target state.”

service of hegemony can be offensive or defensive, and offensive FIRC are in some sense preventively motivated because they are addressing future threats.

We build on her theory by asking, how do major powers come to understand emerging, current, and potential threats to their geopolitical interests? Rather than attempt to fit motives into the overlapping offensive/preventive/hegemony categories, we instead use the alternative frame of major power hierarchies, overlapping with O'Rourke's conception of hegemony. How does a major power conclude that a smaller power is considering exiting the major power's hierarchy, or entering a rival major power's hierarchy?³

We first note that major powers take different approaches to framing their interests, structuring their hierarchies, and portraying threats to their interests, making it difficult to pool together multiple major powers into a single test examining how major powers might use FIRC to advance their security interests. Like O'Rourke (2018) and others, we focus on the US during the Cold War. Our central proposition is that the US saw the spread of Communism as a threat to its geopolitical interests. The US perceived that a hierarchy member that became Communist would likely exit the US hierarchy and enter the Soviet hierarchy, and that a neutral state going Communist would likely enter the Soviet hierarchy. Further, following O'Rourke (2018), the US saw FIRC as an important tool to prevent states from going Communist.

The end of World War II highlighted the threat posed by the Soviet Union and its desire to spread Communism, as illustrated by its installation of Communist regimes in Eastern Europe and elsewhere. George Kennan's famous 1946 Long Telegram was the informal founding document of America's anti-Communist Cold War strategy, highlighting the need to contain Communism because it directly and indirectly threatened American national security (Gaddis

³ Taking actions to address exiting and entering hierarchies encompasses offensive, preventive, and/or hegemonic motives.

2005). NSC-68, the official US government document from 1950 that more formally described America's Cold War strategy, also focused on the security threats posed by the spread of Communism.⁴ The central reason was that Communist states would inevitably become pawns of the Soviet Union in its global bid to spread power and subvert American interests. Secretary of State Dean Acheson commented in 1947 that Communist governance had "the inescapable consequence of inclusion in the system of the Russian power" (quoted in Gaddis 2005, 62n). The Cold War for the US became largely about protecting its anti-Communist hierarchy, especially preventing its hierarchy members from going Communist and defecting to the Soviet hierarchy.

As noted, the Cold War was deeply ideological in the sense that the Soviet hierarchy contained almost exclusively Communist states, and the American hierarchy contained no Communist states. The US watched carefully for signs that a non-Communist government might transition to Communism, as such a development was feared to mean exit from the US hierarchy and perhaps entrance into the Soviet hierarchy. The US considered attempting FIRC against hierarchy members that might not be Communist but were showing signs of leaning towards Communism. For example, in a 1953 document, the National Security Council declared that covert action should be used to, "Discredit the prestige and ideology of International Communism, and reduce the strength of its parties and other elements," and to, "Counter any threat of a party or individuals *directly or indirectly* responsive to Communist control to achieve dominant power" (italics added).⁵ Some also advocated using FIRC to undermine the Soviet hierarchy. NSC-68, for example, advocated rollback (O'Rourke 2018).

⁴ <https://fas.org/irp/offdocs/nsc-hst/nsc-68-4.htm>.

⁵ NSC 5412/2, available at <https://history.state.gov/historicaldocuments/frus1950-55Intel/d250>.

The US believed that the clearest early signal that a government might be moving to Communism is if it enacted policies that expropriated privately-held economic assets.⁶ Governments expropriate to acquire greater control over economic assets on their own territories, and to increase their share of the resources that flow from these assets (Girvan 1976).⁷ Some regimes may come under suspicion of being sympathetic to Communism at even earlier stages, but expropriative acts were seen as important confirmation of such trends, both because such acts go beyond political rhetoric, which may be cheap talk designed to win elections, and because such acts are potentially costly to the regime, as they could repel international investors.

The US focused on expropriation because it is a concrete step towards government control of the economy, the essence of Communism. For example, the US government saw Guatemala's expropriation of land owned by the American MNC United Fruit in 1953 as signaling a potential transition to Communism, justifying FIRC. A secret government memo at the time noted, "economically, American enterprises suffer continuous whittling away of their properties and contractual rights, while our remonstrances are rejected. Ultimate Communist control of the country [of Guatemala] and elimination of American economic interests is the logical outcome, and unless the trend is reversed, is merely a question of time" (*Foreign Relations of the United States, 1952-54* 1988, Vol. 4, 1053; Gleijeses 1991 showed that anti-Communism rather than American MNC interests motivated the Guatemala FIRC attempt). In August 1960, the US ambassador to Congo laid out the sequence he feared the new Congolese prime minister Patrice Lumumba would take: "Remove the bulk of Europeans...Once Europeans have gone, nationalize their property...Finally GOC [Government of Congo] would invite

⁶ O'Rourke (2018) is a bit vague on exactly what actions would constitute credible signals of a state moving to the Soviet side. She occasionally refers to perceptions that "left-wing" parties and leaders posed dangers (39, 41).

⁷ "Nationalization" and "forced divestment" are terms sometimes equated with expropriation (Kobrin 1980).

Commie bloc experts in to keep business and industry going” (*Foreign Relations of the United States 1958-1960, Africa* 1992, vol. 14, 420). The following day, President Eisenhower ordered the US to remove Lumumba from power (Weiner 2008, 162-163). In 1964, the CIA viewed Brazilian president João Goulart as a “Communist in the making” because of his expropriation efforts, a factor leading the CIA to support Goulart’s overthrow (Turner 2005, 99). The US opposed Salvador Allende’s rise to power in Chile, and eventually supported his overthrow. A March 1970 government memo recommending interference in the forthcoming Chilean election to prevent Allende’s accession to power stated, “Based on Allende’s own views plus the public platform of the UP [Unidad Popular political alliance], we must assume that an Allende victory would mean the emergence of a Castro-type government in Chile” (*Foreign Relations of the United States 1969-1976, Volume XXI, Chile 1969-1973*, 77-78). The UP’s platform was seen as pushing Chile to Soviet Communism because it emphasized nationalization and expropriation, as its “central policy objective” was the formation of a new economic structure to “create a dominant state sector,” which would include nationalization of the mining industry and expropriation of arable land.⁸

The US was motivated to attempt FIRC early in a state’s perceived transition to Communism and Soviet influence. Earlier on, a regime making the transition to the Soviet side would be more vulnerable to FIRC attempts, as it might not yet have the protection of a Soviet alliance, or have access to resources that could help it thwart FIRC attempts, including Soviet military aid and troops. Stronger security ties to the Soviet Union might also dissuade American overt FIRC attempts, because such ties might risk escalation to direct US-Soviet conflict. Covert FIRCs reduced the risk of escalation (Carson 2018), though the US government recognized that

⁸ <https://www.rrojasdatabank.info/programm.htm>.

even covert actions could potentially escalate to war, and US policy accounted for the risk of escalation when considering covert action, though covert FIRC against Soviet allies did sometimes occur.⁹

This theory proposes that the US perceived policies of economic expropriation as powerful signals that a government was transitioning to Communism. However, overt FIRC attempts are costly in friendly casualties and financial costs. Also, all FIRC attempts are risky, because failure may drive the target into the Soviet hierarchy. Further, if a covert FIRC attempt is exposed there may be a diplomatic backlash against the US (O'Rourke 2018). Therefore, because the transition of a member of the American hierarchy to Communism would be a greater geopolitical loss to the US as compared with the geopolitical loss of a neutral state to Communism, we predict that the effect of economic expropriation on the likelihood of a FIRC attempt will be higher for a member of the US hierarchy than for a neutral state.

Hypothesis 1: When a member of the US hierarchy expropriates any economic assets, then it becomes more likely to experience a US FIRC attempt.

Hypothesis 2: When a state that is not a member of the US hierarchy or Soviet hierarchy expropriates any economic assets, then it becomes more likely to experience a US FIRC attempt, but the effect is smaller as compared with a member of the US hierarchy that expropriates any economic assets.

Our argument partially overlaps with Owen's (2010) sophisticated, ideas-based theory of the causes of FIRC, that states impose regime change to spread a favored political ideology. Owen (8) proposed that security concerns make FIRC more likely, and (166) that in the twentieth century imposed regime change was "part of the long transnational contest among advocates of

⁹ See for example <https://history.state.gov/historicaldocuments/frus1950-55Intel/d250>.

liberal democracy, communism, and fascism,” though he concedes that during the Cold War the US often took actions, forceful and otherwise, to spread anti-Communist authoritarianism, seemingly at odds with his general forecast that the US sought to spread democracy across the century. His interpretation of the early Cold War (182) is quite consistent with the theory proposed here, when forcible regime “Promotion was a tool to extend or preserve one’s sphere of influence and to arrest the spread of the other’s sphere.”

Our theory and hypotheses predict FIRC attempts against US hierarchy members and neutrals. O’Rourke (2018) observes that the security theory predicts that a great power may engage in FIRC attempts against a member of a rival hierarchy, sometimes called rollback, and that the US did attempt FIRC against members of the Soviet hierarchy during the Cold War. Our signaling theory makes no prediction as to the effects of economic expropriations amongst members of the Soviet hierarchy. There is little or no signaling function of expropriations for Soviet hierarchy members, because those states are already Soviet hierarchy members.

II. Economic Special Interests and FIRC.

A leading alternative perspective on the causes of American Cold War FIRC attempts concerns economic special interests. Some have proposed that American foreign policy as far back as the 1890s has been strongly driven by economic special interests (Kolko 1988). Some political scientists agree that economic and corporate interests help shape American foreign policy decisions, including the use of force (Gilpin 1975; Gibbs 1991; Keohane and Nye 1989, 26). Others have argued that economic special interests affect foreign policy in other ways, such as shaping defense spending (Fleisher 1993; Fordham 2008a). To be sure, this notion is hotly

debated among historians. Grow (2008), for example, argued American interventions in Latin America were not primarily motivated by economic self-interest.

The economic special interests perspective forecasts that the US engaged in FIRC to serve the preferences of American MNCs (Qureshi 2009; Schlesinger and Kinzer 2005). MNCs might directly lobby for FIRCs to overthrow governments that threaten their interests, especially when such governments expropriate foreign-owned assets (Gilpin 1975, 143; Gibbs 1991; Kinzer 2006; Maurer 2013). Corporations could also influence foreign policy via close personal ties between government and corporate leaders, and directly intervening in foreign elections (Gibbs 1991; Weiner 2008, 308; Kornbluh 2013, chapter 2).

There is not necessarily a clean distinction between the US government attempting FIRC to maintain its hierarchy and American MNCs encouraging FIRC attempts. Especially during the Cold War, American policymakers did not always see a clear difference between American government and corporate interests. Secretary of Defense Charles Wilson famously stated during his 1953 confirmation hearings that “for years I thought what was good for the country was good for General Motors, and vice versa.”¹⁰ More generally, part of the government’s opposition to Communism was the concern that the spread of Communism would threaten American economic interests (Fordham 2008b). That said, some scholars have critiqued the proposition that corporations affect foreign policy (Waltz 1979), though sometimes without systematic or quantitative evidence supporting their skepticism. O’Rourke (2018) dismissed the idea that MNC interests guided FIRC decision-making, though she presented no quantitative evidence to this effect. Brooks (2005, 247) was skeptical that corporate interests directly caused FIRC attempts, but did not provide evidence.

¹⁰ <https://www.autonews.com/article/20080914/OEM02/309149916/hard-charging-charles-wilson-ran-gm-and-then-the-pentagon>

This article looks for systematic evidence of subnational economic influence over decisions to attempt FIRC. If American decisions to attempt FIRC were primarily driven by MNCs, then FIRC attempts would have been more likely when MNC interests were directly threatened. America would have been more likely to attempt FIRC when a potential target expropriated US-owned assets, as such actions directly threaten MNC interests, but would not have been more likely to do so if a government expropriated domestically-owned assets. Conversely, the signaling theory proposes that expropriation of any kind of asset, foreign or domestic, makes FIRC attempts more likely, because expropriation of any kind signals a potential transition to Communism. The economic special interests theory proposes:

Hypothesis 3: When a member of the US hierarchy or neutral state expropriates US-owned economic assets, then it becomes more likely to experience US FIRC attempts.

Hypothesis 3 predicts similar effects of economic expropriation on the likelihood of a FIRC attempt for US hierarchy members and neutrals, as economic special interests oppose expropriation in both categories of states.

Beyond security and economic explanations, theories on the causes of FIRC are limited. Owen (2010) developed an ideology-based theory of FIRC, and a few studies make related claims about states imposing regime change to spread ideology, sometimes drawing on ideas from the democratic peace (Reiter 2021). Poznansky (2020; see also O'Rourke 2018) explored the decision to act covertly or overtly once a state has decided to attempt regime change, a choice not examined here.

Willard-Foster (2018) developed a theory proposing that conditional upon a potential FIRC imposer having a severe policy disagreement with a potential FIRC target, FIRC is more likely if there is a prominent domestic political opposition within the target. This asks a different

question than posed in this article, as we are examining the nature of policy disagreements sufficient to inspire consideration of a FIRC attempt.¹¹ A few works analyze quantitatively the causes of FIRC during wars (Werner 1996; Bueno de Mesquita et al. 2003, 440). Owen (2010) offered case studies on FIRC over five centuries, and there are some other political science case studies of the causes of FIRC (e.g. Gibbs 1991; Willard-Foster 2018; Reiter 2009, 2021; Poznansky 2020). O'Rourke (2018) presented something of a hybrid quantitative/qualitative empirical test, generating a comprehensive list of US FIRC attempts during the Cold War and executing careful case studies, though not conducting statistical analyses of the causes of FIRC attempts.

One quantitative work that examined the potential economic and other causes of FIRC is Willard-Foster (2018, chapter 3). She tested economic performance, a proxy for domestic opposition, as a potential cause of FIRC, finding that change in economic growth made a FIRC more likely. She also controlled for trade, speculating that higher levels of trade between a potential FIRC imposer and target might make FIRC more likely, because higher trade would activate subnational economic special interests to push for FIRC. She does not focus on whether geopolitical ties between two states make FIRC more or less likely, other than finding that in general FIRCs are not more likely between rivals. The trade variables were not statistically significant in her analysis. Reversing the causal arrow, Zachary et al. (2017, 778) found that

¹¹ We do not include right hand side control variables testing Willard-Foster's main hypothesis, for three reasons. First, cross-national, cross-temporal, comprehensive measures of domestic political opposition confront measurement error and missingness problems. Second, including such right hand side variables would require accounting for interaction effects, as domestic political opposition only matters in the context of policy disagreements, such as expropriation. Accounting for interaction effects introduces potential multicollinearity and empty cell problems. Third, her measures of domestic political opposition are economic crises, and we use economic crisis as part of our instrument for expropriation, creating potential exclusion restriction problems if such variables are also included as controls.

FIRC reduces trade flows, and Berger et al. (2013) found that covert American interventions increased imports of US goods.

II. Research Design.

We examine the causes of American FIRC attempts from 1947-1989. It follows past work of focusing on FIRC attempts of the US (Poznansky 2020; O'Rourke 2018; Zachary et al 2017), because doing so allows for testing more context-specific causal dynamics which might not be present within all hierarchies. For example, Soviet Cold War FIRC attempts were used to reinforce rather than displace Communism.

Among possible great powers who might attempt FIRCs, we choose the US during the Cold War, for two main reasons. First, scholarly debates on the causes of FIRC have centered on US FIRCs, especially during the Cold War (Gibbs 1991; O'Rourke 2018; Poznansky 2020; Lake 2009; McCormack 2019; Zachary et al. 2017). Second, by far the best data on FIRC attempts, failed and successful, covers the Cold War US. There are no systematic lists of failed FIRC attempts for any other major power.

We use O'Rourke's (2018) list of covert and overt FIRC attempts, failed and successful (see her FIRC definition above; the list is in the online appendix).¹² Covert FIRC attempts can include actions such as supporting assassinations, *coups d'état*, foreign dissidents who might overthrow the regime, democracy promotion, and election interference. Overt FIRC attempts mean unconcealed military intervention.

¹²

O'Rourke's list of covert FIRC attempts is built on extensive archival research. She stops her temporal range in 1989, in part because that is commonly recognized as the end of the Cold War and the transformation of the American hierarchy, and also because we can be more confident that the record of covert action is complete if we do not include more recent time periods. It is important to include covert as well as overt FIRC, as the theory predicts covert and overt FIRC attempts. It is also important to look at both failed and successful FIRC attempts, because sometime FIRC attempts fail, and the theory predicts to FIRC attempts and not to FIRC successes.¹³

When the US engaged in FIRC within one country over multiple years, we treat each year as experiencing a FIRC attempt. Our approach of including all years in a multi-year FIRC presumes that the US is making somewhat independent decisions each year to continue attempting FIRC. This is a reasonable assumption, for two reasons. First, multi-year FIRCs are covert (the only exception being North Korea 1950-53), and covert FIRC attempts generally contain several different, distinct actions taken over several years, such as several different assassination attempts on Cuba's Fidel Castro, or interference in a series of French elections. Therefore, it is more conceptually appropriate to envision each year in a FIRC as a reasonably separate choice, rather than assume the continuation of the FIRC attempt is not a decision. Second, because most multi-year FIRCs are covert, there is no domestic or international audience cost from ending a FIRC attempt in year t if FIRC was also attempted in year $t-1$. This reduces a momentum effect of the US being especially likely to continue a FIRC attempt at time t if was attempting a FIRC at $t-1$, as there is no reputation cost to ending a FIRC attempt. Further, because covert FIRC attempts are very low cost, this reduces another potential source of

¹³ FIRCs are coded for each country-year, sometimes multiple consecutive years, by O'Rourke. We use the same operationalization because FIRC methods change over time.

momentum, that the US must continue a FIRC because of the domestic political costs of conceding that lives were lost in vain, as sometimes occurs in overt wars. There may still be some temporal correlation across the years within a multi-year FIRC, as there is between years in which no FIRC was attempted, and accordingly we employ a variety of means of addressing temporal correlation, described below. An alternative approach would be to code the DV as 1 only in the onset year, and then dropping ongoing years in a multiyear FIRC. A downside of this alternative approach is that it would mean deleting cases, post-onset years in multi-year FIRC attempts.¹⁴

We focus on expropriation as the most important action a state could take perceived by the US as signaling movement toward Communism. For the Cold War US, expropriation was by far the most frequent and salient action individual governments took that could signal geopolitical shifts. For example, no American trade partners exited a trade agreement during this period. Exit from investment treaties was and is extremely rare (Gordon and Pohl 2015, 5). Another possible signal of tilting to Communism could be land reform. However, the US government generally promoted land reform after World War II, with the exception of 1950s land reform in Guatemala (Kapstein 2017, esp. 171; Prados 1986, 98). Embargoes on exports to the US, another possible signal, were also rare.¹⁵

There is some scholarship on the causes of expropriation, focusing on the causes of expropriation of foreign but not domestic assets, mostly after 1945. Kobrin (1980) found that expropriation was motivated more by long term economic and development plans than by anti-

¹⁴ In the online appendix (Tables A7-A8) we replicate results using only the first year of FIRC, for robustness. The results are still statistically significant and in the predicted direction, though the magnitude of the substantive effect is reduced.

¹⁵ The Threat and Imposition of Economic Sanctions data (<http://sanctions.web.unc.edu/>) list only three embargoes on the US from 1947 - 1991.

foreign backlash or economic nationalism. Kobrin (1984) and Minor (1994) both noted temporal patterns in expropriation, with a sharp drop after 1979. Li (2009) focused on political institutions, observing that in democracies expropriation is more likely when constraints are lower and leadership turnover is more frequent, whereas in autocracies it is less likely when there are fewer constraints and when the autocrat has long tenure. Biglaiser et al. (2016) showed that expropriation is less likely when a country has signed an IMF agreement accepting a loan. Jensen et al. (2020) demonstrated that international lending agreements make expropriation less likely, larger and more developed economies are less likely to expropriate, expropriation is less likely following financial crises, trade openness makes expropriation more likely, democracies are less likely to expropriate, expropriations increase as global oil prices rise, and expropriation is more likely if it occurred in that same country in the previous year.

Our data have a panel structure, each case being a state in a single year for all state-years from 1947-1989, the dependent variable being whether the US attempted a FIRC against that state during that year. The main independent variables are the number of US and/or domestic expropriation events carried out by the state during the year in question.

There are existing data on foreign expropriation, the seizure of foreign-owned assets, originally published by Kobrin (1980) and then eventually expanded forward and backward in time (Kobrin 1984; Minor 1994; Li 2009; Tomz and Wright 2010; Biglaiser et al. 2016; Jensen et al. 2020). We did not use these data, for several reasons. First, the description of the coding rules for these data is limited. For example, it is not clear if it included actual expropriation as well as the passage of laws that merely permit seizure. It also may or may not include expropriations by actors other than national governments. Second, our data collection efforts indicated internal validity problems in the Kobrin data, such as the exclusion of several

prominent cases of expropriation, including Cuba 1960. In our examination of the Kobrin data, we were unable to confirm 55 percent of its listed expropriation events. Third, the Kobrin data only include expropriation events in developing countries, and we wish to examine FIRC attempts outside the developing world, as well. Fourth, the Kobrin data set only includes expropriation of foreign-owned assets, not domestic-owned assets, and our hypotheses diverge on whether the latter would make FIRC attempts more likely. The online appendix includes Tables A12-A14 that list the cases common to both data sets, as well as the cases unique to each data set.

We built our own expropriations data. Expropriation occurs when the national government seizes control of economic assets, such as factories, mines, or railroads, owned by foreign or domestic private actors. We coded all expropriation efforts for this time period, including efforts that expropriated only a part of a state's economy. Our data source was the *New York Times*. Its enduring focus on American foreign policy and international business interests means that it was especially likely to report expropriations. The *New York Times* proved to be more comprehensive than other sources such as Kobrin or the *Statesman's Yearbook*.¹⁶ The *Times* of London has shortcomings, given its reputation for far left politics in the 1940s, the limits of its news coverage at certain stages (up until 1966 its front page contained advertisements rather than news), and the pause in its publication for about a year in 1978.¹⁷ In line with Minor (1994) and Kobrin (1980), in our data expropriation refers to the forced seizure or divestment of assets; unlike Minor (1994) and Kobrin (1980), we code for the expropriation of

¹⁶ Kobrin (1980) claims to have used the *New York Times*, but his use of that source was likely less systematic than ours, because in the 1970s scholars could not use computers to scan news articles texts.

¹⁷ There is potential for bias within the *NYT* as a source, but we do not believe it is significant. Smaller countries experiencing expropriations might be less likely to be written about, yet smaller countries do appear in our sample, such as expropriations in Jamaica in 1977. More importantly, there is no other comprehensive source spanning this time period with better coverage.

domestic-owned as well as US/foreign-owned assets. We exclusively code for expropriations by the national government. Subnational government expropriations or non-government expropriations were not included. Our data include events when a sector or company was reported as having been expropriated or was about to be expropriated; the announcement of a forthcoming expropriative event serves the same signaling function as the implementation of expropriation. Expropriation efforts can emerge from legal or extralegal means, and in line with Kobrin (1980), can take one of four forms: (1) the passing of legislation or amendment of existing law to pass ownership,¹⁸ (2) the extralegal forced transfer of ownership, (3) the inducement of the sale or divestment of an asset via threat of force or threat of seizure,¹⁹ and (4) forced renegotiation of a contract or sale.²⁰

To construct the data set, we searched for the term “expropriation” within all articles from the ProQuest Historical *New York Times* database. We read each article that was returned. Most articles were relevant to the seizure of assets by a government, although some were related but not used to build the data set (e.g., articles describing protections against expropriations or agreements between states to not expropriate each other’s assets). An article often referred to the same expropriative events with other labels, such as forced seizure or nationalization, within the body of the same text. Finally, most expropriative events were the subject of multiple articles, although we included each event only once in the data set. This increases our confidence that the *Times* described the event as an expropriation at least once.

We initially coded at the state-year level and captured expropriation events by industry and the nationality of asset owner; that is, if multiple domestic firms within a sector such as copper were

¹⁸ For example, in 1978, Mexico amended its constitution to allow for the expropriation of land for drilling.

¹⁹ For example, pro-government forces in Nicaragua successfully harassed the US-owned Standard Fruit Company into abandoning its property.

²⁰ For example, in 1954 Israel forced the buy-out of the Palestine Electric Company, a British firm.

expropriated in a given state-year then we recorded a single observation for that sector.²¹ If two assets within the same sector but owned by firms from different foreign countries were expropriated, then we recorded two observations for the state in which they were expropriated. That is, we record the number of sectors by firm nationality that experienced an active forced seizure through one of the four mechanisms outlined above. We then aggregate up to the state-year level to create our two key independent variables.²² Our domestic expropriation variable is a count of the number of expropriations of domestic assets within a year. Our foreign expropriation variable is a count of the number of expropriations of foreign assets within a year. We utilized a count because of the variation across the cases; roughly 36% of the cases with any expropriation experienced multiple events. Moreover, the spread is large; while the majority experienced only one expropriation event, as many as 29 expropriative events occurred within a state-year.

The *Times* proved to be a useful source for these two variables as it also described when a company or asset was foreign owned. In particular, the text often explicitly named the state that owned an asset, including if a company was a subsidiary of a foreign company, or described assets as “foreign.” Without mention of a specific foreign state or the designation of an asset as “foreign,” we deemed the expropriation as domestic. To confirm that non-mention of a foreign asset or actor indicated domestic expropriation, we randomly selected 40 events our coding method classified as domestic. Closer examination indicated that all 40 expropriations were domestic. 158 state-years experienced any expropriation event in at least one year, including domestic and foreign expropriations; 89 state-years featured at least one foreign expropriation

²¹ We separated out expropriations within the same sector based on their domestic or foreign ownership status. That is, if a domestic copper mine was expropriated and a foreign copper mine was expropriated, we counted that as two events occurring within the same country.

²² We code the year of the expropriative event, not the year of the article’s publication.

and 87 state-years featured at least one domestic expropriation. Roughly 11% of cases featured both types of expropriation.

Our analysis uses the aggregated *Any expropriation* variable, which includes both domestic and US expropriations for H1 and H2. We use the disaggregated variable on US- and domestic-owned assets to test H3.

Hypotheses 1 and 2 require us to categorize states according to their hierarchy status, being in the US or Soviet hierarchies, or neither. We classified a state as being part of the US hierarchy if it has a defense pact with the US, part of the Soviet hierarchy if it had a defense pact with the Soviet Union, and in neither hierarchy if it did not have a defense pact with either power, using ATOP alliance data. We used alliance ties because of data availability, and because during the Cold War formal alliances were the principal diplomatic means by which states identified with the American or Soviet hierarchies. An alliance tie is dichotomous, and we need dichotomous hierarchy variables to sort potential targets into the three groups of potential targets. In the online appendix, we present an alternative scheme of describing hierarchy, classifying Latin America as the American hierarchy. The results remain unchanged.

We include several control variables. There are other possible signals, beyond expropriation, that a state might be moving to the Soviet camp. Commonality in United Nations General Assembly voting behavior is one means of measuring the degree to which two states' foreign policy interests converge. We are interested in the degree to which a state's UN voting behavior is changing relative to the US and the USSR, that is, whether or not a country is significantly voting more in line with one of the two major powers, as a factor possibly predicting to a greater likelihood of a FIRC attempt. To measure this, we use the UNGA Voting Data (Voeten et al, 2009) and take the distribution of the change in the percentage of votes that

each state voted in line with the US from year t to year $t-1$.²³ From there, we find the standard deviation of the voting similarity change, and create a dummy variable, *UN Agree US*, that indicates whether or not a state's voting behavior changed in a manner that was greater than one standard deviation away from the mean of all state votes. Receiving a 1 on this variable therefore indicates that the state, in a given year, changed its votes to be more in line with the US than the rest of the states in the international system. We repeat this with UN voting similarly with the USSR to create the variable *UN Agree USSR*. This dynamic variable allows us to capture how a state's voting behavior is changing relative to itself and the international system, while allowing for the possibility of shifting temporal trends.²⁴

We include other control variables. Ideological perspectives might forecast that the US would be especially likely to use FIRC to spread democracy.²⁵ We include a *Polity* variable, ranging from -10 to 10 with higher scores indicating higher levels of democracy in the potential target state, taken from the Polity data.²⁶ The US might be less inclined to attempt FIRC against larger states because the likelihood of success might be lower. We include a *Population* variable as a proxy for target size and power, which is the logged population of the state, using World Bank data.²⁷ In our robustness tests we also include additional control variables. *Oil* is the logged amount of oil production in the country. *Military personnel* controls for the number of military personnel in the country's national army. *CINC*, the Composite Index for National Capability, controls for the country's overall economic, demographic and military power.

²³ <https://dataverse.harvard.edu/dataset.xhtml?persistentId=hdl:1902.1/12379>

²⁴ Another option would be to control for whether the state joined or created an alliance with the US or with the USSR in a given year. However, because there is very little change across these variables and because UN voting captures the political and security preferences of states in a dynamic manner, we rely on UN voting.

²⁵ Including a control for left-leaning governments led to excessive missingness in our data, due to the absence of information within the temporal span of our data.

²⁶ <https://www.systemicpeace.org/polityproject.html>.

²⁷ <https://data.worldbank.org/indicator/SP.POP.TOTL>.

To address possible spatio-temporal autocorrelation of the likelihood of a FIRC attempt against a country in one year not being independent of FIRC attempts against the same country in previous years, we rely on year and state fixed effects in our ordinary least squares (OLS) models and cubic time trends, to account for time dependence (Carter and Signorino, 2010). We also present logit models which account more closely for the data-generating process of the binary dependent variable, excluding fixed effects to avoid additional potential bias from the incidental parameter problem.²⁸ Another potential concern is that the main treatment, expropriation, could be non-randomly assigned. We address this concern in three ways. First, we include control variables, described above. Second, we include two-way fixed effects, for year and state. Third, to address potential confounders that may affect both expropriations and FIRCs (Angrist and Krueger 2001), we employ instrumental variable (IV) analysis, using an instrument for expropriation also including the same two-way fixed effects. Valid instruments must be correlated with the endogenous explanatory variable and, conditional on other covariates, cannot be correlated with the error term. That is, the relationship between the instrument and the dependent variable must exist through its effect on the endogenous explanatory variable. If these assumptions hold, the instrument prevents bias from confounding our results. We use two variables that are plausibly exogenous to our dependent variable yet still affect the likelihood of expropriation:²⁹ the change in the total volume of a state's trade output³⁰ and the previous experience of a domestic inflation crisis.³¹ The literature on expropriation has

²⁸ In our panel data with binary outcomes, the cross section is much larger than the time dimension, thus potentially leading to bias. Since we also include an OLS estimator, which is consistent, as well as an IV approach, we exclude fixed effects from this model to account for the data-generating-process of our binary outcome variable. See Graham et al. (2009) on the incidental parameter problem in logit panel models.

²⁹ We examined several other instrument candidates that proved to be unsuitable, including land reforms, level of trade, sovereign default, bankruptcies, and banking crises.

³⁰ World Bank data.

³¹ We measure previous experience of a domestic inflation crisis as the experience of an inflation crisis within the last three years. Data from: <https://www.hbs.edu/behavioral-finance-and-financial->

shown that expropriation events are likely when profitable (Guriev et al. 2011, Hajzler 2014), and are less likely in times of financial crisis (Jensen et al. 2020). Similarly, positive trade changes may increase the value of assets that could be expropriated.

III. Results.

From 1947-1989, there are 5,690 country-years (see online appendix for summary statistics). We employ several models to test the hypotheses. To test H1 we use a sub-sample of only countries within the US hierarchy (countries allied with the US).³² To test H2, we use a sub-sample of only neutral countries, with no defense pact with either the US or the Soviet Union. The online appendix demonstrates the breakdown of FIRC attempts across each sub-sample. The main independent variable is a count of the number of any kind of expropriation, either domestic or foreign, which occurred in the state-year. Tests for H3 combine these sub-samples. The number of expropriative events, of either domestic assets or US-owned assets, constitute the main independent variables.

We employ several similar models across all the hypotheses to test the empirical relationship between the count of any kind of expropriation events and FIRC attempts. Model 1 uses logistic regression with cubic time trends and Model 2 uses OLS regression with country and year fixed effects and time trends (the time trends are included in the models but not in the table, for brevity). However, control variables and fixed effects are likely limited in their alleviation of potential bias from the non-random assignment of expropriation events. Bias may

stability/data/Pages/global.aspx?fbclid=IwAR0qhOx2hCwompT6cz-YHWxhX31JN-9Du6C2pqK7AAb5cMDZYdcGFW8VOJU

³² In the online appendix we rerun the same models using only countries in the Western hemisphere as an alternative conceptualization of the US hierarchy. The results are unchanged.

be especially worrisome if there are unobserved confounders affecting both expropriations and FIRC. To further address potential bias from non-random assignment, we employ IV regression in Models 3 and 4. The former uses the presence of an inflation crisis, as defined by the World Bank as the plausibly exogenous instrument, whereas the latter uses trade changes with the US as the instrument.

Table 1 presents the results of these four models, using the sub-sample of US hierarchy. They clearly show that economic expropriation makes a regime significantly more likely to be the target of a FIRC attempt. While the magnitude of this effect varies across models, the relationship remains statistically significant across all models. Substantively, the models show that for each additional expropriative event, in a given year, the likelihood of FIRC increases by 38 percent, according to the IV models.

The F-statistics in Table 1 demonstrate that there is a significant first stage relationship between inflation crises, trade changes, and expropriation events, satisfying the inclusion restriction. The exclusion restriction is inherently more difficult to test. However, the most pressing source of concern of a violation of this restriction would be if there was a relationship between our instruments and domestic unrest. That is, experiencing a decrease in trade output or an inflation crisis could lead to domestic instability, which could in turn motivate conflict. A potential motivator of a FIRC attempt, perhaps, could be internal instability or conflict in a strategically important state. However, there is no significant relationship between a variety of measures of internal conflict and FIRC attempts, alleviating concerns of this possible violation of the exclusion restriction.³³ Given that our instruments satisfy both restrictions, we present the

³³ The correlations between civil/interstate war and FIRC attempts approach zero. To test for lower levels of civil unrest, we also tested for correlation between lower level MIDs and violent and non-violent campaigns, and find very low correlations.

results of the second stage of both IV regression results in Table 1. Model 3 presents the second stage results using inflation crisis as the instrument; Model 4 presents the results using trade change as the instrument. We include country-year fixed effects in both stages to capture the potential for temporal dependence between ongoing and future FIRC attempts. Models 1-4 provide support for Hypothesis 1.

Table1: Expropriations and FIRC (US Hierarchy Members Only)

	<i>Dependent variable:</i>			
	Any FIRC			
	<i>logistic</i>	<i>FELM</i>	<i>IV</i>	<i>IV</i>
	(1)	(2)	(3)	(4)
Any Expropriations (count)	0.62*** (0.14)	0.04* (0.02)		
Any Expropriations (fitted)			0.38*** (0.08)	0.38*** (0.08)
UN Agree US (change)	-0.41 (0.33)	0.01 (0.02)	0.001 (0.03)	0.001 (0.03)
UN Agree USSR (change)	-0.34 (0.30)	-0.01 (0.02)	-0.09 (0.08)	-0.09 (0.08)
Population (logged)	-0.02 (0.08)	0.35** (0.17)	0.36** (0.16)	0.36** (0.16)
Polity	-0.04*** (0.01)	-0.001 (0.002)	-0.01*** (0.002)	-0.01*** (0.002)
Soviet Ally	-13.38 (508.02)	-0.24*** (0.04)	-0.32*** (0.05)	-0.32*** (0.05)
Constant	-4.26*** (0.92)			
Observations	1,658	1,658	1,658	1,658
Adjusted R ²		0.25	-0.92	-0.93
Log Likelihood	-436.07			
F-Stat (First Stage)			21.15***	21.04***

Note:

* p<0.1; ** p<0.05; *** p<0.01
FELM = Fixed Effects Linear Model

To test Hypothesis 2, we replicate the same table using a sub-sample of only neutral countries. Table 2 shows that while the sign of the independent variable remains positive across all models, these variables are not statistically significant. Neutral states do not have the same

positive, statistically significant relationship between expropriations and FIRC as for members of the US hierarchy. This provides mixed support for Hypothesis 2, which forecasts that the effect of expropriation on the likelihood of a FIRC attempt for neutrals should be positive and significant (not supported), but lesser than the effect of expropriation on the likelihood of a FIRC attempt for US hierarchy members (supported).

Table 2: Expropriations and FIRC (Neutral States Only)

	<i>Dependent variable:</i>			
	Any FIRC			
	<i>logistic</i>	<i>FELM</i>	<i>IV</i>	
	(1)	(2)	(3)	(4)
Expropriations (count)	0.38 (0.48)	0.01 (0.04)		
Expropriations (fitted)			0.82 (1.04)	1.31 (1.06)
UN Agree US (change)	-0.64 (0.41)	-0.04*** (0.02)	-0.04* (0.02)	-0.03 (0.02)
UN Agree USSR (change)	0.25 (0.32)	-0.01 (0.02)	-0.01 (0.03)	-0.01 (0.03)
Population (logged)	0.45*** (0.07)	0.19* (0.11)	0.17 (0.12)	0.15 (0.13)
Polity	-0.03 (0.02)	0.01** (0.003)	0.01* (0.004)	0.01* (0.004)
Constant	-6.40*** (0.72)			
Observations	2,482	2,482	2,482	2,482
Adjusted R ²		0.35	0.07	-0.38
Log Likelihood	-414.70			
F-Stat (First Stage)			0.61	1.52

Note:

*p<0.1; **p<0.05; ***p<0.01
FELM = Fixed Effects Linear Model

Hypothesis 3 proposes that rather than any expropriation leading to FIRC within the US hierarchy, expropriations of US-owned assets should increase the likelihood of FIRC in US hierarchy members and neutrals. We test this hypothesis using our disaggregated data on the ownership of the expropriated assets, as domestically or US-owned. The main independent variables in Models 1-6, in Table 3 are count variables of the number of expropriative events of

assets owned by US and domestic companies. Models 1-2 in Table 3 are identical to previous tables on all other elements. Models 3-6 replicate the main IV models, using a count of domestic-owned alongside US-owned assets, with both instruments.

When the US hierarchy members and neutral sub-samples are pooled together, we generally find that expropriations are not statistically significantly related to the likelihood of a FIRC attempt in the more reliable IV models. The only exception is that in Model 6, domestic expropriations, rather than expropriations of US assets, are positively and significantly associated with a FIRC attempt. This general null result across the IVs is consistent with the results reported in Tables 1 and 2 and with the security theory: when a sub-sample with a significant result is pooled together with a sub-sample with an insignificant result, it is not surprising if the significant result is washed out by the insignificant result. The Table 3 results are also inconsistent with Hypothesis 3 and the economic model, which predicts that expropriations of US-owned assets, rather than domestic assets, makes FIRC more likely because such actions threaten the interests of US MNCs for both US hierarchy members and neutrals. However, the coefficients for expropriation of US-owned assets in Table 3 for models with IVs are statistically insignificant. In the least restrictive Model 1, both US- and domestic-owned are associated with an increased likelihood of FIRC, again inconsistent with Hypothesis 3. In Model 2 we find statistical significance for only US-owned assets, though this result is substantively small, and only marginally statistically significant.

Moreover, if we analyze the US hierarchy member and neutral sub-samples separately, we reach the same conclusions.³⁴ For the US hierarchy member sub-samples the effects of expropriation of both domestic- and US-owned assets on the likelihood of FIRC attempt is

³⁴ See online appendix Tables A16-17.

positive and significant, and statistically indistinguishable for US-owned compared with domestically owned assets. For the neutrals sub-sample, the effects are statistically insignificant for both US- and domestic-owned assets.

Table 3: Expropriation of Domestic and US-owned Assets and FIRC (US-Allies and Neutrals Combined)

	<i>Dependent variable:</i>					
	Any FIRC					
	<i>logistic</i>	<i>felm</i>	<i>IV</i>			
	(1)	(2)	(3)	(4)	(5)	(6)
Expropriations - US-owned	0.82*** (0.30)	0.04* (0.02)				
Expropriations - Domestic-owned	0.32* (0.16)	0.02 (0.02)				
Expropriations - US-owned (fitted)			0.89 (0.77)	0.98 (0.81)		
Expropriations - domestic-owned (fitted)					0.68 (0.47)	0.89* (0.51)
UN Agree US (change)	-0.42* (0.25)	-0.03* (0.01)	-0.03* (0.01)	-0.03* (0.02)	-0.02 (0.01)	-0.02 (0.02)
UN Agree USSR (change)	0.06 (0.22)	-0.003 (0.02)	-0.06 (0.07)	-0.07 (0.07)	-0.02 (0.05)	-0.03 (0.06)
Population (logged)	0.21*** (0.05)	0.26*** (0.10)	0.25** (0.10)	0.25** (0.10)	0.23** (0.10)	0.22** (0.10)
Polity	-0.01 (0.01)	0.004* (0.002)	0.003 (0.003)	0.002 (0.003)	0.002 (0.003)	0.001 (0.003)
Constant	- 4.39*** (0.51)					
Observations	4,132	4,132	4,132	4,132	4,132	4,132
Adjusted R ²		0.26	-0.93	-1.20	-0.41	-0.91
Log Likelihood	- 896.16					
F-Stat (First Stage)			5.58	5.13	6.43	8.43

Note: *p<0.1; **p<0.05; ***p<0.01

We describe several robustness tests in the online appendix. Table A1 uses a different conceptualization of US hierarchy members. Table A2 includes a replication of Table 1 with additional controls – oil production, CINC scores, Number of Military Personnel, and Any Conflict (interstate or intrastate)- and results remain robust to their inclusion. Tables A3-A4 replicate Tables 1-2 using all foreign-owned assets, rather than only US-owned. Tables A5-A6 replicate Tables 1-2 using the Affinity of Nations score (Gartzke 2006) reconstructing a similar measure of UN voting similarity. Tables A7-A8 replicate the same tables using only the first year of FIRC, rather than all the years to examine FIRC initiation only. Results remain substantively similar.

Discussion

The central empirical finding of this article is that during the Cold War, the US used FIRC to protect its security interests and manage its hierarchy. When a hierarchy member signaled via economic expropriation that it might soon exit, the US became much more likely to attempt FIRC to install a regime that would stay in the American orbit. This effect was substantively significant, as each additional expropriation by a government increased the likelihood of it being a FIRC target by roughly 40-80%. However, this effect was limited to hierarchy members, as neutral states that expropriated were not more likely to experience FIRC attempts. The results clearly support Hypothesis 1. The results also clarify how the US thought about threats to its hierarchy, interpreting expropriation, more than UN voting behavior, as a clear signal that a state might exit the American hierarchy and potentially join the Soviet hierarchy. The results provide mixed support for Hypothesis 2. On one hand, expropriation had a greater effect on the likelihood of a FIRC attempt inside the US hierarchy as compared to a

neutral state, as Hypothesis 2 predicts. On the other hand, expropriations had no significant effect on the likelihood of a FIRC attempt against a neutral state, a finding that is inconsistent with part of what Hypothesis 2 expects. The results do not support Hypothesis 3, as we did not observe a more consistently substantively or statistically significant effect for expropriation of US-owned compared with domestically-owned assets (see also Zachary et al 2017).

The results provide support to the perspective that US foreign policy decisions during the Cold War, and major power foreign policy decision-making more generally, were guided by national interest concerns more than by subnational economic special interests. That said, the results should not be drawn to suggest the irrelevance of economic interests towards foreign policy-decision making. A number of hierarchy members were valued during the Cold War because they were trading partners with the US, often supplying natural resources. FIRCs were sometimes attempted because the loss of some members to the Soviet orbit would mean the loss of strategic natural resources, a threat to the national interest (Krasner 1978).

Last, one intriguing finding is that though the expropriation results suggest support for the security explanation over the economic explanation, the control variables on UN voting patterns are not significant, perhaps casting doubt on the inference that security concerns drove FIRC attempts. Though this divergence in findings suggests further research, we make a few tentative observations about this pattern. First, the qualitative evidence suggests security factors dominated economic factors in driving US FIRC attempts, both in the anecdotal evidence provided here, and in the much more extensive qualitative evidence provided in O'Rourke (2018). Second, the findings may indicate that economic expropriations and UN voting provided different kinds of signals. UN General Assembly voting by itself was perhaps less of a concern for Cold War US leaders, because such votes carried relatively little power. Further, because

these votes had little direct political significance, they may have served as a relatively weak signal of the likelihood of a UN member taking the much more important step of switching hierarchies. However, economic expropriation was viewed as a much more credible signal that a leadership might be in the process of switching hierarchies (and the anecdotal qualitative evidence suggests that), and that is why expropriations significantly increased the likelihood of FIRC attempts.

IV. Conclusion.

This is one of the first quantitative examinations of the causes of all FIRC attempts, overt and covert, failed and successful. Focusing on the US during the Cold War, we found that economic expropriation made FIRC attempts more likely, for expropriation for both US- and domestic-owned assets. The results describe an important signal the US government focused on when deciding whether to use FIRC to manage its hierarchy. They also show that security factors were likely the primary factor driving FIRC decisions.

There are several avenues for future research, beyond examining the non-result on UN voting patterns, as noted above. The most straightforward is to examine the causes of FIRC attempts in other major power hierarchies. Though the US Cold War case is critical, FIRC motivations may differ across hierarchies. Frieden (1989), for example, proposed that American FIRC attempts were more strongly motivated by corporate interests before 1945, and more by state interests after 1945. Soviet FIRC attempts throughout the Cold War may have mirrored American decision-making, seeking to *prevent* Communist governments from falling from power. Future research can help describe similarities and differences in patterns in major power

FIRC attempts, fleshing out a more general framework that can be applied across time and space. Such a framework would have policy utility, helping understand what factors might induce major powers like China, Russia, and the US attempt FIRC in the 2020s, even if currently major powers might look to signals other than expropriation as indicators of hierarchy exit.

Second, future work can explore how FIRC interacts with other hierarchy management tools. How do major powers make choices among different possible hierarchy management tools, such as FIRC, economic aid, diplomacy, trade concessions, military aid, and others? How might these tools substitute for or complement each other? Is FIRC seen as a last resort after other tools fail?

Third, these results provide new opportunities for the study of the *effects* of FIRCs. Specifically, FIRCs are not randomly assigned, meaning that quantitative studies of the effects of FIRC on phenomena such as interstate conflict, civil war, democratization, and genocide face potential bias because of non-random assignment. This article establishes expropriation as a possible instrument for the occurrence of US FIRC attempts during the Cold War, providing a potentially useful tool for addressing this source of bias, complementing the occasional use of matching techniques.

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