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**Protection from Themselves:
The Domestic Consequences
of International Hierarchy**

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**Protection from Themselves:
The Domestic Consequences
of International Hierarchy**

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to Melissa

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Abstract

In recent years, international relations scholarship has begun to take seriously the role that hierarchy plays in shaping international order. The conclusion of this research program is that hierarchical ordering principles primarily work to structure relations among states in the international system.

This dissertation offers an alternative view of international hierarchy. More specifically, this project explores the implications that international hierarchy has for political developments within – rather than between – states. I first argue that international hierarchy is oriented around the securing of favorable leadership within other states. I find that “dominant states” can alter the willingness of groups within “subordinate states” to compete for domestic political power by shaping the value these groups place on holding office. This argument has three empirical implications.

First, I show that by conditionally promising resources like foreign aid to groups within subordinate states, dominant states can bring new, friendly leaders to power, in effect “purchasing” regime change. Second, I find that dominant states are able to deter challenges to their preferred regimes within subordinate states by providing foreign aid and by threatening unfriendly groups with coercion. Finally, I show that the disappearance of hierarchy – and its attendant regime security – generate incentives for civil conflict.

Contents

1	Introduction	1
2	Leaders and Hierarchy	21
3	Modeling Hierarchy	66
4	Creating Hierarchy	113
5	Maintaining Hierarchy	147
6	Eclipsing Hierarchy	172
7	Conclusion	195
A	Appendix	209

List of Tables

4.1	Determinants of Leader Exit: Source (Goemans, Gleditsch and Chiozza 2009)	114
4.2	The Effect of the Expectation of Aid on Leadership Turnover	116
4.3	Difference of Means Test: Demands of Regime Change, Abdication, and War	119
4.4	The Effect of Leader Turnover on Future Aid	132
4.5	Predicting Future Aid and Leadership Turnover	137
4.6	Substantive Effects of Competing Explanations for Leader Security .	142
5.1	A Selection Model of Bilateral Economic Aid	157
5.2	Two Stage Model of Aid and Leadership Turnover	165
6.1	Civil War Onset by State Age	174
6.2	The End of Hierarchy and Civil War Onset	189
6.3	Civil War Onsets in Ex-Hierarchical Members Across Time	191

List of Figures

2.1	Number of States in International System by Year	46
3.1	Dominant State Influence on Subordinate State Political Competition	72
4.1	Effect of CHISOLS on the Probability of Future Economic Aid	134
4.2	Effect of CHISOLS on the Probability of Future Military Aid	134
4.3	Effect of Future Economic Aid on Change in Source of Leader Support	140
4.4	Effect of Future Military Aid on Change in Source of Leader Support	140
5.1	Distribution of <i>BOF</i>	154
5.2	Coercion, Regime Security, and Aid	159
5.3	Marginal Effects from Instrumental Variable Probit Analysis	167
6.1	Effect of External Patron on Domestic Power	179
6.2	Hierarchical Collapse and New State Entry	186
6.3	The Effect of State Entry on Ex-Hierarchy Members	190

Chapter 1

Introduction

“If it is our business to see that [they] are not destroyed by any foreign power, is it not our duty to see that they are not destroyed by themselves?”

Albert Beveridge, United States Senator (Indiana)

In terms of grand strategy, the United States’ relationship with the Philippines marks one of the great successes of U.S. foreign policy. After wresting control of the archipelago from Spain at the turn of the twentieth century, the United States proceeded to establish a wide-ranging program of societal and political restructuring. Notably, this program included the establishment of educational programs in a largely rural country, which met with success such that even in the twenty-first century English remains an official language of the island nation. Politically, the United States pushed for democratic elections, and in unprecedented fashion unilaterally granted Manila independence in 1946. Even post-independence, the Philippines remained a linchpin of U.S. strategic operations for nearly half a cen-

ture, providing basing rights at Clark Air Base and more than 10,000 troops during the Vietnam War.

Yet this apparent placidity was superficial. When control of the islands passed from the Spanish, the United States inherited a semi-feudal economic structure, which in many ways Washington saw fit to perpetuate. Collaboration with the same elites who had enabled Spanish rule – Western-educated doctors and lawyers along with large landowners – was key to winning a brutal war against a Philippine independence movement headed by Emilio Aguinaldo, with whom the U.S. had previously cooperated with in an effort to oust the Spanish. And following the establishment of U.S. control over the islands, these elites (known as *ilustrados*) provided the new U.S.-run government with a group to which the franchise could be comfortably restricted. When the *ilustrados* were defeated in the first full legislative elections of 1907, Cameron Forbes, the deputy governor of the islands, ensured that the majority leader of the winning party passed as the legislature's first act a resolution pledging the body to recognize the supremacy of U.S. law (Karnow 2010, p. 239). After independence, the United States supported dictator Ferdinand Marcos, who subverted foreign assistance for personal gain and violently put down democratic activists. Time and again, as Beveridge notes in the quote from the epigraph, the United States sought to protect the Philippines and other allied regimes not from threats emanating from the international system, but from threats within their own borders.

Interstate relationships like the one between the United States and the Philippines are characterized by hierarchy, a type of asymmetric relationship between relatively strong and relatively weak states in the interstate system. Hierarchical relationships have long been ignored by international relations scholars, who assume that relations between states proceed on constitutionally equal terms. This assumption – that states are formally equal, and that no legal power compels relations between them – is what scholars refer to as “anarchy.” I argue that this assumption has obscured our ability as a field to understand domestic political development within states, and consequently our ability to understand how domestic politics shape relations between them.

Before proceeding, a brief note on terminology is necessary. This dissertation examines international relationships that are hierarchical. By this I mean that the dissertation looks at relationships in which one powerful state or political unit exercises influence over another weaker state or political unit. I refer to these strong and weak actors, respectively, as “dominant” and “subordinate” states. An examination of hierarchy also inevitably requires engaging with a vast historical literature on empire, which is a subset of hierarchy in which control between dominant and subordinate states is legally institutionalized.¹ The imperial historiography often refers to actors in terms of the “home” state and its “colonies” or the “metropole” and “periphery.” I switch between these terminologies at times, but the core references will retain the dominant/subordinate language.

¹I provide a deeper look at definitional issues in the following chapter.

In this dissertation, I ask two main questions. First, what are the implications of hierarchy for politics within subordinate states? Previous treatments of hierarchy have tended to focus on the international implications of and justifications for these arrangements. The reason for this focus is that scholars have almost universally assumed that hierarchical arrangements provide public goods for subordinate states. For instance, Lake (2009) defines international hierarchy as the extent of authority exercised by dominant states over subordinate states. Crucially, in this formulation authority is surrendered willingly by subordinate states in exchange for political goods such as the ability to reduce military spending and secure open trade relationships. Conversely, I argue that hierarchy only rarely provides benefits that redound to the benefit of all those within subordinate states. The indicators often pointed to as components of hierarchical bargains – free trade, stable and set monetary arrangements, and even extended deterrence – all have *redistributive* implications for the politics on which they are imposed.

Recognizing the redistributive implications of hierarchy opens the door to a substantial revision to the logic of hierarchy. For dominant states, the fact that the goals of their political order reallocate resources and political power within subordinate states means that constructing a hierarchical relationship will be fundamentally contentious. As I argue in Chapters 2 and 3, the redistributive nature of hierarchical goals ultimately implies that dominant states will seek to control which groups hold power within subordinate states. How the construction of hi-

erarchy affects groups within subordinate states obviously depends on their orientation towards a potential dominant state. For groups that have overlapping preferences with a potential dominant state, the construction of hierarchy presents an opportunity for them to solidify their political security, marginalize their opponents, and generally shape political outcomes to their liking, often with the explicit backing of a powerful external patron. The converse, then, is true for their domestic political opponents.

Consider a later example from Southeast Asia: by the mid-1970s the United States sent more than \$40 million annually in military aid to Indonesia, making it effectively the only external source of arms to Jakarta. When Indonesian military officials made a push to allow collaborative defense policies through the Association of Southeast Asian Nations (ASEAN) – policies that would be *de facto* Indonesian-dominated – this dependence provided the civilian government leverage against the military such that foreign minister Adam Malik was able to scuttle the plans out of concern for how such a move would be viewed by “aid donors, especially sections of the American Congress” (Crouch 2007, pp. 338-340). While a public goods view of hierarchy would point to a reduction in military spending as a benefit of hierarchy, in fact surrendering control over budgetary decisions generated a shift in the domestic distribution of power, here away from the group nominally benefiting from the relationship, i.e. the military. That Malik and other civilian administrators had actively solicited and nurtured a relationship that ul-

timately resulted in their domination of rogue military interests is not surprising.

The second question I seek to answer in this project is why subordinate states enter into hierarchical relationships. The traditional answer is that they trade some level of policy autonomy in exchange for a good otherwise unavailable to weaker states, namely interstate security (Morrow 1991). But one need look no further than the destruction of Manila in 1946 following Japanese occupation to observe that international security relationships are not an unalloyed good. In contrast to much existing work, I argue that the willingness of subordinate states to strike bargains with dominant states is nested in a logic of domestic, rather than international, political competition. In this work, I find evidence that leaders within subordinate states are able to leverage hierarchy to their domestic political advantage. I argue that because dominant states exert control over political competition within subordinate states, many countries within the interstate system cannot be analyzed as self-contained units, as they often are in both international relations and comparative politics. This argument is consistent with a growing literature in political science that sees the institutional makeup of states as the endogenous outcome of interstate bargaining rather than a *sui generis* phenomenon (Wagner 2007).

Given the voluminous literature on hierarchy, why is a study focusing on subordinate states warranted? First, the implications of viewing states as endogenized objects of bargaining rather than self-contained analytical units are wide-ranging.

In this work, via an in-depth case study of the development of the United States' hierarchical arrangements across the latter half of the twentieth century, I present two specific mechanisms by which dominant states shape political competition within subordinate states.

The first mechanism of dominant-state control links the availability of external resources to incentives for political competition within subordinate states. I argue that dominant states often condition the provision of foreign aid and other resources on the identity of governments within subordinate states. This resource conditionality has both pacifying and agitating effects on subordinate state political competition. When dominant states are politically friendly with subordinate-state governments, resource conditionality pacifies domestic politics. The resources provided by dominant states to friendly governments can be used both to repress and to buy off groups that would otherwise challenge for office. This finding accords with a large body of literature on foreign aid that finds states strategically provide aid in order to bolster the fortunes of their preferred groups within recipient states (Bueno de Mesquita and Smith 2009, Morrison 2009).

But I find that resource conditionality can also agitate and exacerbate domestic political divisions within subordinate states. When dominant states would prefer to see a different group come to power within subordinate states, the promise of resources can generate incentives for domestic conflict where there otherwise would be none. When groups know that acceding to office means receiving free

resources from a generous patron, nothing the current rulers can offer will deter conflict. Crucially, I find that the ability of dominant states to incentivize this foreign-induced regime change depends on subordinate-state institutions not being too inclusive. If prospective rulers anticipate having to share their newly-gotten external resources with their domestic opponents, buying regime change is impossible. The overall implication of this argument is that while dominant states can “purchase” regime change, this strategy is likely to be successful only in relatively autocratic states. The argument thus provides one explanation for the impressive network of anti-democratic alliances the U.S. established throughout the Cold War.

The second mechanism dominant states use to shape subordinate state political competition is coercion. While some of the more memorable examples of hierarchy construction and defense involve the explicit use of violence, I argue that coercion hangs over hierarchical bargaining even when it is not actively deployed. I demonstrate that one of the key findings of bargaining models – that in full-information, non-dynamic games, war does not occur – implies that interstate coercion works to deter domestic challenges within other states. Disfavored groups within subordinate states are deterred from taking office not because they fear conflict with dominant states, but because of the bargain they anticipate having to strike to avoid conflict. When negotiating with a powerful adversary means the abdication of important policy goals, groups are often unwilling to pay the

price of office-seeking in the first place. In other words, by preventing disfavored groups from pursuing their policy goals while in office, interstate coercion works to reduce the value these groups place on holding office in the first place. In Chapter 5, I present empirical evidence consistent with this finding. Through the use of a formal model in Chapter 3, I link theoretically the effect of interstate coercion to equilibrium aid levels, demonstrating the deterrent effect of coercion on domestic politics. I find that when the United States holds a greater coercive advantage over a state, it provides less aid than it otherwise would have.

Empirically, these two mechanisms – resource conditionality and coercive deterrence – suggest that treating states as independent observations, as many cross-national studies do, is unjustified. While political scientists are increasingly acknowledging the challenge posed by the possibility that domestic politics are structured by international actors (Boix 2011, Gunitsky 2014), this finding has not trickled down to the way scholars structure their empirical tests.

The second rationale behind studying the domestic effects of hierarchy is that doing so uncovers constraints on hierarchy construction that have helped determine the expansion of international order. While extensive treatments of hierarchical expansion exist at both the systemic and the metropolitan level, the question of why hierarchies expand where they do is relatively ignored in the literature. The exception to this more general rule are works that examine hierarchical expansion in terms of great power competition, as in Westad (2005) and Blanken

(2012). Even here, the constraints and opportunities posed by the targeted polities are glossed over in favor of explanations that privilege systemic variables such as changes in the global distribution of power. But great variation exists in hierarchical expansion, both between different dominant states within system “polarities” (distributions of power) and across time. I briefly discuss both of these in turn.

Hierarchies led by different states often expand differently, even under the same international distribution of power. For example, the United States- and Soviet-led hierarchies operated differently despite the fact that both were constructed under a bipolar international system. The argument I present in Chapter 3 substantially accounts for this variation. First, the ability of the Soviet Union to peacefully extend its hierarchy was greatly compromised by how domestically contentious its goals were. The divisiveness of its goals – for example, imposing communist economic institutions in states that had no local history of communist support – required the establishment of highly exclusive domestic political institutions within subordinate states, which greatly compromised its ability to purchase peace through resource transfers that would be shared with opposition groups. Especially in Europe, the U.S. sought to build democratic institutions that ameliorated domestic tensions: for example, many groups – not just the government – were able to benefit from Marshall Plan aid. Second, the combination of the Soviet Union’s divisive goals and exclusionary hierarchical institutions meant that it had to rely, to a much greater extent than its Western counterpart, on interstate

coercion to underwrite its hierarchy. In turn, this reliance made the continuation of its hierarchy uniquely dependent on the viability of its coercive threat, which spectacularly fell apart at the end of the 1980s.

The second source of intra-system variation is across time. The United States engaged in a spree of state building immediately following World War II that continued generally unabated until the early 1970s. Many scholars point to the U.S.' defeat in the Vietnam War as a catalyzing event that produced a reluctance to engage in further hierarchy construction. More broadly, Suri (2003) argues that détente was a response on the part of the great powers to social revolutions at home. By this estimation, decreased belligerence abroad was a mechanism to delegitimize protesters who were militating for change. Scholars have captured a domestic political logic when describing why dominant states engage in hierarchy building. While not explicitly about international order, both Snyder (1991) and Trubowitz (1998) argue that coalitional battles within great powers drive changes in foreign policy orientation. But subordinate state politics played a crucial role, as well.

Most proximately, developments within subordinate states are often responsible for the timing of hierarchy construction (or attempts at hierarchy construction). The Soviet invasion of Afghanistan was in response to an internal People's Democratic Party of Afghanistan dispute that had recently seen Mohammed Taraki replaced by Hafizullah Amin. Likewise U.S. Central Intelligence Agency (CIA) op-

erations in Guatemala and Iran were in response to the deposition of preferred leaders in those states. In these cases, the availability of friendly domestic groups led to operations to restore them to power. The unavailability of domestic interlocutors can also lead to hierarchy construction. These cases are among the most violent examples – witness Germany in 1940-1945, in both the U.S. and Soviet cases – but their results are also likely to be the most long-lasting (Lo, Hashimoto and Reiter 2008).

The final benefit to a work on hierarchy that incorporates subordinate state domestic politics is that the primary political legacy of hierarchy is contained within these states' polities. From a Western viewpoint, foreign policy narratives often revolve around experiences like the Vietnam War or the Sepoy Rebellion. Tellingly, the United States' "Vietnam Syndrome" refers to the effect that one attempt to impose hierarchy had on subsequent efforts to do so. But these events were at least equally formative for the polities in which they took place. Estimates place the civilian dead in both the U.S.-Vietnam and Soviet-Afghan wars at over one million each.

Even in countries where the construction of hierarchy took a less directly coercive nature, the ramifications of these interstate relationships are far-reaching. Large-scale armed conflict in Western Europe has not returned since World War II. Both this and the relative absence of interstate conflict in Latin America can plausibly be attributed to the hierarchical relationships established since 1945.

Despite never engaging in military hostilities with Egypt, the United States was a key factor in underwriting the stability of the military regime there for approximately forty years (Brownlee 2012) – a role it appears poised to reprise following the Muslim Brotherhood’s short-lived democratic interregnum. Similarly, Jamal (2012) argues that persistent anti-Americanism among democratic activists in the Middle East coupled with the U.S. insistence that these groups not come to power has prevented democratization in states where economic conditions might otherwise portend a shift away from authoritarianism. Thus a final goal of this project is to provide an explicit and generalizable theoretical linkage between international political bargaining and the domestic dynamics that many comparativists have argued are key to shaping political outcomes within states. Before moving to an outline of the remainder of this dissertation, I first provide an overview of the argument from the theoretical chapter.

The core argument put forth in this dissertation is that through the use of both coercion and resource transfers, dominant states shift the value of holding office for different leaders or groups within subordinate states. First, in the next chapter I justify the dissertation’s focus on “leadership outcomes” through an historiographical argument linking the development of the state system to strategies of leader replacement on the part of dominant states. Through this I establish that the central logic of hierarchy is in incentivizing favorable leadership outcomes – that is, installing leaders that dominant states prefer to their potential replace-

ments – within subordinate states. While this point may seem obvious, I show that in fact an explicit focus on securing favorable leadership is a relatively recent historical development that marks a shift between formal imperial arrangements and informal hierarchical ones. Second, I present a theoretical model that illustrates the constraints faced by dominant states attempting to construct a hierarchical relationship with another state. This model, presented in Chapter 3, represents the core of the argument put forth in this dissertation, which I briefly preview here.

When deciding whether or not to compete for political office, leaders or groups weigh a calculus. On the one hand, being in government can be incredibly beneficial: governments control patronage networks, tax revenue, and often both the military and police apparatuses. Perhaps most importantly, controlling the government means controlling the levers that produce policies that leaders care about. On the other hand, competing for office is difficult and expensive, even in an ideal, democratic system. In an authoritarian system, competing for office is tantamount to revolt, and carries with it both a higher cost and a greater penalty should the attempt to seize power prove unsuccessful. Leaders out of office must trade off the benefits of holding office with the costs of attempting to seize it, through whatever means available to them. Only if the benefits of securing control of office – along with the ability to set policy that a leader cares about – outweigh the costs paid for securing it, are leaders willing to compete for control of the government. It stands to reason, then, that any factors making office-holding more or less valuable for a

leader can shape incentives for political competition within a state.

International actors – in this dissertation, dominant states – can shift this calculus appreciably. One way is by providing resources that make the already substantial perquisites of office even more appealing. For example, great powers often send foreign aid to leaders with whom they are friendly, negotiate preferential trade agreements, or secure favorable loans from international financial institutions. Through providing “free resources,” dominant states can make competing for office an even more appealing prospect for leaders within other states that they would like to see come to office. But the reverse is also true.

Even as dominant states can make office-holding appealing to leaders that they favor, they lower the value of office for those leaders they would prefer to see out of government. These two mechanisms are logically interrelated. Domestic policy is produced by governments in negotiation with groups out of office: if governments make policies that opposition leaders too strongly dislike, the latter may try to overthrow the government. Because opposition groups are more willing to overthrow the government when doing so gains them access to free resources from the dominant state, they force a harder bargain against their domestic foes. The fact that a leader’s opponents receive access to free resources upon controlling the government means this leader is unable to pass the types of policies he or she might like. Moreover, the free international resources can benefit even those groups disliked by dominant states: some types of aid are spent on public goods

which benefit all those within a polity. Therefore, if receiving these resources requires a particular leader to step down, doing so may be to his advantage even if he must give up the benefits of holding office. Finally, dominant states can threaten leaders they do not like. As I explain more in Chapter 3, leaders do not necessarily fear fighting a war with dominant states upon coming to office. Rather they fear that in order to *avoid* a war they will have to sacrifice the policy goals that drove them to compete for office in the first place. This inability to pass the sorts of policies that drove the leader to compete for office in the first place makes holding office a less desirable proposition. Both by strategically withholding resources and by forcing disfavored groups to abdicate their policy goals, dominant states can powerfully shape political competition within subordinate states.

Before turning to a more formal description of the theoretical logic, in the next chapter I present a review of the literature examining both hierarchy and its more formalized counterpart, empire. I do this for two reasons. First, the literature review works to contextualize this study in terms of previous ones that have examined the effect of great power politics on institutional outcomes in smaller states. Second, I use the literature review to make an argument that motivates later theoretical choices. As I explore in greater detail in the next chapter, one key difference between mechanisms of hierarchical control during and then after colonialism is the development of the state system. Colonial states were often able to relieve pressure on their strategies of empire building by allowing disaffected groups to escape

the reach of the imperial apparatus. This flexibility led to a particular strategy of institutional extension I term selective institutionalization. When states become internationally codified entities in the wake of World War II, would-be hierarchs were forced to bargain with centralized loci of authority. This development meant that hierarchy in the post-war world focused on regime building and leader promotion rather than territorial division.

Following the literature review, in Chapter 3 I present a formal statement of my theory. My theoretical approach can be described as “rationalist.” What this means is fairly straightforward. First, I assume that actors can perceive their own goals and have preferences over potential outcomes of interactions with other actors. Second, I assume that actors understand how different actions they and others might take will translate into outcomes. Based on the discussion from Chapter 2, I analyze a formal model in which an actor – a dominant state – attempts to shape political outcomes in a subordinate state. Within the subordinate state, two leaders (or factions) compete for power while simultaneously bargaining with both each other and the dominant state. After describing the model in more detail, I briefly outline two broad types of equilibria: those that explain hierarchy construction, and those that explain hierarchy maintenance.

The following three empirical chapters utilize the formal theoretical logic developed in Chapter 3 to answer three important questions. In Chapter 4, I ask why the United States often allies with autocratic regimes. In this chapter I present ev-

idence that subordinate state domestic institutions strongly condition the ability of dominant states to “purchase” favorable leadership transitions. When domestic institutions are too inclusive, dominant states are unable to convince groups to seize control of them. In these states, the private gains accruing from a favorable interstate relationship are too broadly-shared within dominant states to offset the costs of competing for office. Empirically, I show that the expectation of foreign aid from the United States is associated with a dramatically increased likelihood of leadership turnover, but only in those states with relatively exclusionary institutions. The United States is forced to ally primarily with autocratic regimes precisely because these are the only states where externally-induced political competition is feasible. In other words, great power relationships with autocracies are an irreducible feature of hierarchical relations.

While Chapter 4 explores patterns of hierarchical *construction*, Chapter 5 turns to variation in hierarchical *maintenance*. In this chapter, I ask why hierarchical relationships are sometimes underwritten by interstate coercion. Building from the logic presented in Chapter 3, I argue that hierarchical relationships rely on coercion when a dominant state’s preferred negotiating partner within a subordinate state is relatively weak. In these cases, subordinate state regimes rely on the threat of external intervention to bolster their rule. When the U.S.’ preferred negotiating partners are weak, it relies on the threat of coercion to underwrite their rule. Through the estimation of a two-stage model, I also show that this coercive

threat combines with aid to dramatically increase leader security within subordinate states.

Finally, Chapter 6 completes the empirical arc by illustrating the *end* of hierarchy. Chapters 4 and 5 present a strong base of evidence demonstrating the reliance of subordinate-state domestic institutions on hierarchical partners. The final empirical chapter asks what the end of these relationships implies. I argue that subordinate state regimes facing the loss of an external patron are trapped in a commitment problem: having relied on external resources to perpetuate their rule, these regimes anticipate becoming much weaker in the near future. Consequently, they have an incentive to repress their domestic opponents while they still can. The end of international hierarchies, therefore, are accompanied by the widespread onset of civil conflict. This chapter demonstrates empirically that the waves of civil war following the military occupations of the 1940s, the decolonization of the 1960s, and the breakup of the Soviet Union in the 1990s are all inextricably linked to international hierarchy.

The body of evidence presented in these pages points to the need for international relations scholars to fundamentally rethink core assumptions about the structure of international politics. I demonstrate that international hierarchy is a determining factor in several important empirical patterns: the turnover of leadership and establishment of peace within states, as well as the onset of civil conflict. Because these patterns arise as a function of a few important global actors, they

also help account for the temporal and spatial correlations between the incidence of these phenomena.

Theoretically, this work also urges a rethinking of what systemic properties of the international system actually mean. Traditionally, scholars assume the distribution of international military power primarily operates to structure behavior between the “great powers” (see e.g., Waltz (1979)). This dissertation suggests that the relationship is not so simple. Political behavior in the international system is also crucially determined by the presence or absence of states with enough power to establish hierarchical relationships with many other, weaker states. The distribution of power, therefore, is important not for its role in determining system “polarity,” but rather in the ability it confers on several of its members to establish hierarchical networks of political dependence. I return to these themes in more detail in the conclusion. First, however, I turn to an historical description of hierarchical relations, and an explanation for the role of the state system in structuring their development.

Chapter 2

Leaders and Hierarchy

While the primary focus of the Geneva Conference of 1954 was the cessation of hostilities in Korea, delegates also gathered to discuss the independence of French Indochina. Through a process of negotiation and conquest that stretched from the eighteenth to the twentieth centuries, France had gradually brought most of modern-day Vietnam, Cambodia, and Laos under control of the Quai d'Orsay. Imperial institutions throughout what would become Vietnam varied greatly by location. Indochina itself was divided into three regions: Cochin China, containing Saigon, was the only formal colony. Annam, a region stretching along the Gulf of Tonkin and the South China Sea, and Tonkin, a northern region containing the city of Hanoi, were only protectorates. The earliest location of French control, in Saigon, was seized by the colonizers as a "consolation prize" in 1859 after Admiral Charles Rigault de Genouilly was prevented from taking the Vietnamese capital at Hue (Quinn 2000, pp. 138-139). The establishment of French control over the rest of the region took nearly half a century, and was never fully achieved, politically or

administratively. Territorial boundaries were only clearly demarcated where they might prevent Chinese interference from the north; outside of Cochin China, the French preserved existing local political structures through bargains with tribal leaders and potentates (Dommen 2002, p. 25).

This strategic political fragmentation was complicated in the wake of nationalism, which itself was fueled by the French *mission civilisatrice* and the conscription of hundreds of thousands of colonial soldiers into the Western Front of the First World War. The nationalists were given a further catalyst when most of France's Asian colonial possessions, including Indochina, were occupied by the Japanese Empire during the second world war. After the war, a group of Vietnamese led by Ho Chi Minh – a communist – took advantage of the unsettled political situation to push for independence, which the French resisted. Nearly ten years of additional violence culminating in the French defeat at Dien Bien Phu had led to the global diplomatic summit in 1954.

Surprisingly, given its later involvement, the United States was relatively uninvolved with the Vietnamese question at Geneva. Much to the chagrin of his European interlocutors, U.S. Secretary of State John Foster Dulles did not attend, and only at a late date relented in sending his deputy, Undersecretary Walter Bedell Smith. What explains the apparent lack of interest on the part of the Eisenhower administration? Logevall (2012) argues that the United States' goal in the negotiations was essentially to sabotage them. The U.S. wanted first and foremost an

independent, non-communist Vietnam. Problematically, Ho Chi Minh was virtually assured of victory in a free election – by Eisenhower’s estimation “possibly 80 percent” would vote for the communist party (p. 610). Thus while Anthony Eden, the British delegate at Geneva, worked on negotiating a provisional agreement, Dulles cabled French Prime Minister Joseph Laniel conditions for an internationalization of France’s colonial war and then proceeded to leak them to the press. The Americans took a similarly intransigent line on the question of when elections would be held. While the Vietnamese representative Pham Van Dong wanted elections within six months, Smith preferred them to be indefinitely far in the future. The agreement finally set them for two years hence, in 1956, though they would ultimately never be held. When the accords were finally signed, Eisenhower reiterated that the United States would not be bound by them. The need to negotiate the establishment of a government that could govern an entire country with an adversary who was sure to control it left the United States in a precarious position. While its military advantage was pronounced, its political situation was to deteriorate appreciably in the wake of independence.

While the French had successfully constructed a patchwork of imperial institutions throughout Indochina, the United States – despite being much more powerful – was never able to exert control over a unified Vietnam. What accounts for the difference between mechanisms of imperial and hierarchical control? The transition from formal empire to an attempt at hierarchy provides a laboratory in

which to examine the mechanisms dominant states use to bring territories under their control. In this section, I argue that the Indochina example is illustrative of a great many cases of post-imperial hierarchy. The political fragmentation that exemplified French Indochina was a common mechanism of imperial control. Nationalism, and the consequent extension of independence to former colonies, complicated the (re)construction of hierarchy in two ways. First, dominant states could no longer divide and rule states in a manner convenient to them. While France established formal colonial control only over Cochin China, the United States was forced to bargain with a representative from a much larger area, eventually all of Vietnam. Second, as a result of the inability to divide and rule, policies that earlier could be imposed only on a select group now had to be ratified by an entire polity. This process often included incorporating groups which earlier would have been left outside the bounds of imperial institutions. In this new strategic milieu, dominant states found that securing favorable leadership outcomes became the *sine qua non* of hierarchy.

I make two claims in this chapter. First, imperial relationships – before, roughly, the wave of decolonization following World War II – were characterized by incomplete territorial control on the part of the colonizing state. I present evidence from the secondary literature arguing that imperial states were able to establish wide-ranging trading empires by building defensible enclaves within peripheral states and striking bargains primarily with the groups most willing to cooperate. This

strategy led to an outcome of *selective institutionalization* in which metropolitan institutions were extended only to those areas covered under these piecemeal bargains.

Second, decolonization and the partition of the globe into territorially exhaustive units implied a shift from selective institutionalization to a strategy of hierarchical control that focused on controlling the identity of the leadership within a state. This shift in strategy was a result of how local politics within subordinate states shaped the costliness of building hierarchy. During the colonial period, dominant states struck bargains with those groups and in those areas in which it was easiest to do so. This does not mean that empire-building was always consensual or even peaceful. Rather, the ability of colonizers to strategically partition the territories in which they operated meant that empire-building was more peaceful than it would have been otherwise.

The development of the state system meant that strategic partitioning within subordinate states was no longer possible. Instead, dominant states were forced to grapple with the implications their desired policies held for an entire polity. Specifically, dominant states were increasingly constrained by the consequences their policy goals had for the domestic viability of leaders with whom they could negotiate. As I show in the following chapter, concern for these domestic consequences inevitably led to dominant states engaging in strategic actions that were directly aimed at bolstering the political fortunes of specific groups within sub-

ordinate states. The reduced viability of selective institutionalization means that modern-day hierarchies are forced to take subordinate states as a whole, leading to a strategy of hierarchy construction that keys on *total institutionalization*, wherein dominant states implement recognizably Western political institutions that seek to govern an entire state, or internationally-recognized sovereign territory. This process has at times led to strategies of ethnic repopulation (or in extreme cases, depopulation). Where colonial powers were able to shape the identity of their subjects by territorial partition, contemporary hierarchs have instead resorted to a forcible reconstruction of the groups over which they seek to exert control.

This chapter proceeds in three parts. First, I provide an overview of definitional issues that will guide the remainder of the dissertation. Second, I analyze the historical literature on empire, arguing that strategies of imperial expansion were defined by incomplete territorial control and the concomitant expansion of metropole institutions. Finally, I show that strategies of hierarchical control in a post-colonial world turn on control of subordinate state central regimes rather than influence over localized centers of authority.

Definitions and Concepts

The goals of this chapter are two-fold. First, I provide an overview of the literatures that touch on debates over international hierarchy. In particular, I engage scholarship on formal (imperial) and informal (hierarchical) asymmetric relation-

ships. Second, I do so in order to make a particular claim about the development of hierarchy in the modern state system: hierarchy in the post-colonial world is primarily a regime-oriented endeavor. By this, I mean that states attempting to build hierarchical relationships in the modern world have as their main goal installing favorable leadership within subordinate states. The goal of leadership manipulation is in contrast to – but is also a consequence of – strategies of colonial development that ended with the comprehensive division of the world into states following decolonization.

Including a discussion of empire in a study of international hierarchy is not an obvious choice. After all, while hierarchical relationships are pervasive, inclusive of the present day, as Blanken (2012) notes formal empires have entirely disappeared from the international scene. But the close conceptual match between hierarchy and empire means that many of the same mechanisms of control have been used across the two types of relationships. Doyle (1986) defines an empire as a “relationship, formal or informal, in which one state controls the effective political sovereignty of another political society (p. 45).” In order to create conceptual distance between the two, Lake argues that the difference between empire and hierarchy is that in the latter, subordinate polities retain both an international legal personality and nominally independent governments (pp. 57-58). The definitional issue is not a trivial one: given Lake’s delineation, one would be forced to conclude that the United States established an empire in Iraq from April 2003 to June 2004

under the Coalition Provisional Authority, which exercised full executive, legal, and judicial authority over the country.

What is at least clear is that imperial relationships are a subset of hierarchical ones, and that the dividing line between the two is closely linked to the development of institutionalized inter-polity legal mechanisms in imperial relationships that are absent in their non-imperial counterparts. In turn, both hierarchical and imperial relationships are subsets of asymmetric relationships, in which one actor is much more powerful than the other. For example, while the United States and the Philippines in 1903 shared an imperial relationship, by the 1950s it had become hierarchical (following independence), and by the 2000s it could more properly be characterized by asymmetry (following the withdrawal of U.S. troops). The distinction between the final two categories is not a clear one, however: while empire is defined by formal political-institutional ties between two entities, as Lake notes hierarchy exists on a continuum and can be present to a greater or lesser degree within a relationship.

In this work, I define hierarchy between two political units as *the extent to which subordinate state policy would change in the absence of the dominant state*. This is an explicitly *counterfactual* definition, a construction that presents both advantages and disadvantages. The advantage to defining hierarchy in this way is that a counterfactual definition avoids the epiphenomenalism that plagues other types of definitions. By establishing theoretically when a given policy would change in the

absence of a dominant state, this definition avoids attributing policies that would be produced naturally as a result of subordinate state politics to the influence of an external actor. For example, later in this chapter I discuss the effect of Marshall Plan aid in postwar France, which operated to advantage liberals and moderates domestically against their Communist opponents. Due to the strong labor union presence in France, absent this aid Communists posed a real risk to taking power. The willingness of France to integrate itself into European continental institutions was highly dependent on both the U.S. security commitment as well as the exclusion of Communists from power.

This was in stark contrast to the U.S.-British relationship. While London and Washington did not agree on all aspects of the postwar order – John Maynard Keynes registered early discontent with U.S. plans to dismantle the British system of imperial trade preferences (Ikenberry 2001, p. 188) – British domestic politics were never in real danger of falling into the hands of the Communists. In fact historians have characterized British domestic politics from the end of World War II until Thatcher's election in 1979 as proceeding on the basis of a "Post-war consensus" centered around a mixed economy and a welfare state. Observationally, during this time period Britain would appear to have existed under a greater degree of U.S. hierarchy: certainly it remained within the bounds of the NATO alliance. However the definition presented here suggests that this is incorrect. Absent direct U.S. influence, one can imagine Britain's political development proceeding more or

less as it did, with a longer period allowed for economic reconstruction. France, however, is a different story. Remove the United States from French politics in the late 1940s and it appeared quite likely that the Communist party would be competitive for many years, providing the Soviet Union a foothold in the heart of Western Europe.

The disadvantage to a counterfactual definition, as demonstrated by the complexity of the previous paragraph, is that it does not lend itself to easy empirical identification. However, the particular theoretical project outlined in this chapter and the next provides one way around this observational dilemma. The explicit linkage of the logic of hierarchy to subordinate state leadership outcomes provides a key empirical referent for the theory. I argue in the next chapter that the policies that dominant states care about redistribute resources within subordinate states. Because of this redistributive nature of hierarchy, dominant states can more easily secure favorable political outcomes by shaping incentives for political competition within subordinate states. Consequently, hierarchy is easiest to achieve when dominant states can secure the tenure of a favorable leader in subordinate states. Put simply, when the policy goals of dominant states are coincident with the policy goals of subordinate state governments, they are likely to be achieved.

The proposed definition differs in two crucial ways from previous approaches, most directly in its attention to politics within subordinate states. First, early theoretical work on international relations theory gave precedence to microeconomic

conceptualizations of structure. Waltz (1979) writes that hierarchic realms – which he argues are primarily the province of domestic politics – tend to be populated by differentiated units. In turn, these units are incentivized to become closely interdependent in order to offset the (mostly security) losses implied by functional differentiation (pp. 103-104). However, Waltz’s definition dramatically overstates the divide between interstate and domestic politics, and in particular the relative threat posed to states by groups internal and external to their territory. Rather than suffering unhindered predation from the anarchic realm of interstate politics, the vast majority of threats to state leadership has been domestic: according to Goemans, Gleditsch and Chiozza (2009), of non-institutionalized leadership turnovers just over three quarters (2174 out of 2783) come from domestic rather than international sources.

The converse of this is true, as well. The main violent threat to citizens comes not from international actors, but from their own governments and other domestic actors. Therefore when Waltz writes that a dividing line between international and domestic politics is that “[c]itizens [in contrast to states] need not prepare to defend themselves,” he privileges a particular conception of what being a state means (p. 104). Indeed if one allows political structure to be an outcome – as it must be, since we observe variation in (hierarchical) state formation – Waltz’s logic begins to fall apart. To the extent that hierarchy is protective of individual actors’ rights in domestic politics but not in international politics, this is only because the

process of state formation works to eliminate domestic actors that would be disadvantaged by giving up to the state their right to violence. Unless one is willing to accept the inability of interstate actors to engage in similarly eliminationalist programs, the division between domestic and international hierarchy is blurrier than is generally supposed.

Deudney places the problem of nested hierarchies in a broader context by examining the development of different types of political order as a function of how well they protect individuals from violence. He argues that three basic principles determine whether actors push towards anarchic or hierarchic organization. First, geographical fragmentation augurs for anarchic relations, as political groups can construct defensible institutional structures. Second, balanced power shackles the drive to construct vertical organization through counterbalancing. And finally, the presence of different types of material power – e.g., land and naval capabilities – can lead to fragmented political organization. However, all of these can be overridden in a push towards hierarchy by what he calls “violence interdependence,” or the “capacity of actors to do violent harm to each other” (Deudney 2007, pp. 35, 42-43). As the cases below illustrate, the ability of some actors to asymmetrically engage with others in violent interactions is a key component of the construction of international hierarchy. Developments in the ability of actors to do so on an unprecedented scale was without question one of the defining characteristics of political development in the twentieth century.

The second approach to defining hierarchy comes from Lake, who takes a social contract view of hierarchy. He argues that hierarchy is the “extent of the authority [i.e., ‘rightful rule’] exercised by the ruler over the ruled” (p. 9), which in the interstate system means dominant and subordinate states, respectively. Here again, abstracting away from subordinate state domestic politics muddies the conceptual waters. While Lake notes that authority relationships may contain coercive episodes, he suggests that in order for the hierarchical relationship to remain within the social contract framework the coercion must be “legitimate.” In turn, legitimacy accrues to the hierarch by virtue of having the consent of “the collection of individuals who compose the subordinate state” (p. 8).

Lake’s definition of legitimacy, and thus his conception of hierarchy, is problematic for two reasons. First, the specific collection of individuals within subordinate states who have the ability to confer authority is left unspecified, except to say that it must have some legitimate claim to regulate domestic politics. Lake at one point seems to imply that authoritarian states may be unable to establish hierarchies when he writes that “[t]otalitarian and liberal democratic states differ profoundly in their authority or the extent to which they can legitimately regulate the possible actions of their citizens” (p. 9). But if hierarchy is simply a collection of individuals in the form of a state voting to undertake policy actions in accordance with an external actor’s wishes, then the effect of the international relationship is not truly clear. This final point leads to the second problem with Lake’s defini-

tion of hierarchy, which is that it tends to conflate process with outcome. Many ruling groups are willing to go along with powerful states' international agendas because doing so comports with their domestic political incentives – think here of an export-oriented faction supporting the expansion of international free-trade schemes. The assignation of this behavior to hierarchy unduly privileges interstate explanatory variables at the expense of domestic ones. In the next two sections, I explore how conceptions of hierarchy evolved throughout the imperial and post-war periods, arguing that an emphasis on self-determination and territorial sovereignty have implied a focus on leadership outcomes for hierarchical management.

A Chain of Mundane Activities: Empire & Selective Institutionalization

In many ways it is not surprising that an enterprise John Robert Seeley famously described as having been undertaken in a “fit of absence of mind” begat an incomplete institutional legacy. Darwin (2012) put it slightly less pithily when he wrote that the British empire, rather than being an “act of will,” was the product of a “long chain of mundane activities” with “no single vision” (pp. xi-xii). In this section I argue that this mundane chain led to a particular strategy of institutional expansion; namely, that imperial planners only infrequently sought complete territorial control over the “states” we now retroactively assign to them. The consequence of this was the partial and incomplete expansion of metropolitan institu-

tions. In this section I make two related arguments. First, the strategy of selective institutionalization meant that colonizers were not forced to secure cooperation from all potential subjects within a territory. The lack of agreed-upon territorial boundaries acted as a release valve for the most truculent. Second, inevitably this meant that where possible, colonizers would negotiate with those groups most naturally inclined to cooperate with them. The combination of the less-than-complete institutionalization and the ability to weed out those wholly unwilling to cooperate marks a stark difference between empire and post-statehood strategies of hierarchy.

A view of empire as an incomplete solution to the problem of political control is congruent with a burgeoning literature that views native groups within colonized lands as legally sophisticated and politically active. Saliha Belmessous argues that the extent to which empire was constructed via treaty is dramatically overlooked in the imperial historiography. Though these treaties were based on a knotty and shifting definition of political consent and backed by the implicit threat of coercion, these conditions differentiate European negotiations with indigenous peoples from those with their continental neighbors to a much smaller degree than is generally appreciated (Belmessous 2015, pp. 5-14). In European minds, these treaties made legible both the groups with which they negotiated – the most recent Spanish interlocutor in Río de la Plata was legally the “head” of the “new republic” – and the territory over which they exerted control (Herzog 2015, p. 88). On the latter

point, Benton writes that early explorers were successful in constructing for their superiors an image of potentially rebellious spaces – those containing groups with whom treating might be difficult – as treacherous and ungovernable. The result was to geographically constrain the colonizing impulse and render imperial space “politically fragmented; legally differentiated; and encased in irregular, porous, and sometimes undefined borders” (2009, p. 2). This fragmented, irregular, and porous political structure is what I refer to as “selective institutionalization.”

Far from being an ad hoc response to the exigencies of imperial expansion, selective institutionalization was deeply rooted in both Anglo and continental political philosophy. In his review of the writings of Hugo Grotius – a Dutch lawyer writing shortly before the Treaty of Westphalia – Keene (2002) locates two key propositions underscoring the justifications for imperial expansion. First, that “the sovereign prerogatives of public authorities are divisible from one another”; and second, that at times “individuals have a right in the law of nations to appropriate unoccupied lands” (p. 3). The latter of these flows straightforwardly from the Lockean conception of property rights that had underwritten early English territorial claims in North America. The former, however, seems to be an original contribution, one that was increasingly used to legitimate imperial expansion as well as constrain its specific forms. Crucially, early imperialists – often traders – had no incentive to control more land than what was necessary to establish commercial relations. This placed an instrumentalist boundary on the territorial expansion of

metropolitan institutions, one that accorded with Grotius' conception of divisible sovereignty.

The partial institutionalization of colonial possessions has long been explained as a reaction to the inhospitable conditions of many targets of colonial possessions. Most notably, Acemoglu, Johnson and Robinson (2000) argue that the lack of colonial institutions – and consequent lackluster economic growth – can be explained by variation in early mortality rates among colonizers from the 17th, 18th, and 19th centuries. In reality, the spread of institutions ebbed and flowed according a fairly basic military and political logic that captured both colonizers' goals and the local balance of power. For example, the early Portuguese acquisition of Angola ended with Portugal having conquered approximately half of the Ndongo kingdom, which equated to a small piece of coastline and two rivers. As Thornton (2011) writes, “[t]o the degree that Portugal could expand its coercive authority through space, it was required to... accept alliances that had a high cost in regard to Portuguese control” (p. 168).

Just as the costs of imposing direct governance shaped the spatial extent of colonial control, geographic realities operated to constrain the choice of potential allies for European powers. In British West Africa, the primary “commodity” sought by London was slaves captured from the interior, which was controlled by the Asante kingdom. After the British had established a series of coastal forts from which to conduct trade with the interior, keeping the Asante from dominating the

coastline – and by extension monopolizing political power throughout the region – became the lodestar of British policy. To this end they constructed a series of alliances with the Fante, a coastal group that sought political isolation from the Asante. Here the geographic isolation of the British operational base, and the need to maintain said base’s independence, worked to demarcate both the geographical extent of British rule as well as its local character. Such was the British need to maintain the Fante as a balance against the Asante that effective “governance” became impossible: an 1852 tax to cover British administration in the region was scuppered amidst vehement Fante protest (Shumway 2015, pp. 180-182).

In both Angola and what would become Ghana, colonial powers made clear tradeoffs between geographical expansion and governability. This logic was repeated across imperial peripheries. The permeability of administrative borders was crucial in allowing for a flexible definition of colonial subjects. In the Niger Delta, the British-educated King George of Bonny had agreed to cooperate with London in establishing a monopoly on the sale of palm oil. He was opposed, however, by a local ruler JaJa who was at the time in command of the Anna Pepple trading house. When the two could not agree to a division of palm oil sales, JaJa retreated to the city of Obapo, taking his business with him and even continuing trade with Britain on his own terms. The British government, and its puppet in Bonny, were content to let him go (Doyle 1986, p. 183-188). French strategies of control were often similar. Lewis (2013) argues in her aptly-titled “Divided Rule,”

that French rule in Tunisia was split between not only France and the Tunisian bey, but between the bey and other European powers that France was careful not to upset. This fragmentation was manifest in the preservation of the Tunisian court system, army, and revenue collection arrangements. In other words, empire was a much less encompassing proposition than is generally thought.

The drive towards selective institutionalization won out even in those geographic contexts which might have augured for its abandonment. Benton argues that the natural boundaries of islands rendered claims of sovereignty closer to indivisible and jurisdictional claims more straightforward (Benton 2009, p. 35). Yet even here institutional variability reigned. Keene's account of Dutch expansion in Ceylon (now Sri Lanka) is instructive on this point. In 1638, the Dutch East India Company (VOC) struck a bargain with the local ruler, Raja Sinha, to provide the latter with protection against the Portuguese in exchange for cinnamon. When the VOC concluded a separate treaty with Portugal six years later, Raja Sinha withdrew to the interior of the island, leaving the coastal trading properties to the VOC at which point the Dutch claimed the coastal lands for themselves (pp. 79-82). While the Dutch controlled the regions they had sought, they did not exercise sovereignty over the island in a manner that would be recognized by modern observers, as the interior was still governed by a matrix of local rulers and customs.

Even British India, often pointed to as an example of persistent institution-building (Kumarasingham 2013), exhibited characteristics of selective institution-

alization. Within what would become India proper, the British were able to co-opt vestigial institutional mechanisms from the Mughal empire, which aided in particular in schemes of revenue collection. But the fringes of India were another story altogether. Darwin (2012) writes that the British approach to the armed tribal groups along the border with what is now Afghanistan was to leverage a “rough border diplomacy” in successive attempts to exert control (p. 205). The reality was more complicated. In fact, the lack of political control over rural Afghanistan was a strategic decision on the part of the Committee of Imperial Defence (CID). While Frederick Roberts and Herbert Kitchener did in fact push for the pacification of the tribal communities, George Clarke, secretary of the CID, took a different approach. Clarke argued that not only were military operations to pacify the tribes certain to fail, the tribes were likely to operate as a stopgap against Russian incursions and thus were best left to govern themselves (Wyatt 2011, pp. 86-91). Therefore, even in the colony held up as the paragon of British institutionalization, regions thought to be difficult to persuade of the benefits of empire were left to themselves.

The implication of the foregoing is that one key characteristic of imperial control – later seen to be absent in hierarchy – is that the lack of institutionalized boundaries (in the form of state territory) provided a release valve of sorts for disaffected local rulers. When Raja Sinha felt betrayed by the Dutch repudiation of their bargain, he was able to disengage to the interior, an area over which the Dutch never attempted to claim sovereignty. Similarly, the ability of empire builders

to divide control over the subject area as they saw fit allowed for more flexible mechanisms of rule. For example, the Japanese strategy of control in occupied Manchuria was to divide the region's diverse population into "culturally appropriate legal regimes" (Paine 2012, p. 31). While the Han population lived under a resurrected *baojia* system emphasizing communal responsibility, the Japanese elsewhere integrated the local populations – primarily Manchus – into the government bureaucracy and still elsewhere established strategic hamlet programs in order to prevent anti-government coordination.

Finally, the lack of a strong imperial conception of their territories as "states" in the post-war sense of the word was to complicate the process of decolonization in two ways. First, it led colonial powers to maintain certain assumptions about the boundaries of politics within colonial regions. This is one of the main theses put forward by Husain (2014). Specifically, Husain argues that Britain continued to view the fate of its former colonies in distinctly regional terms divorced from the emergent state system that was to be the foundation of the newly-established United Nations. With respect to Kashmir, Britain viewed the fractious territory as key to preventing encroachment of the subcontinent from various sources – particularly the Soviet Union, Iran, and Afghanistan (Husain 2014, p. 12). Similarly, Chafer (2002) argues that the segmentation of colonial rule in French West Africa created a kaleidoscopic melange of competing interests that ultimately helped block the creation of unified nationalist movements in the area.

Second, and more importantly, the incomplete territorialization of empire worked to create both the groups and grievances that catalyzed independence movements. The early decision to leave the interior of the South African veld to the Boers – so great their disapprobation for “fixed boundaries that they treated mapmakers as spies” – allowed the development of the trekker republics that would eventually prove the undoing of the South African commonwealth (Darwin 2009, p. 52).

In India, two developments forced the British to rely increasingly on the support of Muslims to retain influence on the subcontinent, with dramatic implications for the process of decolonization. First, the passage of the Montagu-Chelmsford reforms left Muslim League support – itself weakened by the dismemberment of the Ottoman Empire – as the only cudgel against the unity of the Indian National Congress. Second, mobilization in both manpower and industrial capacity for the second war against Germany required the support of two Muslim majority provinces, Bengal and the Punjab (Darwin 2009, p. 506). To secure this support required the promise of an effective League veto in matters of decolonization – a dangerous step towards the 1947 partition. These territorial decisions arose out of the desire to reduce the costs of institutionalization by either ceding the interior (in South Africa) or by grafting on to pre-existing institutional structures (in India). In both cases, selective institutionalization lowered the costs of building empire but dramatically complicated its undoing.

The great exception to the logic of selective institutionalization, which I have

argued was linked to the permeability of pre-state system borders, was of course the United States. While the U.S. did not establish formal colonies, it did carve out for itself a range of polities, primarily in Latin America, the Caribbean, and the Pacific, over which it exhibited varying degrees of political control. Contrary to the European examples sketched above, the U.S. concerned itself explicitly very early on with what types of groups held power in those territories they sought to rule.

In many cases, the logic of U.S. regime change was shaped by the incomplete institutional framework left behind by former colonial powers. British rule in Nicaragua followed the pattern outlined above, establishing an autonomous region along the Miskito Coast on the Caribbean. After the British withdrawal from Central America in the late 1890s, José Santos Zelaya worked to unify Nicaragua politically, and in fact pushed for greater political integration among Nicaragua's neighbors as well. Among Zelaya's political goals were the building of a trans-continental railroad – which he pointedly financed with European, not American, money – and the seizure of U.S. property in Nicaragua. He also engaged in discussions to build a canal that would compete with the U.S.-built canal in Panama. The political unification of Nicaragua meant that, in contrast to the piecemeal British approach to securing plantation territory, the U.S. was left with no option but to remove Zelaya. Following a note from Secretary of State Philander Knox which made clear U.S. intent, Zelaya resigned and removed himself into exile (Kinzer

2007, 62-70).

The link between territory, hierarchy, and the quality of subordinate state leadership was key to pre-war American political thought, particularly in the mind of America's foremost international relations theorist of the period, Woodrow Wilson. For Wilson, the drive to ensure "self-determination" for nations of people sat uneasily with his impulse to bend the notion of "self" to its breaking point. Ikenberry (2009) writes that Wilson contained in his thinking both a "liberal internationalist" and a "liberal imperialist," the former in his writing and the latter in his military interventions in Cuba, the Dominican Republic, Haiti, Honduras, and Mexico (pp. 13-14). Crucially, it was the ever-increasing character of the political relationships between the U.S. and its smaller neighbors that drove Wilson to these interventions. According to a British emissary, Sir W. Tyrrell, Wilson believed it "important the the Government of the Central American Republics should improve [as] bad government may lead to friction. The President is very anxious to provide against such contingencies by insisting that those Republics should have fairly decent rulers." The inevitable conclusion to this line of thinking was the establishment of a " 'de facto' American protectorate over the Central American Republics" (LaFeber 1993, p. 53).

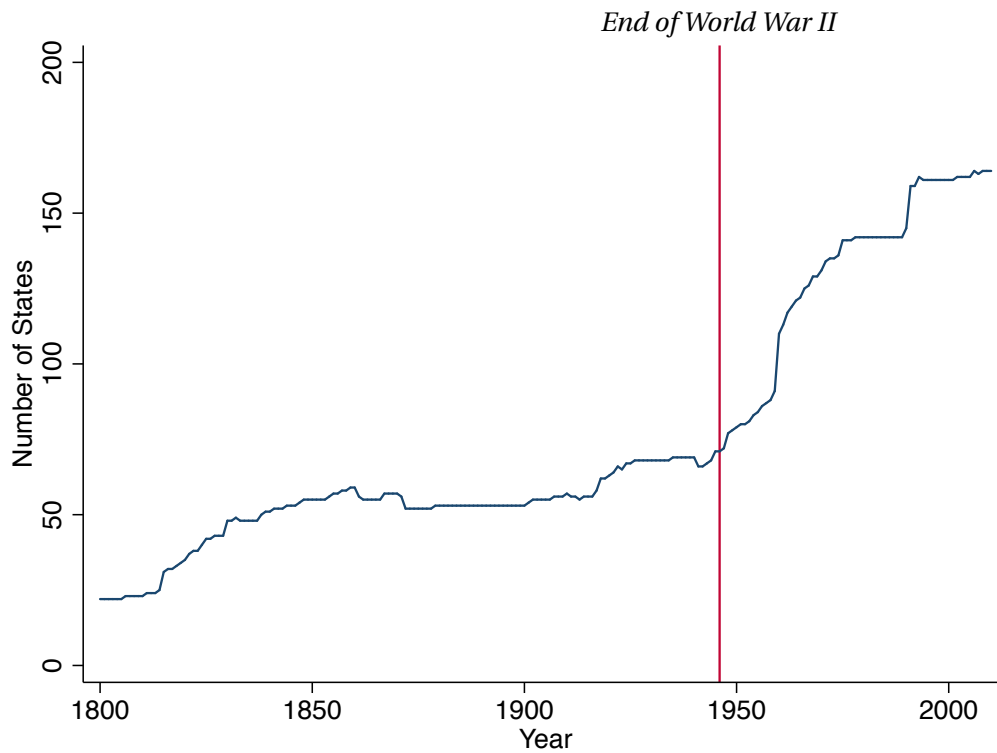
The link for Wilson between legal sovereignty and interventions to install favorable leaders in these nominally independent states was what differentiated pre-war American and European hierarchical relationships. Tooze (2014) argues that

for Wilson, sovereignty solved the puzzle of how to reconcile hierarchical relationships with his desire for a more peaceful international system. Wilson, though often read to be an early proponent of the equal rights of nations, was instead concerned with the great power competition induced by the struggle for territorial concessions. A clearly defined international territorial settlement, rather than paving the way for democracy within the weaker nations, would delineate spheres of influence within which the great powers could provide “friendly influence” aimed to “guarantee... not ‘self-determination’ but ‘security of life’” (Tooze 2014, pp.120-121). The end of formal empire, in other words, was not a call for the end of hierarchical relationships as such. It was a mechanism to force conflict over these relationships from the center of the international system to the periphery.

Hierarchy

The shift from territorially incomplete empires to an exhaustive state system began with the Versailles settlement, but accelerated after World War II. Keene attributes this periodization to the character of the second world war, arguing that a system built on denying civilized status to non-European states could no longer support itself in the wake of the horrors of Nazism (2002, chapter 5). My interest is less in explaining the establishment of the state system and more in exploring its implications for the development of hierarchy, which I nest in the post-war increase in the number of independent states (see Figure 2.1).

Figure 2.1: Number of States in International System by Year



The link between the establishment of states and a focus on leadership outcomes within hierarchy construction was the idea of self-determination, or the principle that states should be able to decide their own form of government. Self-determination implied two things for states attempting to shape political outcomes within other polities. First, dominant states could no longer utilize strategies of negotiating with multiple interlocutors within a given territory. The development of states meant that any political unit could have no more than one government.

Second, the policies implemented by the new national institutions had impli-

cations for all those within their territories – there were no more spaces beyond the reach of the state to whence the postwar JaJas could escape – and thus had to be acceptable to some minimal coalition or risk triggering conflict. In the remainder of this chapter I trace the logic of this process as it was realized in postwar Europe. Specifically, I show how Soviet and U.S. hierarchies were constructed in Eastern and Western Europe, respectively, focusing on how a concern for leadership outcomes manifested within differing institutional contexts.

From the very beginning, the link between international hierarchy and interstate politics was an explicit feature of the settlement that ended World War II. Ikenberry (2001) argues that this process was not unique to 1945: in his telling, the victors of great power wars often attempt to impose a particular vision of international order in the aftermath of conflict. What was different about the post-WWII order was its persistence, which Ikenberry locates in the United States' democratic institutions, which allowed it to credibly promise not to exploit its power. But as Simpson (2004) argues, what was truly novel about the character of the postwar institutions erected after 1945 was the tortured balance they struck between the sovereign legal equality of all states and the legalized hegemony of the most powerful ones (see chapter 6). Simpson notes that one way the victors squared this circle was by resorting to institutionalized hegemony as a mechanism for preserving sovereign equality – in other words, the new state system would have to be underwritten by a series of guarantees on the part of great powers that they would

defend it.

As it turned out, allowing great powers untrammelled legal justification for guarding the legal sovereignty of weaker states was rather like putting the wolves in charge of determining the boundaries of the sheep pastures. In order for the great powers to be willing to protect the sovereignty of smaller states, these states would have to be constructed, constituted, and ruled according to the principles agreed to in the larger great power bargain. In the late 1940s, this meant that domestic institutions, particularly in Europe, had to be made to lie in the twin Procrustean beds of liberalism in the west and communism in the east.

The German case was but the best-known example of this process. The question of how German institutions would be reconstructed – or whether German institutions *would* be reconstructed, given the consideration of Henry Morgenthau's plan of permanent pastoralization – was a point of contentious debate that was not settled, as Trachtenberg (1999) argues, until the early 1960s. The territorial partition of Germany solved the Soviet Union's primary post-war concern, which was the pacification of the neighbor it had fought two wars against in less than thirty years. Because the Soviets' main fear was of renewed interstate war, and because the division of Germany was accomplished by way of an interstate bargain, it is easy to assume that the primary implications of Germany's division were international. But this was not the case. The division of Germany and Europe more broadly was inextricably linked to the rearrangement – and if necessary, the

forcible imposition – of domestic political structures within the newly conquered territory. In the following two sections, I explore the differences between hierarchy construction in Eastern and Western Europe, before then turning to a discussion of how post-war hierarchy was constructed outside of Europe, especially in the wake of imperial arrangements. In each section, I argue that the territorial solidification implied by the recognition of state sovereignty meant that hierarchs were forced to pay close attention to what group ruled the subordinate state in question; partial bargains dividing territorial units were no longer enforceable.

Soviet Hierarchy

In Eastern Europe, the Soviet Union was faced with the task of constructing order across a wide swathe of territory emerging from six years of terrible conflict. As I argued earlier, the linchpin of this domestic order was to be the installation of communist leadership institutions throughout Eastern Europe. However, fashioning Communist regimes from a political cloth that, outside of Czechoslovakia, had virtually no local communist infrastructure was no simple task. The postwar Soviet strategy built on the logic that had been imposed on the region during the war. In particular, the Soviets were concerned with rearranging the population they now governed to match the territorial reality bequeathed by the peace settlement that ended World War II. In many cases, this meant a continuation of the strategies that had helped them win the war in the first place.

First, the Soviets set out to remove those groups likely to resist. One crucial facet of this strategy was a campaign that rewrote, through both large-scale deportation and murder, the ethnic makeup of the Central and Eastern European polities that would be granted statehood after the war. Lowe (2012) writes that this population rearrangement was the logical complement to the aftermath of World War I: where in 1919 borders had been moved to suit the demands of groups within a given region, in the mid to late 1940s the groups were moved to fit the borders (p. 247).

The logic behind these campaigns was to create ethnically homogeneous polities. The earliest instantiation of this logic was the post-war transfer to Germany of ethnically German citizens from Poland and other Eastern European states. The scale of these engineered transfers is probably without precedent: 7 million Polish Germans, 3 million Czechoslovak Germans, and nearly 2 million Germans from other territories, for a total of nearly 12 million (Lowe 2012, p. 243). These individuals were shipped in railroad cars to the shelled husk of their homeland where many would live in refugee camps for close to ten years. Unsurprisingly, there were limits to the numbers of destitute refugees the military administrations in the various Eastern European countries were willing to accept, which led to alternative strategies of population control. One was internal resettlement. In Poland, authorities executed Operation Vistula in April 1947. Vistula was designed to destroy ethnic Ukrainian resistance to the new Communist regime by internal re-

arrangement of the Ukrainian population: Ukrainians were uprooted with several hours notice, shipped to northwestern Poland, and resettled as sparsely as possible. Crucially, because the operation sought to demobilize the population as much as possible, families from the same communities were prevented from living in the same region – though generally nuclear families were kept intact (Lowe 2012, p. 227).

The other crucial method of population rearrangement was murder. Stalin was quite content to do so – over 400,000 Polish citizens (Roberts 2014, p. 235). One region which experienced the full range of cleansing was the Volhynia region of Ukraine: during the first Soviet occupation, Germans were moved out of Volhynia to Greater Germany while Poles were moved east to Siberia and Kazakhstan. Those Poles that remained were executed by Ukrainian nationalists less than a year later (Snyder 2003). By restricting the types of groups within a given territory, genocide and deportation reduced the number of salient political cleavages and consequently the range of institutional outcomes a dominant state could expect to be produced there. The strategy was remarkably successful: Lowe (2012) writes that within two years of the end of the war, the proportion of national minorities in Eastern Europe had more than halved (p. 248).

The depopulation of Eastern Europe accomplished several Soviet goals in addition to its preclusion of pluralism. The first of these requires little discussion: depopulation made the eventual collectivization of agriculture simpler by remov-

ing a large contingent of landowners that might otherwise have pushed back on Soviet plans. The post-war Polish population, for instance, was fully a quarter less than it was before the war, and Prazmowska (2011) writes that both Nazi and Soviet occupation administrations had targeted in particular national elites, including members of the Catholic hierarchy (p. 160). These individuals' property fell in many cases to the occupiers.

The second way that depopulation benefited Soviet establishment of hierarchy was by driving a wedge between subordinate state populations and other potential sources of political succor. In Poland, the Catholic Church held a strong claim on individuals' political allegiances, which made subordination to an internationalist ideology such as communism a difficult sell. The transformation of Poland into an ethnically homogeneous state premised on the elimination of other groups – especially Germans – was popular in the twice-occupied territory but put its occupants at odds with the Church. In a March 1948 letter, Pope Pius XII supported the claim of German refugees that they should be returned to their historical homes east of the Oder-Neisse line that demarcated Polish gains in the war. The Polish laity was incensed, and began to circulate a prayer that “the martyred blood of centuries of Poles” would convince the Pope of his error (Curp 2006, pp. 90-91).¹ Construction of an ethno-nationalist state helped the Soviet Union not only winnow down alternative pillars of domestic power, but served to peel away potent international

¹In acute anticipation of the email chains of the twenty-first century the prayer closed by stating that “[h]e who does not pass on or destroys this prayer commits a sin against Divine Providence.”

allegiances as well.

Finally, the population transfers, in conjunction with the territorial rearrangement negotiated at the end of the war, weakened the bargaining position of populations that might have otherwise been resistant to Soviet attempts at regime control. In Poland, the extension of Polish territorial boundaries westward to the Oder-Neisse line was inextricably linked to the domination of communist parties at home, and by extension subordination to Soviet goals abroad. As Snyder (2012) put it, “[w]ho but the Red Army could be counted upon to defend such a westerly Polish border from a resurgent Germany at some later point?” (p. 324). The stability of this territorial resettlement, in turn, depended on the removal of German populations that might have been targets of revanchism on the part of Berlin. By purposefully creating an otherwise-unsustainable international settlement *and* by eliminating potential domestic sources of dissatisfaction, Stalin underwrote Polish institutions with the military reality of Soviet domination.

The ethnic homogenization of Eastern European states set the stage for the second strategy of Soviet hierarchy construction. This step undertook to convince non-communist groups that holding office was not worth the trouble. In contrast to the United States’ strategy, which I explore in the next section, the Soviet attempts to secure favorable leadership outcomes along its western border relied explicitly on international coercion. Not long after the Yalta Conference, at which Stalin had agreed free elections would be held in Eastern Europe, a referendum in

Poland and an election in Hungary convinced him of the poverty of this strategy. In response to the latter, Soviet Foreign Minister Vyacheslav Molotov informed Zoltán Tildy and Ferenc Nagy of the victorious Smallholders' Party that, rather than receiving a share of parliamentary seats commensurate to their vote share (57%), Hungary had instead been granted "the opportunity to rapidly rejuvenate itself on a democratic basis." This opportunity was to require the dissolution of the Smallholders' Party. Across Eastern Europe, the Soviet Union imported members of the secret police, dismantled civil society groups, and deported, murdered, or arrested political activists who otherwise would oppose the process of "rapid rejuvenation" (Applebaum 2012, p. 219-224).

Coercion was deployed westward from Moscow in inverse proportion to the degree of local communist strength. While I explain why this was the case in the following chapter, I provide an example here. In Czechoslovakia, a large working class existed that was by and large dissatisfied with capitalism: to wit, the ROH (a Czechoslovak trade union) represented nearly 3 million workers by 1947. Its executive was dominated by the Communist Party of Czechoslovakia (CPCz). Despite these strong foundations, however, Communists did not formally take unified control of the Czechoslovak government until February 1948 – three years after the Polish referendum and the Smallholders' "victory" in Hungary – and unlike their neighbors, were under no foreign pressure to do so (Fowkes 1993, pp. 14-23). The reason for the delay was that Stalin viewed the local strength of communism as a

mechanism for taking power in a (reasonably) legitimate fashion, perhaps as a way to set an example for communists in France and Italy.

If he had ever actually taken the possibility seriously, the disbursal and politicization of Marshall Plan aid in 1947 convinced Stalin that domestic ideological rapprochement was not in the offing. Czechoslovakia, along with other Eastern European countries, were unsurprisingly ordered not to participate in the Marshall Plan. The reaction of the non-communists to this order is telling, and anticipates the argument put forward later in this dissertation. Acquiescence to the Soviet dictate was couched in an argument that a move to rectify the situation – necessarily by forging closer ties to the West – would have to be moderated to an extent as to render it worthless. Petr Zenkl, Chairman of the Czechoslovak National Socialist Party put it thusly:

We know that the freedom of action of every small country is nowadays to a certain extent limited, and we know that this is doubly true about a country in our geographical position. Accepting this limitation, we do so... in the interest of international understanding which, as is known, demands a certain limitation of sovereignty from every state (quoted in Kusin (1977, p. 81)).

The distribution of Marshall Plan aid therefore played a key role in solidifying the last remaining non-communist government in Eastern Europe. It is to the distribution of that aid, and its implications for politics within Western Europe, that I now turn.

U.S. Hierarchy

The pattern of hierarchy construction in Western Europe was different in form – the United States undertook far fewer programs of population transfer – but similar in outcome. Here, the United States used the promise of reconstruction aid to shift the value different groups placed on holding office. Specifically, Washington used this aid to convince communist groups to stay out of power. This had been the goal for some time. MacDonogh (2009) argues that as early as the Potsdam Conference in 1945, the United States was determined to prevent the emergence of competitive communist parties in Germany (p. 481). President Truman stated that should “the freedom and independence of Italy” be threatened, the U.S. would take “measures... appropriate for the maintenance of peace and security” (Gaddis 2011, p. 295). Shortly the communists were defeated in Italian elections, a defeat that provided a fillip to non-communist groups within France as well. More directly, the United States proceeded to intervene in the Greek civil war against the communists under what became known as the Truman Doctrine. Perhaps the most famous instantiation of Truman’s European anti-communism was the Marshall Plan, which provided nearly \$20 billion in aid to Western European countries.

Marshall Plan aid represented an explicit American attempt to shape leadership outcomes within Western Europe. In the wake of wartime devastation, economic reconstruction and political stability were inextricably linked. While West-

ern European countries required often painful measures to put their economies on track for long-term growth, American officials feared short-run pain would clear the way for the emergence of Communist governments. How immediately vulnerable Western and Central European democracies – particularly France and Italy – were to communist takeovers in 1947 and 1948 was a point of some contention. Mee (1984) notes that many within the State Department privately believed that European governments were actively exaggerating the threat in order to convince Washington of the necessity of aid (pp. 233-234). But by May of 1947 many in Washington had come to believe that regardless of the current situation George Kennan had diagnosed the problem correctly: the Soviet Union, knowing that a comprehensive political settlement dividing Europe would lead to U.S.-backed economic reconstruction, preferred to stall until economic turmoil led to an indigenous communist resurgence (Hogan 1989, pp. 44-45). The ability of Stalin to stall until he had the upper hand – at which point Washington’s move might be rendered obsolete – meant that the United States had no choice but to move forward with Marshall’s proposal.

The middle months of 1947 were clearly a flux point for moderate European governments. A memorandum to President Truman noted that France and Italy would be out of dollars by mid-October, at which point both would need a solution to their nearly \$100 million of monthly imports. Moreover, Maurice Thorez had recently returned from Moscow with a promise of wheat should he win office – a

sensitive nerve given the 40% reduction in French wheat yields since the previous year (Mee 1984, pp. 231, 233).

The Marshall Plan was thus clearly designed and timed to influence leadership outcomes within Western Europe. By conditioning aid on the character of recipient regimes – and as we have seen, this conditionality was binding both by U.S. *and* by Soviet decree – the United States provided a boost to non-communist governments willing to undertake economic reform along western lines. Esposito (1994) presents the influence of Marshall Plan aid in France and Italy in a counterfactual framework:

Without American aid it would have been far more difficult to carry out the modernization plans and to make the fiscal and wage concessions necessary for continued Third Force tenure during the 1948-1950 period. Had the Third Force fallen, alternative cabinets would have had to include either the Gaullists or the Communists. But neither alternative was viable if France was to remain solidly anchored to the United States. [In Italy c]ounterpart funds were used for political purposes, for instance to relieve mass unemployment that led to upheaval. . . Counterpart funds also made loans available to a financially strapped private sector that favored Italy's pro-American posture (pp. 200-201).

Evidence exists that support for the aid plan also broke along political lines, at least within French society. Polling data from the *Institut française d'opinion publique* in 1947 found that while 64% of the French public supported their government's participation in the Marshall Plan talks, only 30% of French communists did (to 45% against). Similarly, in the aggregate only 23% of French citizens believed the Marshall Plan would harm French independence, a number that rose to 69% of

Communists (Cayrol 2001, pp. 254-255, 259). Clearly the aid package – nominally intended to boost aggregate economic growth – directly implicated domestic cleavages over what types of groups could hold office.

Moreover, the Marshall Plan operated precisely as intended, by driving a wedge between Socialists, with whom the United States could work, and Communists, with whom it could (or would) not. Eichengreen (2008) writes that the announcement of the Marshall Plan led to the dismissal of Communist ministers from governments in Belgium, Luxembourg, and Italy. Across Western Europe, centrist governments warned that a key cost of opposing their programs would be the loss of U.S. grants (p. 67).

Hierarchy In Transition: Past Colonization

The concern over the leadership structures of states existed outside of Europe, as well. Here it linked up with the territorial exigencies implied by decolonization. One early example of the implications of fully territorialized modern, post-colonial states was the concern of the former imperial powers with which colonial holdings would be annexed or federated, and by whom. In British Africa, Britain first supported the confederation of Nyasaland, Southern Rhodesia, and Northern Rhodesia, before abandoning the plan after realizing that its implementation would generate incentives for the black majority to overthrow the minority of white settlers still living there. Instead, the territories were granted independence

separately, becoming Malawi, Zambia, and Zimbabwe, respectively. Likewise further south, the decision to extend formal independence to Botswana, Lesotho, and Swaziland was driven by an alignment between British goals and those of the indigenous leadership in the soon-to-be states, namely a desire to avoid annexation by South Africa (Krasner 1999, pp. 191-192).

More generally, the degree to which the political goals of the former colonizer and indigenous elites aligned determined how independence proceeded. Crucially, policy decisions by the latter were driven by the need to game recently established institutions in an effort to stay in power. Therefore as Krasner (1999) argues, colonial rulers were able to directly shape policies only “where the local elite needed and would not be delegitimated by support from the former colonial master (p. 187).” This process was complicated by the fact that decolonization in practice coincided with the establishment of U.S. hierarchy throughout much of the world. In Singapore, despite British assurances that he would deploy “public security ordinance against PAP leftists... ‘when not if’ he [became] the first Singapore Prime Minister,” U.S. doubts about Lee Kuan Yew’s anti-communist bona fides led them to support Lim Yew Hock’s Singapore Labor Front in the 1959 parliamentary elections. The perception of being a U.S. puppet doomed Lim at the polls, and Lee was elected – only to subsequently become a key ally in the U.S.’ anti-communist strategies throughout Southeast Asia (Long 2011, pp. 159-164).

The fact that the goals of dominant states never aligned perfectly with domestic

politics within subordinate states meant that the ability of the latter to impose political decisions on their populace became a key component for striking hierarchical bargains. Cooley and Spruyt (2009) put this in terms of credible commitments. For example, they argue that the Evian Accords, which ended the French-Algerian conflict in 1962, was struck only after the National Liberation Front (FLN) eliminated its domestic political opposition and consequently provided Algeria with a single, unified government that could enforce bargains over time. Ahmed Ben Bella, who was elected in 1961 on a program of socialism and land reform, was content to allow French control over its army bases and oil production in southern Algeria (p. 63).

Changes in leadership, and by extension the competitive incentives which drove policy within subordinate states, began to shape dominant state behavior in a post-colonial world. The Evian Accords fell apart after a 1965 coup put Houari Boumedine in power in Algeria. Boumediene abandoned Ben Bella's focus on rural development for one of state-led industrialization – a strategy that inevitably required control of the state's oil and gas industry and thus a reduction in French influence (Cooley and Spruyt 2009, pp. 63-65).

A similar pattern emerged across Latin America. Upon election in 1954 on the back of a support coalition consisting of urbanites and small rural farmers, Guatemalan president Jacobo Arbenz passed a land reform bill, reapportioning property rights away from the corporate landowners that had previously run much

of the country. He also moved to end several foreign monopolies: one previously held by the United Fruit Company over internal transportation infrastructure, and one over electric utilities controlled by a U.S.-owned power plant (Blasier 1985, p. 151-177). The fact of domestic accountability drove some leaders to push back against hierarchical bargains that had been taken for granted under leaders whose domestic competitive incentives were coincident with dominant state wishes. Often this process of pushing back met with violence.

The need for dominant states to secure favorable leadership outcomes within subordinate states led to a spate of foreign-imposed regime changes throughout peripheral states shortly after World War II. Famously, the CIA assisted Carlos Castillo Armas to power in Guatemala shortly after Arbenz's land reforms and monopoly-busting in 1954. This action, codenamed Operation PBSUCCESS, followed by one year a similar operation in Iran, AJAX, which had reinstalled Mohammad Reza Shah. The Soviet Union was to exercise an even heavier hand in its near-abroad, crushing leadership changes in Hungary and Prague in 1956 and 1968, respectively. More broadly, the threat of Soviet – and to a lesser extent U.S. – coercion was to dramatically shape political competition across the so-called “Third World” throughout the Cold War, a point to which I return at length in Chapter 5.

In sum, a comparison of mechanisms of imperial and hierarchical domestic control presents a paradox. While the imperial relationship between center and

periphery was often legally institutionalized, the reach of this control within subordinate territories was subject to a calculated hedge in which metropolitan institutions were extended only as far as was politically expedient. Conversely, hierarchical relationships are rarely characterized by formal linkages between dominant and subordinate states. However, the domestic scope of subordinate state institutionalization under hierarchy is very nearly total.

Conclusion

This chapter began with a puzzle. Why did France and the United States pursue such different systems of political control in Vietnam? More broadly, why has hierarchy looked different after World War II than before it? I have argued that the extension of the state system to non-European countries incentivized dominant states to shift from a strategy of selective institutionalization to one of total institutionalization. This shift was marked by a move away from piecemeal bargains with localized centers of influence to a system in which dominant states sought to control leaders rather than territory.

Building from this argument, a theory of hierarchy should therefore account for the constraints dominant states face in attempting to control leadership outcomes within subordinate states. In the following chapter, I build and analyze a formal model that allows me to explore how the interaction of international coercion, interstate economic relations, and domestic bargaining shape hierarchy creation.

Before turning to this model, however, I preview several of the questions raised in this chapter that the following theoretical exercise will help answer.

First, while the historical account in this chapter provides a structural explanation for hierarchical change over time, it does not explain why different hierarchies within the same time period look so different. For example, the discussion of U.S. and Soviet hierarchical construction in Europe reveals that these two processes looked quite different, with the U.S. relying primarily on foreign aid and the Soviet Union on coercion. Why do dominant states approach hierarchical construction differently even within a similar structural system (and indeed on the same continent)? In the following chapter, I argue that the domestic strength of a dominant state's preferred leader strongly conditions the mix of aid and coercion deployed in the construction of hierarchy.

Second, a historical approach cannot explain why the same dominant state pursues different institutional structures within the same hierarchy. While the United States sought to bolster inclusive political structures in Western Europe, in Latin America many of the U.S.' closest allies were highly exclusive regimes. Even the Soviet Union displayed variation on this front: Czechoslovak politics were much less contentious than were, for example, Hungarian or Bulgarian politics. I show that dominant states are highly constrained by domestic institutions in subordinate states. While exclusive or autocratic institutions make hierarchy easier to construct, inclusive or democratic institutions make hierarchy easier to maintain.

Variation in these institutions can also help account for the relative stability of different hierarchical relationships.

In the next chapter, I begin by outlining verbally a theory that builds on the insights from this chapter. I explain why the goals of hierarchy can be plausibly conceived of as redistributive within subordinate states. I then formally analyze a model of politics in which a dominant state seeks to implement a policy within a subordinate state. Actors within the subordinate state have opposing preferences over this policy. I show logically that this process leads to a pattern in which dominant states seek to secure the tenure of specific leaders within subordinate states, and I show how their ability to do so varies with both the domestic and interstate distribution of power.

Chapter 3

Modeling Hierarchy

The so-called “Khrushchev Thaw” following Josef Stalin’s death in 1953 was a shock to Eastern European politics. The large-scale population transfers and direct coercion described in the previous chapter gave way to something more uncertain: what were the acceptable parameters of Communism in the post-Stalin era? The answer came quickly. When Reform Communist Imre Nagy announced that Hungary would withdraw from the Warsaw Pact, the Soviet Union responded with an injection of over 30,000 soldiers, arresting Nagy and restoring communist orthodoxy under János Kádár. Until 1989, direct challenges to Soviet rule in Eastern Europe were rare. Attempts at liberalization would be met by the hammer of Soviet military power, and this belief on the part of Eastern European political leaders sufficed to underwrite the stability of Warsaw Pact regimes.

In this chapter I elaborate on the argument briefly presented in the introduction. I seek to answer the question that began this study – what are the implications of hierarchy for subordinate states? – through the presentation and analysis

of a formal model. In order to do this, I also offer an explanation of how hierarchy is constructed and maintained. Throughout, I use the logic of the theory to return to the story of Soviet hierarchy in Hungary. After his removal from office in 1956, Nagy was buried in the corner of a military prison, the public barred from his grave. The disinterment of his remains and his official funeral following liberalization in 1989 provides a bookend to the coercive episode of Soviet hierarchy. Understanding the steps between Nagy's execution and reburial requires an understanding of the mechanisms of hierarchical control. It is to an explication of these mechanisms that I now turn.

The basic logic of the argument is simple. In this chapter, I argue that dominant states establish and maintain hierarchy in two ways. First, by providing interstate resource transfers to favored leaders within subordinate states, dominant states increase the value of holding office to these leaders. When the provision of foreign aid, trade agreements, loans, or foreign direct investment depend on which leader holds office, those leaders who would receive them are more willing to fight to gain control of the government within their state. Crucially, it is not necessary that everyone within a subordinate state benefits equally from these transfers. The second mechanism dominant states use to construct hierarchical relationships is coercion. Here, I argue that because leaders care about policy outcomes as well as holding office, having to bargain with powerful international actors who oppose their tenure can make life in government a miserable proposition. The point is *not*

that dominant states are always willing to fight to remove these leaders – war is a very rare event. Rather, the policy bargains that leaders are forced to agree to in order to avoid war means that staying in office is often not worth it for them.

The formal model I analyze in this chapter represents a simplified version of hierarchical bargaining, in which a dominant state attempts to secure some type of policy outcome within a subordinate state. This policy outcome might range from a general political alignment, as in the Cold War, or a more concrete policy decision, such as the ratification of a trade agreement or a monetary arrangement. The most important criterion for these policy outcomes to satisfy is that they are an issue of distributive competition within subordinate states. As I argue in more detail below, this criterion is very easily satisfied – which is precisely why accounting for the domestic constraints on hierarchy construction is so crucial.

The previous chapter demonstrated that in the wake of decolonization, dominant states seeking to construct hierarchical relationships are pressed to ensure favorable leadership outcomes within targeted subordinate states. Accordingly, I choose to represent negotiations over hierarchical policy bargains as taking place between a dominant state and two potential leaders within a subordinate state. This decision necessarily abstracts from the complications introduced by considering the possibility of multiple leaders or the process by which political groups are formed. However, as I argued in the previous chapter, hierarchy is often contingent on this codification of political groups within subordinate states – recall

France's inability to strike a bargain with the Tunisian government until the National Liberation Front had eliminated its key domestic rivals. Inevitably, theorizing about complex social processes involves tradeoffs and simplifications. Through the use of a mathematical model, I hope to make the decisions leading to these tradeoffs very clear. Later in this chapter, I provide a formal specification of the model. First, however, I outline in general terms the key components of the model. I then discuss the distributive nature of hierarchy in order to further motivate specific modeling choices.

An Informal Model of Hierarchy Construction

In the model, a dominant state negotiates with the government of a subordinate state, which is composed of one of two potential leaders. Whichever leader controls the government also controls a policy that all three actors – the dominant state and both leaders within the subordinate state – care about. In order to influence political competition between the two leaders within the subordinate state, the dominant state can take one of two actions. First, it can provide resources to the government of the subordinate state. Second, it can fight a war in order to install a different leader. The leader that is out of office also has the ability to try to oust the government by competing for office. The model captures a series of repeated interactions between the three actors, broken down into discrete time periods called rounds. Every round consists of the same pattern of choices for

each actor. Therefore, the entire game consists of a potentially infinite number of rounds, and in every round

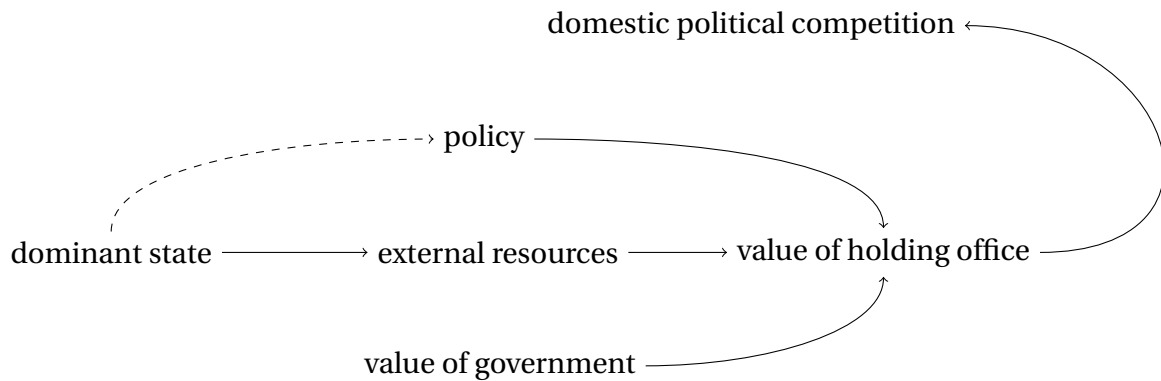
1. The dominant state provides some level of resource transfers;
2. The subordinate state government proposes a policy or fights a war;
3. The dominant state fights a war or accepts the government's policy; and
4. The subordinate state opposition challenges the government or accepts the policy.

Earlier, I outlined the “resource transfer” and “coercive” mechanisms that dominant states use to create hierarchy by way of shaping leadership outcomes within subordinate states. The common thread linking these two mechanisms is how they allow dominant states to shape the value of holding office for leaders within subordinate states. Dominant states are able to boost the value of holding office for leaders that they prefer to see in office by providing them free resources like aid, preferential loans, and access to trading markets. Conversely, dominant states are able to devalue office for leaders they would rather see booted into the opposition in two ways. First, they can withhold the resources that would go to another leader. Second, dominant states can force disfavored leaders to set policies the latter do not like by making belligerent coercive demands – that is, threatening to fight a war – when the latter are in office.

Figure 3.1 outlines the argument graphically. The ultimate political outcome that dominant states care about – the extent and valence of political competition within subordinate states – is fundamentally mediated by the value of holding office. If groups within the subordinate state place a high value on controlling their government, they will attempt to do so. I argue that the value domestic groups place on holding office is driven by three key dimensions. First, these groups care about policy, and would like to be able to set favorable types of policy if they are in the government. Second, they care about external resources. These can be conceptualized very broadly. While in the present work I focus on foreign aid (for reasons I explain in the next chapter), these resources might also include trading agreements, loan guarantees, debt forgiveness, and many others. Finally, domestic groups care about the private value of government itself, which may be higher in wealthy states, in highly corrupt states, or in states with large amounts of natural resources.

As Figure 3.1 illustrates, dominant states have direct control over one of these dimensions, and indirect control over another. Dominant states can directly manipulate the level of external resources they provide to different leaders or groups within subordinate states. By providing more resources to leaders they prefer to see in office, dominant states increase the stakes of holding power for their allies within other states, and decrease the stakes for groups they prefer to see out of power. Indirectly, dominant states can shape the level of policy set by different

Figure 3.1: Dominant State Influence on Subordinate State Political Competition



leaders by making coercive demands. By threatening to fight leaders they do not like, dominant states prevent from achieving their policy goals while in office. In turn, these leaders are less likely to compete for office in the first place as they place a lower value on holding office given their expected policy frustration.

The implication of this argument for domestic political competition within subordinate states is powerful. Leaders who are favored by dominant states are hugely advantaged in negotiations with their opponents. I focus on two general types of strategies that dominant states use to secure favorable leadership outcomes in subordinate states.

First, I establish a mechanism of hierarchy *creation*, in which dominant states incentivize the removal of disfavored leaders from power. Because competing for office is costly – and is especially so in the types of autocratic states in which dominant states might like to seek new leadership – governments can often deter their domestic opponents from challenging them. The key strategic problem for dominant states, then, is convincing friendly groups within other states to bear the costs

of seizing power within their state. I show that one way dominant states are able to accomplish this is by conditioning the provision of interstate resources on the character of the regime within subordinate states. When a group currently out of government anticipates being able to secure large amounts of external resources upon coming to office, they may be willing to challenge the current government under conditions that would in the absence of these resources be unacceptable. By promising favored groups a “free lunch” in exchange for replacing a hostile government, dominant states use these interstate resource transfers to establish favorable leadership outcomes.

Second, I describe how dominant states *maintain* hierarchy by helping to consolidate favorable leaders’ hold on power within subordinate states. This is accomplished in two ways. First, as described earlier, dominant states provide favored leaders with resource transfers. These transfers enable leaders’ job security in several ways: they provide greater levels of public (and private) spending, while decreasing the burden borne by subordinate states’ tax system. Furthermore, the conditionality of these resources shifts the balance of political power within subordinate states. While some citizens might be willing to shift their support to a different leader, the favored leader’s singular ability to deliver resources from the dominant state advantages them relative to their opponents. The second mechanism of hierarchy maintenance is coercion. Specifically, dominant states deter disfavored leaders from competing for office by promising to force them into painful

concessions once they get there. The willingness of disfavored leaders to attempt to take over the government is determined by their value of holding office if they successfully come to power. But as described earlier, the presence of a hostile dominant state means that holding office is not as attractive as it would otherwise be. Undertaking the costly process of competing for office is a losing proposition if government means an endless series of policy concessions.

Before turning to a mathematical description of the logic outlined above, I spend some time discussing one of the key theoretical assumptions from the theory. In contrast to many extant works on the topic, I assume that domestic actors within subordinate states have opposing preferences over the policy desired by a dominant state. In other words, the political goals of hierarchy are domestically redistributive within subordinate states. The following section substantiates this claim.

Distributive Politics and the Goals of Hierarchy

What are the international goals of hierarchy? Lake provides a reasonable introduction to this question, arguing that hierarchy can be captured along two dimensions – security and economic. He provides two indicators of both of these. For security, hierarchy is denoted by (a) the number of dominant state military personnel in a subordinate state; and (b) the number of alliances possessed by a subordinate state that are independent of a dominant state. The economic mea-

asures Lake uses are (a) subordinate state monetary dependence; and (b) bilateral trade dependence. The theory I present below turns on the critique that all of these four of these dimensions of hierarchy – and in reality any other policy that a dominant state might care about – redistribute resources and power within subordinate states. Before presenting the formal model in detail, I discuss why this is the case.

Economically, it is easy to see how the goals of hierarchy are non-consensual. Even goals that appear altruistic cannot escape their fundamentally political nature. For example, economic growth can exacerbate domestic distributional struggles (Alesina and Rodrik 1994) and thus groups may differ in their preferences over what path growth takes. Bearce and Tirone (2010) present a model of aid-enforced economic reform, which they describe as “policy change directed at creating and opening markets, including reduced barriers to international exchange, decreased government intervention in and regulation of the national economy, more secure private property rights, and improved ‘law and order’” (p. 839).

An enormous literature in economics points to the fallacy of assuming policy decisions like open markets, reduced barriers to international exchange, or decreased government regulation are anything approaching public “goods.” The Heckscher-Ohlin and Ricardo-Viner models of trade preferences argue that citizens’ preferences over the openness of trade will split along factor and industry lines, respectively. In an explicitly political context, Hiscox (2001) finds that which

of these models “wins out” tends to depend on the level of inter-industry factor mobility. In general, trade policy is highly contentious within countries.

Divisions over monetary policy shift according to a similar logic. Frieden (1991) outlines a deductive model that traces how different groups within a polity generate preferences over both the level and the flexibility of exchange rate arrangements according to their economic activities and levels of wealth. Crucially, a lack of attention to domestic preferences over these policies impedes scholars’ ability to make statements about their international prevalence: changes in the relative power of domestic groups with competing preferences over monetary arrangements can prevent cooperation on economic matters entirely (Simmons 1997).

International security relationships seem to present an easier case for the argument that hierarchy is a mutually beneficial enterprise. Yet even here, a closer look reveals that the terms of the transaction are not so clear. The earlier anecdote linking the diminished bargaining power of Indonesian military officials to aid from the U.S. government is one example of even ostensibly privileged groups may lose from closer security ties. More broadly, Morrow (1991) argues that while asymmetric alliances can benefit weaker states, this nearly always comes at the cost of decreased autonomy.

The persistent fear of “fifth columns” points towards another source of redistribution implied by security ties: not all individuals within a state prefer their own government to a potential invader: Karnow (2010) notes that the Japanese

invasion of the Philippines was aided not only by ethnic Japanese living on the islands, but by Filipino radicals attracted to ideals of pan-Asian nationalism (pp. 279-280). Even if individuals within a polity would not prefer to live under the tutelage of invaders, they might view invasion as a useful mechanism to destroy their own government so that they might benefit. The Chinese Communists' Long March saved them from elimination at the hands of the Nationalists, but it also forced the Nationalists to fight the invading Japanese on their own; within five years of the end of the Second Sino-Japanese War, the Communists eliminated the enemy that had earlier driven them to the brink of extinction.

The political goals of hierarchy, whether economic or security-oriented, are politically divisive within subordinate states. Even security guarantees fit this criterion. When actors have opposing preferences over a policy, a public goods framework provides an insufficient treatment for analyzing when and where this policy is provided. The following section provides a formal treatment of three actors bargaining over a divisive policy, conceived of here as the political components of hierarchical construction.

A Formal Model of Hierarchy

The foregoing examples point a way forward for constructing a theoretical model of hierarchy. In the following section I synthesize these illustrative cases with the argument from the previous chapter. I structure the inquiry around the follow-

ing question: given that the development of the state system incentivized dominant states to focus on securing favorable leadership outcomes within subordinate states, how do these states achieve this goal? I identify several key parameters – including the distribution of domestic power, the value of holding office, and institutional structures – that shape domestic competition within subordinate states, and then link these to an international strategy of hierarchical construction and management. The following paragraphs outline the fundamental assumptions of the theoretical model.

Consider a game in which a foreign state F negotiates with the leader of another state. This leader may be one of two individuals, A (he) or B (she). Whichever of these two is not currently in the government is in the opposition.¹ For now, I conceive of the “opposition” broadly: this may be either an institutionalized opposition party, as in a democracy, or a looser coalition of dissidents, as in an autocracy. The current leader of the government has access to the policy-making apparatus of the state which allows them to set a policy x of interest to themselves, F , and the opposition leader. As I describe below, this policy might reasonably capture some dimension of negotiation associated with hierarchy. For now, all that is required is that the two domestic groups have opposing preferences over what direction this policy should move in.

In each round of the game, F sets a level of aid, $a \geq 0$ at a marginal cost of $\tau \in$

¹Which of A or B is in the government and opposition is determined by a state variable which is described below.

$[0, 1]$. Following, whichever leader is in control of the government makes a policy offer of $x \in [0, 1]$. In order for the policy to be implemented, it must be accepted by both F and the leader in opposition. Following the government's policy offer, F may then either accept this offer or fight a war. Finally, the leader in opposition decides whether to reject the government's offer or not. If the opposition leader rejects the offer, a costly domestic competition for control of government in the next round occurs. At the end of each round, all three actors receive their utilities which are a function of the bargain that was set (if it was accepted) and whatever aid was disbursed by F . In each stage game, F thus receives $x - a\tau$. The game is then repeated infinitely, with all players discounting future play at $\delta \in (0, 1)$. To reiterate from earlier, in each stage game:

1. F provides foreign aid ($a > 0$) or not ($a = 0$)
2. The leader in government makes an offer $x \in [0, 1]$ or fights a war
3. If the government makes an offer, F accepts or rejects
 - (a) If F rejects, a game-ending war occurs
4. If F accepts, the leader in opposition accepts or rejects.

I look for the set of Markov Perfect equilibria. Markov Perfection is a refinement of the subgame perfect solution concept in which players condition their strategies on the state of the game rather than a full set of histories. In this model, what the refinement means is that players condition their play on which of A and B hold office rather than the potentially infinite set of actions each actor may have

undertaken in the past. An equilibrium then is a set of strategies $s_i \in S$ for which each s_i is a best response to each s_{-i} .

Drawing from the discussion both in the previous chapter and earlier in this one, what can we say about the two potential leaders of the state? First, I assume that these leaders care about policy outcomes. As described above, these policies might encompass international security arrangements, trade agreements, monetary structures, or simply general foreign policy alignment. To the extent that dominant states care about policy outcomes that are strictly internal to subordinate states – like for example the economic organization of the latter – the policy in question might be nominally unrelated to foreign policy. The key assumption I make here is that leaders within a state have opposed preferences over the policy in question. For instance, if one group prefers more trade with the United States, its domestic opponent prefers less. These preferences might arise idiosyncratically, but more likely they come about as a result of domestic political incentives: if one leader's base prefers more of a policy, that leader is more inclined to pursue it.

Formally, suppose that the range of policy outcomes the two leaders care about can be arranged along the unit interval from 0 to 1. Broadly, this simply means that the state can negotiate over the policy in a single dimension: closer or further ties from the dominant state, more or less trade liberalization, etc. I assume that when the policy is set at zero, A is most satisfied; conversely, when the policy is set at 1, B is most satisfied. If the level of policy is denoted by x , the utility of A for a

given level of policy is then $1 - x$, and the utility for B for a given level of policy is x .

Second, in addition to policy outcomes, the two potential leaders care about holding office. This is true for two reasons. The first reason leaders care about holding office is that being in the government provides private resources to a given leader and his or her coalition. Controlling the government often means controlling the police and potentially the military. Similarly, governments are often able to squeeze private rents from the state. These rents can range from the relatively banal – appointing friends to ambassadorial posts – to the extreme – sequestering tax revenue into private offshore banking accounts. In the model I account for these private rents through the inclusion of a multiplicative parameter γ that amplifies the value of any given policy for the leader that is in office. Therefore, leaders are happiest when they are in office *and* when policy is close to their ideal point.

The second reason leaders care about being in office is that it gives them control over the policy that they care about. While groups out of office can have input into the policy process, only the government retains the ability to actually set tax or trade policy, and only the government can sign agreements that determine the country's exchange rate or security arrangements. As I show below, being in office is particularly valuable from a policy standpoint because it allows a leader to capture the “surplus” from bargaining that accrues from the fact that domestic

competition is costly. In the next section, I link the concepts presented above to each other mathematically.

To denote which leader holds office in the model, I include a state variable σ that takes on the value of either 0 or 1. When $\sigma = 1$, A is in office, and when $\sigma = 0$, B is in office. Therefore, the utility to A and B for a given policy offer is determined by the level of policy x , the private value of government γ , and which of the two hold office.

$$u_A(x|\sigma) = \gamma^\sigma (1 - x) \text{ and} \tag{3.1}$$

$$u_B(x|\sigma) = \gamma^{(1-\sigma)} x. \tag{3.2}$$

In order to model domestic competition between A and B , I assume that whichever leader is in the opposition may challenge the leader in government for control of office. If the leader in opposition challenges the government, each leader pays a cost. In every round in which there is competition for office, A pays the cost k_A . Similarly, B pays k_B , where $k_{i \in \{A, B\}} > 0$. These costs reflect the fact that competition is costly regardless of the institutional context in which it takes place. In democratic states, groups must pay costs in the form of campaign expenditures. They may also be forced to make costly promises to secure support that they will then feel obligated (to a greater or lesser extent) to pursue while in office. Yet overall, costs in democratic states are likely to be smaller than in autocratic states. In these latter states, costs may come in the form of torture, dispossession of property, or

even death.

But competing for office is not only costly. It also brings with it the possibility that the leader in opposition can take control of the government. Specifically, if B rejects an offer, she takes office with probability q , and if A rejects an offer he takes office with probability r . With complementary probabilities, each actor returns to the opposition. A and B have differing probabilities of winning office to reflect the fact that they may have differing levels of latent support in the population. If one leader retains only a narrow support coalition, (s)he may be quite unlikely to be able to take control of office. But these probabilities are also different to account for the possibility that the two leaders may be differentially able to utilize the levers of government to retain power. For example, if A is a military leader and B is the leader of a socialist party, A may be better equipped to control the repressive apparatus of the state in order to maintain office, while B is relatively advantaged in being able to mobilize the poorer sections of society.

To combine both the costs of competition and the probability of success into payoffs, let $u_i(\sigma, S)$ be the utility for actor i given both the state of the game σ and a strategy profile S . Then the two actors' respective utilities for challenging the government are

$$v_A = -k_A + \delta \left(\frac{r u_A(\sigma = 1, S) + (1 - r) u_A(\sigma = 0, S)}{1 - \delta} \right) \text{ and} \quad (3.3)$$

$$v_B = -k_B + \delta \left(\frac{q u_B(\sigma = 0, S) + (1 - q) u_B(\sigma = 1, S)}{1 - \delta} \right). \quad (3.4)$$

In words, each actor's willingness to challenge the other while in the opposition depends on (1) the cost k of competing for office and (2) the utility of being in office and in the opposition given the other actors' equilibrium strategies, each weighted by the probabilities that they occur. To illustrate, holding all else constant, when B has a higher utility for being in office, $u_B(\sigma = 0, S)$, she is more likely to challenge the government. To the extent that she values being in the government more than she does being in the opposition, she is also more likely to challenge as she becomes more likely to succeed – that is, as q increases. Finally, B is less likely to challenge the government as her own costs to doing so, k_B , increase. These simple insights yield implications for the construction and maintenance of hierarchy that are not immediately obvious, as I discuss in much greater detail below.

The discussion above outlines the two domestic actors' utilities in terms of strictly domestic processes. How can a dominant state influence these processes? First, recall that in each stage game the dominant state begins by providing aid or not. While in the empirical chapters I restrict my discussion primarily to economic aid, in practice these interstate resource transfers could be conceptualized much more broadly, including preferential trade agreements, below-market credit extensions, and support in international organizations like the International Monetary Fund (IMF) or World Trade Organization (WTO).

In the model, aid flows from the foreign state F to whichever leader is in government. The aid is then distributed between the government and the opposition

according to a sharing rule $\theta \in [0, 1]$. When θ is smaller, the government retains more of the foreign aid; conversely when θ is relatively large, the opposition shares more of the aid. This parameter captures the fact that in some states – more often than not autocracies – governments spend the vast majority of foreign aid on perks for themselves, their narrow coalition, and their families. In democracies, governments are more likely to spend aid on public works or even on projects that directly benefit opposition groups or individuals living in opposition-controlled areas. Taking into account the effect of aid, the utilities for the leaders of accepting the governments offer from earlier are altered:

$$u_A(x|\sigma) = \gamma^\sigma(1-x) + a[\theta^{(1-\sigma)} + (1-\theta)^\sigma] \text{ and} \quad (3.5)$$

$$u_B(x|\sigma) = \gamma^{(1-\sigma)}x + a[\theta^\sigma + (1-\theta)^{(1-\sigma)}]. \quad (3.6)$$

Aid then makes the leader in opposition weakly more likely to accept the government's offer. It "boosts" the valuation each actor places on the status quo. What aid does *not* do in this model is decrease an actor's utility for rejecting the government's offer. In other words, governments cannot, in the model, use aid for repressing their opponents. However, because of the way both leaders weigh the costs and benefits of accepting or rejecting an offer, this simplification is not too damning. Just as using aid for repression would decrease the likelihood of leader in opposition rejecting the government's offer, the fact that the opposition receives positive utility for aid only if they accept the government's offer means that aid

has the same overall effect here.

The second way F can shape bargaining between A and B is by threatening to fight a war. After the leader in government proposes some x , F decides whether to fight a war or accept the government's offer and send an aid package. I model war as a game-ending costly lottery in which all players pay cost $c > 0$. Since F and B have aligned preferences, B takes control of the government with probability p and implements her preferred policy of $x = 1$. With probability $1 - p$, A takes control and implements $x = 0$. Whichever of A and B takes office gets the government payoff of γ . Therefore,

$$u_A(\text{war}|\cdot) = (1 - p)\gamma - c$$

$$u_B(\text{war}|\cdot) = p\gamma - c$$

$$u_D(\text{war}|\cdot) = p - c.$$

One important point about the actors' war payoffs is that they are independent of the state of the game, σ . Put another way, there is some probability p that, should an interstate war occur, F is successful at installing its preferred leader, B . Because a war ends the game, the loser of the war is effectively eliminated: (s)he can no longer press policy demands, and the winner of the war enjoys his or her preferred policy in perpetuity.

The foregoing discussion outlined the utilities of all three actors. The remain-

der of this chapter accomplishes two goals. First, I discuss the core strategic dilemma faced by F . I show that because A and B are divided over the policy in question, F 's preference alignment with B implicitly defines preferences over the leader who holds office. This section reiterates the logic put forward in Chapter 2 which linked the goals of hierarchy as intertwined with leadership outcomes in subordinate states. Second, I present the core theoretical mechanism that drives the results from later chapters. Namely, I show that F exerts a level of control over political competition between A and B by shaping the value that each of them places on holding office. Because F prefers when B is in office, the former uses coercion and strategically provides aid to advantage B in the latter's domestic negotiations.

Distributional Policies and Leadership Preferences

Earlier in this chapter, I outlined a variety of policy goals that scholars often point to as being key components of hierarchy. As the literature on these specific policies indicates, trade policy, monetary arrangements, and even security agreements are all fundamentally *distributive*, by which I mean that they reallocate resources and power between actors. When analyzing negotiations over distributive policies, it makes sense to assume that the actors on whom the policy will be imposed have opposing preferences. Yet extant research either does not model these negotiations explicitly, or assumes that actors' utilities are insatiable with respect to the policy

in question. The result of allowing actors within subordinate states to have opposed preferences over the construction of hierarchy implies that dominant states have preferences over which of them controls power. By installing leaders with similar political preferences to their own, dominant states promote conditions in which their goals are realized as a result of domestic politics within subordinate states. In short, if dominant states can install their preferred leaders within the states they seek to control, the political goals of hierarchy will follow.

In the model, the value both leaders place on holding office – and consequently their willingness to compete for office – depends on three parameters. First, the leader in office receives the private valuation they place on being in the government, $\gamma > 1$. Second, if F sends aid ($a \geq 0$), both A and B receive utility from this transfer, although it is split between them. Finally, the actors care about the policy they are able to set while in control of the government, x .

These three parameters play differing strategic roles. They can also be broken down along two dimensions. The private valuation for being in the government is exogenous – that is, not strategically determined by any actor – and is valued the same for both A and B . Conversely, the level of aid received by the leader in government, a , is endogenous – set strategically by F – but, like γ , is valued the same by both leaders. Specifically, both A and B prefer larger values of γ and larger values of a , though they do not have control over either. Policy is different, both because it *is* controlled by the leader in government, and because it is valued dif-

ferently for A and B . Recall that while A prefers one value of the policy in question (lower x), B prefers the opposite (greater x). For now, I denote the equilibrium policy set as x_σ^* , so that x_1^* is set while A is in office, and x_0^* is set while B is in office. Similarly, a_1^* is the aid provided while A holds power, and a_0^* is the aid provided when B is in the government.

In order to capture how F shapes domestic bargaining between A and B , we can describe how combinations of the other parameters in question – specifically γ and a – shape the willingness of a leader to stay in the opposition. Put differently, F helps constrain domestic political outcomes between A and B by helping determine which of these leaders is willing to compete for office in equilibrium. A leader is *competitive* in equilibrium if (s)he rejects the government’s policy offer according to the specified strategy profile. Conversely, a leader is *uncompetitive* in an equilibrium if, according to his or her strategy profile, (s)he accepts the government’s policy offer.

A full equilibrium requires a set of strategies s_i for each actor i in each state of the game, $\sigma \in \{0, 1\}$. In the first equilibrium, aid provision is uncoerced, and is therefore unrelated to interstate military power. When $k_A < \bar{k}_A$ and $p \leq \min\{x_1^* + c, x_0^* + c\}$ the following strategy profile constitutes an equilibrium:²

Proposition 1. (*Uncoerced Hierarchy*) *When A is in office, F never provides aid, and when B is in office F provides an uncoerced level of aid. A offers x_1^* when he is in office, and B*

²See appendix for full proofs.

accepts. B offers x_0^ when she is in office, and A accepts.*

First of all, F never provides aid when A is in office. The intuition behind this result is straightforward: aid makes the leader in opposition more willing to accept any given policy proposed by the leader in government. If B is in power, aid makes A more willing to accept policies closer to F 's ideal point. In this instance, aid compensates A for his loss in utility for allowing a larger x . Similarly, if B is in the opposition, she becomes more willing to accept lower values of x : just as aid compensates A 's loss in utility for a larger x while he is in the opposition, aid would compensate B for a smaller x while she is in the opposition. Since aid is costly to F , and because F prefers x to be larger, it never sends aid to A when the latter is in government.

Two constraints – on the costliness of political competition for A and the military strength of F – operate to produce this equilibrium. I illustrate these two constraints through an examination of the equilibrium offer set while B holds office. Note that x_1^* is the equilibrium policy when A holds office (i.e. when $\sigma = 1$), and x_0^* is the equilibrium policy when B holds office (or $\sigma = 0$). Then when A is in the opposition, he accepts any

$$x \leq x_0^* \equiv 1 + a_0\theta + \frac{k_A(1-\delta) - \delta r[\gamma(1-x_1^*) + a_1(1-\theta)]}{1-\delta(1-r)}. \quad (3.7)$$

First, the costliness of political competition implies that aid is not always necessary

for F . Indeed, when

$$k_A \geq \bar{k}_A \equiv \frac{\delta \gamma r (1 - x_1^*)}{1 - \delta}, \quad (3.8)$$

A 's reservation point is weakly greater than one. F never provides aid when this is the case. Under these conditions, A is willing to accept F 's most preferred policy ($x_0^* \geq 1$) even absent aid. Here, equilibrium behavior falls apart because domestic political competition is too costly for groups that F prefers to keep out of office. While F would provide aid in this case, aid is unnecessary.

The necessity of aid is also mediated by the private valuation the two potential leaders place on holding office. Note that in order for the equilibrium to hold, office cannot be "too valuable." Formally, in order for there to exist an offer that A will accept while he is in the opposition,

$$\gamma < \hat{\gamma}_A \equiv \frac{(1 + a_0 \theta)[1 - \delta(1 - r)] + k_A(1 - \delta) - r \delta a_1(1 - \theta)}{\delta r(1 - x_1)}. \quad (3.9)$$

Given that $k_A < \bar{k}_A$, Equation 3.9 points towards several mechanisms that F can use to ensure that A is uncompetitive in equilibrium, which is true if $\gamma < \hat{\gamma}_A$. First, F can directly manipulate two parameters in $\hat{\gamma}_A$, a_0 and a_1 . From a visual inspection of the constraint, A is uncompetitive for a larger range of γ as a_0 increases, and for a smaller range of γ as a_1 increases. In other words, by providing aid conditionally depending on which of A or B holds power, F can directly shape the likelihood that A will attempt to take control of the government away from B .

The second mechanism that F can use to cause A to be uncompetitive is by taking measures to directly shape x_1 , the level of policy that A expects to secure while he is in office. Note that as x_1 goes to 1 – that is, A 's least preferred level of policy – the constraint on the private valuation of office for which A is uncompetitive goes to infinity. If A is entirely unable to secure any of his policy goals while in office, he is never willing to pay the costs of seizing control of the government in the first place.

To reiterate, as described in the beginning of this chapter and the previous one, a key logic of hierarchy relies on dominant states shaping leadership outcomes within subordinate states. In the remainder of this chapter, I undertake two tasks. First, I describe how resource transfers allow dominant states to create hierarchy by incentivizing political competition within subordinate states. The promise of external resources upon coming to office can convince leaders that would not otherwise compete for control of their government to do so. Dominant states are able to secure the ascendance of preferred leaders by promising them free resources upon coming to office. Second, I outline how coercive interstate bargaining can deter some leaders who would otherwise compete for office from doing so. Leaders that dominant states prefer to see stay out of office are deterred from competing because the bargain they will be forced to accept while in office is not worth paying the costs of competition.

Hierarchy Construction: Conditional Aid and Leader Competition

By the late 1980s, the Hungarian economy had not yet fully recovered from the oil shocks of the previous decade. While Hungary and its Eastern European neighbors had ostensibly been shielded from the worst direct effects of OPEC's muscle-flexing, access to subsidized Soviet oil was made contingent on construction of a highly-inefficient gas pipeline that stripped both capital and workers away from the domestic economy. Worse, Hungarian terms of trade continued to deteriorate across the decade. By 1980, Hungarian external debt had reached \$9.1 billion, an increase of 900% percent from the decade prior. While halting economic reforms across the 1980s slowly boosted competitiveness, the debt problem had continued to worsen.

By 1988, the younger members of the ruling class decided that it was time for a change at the top of the party. Consequently, Prime Minister János Kádár's move to the newly-created post of president in May 1988 was not a promotion. But the new leaders, including newly-installed Prime Minister Károly Grósz, were wary of assuming responsibility for the economic measures – later instituted ruthlessly in Poland – that were required to bring the rising debt problem under control.

Access to West German markets played a significant role in solving this problem for the new leadership. Specifically, by alleviating some of the distributional pressures implied by economic reforms, aid from the West made Grósz more willing to accept the costs of leading the country through them. Even while negotia-

tions to remove Kádár were underway, West German foreign policy advisor Horst Teltschik approached the coup plotters, telling them that were they to be successful “the West German government would support this programme [of economic reform]...with financial credits.” Bonn kept its word to the tune of a billion Deutschmark credit which was used directly to pay for interest on outstanding foreign loans (Sebestyen 2009, p. 214).

In the Hungarian case, West Germany was able to leverage its control over financing that Budapest needed in order to shape the willingness of Grósz to seize office. This example maps well on to the first mechanism from the theoretical model outlined above: F can help shape the incentives for A and B to compete for office is through its aid provision strategies.

Earlier in this chapter, I explained why aid flows from F only while B is in office; or, in terms of the example just outlined, why West Germany was willing to extend a line of credit to Grósz but not Kádár. To reiterate why this is the case, remember that aid makes the leader in opposition more willing to accept any given policy proposed by the leader in government. Since F never wants to allow B to be more satisfied with the policy proposed by A , F sends aid only while B is in office. This result implies that, while in the opposition, B is faced with an opportunity that A never has. When $r > \frac{1-\delta(2-\delta)}{\delta^2}$ and $a_0^* > \bar{a}$, the following strategy profile constitutes an equilibrium:

Proposition 2. (*Hierarchy Construction*) F only provides aid when B is in office. When

the equilibrium level of aid is large enough, B always rejects when she is in the opposition.

When he is out of office, A accepts any x smaller than x_0^ .*

When B is out of the government, neither A nor B has access to any resources from F . Were B to come to power, however, F would be willing to begin sending resources. When the expected amount of resources triggered by a change in leadership is large enough, A may be unable to make policy concessions to B that would convince the latter not to challenge for office. Formally, if

$$a_0^* > \bar{a} \equiv \frac{q(1-\delta\gamma) - \delta + k_B(1-\delta)}{\delta\gamma q(1-\theta)}, \quad (3.10)$$

B always rejects the government's offer when she is in the opposition. In other words, if the level of aid provided by F were B to assume office is large enough, B always competes for office when she is in the opposition. Put differently, when F is able to condition large enough resource transfers on the identity of governments in other countries, it is able to "purchase" regime change – what I refer to as *foreign-induced* regime change – in these countries. The availability of these resources introduces an extra dimension of indivisibility into domestic bargaining.

It is easy to imagine how the availability of external resources might shape the competitiveness of different groups in a wide range of institutional contexts. Consider an example from Israeli-U.S. relationship. The 1992 election for the Knesset, Israel's legislature, returned a new prime minister, Yitzhak Rabin. Rabin, of the

Labor Party, replaced at the head of the Knesset Yitzhak Shamir of Likud, a right-wing party. One of the key issues leading up to the election had been Israel's relationship with the Palestinian territories, and in particular the extent to which the Israeli government should pursue peace with the occupied territories. Shamir had met this process with antipathy, seeking to extend Israeli settlements in the West Bank in order to house the influx of Jewish refugees fleeing the recently-dissolved Soviet Union. This met with resistance from Israel's closest international friend, the United States. President Bush and his secretary of state James Baker were intent on convincing the Israeli government to stop settlements.

At issue was a package of \$10 billion in loan guarantees from the United States, which the Bush administration feared would be used, if not directly to build settlements, to free up resources that would allow Shamir to do so. Consequently, Baker made clear to Shamir that the loans would be withheld until the conclusion of the upcoming peace conference (Friedman 1991). Implicit in this was the threat that the loans would be withheld entirely should the conference conclude without an agreement. Yet Shamir had no intention of making concessions, and so the issue of financing remained unresolved. The loan guarantees hung over Israeli politics until the following year, when Rabin – who would eventually win a Nobel Peace Prize for his work with the Palestinians – was elected. Rabin agreed almost immediately to cease new settlements, the guarantees were made, and a senior State Department official was quoted as being pleased that the arrangement “match[ed

Israeli] needs as well as ours” (Friedman 1992). The anecdote from Israel earlier is an example from a democratic context: because a Labor Party victory meant access to loan guarantees, Rabin could simply promise more to potential swing voters than could Shamir.

The Israeli example points to two important caveats for the foreign-induced regime change argument. First, the United States has very obviously never practiced strict aid conditionality vis-a-vis Israeli politicians. In other words, money from Washington flows to Tel Aviv in abundance regardless of what party prevails in the Knesset. The “resources” that I am referring to here are those designed to influence domestic political competition within the subordinate state. In many cases, these resources may be sent on top of aid that flows to subordinate states for other reasons. In the Israeli case, the United States sends large amounts of military aid in order to bolster Israeli defenses against its hostile Arab neighbors. In other cases, the United States might send humanitarian aid in response to a natural disaster, despite its preference for regime replacement.

Second, domestic institutions play a crucial role in mediating the ability of dominant states to purchase regime change. Recalling the constraint in Equation 3.10, it is easy to see that the level of aid necessary to purchase regime change is increasing in the inclusiveness of domestic institutions, denoted by θ . In fact, as θ increases to its maximum value of 1, the level of aid needed to purchase a regime turnover increases to infinity. Put simply, if domestic institutions are too inclusive

– that is, if they provide a robust mechanism for sharing the foreign resources – *B* is not willing to reject *A*'s offer in an attempt to come to office.

Why do egalitarian institutional structures disadvantage dominant states attempting to incite regime change? As described earlier, a leader contemplating a governmental takeover must weigh the costs and benefits of coming to office. On the positive side of the ledger are the private benefits of government added to the expected resource transfer upon reaching government. But recall that institutions crucially mediate how much of this transfer the leader will keep upon taking control of the government: formally, this leader keeps only $a(1 - \theta)$. When θ is quite large, the leader expects to spend nearly all these external resources on political groups other than her own. Given this anticipated sharing, the level of resources necessary to encourage her to pay the costs associated with competing for office become larger and larger.

This institutional constraint on the ability of dominant states to purchase regime change suggests that one of the most common critiques of hierarchy – its illiberalism – is pathological rather than idiosyncratic. One possible explanation for why hierarchy often seems to co-opt undemocratic regimes rests on the possibility that dominant states simply seek to institute policies that are unpopular within subordinate states. By this reckoning, hierarchical relationships are undemocratic because they seek to impose policies on states that would strongly prefer different political outcomes.

The argument presented here is slightly different. By explicitly building in the fact that political negotiations are redistributive, the argument recognizes that all policies have *some* level of support. A focus on the distributive politics of hierarchy suggests that the key to establishing hierarchy lies in shaping the value groups place on holding office, and that this is easier in institutional contexts that operate to exclude opposition groups from power. Exclusive institutional contexts are key not because they prevent some groups from coming to power – coercion and the strategic provision of external resources suffice in that respect – but because they convince the groups dominant states prefer to see in office that the costs of seizing control of the government are worth paying.

Hierarchy Maintenance: Coercion, Aid, and Leader Deterrence

Several years before János Kádár's "promotion," Imre Pozsgay, the chairman of Hungary's Patriotic People's Front (PPF, the ruling Communist party) published a report entitled "Turning Point and Reform," which called for economic liberalization including the legalization of private property. This landmark missive was followed the next year by the publication in *Beszélő*, a Hungarian opposition publication, of "A New Social Contract," a letter calling for economic liberalization to be accompanied by political concessions, including competitive elections. Despite the apparent willingness of the Hungarian regime to negotiate – and despite the fact that the regime appeared to be encouraged in this by the Soviet leader Mikhail

Gorbachev – the Hungarian liberals were keen to moderate their purported revisionism. Despite the call in “A New Social Contract” for competitive legislative elections, János Kis and his co-authors reserved for the PPF in their proposal the entirety of the executive branch, including control over foreign policy and the military (Stokes 1993, pp. 91-92). Even during a time of Soviet weakness, opposition leaders were certain that were they to take control of the government, their ultimate policy goals would have to be substantially altered at least in the short term to account for the reality of Soviet pressure. As I detail in this section, opposition group calculations about how external relationships shape the value of holding office loom large when these groups are considering whether to seek office in the first place.

The second way, then, that F shapes the value that A and B place on holding office is through the threat of war. Recall that in the model, after the leader in government makes a policy proposal, F has the option to fight a war. Because war is modeled as a costly lottery, the leader in government always prefers to make an offer that is accepted rather than fight an interstate war. This “floor” on the amount of policy provided has two implications, which I derive from a discussion of Proposition 3. When $k_A < \bar{k}_A$ and $p > x_1^* + c$ the following strategy profile constitutes an equilibrium:

Proposition 3. (*Uncoerced Hierarchy*) *When A is in office, F never provides aid, and when B is in office F provides a coerced level of aid. A offers x_1^* when he is in office, and B*

accepts. B offers x_0^ when she is in office, and A accepts.*

The first, obvious implication is that in any equilibrium, the policy x is never set below F 's reservation point for war. Formally, at a *minimum* $x = p - c$. Even when A holds office, F never accepts a worse policy than it could expect to secure by fighting a war. When F is a great power, this may be a relatively good deal of the policy that it desires, although the costs to any state for fighting a war over an issue of marginal importance – for example convincing another state to fix its exchange rate – may overwhelm even certain victory. Ultimately, even when A holds power, F is guaranteed some minimal level of the policy it seeks.

The second implication of F 's reservation value for war is that powerful interstate actors can deter domestic leaders from competing for office. This draws from the earlier discussion of how equilibrium levels of policy shape the valuation actors place on holding office, and in turn their willingness to engage in competition to get there. In other words, when F is very strong – that is, very likely to win a war – A is deterred from competing for office. He is deterred not by the expectation that F will fight a war should he secure control of the government, but because he knows that upon accession to office, he will be unable to secure his policy goals. But the effect of interstate coercion is even more dramatic than this.

In addition to F 's ability to deter political competition on the part of disfavored domestic actors, F 's military power allows it to secure policies closer to its ideal point while its preferred domestic leader, B , holds power. Recall that while he is

in the opposition, A will accept any $x \leq x_0^*$. Substituting $p - c$ for x_1^* (from Equation 3.7 above), it is easy to show that the maximal offer acceptable to A as a function of the interstate distribution of power is increasing:

$$\frac{\partial x_0^*}{\partial p} = \frac{\delta \gamma r}{1 - \delta(1 - r)}, \quad (3.11)$$

which is strictly positive. Recall that this is in the *best* possible scenario for A , i.e. the scenario in which he makes the smallest possible offer he can while in office. In other words, because F 's military power shapes the bargain A can secure while he is in office, this military power also shapes the bargain that A accepts while he is out of office. The interdependence of actors' valuation for holding office and their willingness to compete for that office interacts with interstate relationships to the advantage of militarily powerful states.

The effect of interstate coercion on domestic political competition depends importantly on the domestic distribution of power. When a dominant state's preferred leader is quite strong relative to its domestic opponent – that is, if B is very likely to survive a challenge from A while she is in office – interstate coercion has no effect on the willingness of A to compete for office. In these cases, the likelihood of success relative to the cost of challenging the government is so great that A would never countenance doing so, regardless of the policy they might set while in office. Recalling that r is the likelihood that A takes office following a rejection

of the government's offer, when

$$r < \bar{r} \equiv \left(\frac{1-\delta}{\delta} \right) \frac{\delta\gamma q[k_A - (1+a_0^*)] + k_B - [1-\delta(1-q)]}{\delta\gamma q(1+a_0^*) + k_B(1-\delta) - [1-\delta(1-q)]}, \quad (3.12)$$

the effect of interstate coercion is swamped by the preponderance of domestic power gathered in the hands of the dominant state's preferred leader. In other words, when A is relatively likely to win office domestically, he takes into account how bargaining with F will affect his ability to achieve his policy goals. When A is likely to lose a domestic competition for office, he is unconcerned with interstate politics.

This caveat comports with an intuitive grasp of political bargaining. In those states where a dominant state's preferred leader is likely to win any political challenge she faces, it is unlikely that her domestic opponents would take into account international politics when contemplating a governmental overthrow. Conversely, weak domestic leaders facing a vibrant opposition can rely on these domestic opponents to calculate how international relationships would affect their tenure in office when debating whether to seize control.

The logical combination of the foregoing arguments is that dominant states use a different mixture of resource transfers and coercion when they are bolstering leaders that are domestically secure than they do when they are supporting those that are not. In terms of the discussion from the previous chapter, the United States was able to rely primarily on aid via the Marshall Plan to keep communists

out of power in western Europe, while the Soviet Union was forced to deploy and explicit coercive threat against democratic opposition groups in eastern Europe. The argument presented in this chapter explains why this was the case. For the Soviets, their preferred political interlocutors rested on tenuous ground. Only by forcing democratic activists to reckon with Soviet military might was Moscow able to cow them into submission. The United States, facing a communist opposition that in general was relatively weak, was able to buy their quiescence through aid designed to boost aggregate economic growth.

What this argument means is that dominant state approaches to hierarchy can vary quite widely, both spatially and temporally. While the United States stood ready to intervene militarily in Italy during the late 1940s, such a threat is inconceivable today: the threat to domestic order is not of the same character, either in political valence or in overall strength. Likewise, while U.S. hierarchy-building exhibited a light hand throughout western Europe, the same cannot be said for Latin America. Here, rightist elements friendly to U.S. political goals were not as domestically secure, and thus their tenure rested on a mixture of aid but also coercive threat, the latter not always held in abeyance.

Perhaps more importantly, the model demonstrates logically that patterns of hierarchy building depend more on conditions within subordinate states than they do on dominant state goals. In the next section I consider how one important element from the model – domestic institutions that operate to share externally-

provided resources – both enables and constrains dominant states in their struggle to secure political security for friendly elements elsewhere.

Domestic Institutions and Hierarchy

Before turning to empirical tests of the theory's propositions in the following two chapters, I elaborate the role that domestic institutions play in the theory. Because I am primarily interested in the effect that institutions play in mediating hierarchy construction and maintenance, I assumed for them a very specific role: namely, in the model domestic institutions allocate the resources sent from dominant states between actors within subordinate states. In states with inclusive institutions – for example, those states that seek to provide high levels of public goods – external resource transfers are shared between the government and opposition. In these states, opposition groups directly benefit from hierarchical relationships. In states with exclusive institutions – for example, kleptocracies, personal dictatorships, and perhaps autocracies more broadly – the government itself is able to keep most of the spoils accruing from dominant-subordinate state relationships.

Empirically, the above role for institutions may correlate with other parameters in the model to produce familiar configurations of governance. States with inclusive institutions, low costs for political competition, and groups that are both moderately likely to win office approximate mature democracies like those in the United States and Western Europe. States with exclusive institutions, low costs of

competition, and relatively balanced political groups are similar to unconsolidated democracies. A combination of exclusive institutions, high costs of competition, and asymmetrically powerful political groups likely yields a group of states akin to “competitive authoritarian” states. Adding a final parameter, the private value of government, would clearly allow for an even more specific typology. This discussion is to note that, despite the unorthodox conception of domestic institutions presented above, the theory allows for a rich analysis that incorporates more traditional conceptions of state power.

In the remainder of this section I discuss three effects of domestic institutions in the model presented above. First, inclusive institutions – in the model, high θ – lead dominant states to be more reliant on resource transfers. Second, as briefly mentioned above, holding all else equal inclusive institutions reduce the value that groups place on holding office. Finally, combining the first two arguments leads to the following conclusion: the net effect of inclusive institutions on the likelihood that hierarchy is constructed is mixed.

The first, and most obvious, role that institutions play is that they make hierarchy construction cheaper for dominant states to undertake. Recall that aid’s role in the model is to make A more willing to stay in the opposition. This effect occurs because A knows – when he is in the opposition – that should he take power he will lose whatever resource transfer is currently provided. Straightforwardly, the ability of resource transfers to purchase acquiescence from A is greater when A

receives more of the resources while in the opposition. In the limit, if A receives *none* of the resources – that is, if $\theta = 0$ – the only thing deterring him from seizing power are the costs of doing so (k_A) and the probability that he is able to succeed (r). Conversely, when θ is relatively high, A receives a larger share of the resources provided by F , the dominant state. When this is true, as in states that focus on providing non-excludable public goods to their citizens, A is more willing to stay in the opposition for a given level of resource transfer.

By implication, holding all else equal, states with highly inclusive institutions mean that F can achieve the same effect with a smaller amount of resource transfers. From the perspective of the dominant state, then, the effect of inclusive institutions is to make the provision of resources to a given state more likely. Inclusive institutions reduce distributional conflict over hierarchical bargaining by providing opposition groups access to the goods and resources exchanged for the policy concessions desired by dominant states. In turn, this acquiescence leads to domestic political security for the dominant state's preferred leader, B .

As discussed earlier, the second role that institutions play in the theory above is that they depreciate the value that domestic actors place on holding office relative to living in the opposition. In the discussion of foreign-induced regime change, this mechanism provided an explanation for why leadership change is easier to buy in states with exclusive institutions: the expectation that a leader would be able to expropriate external resources for herself upon coming to office drove the

political competition desired by the external actor. This point is closely linked to the first. How it works to shape hierarchical relationships therefore depends largely on the status quo.

In states where a dominant state's preferred leader currently holds power, inclusive institutions make maintaining hierarchy easier. Here, resources can be transferred and shared with groups out of power, making these groups relatively willing to stay in the opposition. Therefore, once established, hierarchy is most likely to "stick" in states with inclusive domestic institutions, likely those that provide for high levels of public goods spending.

When a dominant state's preferred leader is currently out of power, the role of institutions is significantly more nuanced. As discussed above, inclusive institutions make the maintenance of hierarchy more likely when *B* – the dominant state's preferred leader – holds office. Therefore as institutions provide more resources to opposition groups, *B* is more likely to receive resource transfers upon coming to office, and is therefore likely to be more secure in her tenure. However, the second point from above binds as well. While *B* is more likely to receive these resources, she will be able to keep less of them, and is therefore less willing to challenge for office in the first place. Institutions cut both ways for dominant states attempting to bring favorable leaders to power in subordinate states: inclusive institutions make hierarchy more likely to stick if it is established, but less likely to be achieved in the first place. Unfortunately, the very conditions that

augur for the construction of hierarchy – domestic institutions that are not too inclusive – can at the margin make hierarchy more difficult to maintain.

On balance this argument implies that we should observe *durable* hierarchy most often in states that exhibit recognizably liberal political structures. These states will likely have low levels of political violence and relatively low private returns to government. Through the latter half of the twentieth century, the ideal cases fitting this characterization are found in the close ties between Western Europe and the United States. Once U.S. hierarchy established a foothold in these states, Washington's influence was difficult to dislodge. The ability of economic ties to lessen domestic distributional struggles induced by the political ties to the United States.

However, these peaceful relationships are likely to be the minority of hierarchical cases due to the difficulty that inclusive institutions pose for the *establishment* of hierarchy. The majority of hierarchical cases will be contested and fragile. These states are likely to exhibit moderate levels of political competition, moderate-to-high private returns to government, and moderately inclusive domestic institutions. Here, the maintenance of hierarchy depends crucially on the deployment of coercion on the part of the dominant state. Examples from U.S. hierarchical relationships abound here, from Latin America – which, as outlined in the introduction to this chapter, saw instances of military intervention during the Cold War – to the Middle East, where many regimes continue to explicitly rest on the threat

of interstate coercion. The Soviet hierarchy provides an even closer fit for a fragile network of relationships resting on coercion. This is perhaps best evidenced by the rapid collapse of communist regimes across Eastern Europe following the obvious inability of Moscow to uphold its security guarantees to its client regimes.

Conclusion

This chapter began by asking three related questions. First, given the wide range of options available to powerful states attempting to create international hierarchy, why do they choose the ones they do? Second, and more specifically, why is hierarchical creation sometimes peaceful and sometimes violent? Finally, what are the implications of hierarchy for politics within subordinate states? Through the development and analysis of a formal model, in this chapter I argued that great powers use both coercion and resource transfers to shift the value of holding office for different leaders and groups within subordinate states.

The model thus indicates that the division between coercive and peaceful influence is somewhat of an artificial one. Dominant states use coercive threats to depreciate the value that leaders they prefer to see out of government place on holding office. When these leaders anticipate having to make political concessions to a foreign adversary upon coming to office, they are less likely to compete for control of their government in the first place. Peaceful economic influence operates through much the same mechanism. Dominant states conditionally provide

resources to leaders in other states. By conditioning the flow of economic goods on the character of subordinate-state regimes, dominant states are able to increase the value that their preferred domestic interlocutors place on holding office and decrease the value that their domestic opponents place on holding power.

In the following two chapters, I further elaborate several empirical predictions derived from the theoretical model presented in this chapter. In Chapter 4, I examine patterns of hierarchical creation. Specifically, I show that leadership turnover is closely connected to the promise and anticipation of conditionally-provided foreign aid. I further link this finding to the argument presented in this chapter by showing that this effect is conditional on the types of domestic institutions within subordinate states: in states with exclusive institutions, dominant states are able to purchase leader turnover. Conversely, in states with inclusive institutions, I find no similar effect for foreign aid.

Chapter 5 turns from the question of hierarchical creation to hierarchy maintenance. One of the key theoretical findings from the model presented above is the deterrent effect of international coercion on domestic politics: because some leaders anticipate having to make policy concessions to a dominant state upon coming to power, they are less likely to compete for power in the first place. In order to demonstrate this mechanism empirically, I elaborate the link between leadership tenure and foreign aid provision. I show that the United States systematically provides less aid to those states over which it has a strong military advantage – but,

recalling the discussion of the domestic balance of power from above – only when its preferred leader is domestically insecure.

Chapter 4

Creating Hierarchy

The previous two chapters made an argument in two parts. First, in Chapter 2, I argued that a structural change in the organization of international politics occurring around the end of World War II has forced dominant states to concern themselves with the character of leadership in subordinate states they seek to control. The following chapter, Chapter 3, presented a formal argument demonstrating exactly how dominant states can operate to control the character of leadership within these states. Specifically, I showed that through the provision of resource transfers and deployment of coercive threats, dominant states can alter the value that different leaders place on holding office within subordinate states, thereby shifting the incentives different groups have for competing for office in the first place.

The theory presented in the previous chapter exploits an important lacuna in the literature on foreign-imposed regime change, which focuses nearly in its entirety on violent impositions of new regimes. Owen (2010), for instance, argues that forcible regime promotion – a “use of force for the purpose of altering or

Table 4.1: Determinants of Leader Exit: Source (Goemans, Gleditsch and Chiozza 2009)

	<i>n</i>	of total
Regular exit	10,982	80%
Irregular without foreign support	2,381	17%
Irregular with foreign support	402	3%
total	13,765	

preserving a domestic regime” – is a “fairly common practice of statecraft in the modern international system” (pp. 2, 10). Likewise Kinzer (2007) focuses his book on the fourteen governments deposed by the United States in the “long century” running from 1893-2003. But as the theory presented in the previous chapter indicates, a focus on these cases alone dramatically *understates* the reach of dominant state influence within subordinate states. Despite their prevalence in popular discourse, instances of foreign-imposed regime change in fact constitute a small minority of leadership turnovers. Table 4.1 presents data from Goemans, Gleditsch and Chiozza (2009) that categorizes leadership transitions by whether or not they occur regularly – “in a manner prescribed by either explicit rules or established conventions” – or irregularly (p. 1). Of those leaders who arrive in office irregularly, they further code whether or not the leader arrives with the support of a foreign power. As is clear, explicitly foreign-supported leader removals comprise only a tiny percentage of total leader removals, less than five percent.

The theory presented in the previous chapter proposed another mechanism by

which dominant states can exercise influence over the leadership selection processes within subordinate states. When dominant states condition the provision of economic resources on the identity of leaders within subordinate states, the promise of these resources can incentivize leaders to compete for office, even when they otherwise would not. Consider several cases from Cold War Latin America. In Honduras in 1963, Oswaldo López Arellano overthrew the elected Ramón Villeda Morales in a coup. The following year U.S. aid jumped to nearly \$80 million, an increase of over 400% from the year prior. This pattern is not limited to coups. The Argentine *Liberación Libertadora*, which overthrew the leftist administration of Juan Perón, was met with a nearly 700% increase in aid, from \$16 million to over \$100 million. Crucially, these actors anticipated this behavior from the United States. While President Kennedy paid lip service to the 1961 Foreign Assistance act, which required the U.S. to suspend foreign aid to any country suffering a military coup, Euraque (1996) writes that Arellano's supporters fully expected the new law to go unenforced (pp. 113-114).

The goal of this chapter is to substantiate this claim – that dominant states can “purchase” regime change – empirically. While below I subject my argument to several systematic empirical tests, Table 4.2 provides a set of baseline statistics to ground discussion. Using the same dataset of leadership transitions as above, I split the sample of leadership changes in year t according to whether or not a country received either economic or military aid from the United States in the

Table 4.2: The Effect of the Expectation of Aid on Leadership Turnover

		Percentage of country-years with leadership turnover (year t)
Economic aid ($t + 1$)	yes	13.9% ($n = 7,170$)
	no	5.8% ($n = 6,307$)
		$t = -13.42, p < 0.001$
Military aid ($t + 1$)	yes	14.5% ($n = 5,232$)
	no	7.4% ($n = 8,245$)
		$t = -15.73, p < 0.001$

following year. As is evident from a comparison of the mean proportions of leadership changes, the expectation of aid in the future appears to play a positive role in leading to new leaders within recipient countries.

Unlike the direct foreign removal of leaders, the effect of shifts in foreign aid (and internationally-distributed resources more generally) on domestic bargaining transcends the regular/irregular leadership removal dichotomy. As evidenced from examples in the previous two chapters, dominant states are able to manipulate domestic political bargaining within both democratic and authoritarian institutional structures. However, as argued in the previous chapter, dominant states' ability to shape leadership outcomes does depend crucially on how these institutions shape the value that leaders place on holding office.

In this chapter, I argue that conditional resource transfers are an important and

unappreciated mechanism of influence in international relations. Empirically, my strategy is to focus on the U.S. case of hierarchy-building, and specifically on the United States' strategy of foreign aid provision. I do this for two reasons. First, data availability makes the other potential candidate – the Soviet hierarchy – untenable as a case. Unlike the United States, the Soviet Union has not published comprehensive databases of its foreign aid activity. Second, U.S. hierarchy has proved far more durable than has its Soviet counterpart. Consequently, its continued expansion and maintenance remains of interest for both scholars and policy-makers.

Foreign aid, as opposed to other sources of interstate economic transfers like loans, trade agreements, or monetary cooperation provides a clear test of the mechanisms at play. Aid is first of all directly controlled by the government, and is thus more directly subordinated to strategic goals than are trading patterns or private sector lending. Perhaps more importantly, aid's relative insignificance provides for a conservative test of the hypotheses derived in the previous chapter. Of those states receiving economic aid from the United States from 1946-2012, aid comprised an average of 2% of the recipient state's gross domestic product. If even this marginal amount of resources can shift political competition within recipient states, we can be relatively assured of the mapping of the model's predictions to the empirical world.

Before turning to an empirical examination of the first mechanism of hierar-

chy creation from Chapter 2, I review the literature on foreign-imposed regime change. I argue that this literature has been unduly concerned with violent, interstate impositions of regimes, despite these comprising the vast minority of cases. In addition to discussing the analytical shortcomings of this literature, I argue that this focus on violent regime imposition has obscured a far more common mechanism of dominant state influence over leadership transitions.

Literature Review

Although the relationship is not often explicitly articulated, a discussion of leadership-driven conflict is closely related to the question of asymmetric coercion. By one measure, twenty-one of the twenty-seven instances of foreign-imposed regime change in the twentieth century were carried out by either the United States, Britain, France, or the Soviet Union, all states with significant power advantages over nearly all their rivals (Downes and Montan 2013). To further illustrate the point, I construct a measure BOP which captures the balance of power between a potential intervener and target country. For a dyad containing states i and j , this measure is equal to the share of a dyad's Composite Index of National Capabilities (CINC) score held by a possible intervener i in year t , or $BOP = \frac{CINC_{i,t}}{CINC_{i,t} + CINC_{j,t}}$. For interveners that are very likely to win a war against a target country j , this measure may approach 1, while military parity would be reflected by a score close to .5. Using the *Archigos* measure of foreign-imposed regime change, which includes not just

Table 4.3: Difference of Means Test: Demands of Regime Change, Abdication, and War

	<i>n</i>	Mean BOP	Standard Deviation
Demands of regime change	40	.903	.174
No demands of regime change	1,213,238	.500	.367

$$t = -6.93, p < .0001$$

uses of force but also coerced regime change, Table 4.3 displays the mean BOP for directed dyads that experience a demand or imposition of regime change versus those that do not. Clearly, powerful states are more likely to make these demands (however rarely) than their weaker counterparts.

An explanation for patterns of foreign-imposed regime change must therefore be closely linked to the interaction between powerful states and their weaker counterparts. Justifications for why adversaries of powerful states would defy military threats are mixed, often focusing on the unwillingness of powerful states to expend the resources necessary to prosecute a successful military campaign in a far-flung theatre, especially as compared to local resistance within target states which is sure to be fierce (Mack 1975, Sullivan 2007). But effort-based explanations beg the question of why powerful states, knowing they will be unwilling to expend the blood and treasure necessary for a successful war, bother to make threats that embroil them in unwinnable conflicts in the first place.

One possibility is that the advantage to installing new leadership in another state is great enough that powerful states are willing to try even in the face of

exceedingly high costs. For example, Wolford (2012) generalizes a “benefits to replacement” mechanism, suggesting that international conflict can be driven by the existence of a less politically-sensitive potential replacement who might replace the current leader: when a state faces the choice between bargaining with a hawk or installing a dove, war in the present can pay.

The evidence for whether violent regime replacement is an effective mechanism for installing low-cost bargaining partners is mixed, however. Most studies of foreign-imposed regime change focus on intervener motives and whether regime change is a useful mechanism for achieving them. Because the United States and its Western allies have displayed a consistent commitment to spreading democracy – at least nominally – Meernik (1996) and Pickering and Peceny (2006) ask whether interventions have successfully increased target state democracy, finding that in general they have not. More recent studies have found that forcible democratization is primarily unsuccessful, but can work in target states that are favorably disposed to the implementation of democratic institutions generally (Downes and Montan 2013). Lo, Hashimoto and Reiter (2008) do find that forcible regime change helps explain the durability of postwar peace: when belligerents replace the institutions and leadership of defeated states, they lock-in a favorable distribution of power and interests that leads to a lower likelihood of future conflict. Finally, while they argue that fully-consolidated externally imposed democracies can increase regional peace, failure is costly: Enterline and Greig (2005) find that

weakly democratic imposed governments decrease the likelihood of regional democratization and undermine regional economic growth. The empirical evidence suggests that overall, if states are utilizing conflict in order to install preferred bargaining partners, it does not appear to be paying off, at least according to their stated goals.

More recently, Sechser (2010) has argued that weak target states may be willing to fight even very strong adversaries if the two states have divergent beliefs over the likelihood of future crises between them. According to this logic, not fighting in one crisis may cause a weak state's adversary to demand more in future crises. Consequently, when weak target states believe the likelihood of future interactions is higher than do powerful challenger states, asymmetric war can occur. Sechser attributes disagreement over this likelihood to powerful states' inability to communicate their future desire to initiate crises with the target state. But another way of stating the condition for war in this model is to say that it must be true that weak target states believe their powerful adversaries place a relatively low value on the likelihood of future interaction. It is difficult, however, to imagine many leaders during the Cold War believed that the United States, Soviet Union, or even other ex-colonial states expected not to interact with them in the future.

In the face of these impediments to direct military coercion, great powers have often sought out alternative mechanisms of leader replacement in other states. In particular, states often either sponsor allied opposition groups elsewhere or in-

tervene (directly or indirectly) in support of these groups' domestic aims. As in the case of regime change, however, intervention into civil wars on behalf of an allied group has an ambiguous rate of success. While Balch-Lindsay and Enterline (2000) find that third-party military intervention can shorten the length of civil conflict, interventions on the side of opposition groups in general are recipes for failure (Regan 1996). At the same time, Balch-Lindsay, Enterline and Joyce (2008) find that intervention on the side of opposition groups decreases the time to opposition victory but increases the time to a negotiated settlement. One problem in measuring the impact of intervention is that it remains theoretically unclear why conflict should even occur given the presence of some potential intervener: both Werner (2000) and Cetinyan (2002) find that strategic governments should be able to "deter" interventions by conceding enough to an intervener's domestic client to make conflict unprofitable.

Non-Violent Mechanisms of Regime Control

The central contention of this chapter is that a focus on the direct use of force is an unnecessarily limited approach to capturing the power that great powers have over the composition of government in other states. In the introduction and previous section I argued that direct impositions of new regimes are both infrequent and often puzzlingly-theorized. In this section I review the class of non-violent mechanisms that dominant states use to shape political behavior within subordi-

nate states. I argue that this class of mechanisms is much broader and potentially more useful in thinking about the ways dominant states secure favorable leadership outcomes – and by extensions, establish hierarchy – within subordinate states.

Roughly, scholars have broken down the role of external influence over domestic politics along two lines. First, external actors like great powers and international organizations (IOs) can affect domestic political actors passively through socialization processes, which can indirectly shape the distribution of power between relevant domestic groups (Gleditsch and Ward 2006). In a review article, Checkel (2005) defines socialization as a process by which actors are inducted “into the norms and rules of a given community...switch[ing] from a logic of consequences to a logic of appropriateness” (p. 804). Greenhill (2010) finds robust support for the socialization effect of IOs on states’ human rights processes. Similarly the European Union (EU) has been effective in convincing many post-communist countries to adapt to democratic institutions, though this effect is constrained to those countries with reasonable prospects of joining the EU (Dimitrova and Pridham 2004). To characterize socialization as a passive process is therefore not to deny its power in shaping domestic politics; rather this division differentiates it from more active forms of interference. Socialization operates by example, not by intervention.

The second way, then, that external actors can shape domestic political outcomes is by directly involving themselves in the process by which leaders are se-

lected. Here, intervention takes the form of active manipulation of the resources available to different domestic groups, either negatively or positively. Negative interventions seek to deny groups access to resources they would otherwise have. For example, international sanctions can operate to destabilize leaders' support coalitions in targeted countries (Marinov 2005). On the positive side of the ledger, scholars have long pointed to foreign aid as a key mechanism of political intervention and influence-building (Baldwin 1969). Elaborating on the general point of aid as a mechanism of political favor-seeking, Kuziemko and Werker (2006) find that the United States increases aid to countries by as much as 59% during a given state's tenure on the United Nations Security Council. Problematically, while direct intervention in the processes of democracy can be effective under some conditions (Hyde 2007), interveners who take a partisan stance also risk polarizing democratic outcomes around the fact of their involvement (Corstange and Marinov 2012).

The governments targeted by these processes of international influence retain only variably effective mechanisms of response. In turn, the success of these responses are mediated by the institutional makeup of a given country. Returning to the earlier example of sanctions, Escribà-Folch (2012) finds that single-party and military regimes respond to sanctions by increasing spending on key support groups, while personalist dictators tend to repress in response to an increasingly-tightened budget constraint. Electorally, the proliferation of international ob-

servers has forced even quasi-authoritarian regimes to invite external actors to oversee their elections in an effort to signal their quality to the international community (Hyde 2011). These incentives to open domestic politics to outside actors poses a challenge to the distributional foundations of political institutions. Rudra (2005), for example, lays bare the logic constraining authoritarian elites facing globalization: increased social spending can help to safeguard elite interests, but the exigencies of fiscal discipline can undermine the sustainability of these schemes. Overall, a full picture of the effect of outside influence over domestic politics requires an understanding of how domestic political institutions arise in the first place.

While the literature covering the development of political institutions is enormous, one commonality lies in the nesting political outcomes within states in a model of bargaining between economically- or socially-determined groups. In these models, the government negotiates with an opposition group (or groups) over the distributional terms of state policies. For example, Boix (2003) and Acemoglu and Robinson (2006) argue that decisions over regime type are mediated by the ability of poorer groups within a society to commit not to tax societal wealth too heavily. In this telling, conditions that ameliorate these distributional cleavages push states towards democracy. For Boix as well as Acemoglu and Robinson, one such condition is the presence of relative income equality.

Externally-provided resources – but for the remainder of this chapter, foreign

aid – can also play a role in alleviating conflict over distributional policies. Morrison (2009) argues that aid and oil play a similar role in domestic bargaining, by substituting the need for governments to tax their subjects. The presence of these slack resources means that governments are decreasingly reliant on their citizens to pay their bills. In turn, they are less inclined to provide these citizens access to power, an exchange that many individuals are willing to make in return for the lightened yoke of taxation.

While the logic connecting foreign aid to regime stability is well-developed, the empirical support is mixed. Morrison (2009) finds support for his argument that aid and oil protect the stability of governments, although this effect appears to be conditioned by regime type. Kono and Montinola (2009) argue that while long-term foreign aid protects autocrats because these regimes can stockpile resources in protection against lean times, current aid tends to help democratic governments, as the marginal contribution of aid is smaller for autocratic states with large stockpiles of resources. Savun and Tirone (2012) bolster Kono and Montinola's argument by providing evidence that foreign aid does in fact reduce the likelihood of civil conflict during economic recession. The converse is also true: negative fluctuations in aid flows can *increase* the probability of civil war by temporarily reducing the government's bargaining power relative to opposition groups (Nielsen et al. 2011).

Likewise, the ability of donors to incentivize democratization through aid re-

mains unclear. At best, donors appear to be able to marginally influence shifts towards democratization under some conditions. Bermeo (2011) finds that in general democratic donors have some success in fostering democratic improvements through aid. However, the ability to conclusively infer the effect of aid from this study is complicated by evidence of non-proportionality. In other words, the recipients of democratic and autocratic aid may differ in fundamental ways aside from aid reception. Aid may also lead to democratization in cases where autocrats believe they are likely to be able to win future elections (Wright 2009).

One similarity binding the foregoing arguments is that they all focus on the effect of current (or past) aid on domestic politics. But just as expectations of state repression can deter challenges to a government, so may expectations over the presence (or absence) of aid shape political incentives within recipient states. On the latter point, Dunning (2004) finds that a lack of enforceable conditionality led aid to be ineffective at promoting democracy during the Cold War but effective after the fall of the Soviet Union. Dunning's argument is that the United States would have liked to have conditioned aid – that is, revoke upon recipient autocratization – but that the geopolitical competition of the Cold War made this threat infeasible. Correspondingly, recipient governments had no reason to make progress towards democracy. In other words, an expectation on the part of recipient governments that aid would flow regardless of their behavior led them to disregard donor exhortations for inclusiveness.

Scholars are increasingly probing how actors' anticipation of international politics shape domestic political negotiations. For example, in the post-Cold War era, the ability of the international community to pressure states to embrace competitive elections has worked to deter potential *coup d'état* plotters (Marinov and Goemans 2014). More generally, threats of international punishment can operate to convince groups to not compete for office: Hamid (2011) writes that Islamist groups in North Africa have deliberately restricted the number of parliamentary seats they run for in order to avoid provoking a negative reaction from the United States. Conversely, expectations of international support upon coming to office can encourage opposition activity (Pevehouse 2002), or shape new leaders' actions upon their arrival to office. For example, as Marinov and Goemans note, after Major Daouda Malam Wanke came to office in Niger following a coup in 1999, his first order of business was to assure the EU that elections would be quickly held in order to shore up access to the foreign aid disbursements that comprised nearly 80% of his budget (p. 805).

Foreign Aid and Hierarchy Construction: A Quantitative Test

In the last chapter, I presented an argument establishing that dominant states are able to purchase new leadership within subordinate states – in effect, engaging in what I called “foreign-induced regime change.” I demonstrated through the use of a formal model that dominant states condition the provision of resources like

foreign aid or low-interest loans on the identity of a subordinate state's leadership. Because some groups within a state anticipate access to new interstate resources upon coming to office, they are willing to challenge the current government. Crucially, I showed that this result only holds when these groups expect to be able to retain most of these resources for themselves. In other words, foreign-induced regime change only occurs in states with relatively exclusive political institutions. Following from this logic, I test the following two hypotheses.

Hypothesis 1. *Countries that experienced leadership change in the previous year should be more likely to receive aid than countries that did not, but only if they did not receive aid in the previous year.*

First, one precondition for the logic of foreign-induced regime change is that dominant states in fact condition the provision of aid on the identity of leadership within subordinate states. If aid does not change in response to changes in leadership, clearly dominant states could not be creating incentives for political competition through aid provision. This first hypothesis seeks to determine whether this relationship actually holds.

Hypothesis 2. *Countries that provide few public goods and are likely to receive aid after a leadership change should be more likely to experience a leadership change.*

Second, I test whether or not leaders are incentivized to compete for office by the provision of external resources. At the beginning of this chapter I presented

simple descriptive statistics suggesting the plausibility of this relationship. In this section I subject the proposition to a more formal, systematic test that also incorporates the institutional constraint delineated above.

In order to test the argument relating the provision of external resources to leader competition, I use foreign aid provision as a measure of these resources. Data on U.S. foreign aid provision across roughly the latter half of the twentieth century (from 1946-2012) are made available from the U.S. State Department across the latter half of the twentieth century. The key variable I utilize from these data is whether or not a country received aid from the United States in a given year. Because the State Department codes the distribution of both economic and military aid, I construct two separate variables. The first variable, *ECONAID*, is coded as a 1 if the country received economic aid, and a 0 otherwise. The second variable, *MILAID*, follows the same pattern but for military aid. The universe of cases for the analysis is all potential recipients for the time period covered by the data.

To measure leadership turnover, I use Mattes, Leeds and Carroll's (2014) Change in Source of Leader Support (CHISOLS) data. These data capture changes in leadership, but also differentiate leader transitions by whether or not a transition brings to power a leader supported by a new domestic coalition.¹ Since the theoretical model above suggests that aid and political competition is driven by

¹Changes in the source of leader support are thus a proper subset of cases of leadership transition, with the exception of the imposed polities of Germany and Austria, coded as independent states beginning in 1955 without a leadership change. For clarity, I alternatively refer to this variable as coding both a "change in the source of leader support" and "leadership transition."

domestic cleavages over foreign policy alignment, data that capture transitions between leaders with different foreign policy orientations are appropriate. For example, Mexico experienced nine leader transitions between 1946 and 1999, but zero changes in the source of leader support during this time period, as the Institutional Revolutionary Party (PRI) maintained control of political competition. The change in the source of leader support variable is coded as a zero for all country-years that do not experience a change in the source of leadership support, and a one for all country-years that do.

Hypothesis 1: The Effect of Leadership Turnovers on Aid

For the first hypothesis, the dependent variables are the two aid variables, *ECONAID* and *MILAID*. This hypothesis captures the implication that countries should be more likely to receive aid following a leadership change. This expectation is conditional on whether or not a country received aid previous to the leader transition. If it did, aid following the leader transition may be less likely, depending on the identity of the new leadership. However, for countries that did not receive aid, a transition in leadership should increase the probability of aid. In order for the larger argument to hold true, it must be the case that the United States is more likely to send aid to states that have experienced leadership turnover; if this is not true, it obviously could not be the case that the availability of aid post-leader transition is in fact generating incentives for leaders to compete for office in the first

Table 4.4: The Effect of Leader Turnover on Future Aid

	(1) Economic Aid (t+1)	(2) Military Aid (t+1)
Change in Source of Leader Support	0.719* (2.37)	0.501* (2.22)
Economic Aid (t)	5.336*** (41.09)	
Change in Source of Leader Support × Economic Aid (t)	-1.219** (-3.08)	
GDP per capita	-0.0181 (-1.78)	-0.0355** (-3.26)
GDP growth per capita	-0.140 (-0.26)	0.272 (0.69)
Polity	0.00987 (1.15)	0.0367*** (4.73)
Ethno-Linguistic Fractionalization	1.412*** (5.74)	0.162 (0.79)
Civil War	0.484* (2.42)	-0.00159 (-0.01)
Democratization (t+1)	1.544** (2.75)	0.681 (1.59)
Regime Durability	-0.0172*** (-6.53)	-0.0144*** (-5.76)
Military Aid (t)		5.323*** (47.62)
Change in Source of Leader Support × Military Aid (t)		-1.389*** (-4.50)
Constant	-2.198*** (-13.61)	-2.006*** (-14.45)
Observations	6293	6293

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

place.

To test the first hypothesis, I estimate two logit models, in which the dependent variables are, respectively, whether or not a country received economic and military aid in a given year $t + 1$ as a function of its aid status at year t as well as whether or not the country experienced a change in the source of leader support

(CHISOLS) in year t . These models take the form

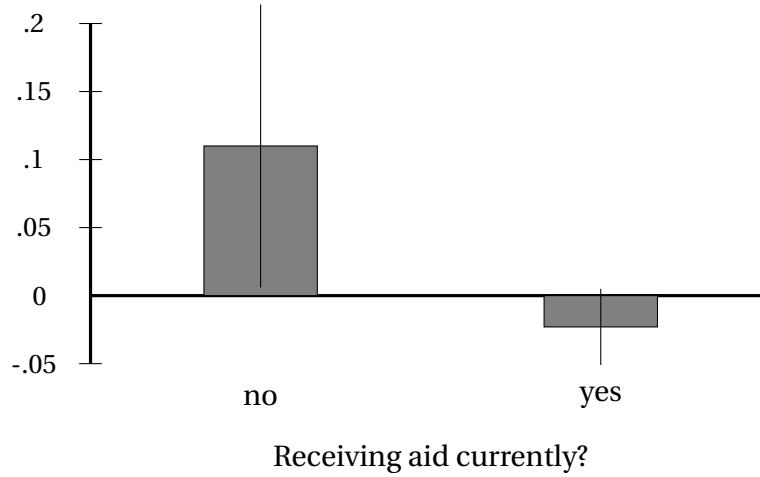
$$Pr(\text{Aid}_{i,t+1}) = \beta_1 \text{CHISOLS} \times \text{Aid}_{i,t} + \beta \mathbf{X}_{i,t} + \epsilon_{i,t}, \quad (4.1)$$

where \mathbf{X} is a vector of control variables that includes the main effects from the interaction term as well as countries' GDP per capita, year-over-year GDP per capita growth (both from Gleditsch (2002)), Polity score (Marshall and Jaggers 2002), ethnic fractionalization index (Alesina et al. 2003), and civil war (Gleditsch et al. 2007) and democratization status (shift from a Polity score of < 6 to ≥ 6).²

The full results from the first two models are presented in Table 4.4. The control variables behave generally as expected, although there are differences in the determinants of economic and military aid. The probability of receiving military aid in a given year increases for more democratic countries, but decreases for countries experiencing GDP growth. Economic aid becomes more likely for countries that are highly fractionalized or that recently underwent democratization. Economic and military aid are both significantly less likely for countries that have very durable political regimes. The coefficient estimates lend plausibility to the theoretical story highlighted in the last chapter: the interaction between a change in the source of leader support and both types of aid in the previous year are significant and negative. To gain a better understanding of the effect of these interactions, I turn to a graphical representation of the results.

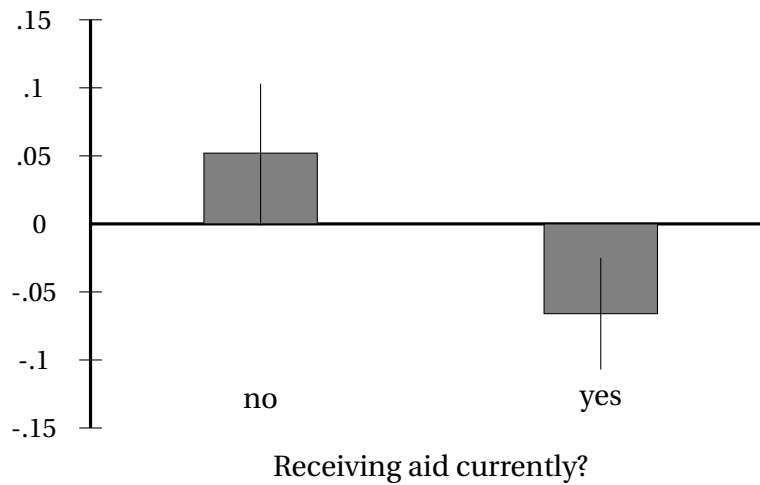
²All variables from Teorell et al. (2013).

Figure 4.1: Effect of CHISOLS on the Probability of Future Economic Aid



Note: Lines represent 95% confidence intervals. All variables set at their mean.

Figure 4.2: Effect of CHISOLS on the Probability of Future Military Aid



Note: Lines represent 95% confidence intervals. All variables set at their mean.

The substantive results from the first two models are presented in Figures 4.1 and 4.2, which plot the marginal effect of a change in leadership on the probability of aid for countries that did and did not receive economic and military aid in the previous year. The first hypothesis is generally supported for both types of aid. For countries that currently receive economic aid, the effect of a change in the source of leader support in year t has a negative, but not quite significant effect ($p = .11$) on the probability of aid in year $t + 1$ (right side of Figure 4.1). However, for countries that do not currently receive economic aid, the effect of change in the source of leader support in one year is to increase the probability of economic aid in the next year by about .11 ($p = .041$). The increase in the probability of new military aid following a change in the source of leader support is approximately .05, though this result just barely misses standard levels of statistical significance ($p = 0.055$); those countries who are receiving aid that experience such a change are at a decreased likelihood of about 0.07 ($p = .002$) of receiving aid in the subsequent year.

These results lend credence to one key component of the model, namely that leadership turnover and the distribution of aid do in fact move together. The next set of models relates this finding to the main argument of the chapter, which links the expectation of future aid to leadership turnover.

Hypothesis 2: Expected Aid and Leadership Turnovers

The second set of models tests the core logic of the argument relating expectations about future aid to changes in leadership. Recall that the theoretical model presented in the previous chapter indicates that the availability of future aid should increase the likelihood of leadership turnover, but only in states that do not provide many public goods *and* that do not currently receive aid. In other words, dominant states are able to purchase favorable leadership transitions, but only in states where the new leadership is able to expropriate the new aid for their own use.

In addition to the measures described in the previous test, the current hypothesis requires a measure of how likely the new government will be to capture the rents from foreign aid. Another way of putting this requirement is to say that the new regime should focus primarily on providing private goods for regime supporters rather than public goods that are enjoyed by the mass of the citizenry. I measure the institutional propensity to provide public goods with Bueno de Mesquita et al. (2003)'s winning coalition variable, *W*. Bueno de Mesquita et al. (2003) argue that states with large winning coalitions – that is, states in which the pool of individuals eligible to determine leadership turnover is large – are more likely to provide public goods. Therefore, I predict that in states with small winning coalitions, the availability of future aid increases the likelihood of leadership turnover.

In the models testing Hypothesis 2, in order to capture how expectations about

Table 4.5: Predicting Future Aid and Leadership Turnover

	(1: Economic Aid) DV: Change in Source of Leader Support	(2: Military Aid) DV: Change in Source of Leader Support
Economic Aid (t)	0.893 (0.93)	
Economic Aid (t+1)	2.102* (2.57)	
Economic Aid (t) × Economic Aid (t+1)	-1.577 (-1.36)	
Economic Aid (t+1) × W	-2.138* (-1.99)	
Economic Aid (t) × Economic Aid (t+1) × W	0.870 (0.60)	
Military Aid (t)		1.784*** (4.29)
Military Aid (t+1)		0.843 (1.69)
Military Aid (t) × Military Aid (t+1)		-2.251*** (-3.54)
Military Aid (t) × W		-1.734** (-2.68)
Military Aid (t+1) × W		-0.708 (-0.99)
Military Aid (t) × Military Aid (t+1) × W		1.914* (2.01)
W	-1.461* (-2.14)	-2.309*** (-5.50)
GDP per capita	0.00547 (0.43)	0.000617 (0.05)
GDP growth per capita	-1.452* (-2.15)	-1.377* (-2.03)
Polity	0.202*** (12.36)	0.208*** (12.81)
Ethno-Linguistic Fractionalization	-0.0601 (-0.26)	-0.0504 (-0.22)
Civil War	0.141 (1.03)	0.147 (1.08)
Regime Durability	-0.00569* (-2.05)	-0.00705** (-2.64)
Democratization	1.890*** (6.97)	1.871*** (6.90)
Constant	-2.365*** (-4.10)	-1.369*** (-4.68)
Observations	5545	5545

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

future aid influence domestic political competition, I use the actual incidence of future aid. The reason for this is that future aid is strategically linked to the incidence of leader turnover in the previous year. Recall that the theoretical model indicates – and the first test demonstrated – that for countries currently not receiving aid, leadership change increases the probability of aid reception. Put another way, the following test relies on the assumption that opposition leaders can correctly anticipate how competition for office will affect the probability of receiving aid in the future. The first test provided evidence that this assumption is, on average, defensible. I now relate this finding to the likelihood of political competition, with the more specific prediction that leaders are only willing to challenge for office when (1) doing so will bring about new aid for the country and (2) when the winning coalition is small enough that the leader can keep enough of the aid for him or herself. For this test, the models follow the form

$$Pr(\text{CHISOLS}_{i,t}) = \beta_1 W_{i,t} \text{Aid}_{i,t} \text{Aid}_{i,t+1} + \beta X_{i,t} + \epsilon_{i,t}, \quad (4.2)$$

where X is a vector of control variables that includes the lower-order interaction terms and the main effects from the triple interaction. To be explicit, the hypothesis predicts that in small winning coalition states, future economic or military aid ($\text{Aid}_{i,t+1}$) has a positive effect on the likelihood of a change in the source of leader support in year t , but only when there is no aid to country i in year t .³ Three types

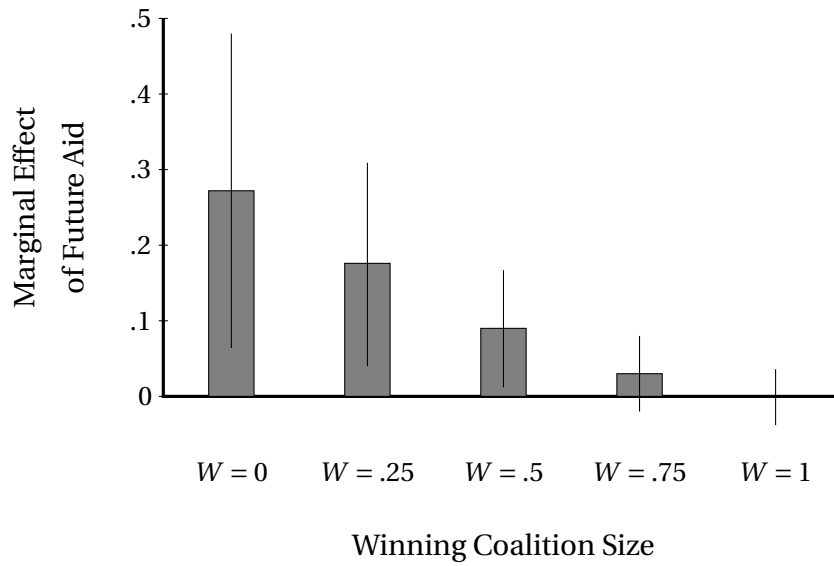
³I also ran two less restrictive versions of this model in which I interacted winning coalition size with

of observations would then count as evidence against my theoretical expectations: first, countries that experience a change in the source of leader support without a corresponding change in aid reception; second, states that move from receiving no aid to receiving aid without a change in the source of leader support; and third, large-winning coalition states that experience a change in the source of leader support and receive new aid. The empirical model thus fairly accurately captures the strategic interaction posited by the theoretical model. As in Models 1 and 2, I include several control variables that might reasonably work to produce a lower or higher chance of leader replacement: GDP per capita and year-over-year GDP per capita growth, Polity regime durability and Polity score, an ethnic fractionalization index, a dummy variable capturing whether the country is involved in a civil war, and whether or not the country underwent a democratization in the current year.

The empirical results strongly confirm the theoretical models' expectations. Due to the difficulty of interpreting triple interaction terms in a logistic model, I plot the marginal effects of interest in Figures 4.3 and 4.4, although full results are presented in Table 4.5. I turn first to Figure 4.3, which plots the effect of future economic aid. As predicted, in small winning coalition states that currently do not receive aid, the promise of economic aid in year $t + 1$ leads to an increased probability of a change in the source of leader support in year t of approximately

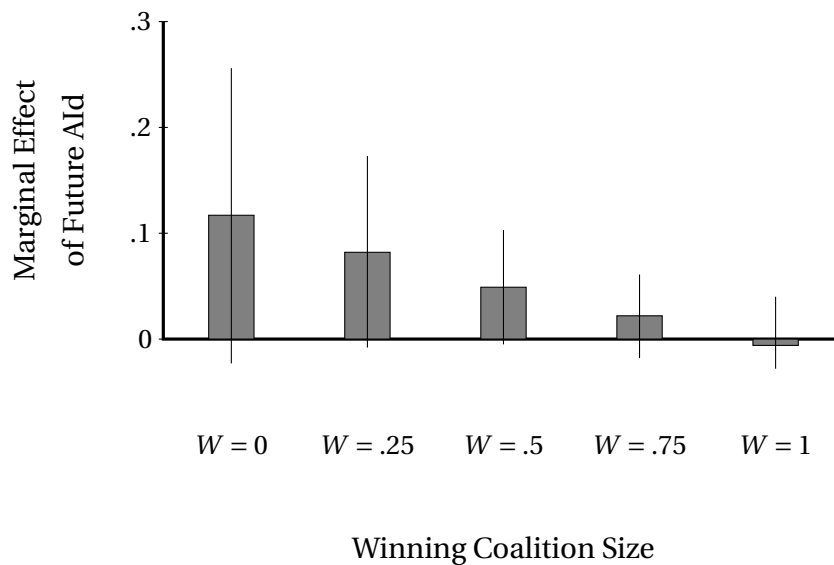
a dummy variable that took on a value of one if a country's year-over-year difference in aid exceeded the sample mean by 1.5 and 2 standard deviations, respectively. The substantive results were identical to the ones presented below.

Figure 4.3: Effect of Future Economic Aid on Change in Source of Leader Support



Note: Lines represent 95% confidence intervals. $Aid_{i,t} = 0$. All other variables set to their means.

Figure 4.4: Effect of Future Military Aid on Change in Source of Leader Support



Note: Lines represent 95% confidence intervals. $Aid_{i,t} = 0$. All other variables set to their means.

.27. This effect is decreasing in winning coalition size, to around .1 for winning coalitions of moderate size ($W=.5$), before becoming statistically insignificant for states with larger winning coalitions ($W \geq .75$). For states that currently receive aid, the effect of aid in the next year never has a significant effect on the probability of a change in the source of leader support (results not shown).

The results for military aid, presented in Figure 4.4, are weaker than the results for economic aid but still in the expected direction. While the marginal effect never quite reaches statistical significance, the estimated effects are positive and close to significance for winning coalition sizes of $W=0$ ($p = .101$), $W = .25$ ($p = .07$), and $W = .5$ ($p = .08$). That military aid is a looser fit to the theoretical model is in many ways unsurprising. Recall that the expected interaction between aid and winning coalition size arises because of the effect that public goods have on the ability of new leaders to expropriate rents from the aid they secure by seizing office. Military aid may reasonably operate differently from economic aid in this respect: leaders may not have to share military aid with their opponents regardless of how intensively they cultivate public goods provision. While military aid *could* play a similar role – perhaps by loosening a government’s budget constraint such that its hand is forced to spend more on the domestic economy – in general one might expect a government to share less of its military aid than its economic aid. Therefore I take the fact that the effect of military aid is similar to that of economic aid to be encouraging with respect to the logic of the theory, even if the former

Table 4.6: Substantive Effects of Competing Explanations for Leader Security

	From	To	Change in probability of change in source of leader support
Civil war	0	1	-0.01
Economic growth	-0.05%	+0.05% [†]	-0.01*
Democratization	0	1	+0.23*
Polity durability	0	44 [†]	-0.02*
Future economic aid (W=0)	0	1	+0.27*
Future economic aid (W=.25)	0	1	+0.18*

Note: * Significant at $p < .05$.

[†] Shift from one standard deviation below the mean to one standard deviation above the mean. Overdispersion in the durability variable led the “from” value to be set at its sample minimum, slightly higher than a standard deviation below the mean. All other variables held at their means.

relationship never quite reaches statistical significance.⁴

The control variables for both models are generally in the expected direction, although most do not reach statistical significance. Unsurprisingly, in both models states experiencing robust economic growth are less likely to undergo leadership turnover, as are states that have high scores on regime durability. Likewise democratic states are more likely to see turnover in their leadership. Overall, the results from both models strongly suggest that the theoretical model outlined above is capturing a key dynamic in leadership transitions.

The effect of future aid on the probability of a change in the source of leader support is substantively large, as well. Table 4.6 describes changes in the predicted probability of leadership change as a function of several key variables.⁵ The effects

⁴While the results above are robust to a variety of different measurements of “future aid,” they weaken considerably and indeed become insignificant in the post-Cold War era. There are two possible explanations for this that bear further research. First, it may be that the United States’ strategy of aid provision was conditioned substantially by its geopolitical competition with the Soviet Union, and that the disappearance of this rival lessened the need for the U.S. to engage in this practice. Second, it may be that new mechanisms of aid distribution – through multilateral institutions or organizations that bypass recipient state governments – lessen the ability of the U.S. to engage in these practices, even if it might want to.

⁵Predictions from Model 1 in Table 4.5.

of several variables often pointed to as key for leader security – like civil war, economic growth, and regime durability – are dwarfed by the effect of future aid. In fact, even the effect of democratization appears to be less than the effect of the promise of future aid: an autocrat is more likely to be able to democratize and remain in office than fend off an opposition leader intent on securing external resources.

Conclusion

Taken together, the empirical models resoundingly confirm the theoretical model presented in the previous chapter. First, I demonstrated that the United States does appear to shift its provision of foreign aid in response to changes in the source of leader support within other countries. For both economic and military aid, states that experience a turnover in the leader of their country while they are not aid recipients are more likely to receive aid in the following year. In the case of economic aid, the increase in the likelihood of aid reception is more than 10%.

Second, I showed that when actors expect to receive aid upon coming to office, they are substantially more likely to do so, but only when they expect to be able to keep most of the aid for themselves. The effect of the expectation of aid is quite large, outpacing the effect of increased economic growth or even civil war. Moreover, the identified effect is likely to be a conservative estimate for the following reason: the data used only recorded *successful* attempts to displace a state's leader-

ship. The current analysis misses any leader who is unsuccessful in her attempt to come to office to secure aid. Identifying these cases is likely to be extraordinarily difficult. Even given a dataset comprehensively recording attempts to remove a state's leadership, unsuccessful attempts will not contain the follow-on effect of a change in aid status. That is to say, if a leader attempts to take office believing that upon doing so he will be plied with foreign aid, if he is not able to displace his country's leadership, his country will never be coded as having received aid. In the remainder of this chapter, I discuss several implications of the current analysis for international relations theory.

The theoretical model and subsequent empirical test from this chapter provide one explanation for the undemocratic nature of hierarchical relations. Friendship is simply easier to buy in undemocratic, politically-exclusive states. This statement is not equivalent to saying that friendship is *cheaper* to buy in these states. As I show in the next chapter, exclusive political institutions lead to larger levels of aid disbursements: intuitively, as less aid goes to groups in the political opposition, they are less willing to accept the status quo in return for these internationally-provided inducements. While politically-inclusive institutions lead to more durable hierarchical relations, they are not conducive to their construction. It is no coincidence that the United States' closest democratic allies throughout the Cold War were either countries in which domestic foreign policy divisions were relatively shallow (Great Britain, Canada, etc.), or those that were the result of direct impo-

sition (West Germany, Japan). Smaller states – Guatemala, Argentina, Iran, Congo – all experienced foreign-induced regime change. Yet these states were beset by domestic conflict and suffered many instances of regime reversal at the hands of the two great powers who were willing to provide resources to their favored group should the latter successfully attain office. The argument I have outlined and substantiated in this chapter suggests that the United States propped up dictatorial regimes not out of a preference for venality but rather because this venality was necessary to convince these groups to pay the costs of political competition.

This chapter has also demonstrated empirically the role that dominant states are accorded in the domestic political process within other states. Political competition between groups in a state over the construction of that state's leadership is simply not a purely domestic process. Models of political competition that do not account for the possibility of outside interference risk misunderstanding the sources of political grievances, groups' willingness to act on them, and the likely outcomes of these actions.

Finally, I have demonstrated a potent alternative to violent methods of hierarchy construction. As I argued in the beginning of this chapter, instances of foreign-*imposed* regime change have taken an outsized role in the study of asymmetric relationships. Dominant states maintain an ability to shift the parameters of political competition within other states by asymmetrically providing resources to different groups. Because these resources – foreign aid, grants, trade agreements, monetary

cooperation – are part and parcel of everyday interactions in international politics, they are easy to miss. But for their banality, they are not less important to understanding how dominant states systematically institute political outcomes within other states, if only because their pervasiveness so outstrips that of war. In the next chapter, I turn to an empirical analysis of this pervasiveness, showing in the process how these relationships are maintained over time.

Chapter 5

Maintaining Hierarchy

In the previous chapter, I showed that the United States has strategically shifted the allocation of foreign aid to help bring leaders to power within other states. This finding demonstrates that dominant states can use the strategic provision of interstate resources to *create* hierarchy. Chapter 3 provided a theoretical explanation for why this is the case: dominant states use interstate resources like foreign aid to shape the value that groups within other states place on holding office. In this chapter I extend this line of argumentation to the *maintenance* of hierarchy.

The goals of this chapter are two-fold. First, I aim to show that dominant states do not rely on resource transfers alone in their hierarchical management. To this end, I demonstrate the linkage between aid provision and coercion. As I showed in Chapter 3, the provision of resource transfers like foreign aid are not the only mechanism dominant states have to secure the tenure of their allies within subordinate states. Dominant states also coerce their domestic opponents within subordinate states. When groups opposed to the political goals of hierarchy expect

to be forced to give up on their policy goals while in office, they are less willing to compete for office in the first place. One way that dominant states shape these groups' ability to pursue their policy goals is through coercion. I show that as the United States is more powerful relative to a given state, it provides less aid to that state, even after controlling for factors shaping the state's strategic significance.

Second, this chapter demonstrates that the provision of foreign aid does in fact enhance the security of leaders within other states. While the previous chapter showed that the strategic provision of foreign aid operates to bring favorable leaders to power within subordinate states, this chapter demonstrates that the same aid helps to keep them there.

Consider the case of Cold War Latin America, where the United States made the linkage between aid and coercion explicit. After the fall of Cuba to communist rule heightened concerns in the United States over the spread of leftism in the Western hemisphere, the Kennedy administration began preparations to implement the Alliance for Progress initiative – \$20 billion in aid intended to boost free-market economic growth in Latin America. While Kennedy's successor, Lyndon Johnson, sent 40,000 troops to the Dominican Republic in 1966 to restore favorable leadership, for most countries in Latin America bilateral relations with the U.S. during the time period were characterized by the receipt of massive fiscal transfers (Brands 2010, p. 47-49).

Still, some within the administration expressed concern that money on its own

would be insufficient to underwrite the stability of non-leftist governments. Secretary of State Dean Rusk argued that “[v]itamin tablets will not save a man set upon by hoodlums in an alley.” In other words, the secretary called for violent action to be made ready should aid not suffice in keeping communist “hoodlums” out of power – a proposition ultimately demonstrated by Johnson in 1965. While this threat was rarely carried out, it hung over Latin American politics and conditioned its character throughout the period. As the Alliance for Progress example suggests, the logic of foreign aid and military coercion were closely linked in the minds of policymakers. The first part of this chapter seeks to supplement this intuition with systematic evidence from the latter half of the twentieth century.

Conceptually, this chapter can be divided along two lines. In the first section, I provide a test of the *behavior* outlined in Chapter 3. Here I seek to demonstrate the theoretical model’s fit to aid allocation decisions by the United States. I show that aid levels generally conform to the logic advanced in the theoretical chapter. Specifically, I find that the interstate distribution of power – that is, how militarily powerful a dominant state is relative to a given subordinate state – has a negative effect on the level of aid provided by dominant states, or in this test, by the United States. This effect only obtains, however, when recipient regimes are relatively unsteady domestically.

The second part of this chapter tests predictions over the *effect* of the behavior outlined in the first part. Here I show that aid does in fact increase leader security

within recipient states. While the first quantitative test provides evidence that donors behave according to the posited equilibrium behavior, the second shows that this behavior has the desired effects.

Quantitative Test I: Aid and Coercion

The relative distribution of interstate military power between dominant and subordinate states reduces the level of aid provided by dominant states because it reduces the value potential domestic challengers place on attempting to displace these regimes. Crucially, potential challengers are deterred *not* because they fear war upon coming to office: nothing in the model prevents these actors from striking a peaceful bargain with even very powerful dominant states. Rather they are deterred from competing for office by the knowledge of just how unfavorable this policy bargain will have to be in order to avoid war. If these actors must pay the costs of competing for office only to be forced to give up most of their policy goals once there, political competition may well not be worth the effort.

One important caveat exists for the relationship between interstate military power and foreign aid. The relationship between military strength and aid is closely linked to the distribution of domestic power. Counterintuitively, donor state military power only exerts a negative effect on aid when the donor's preferred domestic leader is relatively unsteady domestically. When a donor's preferred leader is quite strong relative to its domestic opponents – that is, if the

government is very likely to survive a challenge from the opposition – interstate military power has no effect on aid levels. In these cases, the likelihood of success relative to the cost of challenging the government is so great that opposition parties would never countenance doing so, regardless of the policy they might set while in office. Here the strength of their friendly domestic leader is sufficient to ensure a maximally-favorable policy outcome. The conclusion is that donors provide less aid to friendly regimes as the former become more powerful – but only when the latter are relatively unsteady domestically.

The relationship between the interstate distribution of power and aid provision is a nuanced one. When a dominant state is relatively weak, the interstate distribution of power never has an effect on the level of aid provided. In these cases, policy is underwritten by aid and the chances that a disfavored leader is able to take office should he challenge the dominant state's preferred leader. When the dominant state becomes strong enough, the anticipation of the bargain a disfavored leader must accept while in office deters him from rejecting the current leader's offer and allows dominant states a savings on aid transfers. This result does *not* hold, however, if a dominant state's preferred leader is independently strong: in these cases, all offers acceptable to her domestic opponent are automatically acceptable to her international patron, and interstate coercion again plays no role in aid distribution. This result implies a very specific empirical prediction which I turn to next: the distribution of power should have a negative effect on the level of aid provided,

but only when the leader receiving aid is relatively weak domestically. When the leader receiving aid is strong relative to her domestic opponent, relative interstate military power has no effect on the level of aid received.

Because the costs of aid packages determine which countries receive aid, a selection model accounting for this process is appropriate. The most popular of these models is the Heckman correction procedure, which accounts for the bias induced by the truncation of the sample by including in the outcome equation the correlation between the errors of the two stages (ρ), the standard deviation of the second-stage error, and the estimated likelihood that the observation was in fact observed. A Heckman model takes explicit account of the effect of the covariates in the selection stage by using them to predict the probability that a given observation enters the outcome stage and then adjusting the effect of the same covariates in the outcome stage by using this estimated probability as an independent variable. In order to maintain as close a match as possible between the theoretical and empirical components of the theory, I estimate a Heckman model that examines the effect of the key independent variables on both the probability and level of aid.

As in the previous chapter, I measure aid distribution using data from the US-AID Foreign Assistance Database.¹ Since I have no theoretical expectation over different types of aid – such as economic, social, or humanitarian – I construct a single lump-sum value of aid received by each country from the United States in

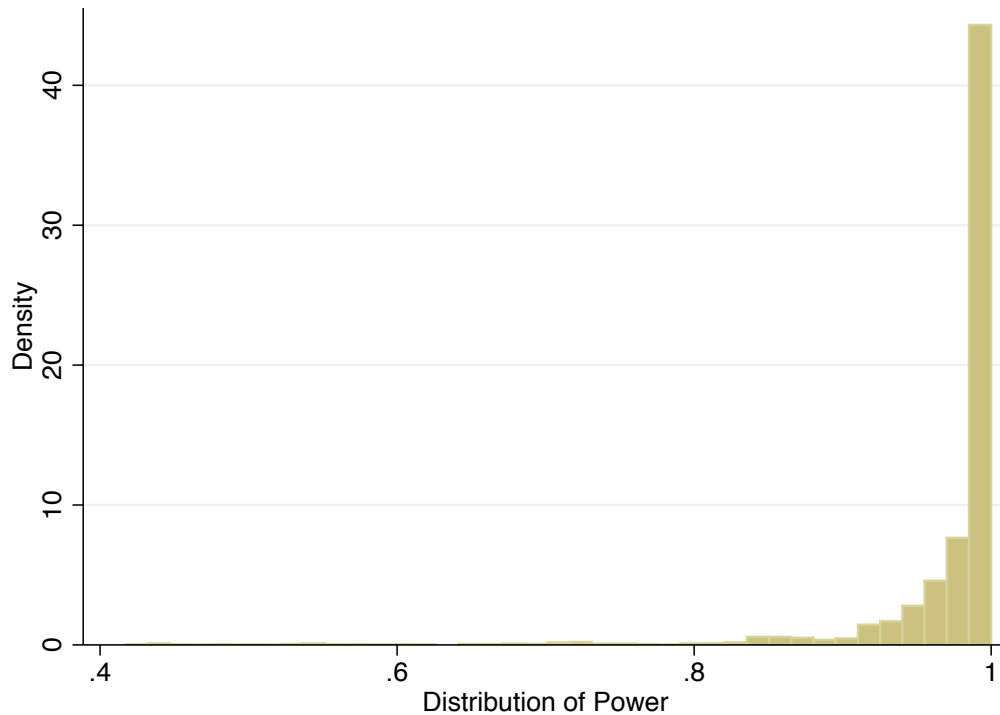
¹Data available at <http://gbk.eads.usaidallnet.gov/data/detailed.html>.

each year. Note that this decision presents a relatively conservative test of the theory proposed here: so long as the humanitarian and strategic motives for aid are not systematically correlated, if the United States provides aid for humanitarian reasons in addition to strategic ones, identifying the patterns I derived above in the empirical data should be more difficult. If a country received any aid in a given year, it receives a 1 for the dummy variable AID ; if a country did not receive aid in a given year, it receives a 0 for AID . The variable $LOGAID$ records the logged level of aid received by country i in year t , according to USAID. I log this variable as it is highly skewed and the second-stage Heckman errors are otherwise non-normal.

The primary independent variable of interest for this study is the bilateral balance of power between the United States and a recipient country in a given year interacted with a measure of recipient regime strength. I construct a variable BOP which captures the distribution of power between the United States and a potential aid recipient. This variable is equal to the share of a dyad's Composite Index of National Capability (CINC) score held by the United States, or $BOP = \frac{CINC_{US,t}}{CINC_{US,t} + CINC_{i,t}}$ (Singer, Bremer and Stuckey 1972, Singer 1988). This variable takes on higher values (closer to 1) when the United States controls a greater share of a dyad's total capabilities, and lower values (closer to the sample minimum of .417) when the United States controls a smaller share of a dyad's total capabilities.

I measure the domestic strength of recipient state regimes in two ways. Recall that according to the theoretical model, the key dimension this variable should

Figure 5.1: Distribution of BOP



capture is the likelihood that the current leader will lose office if he or she is challenged by a domestic opposition group. First, I use the amount of oil produced by a state, from Ross (2013). Dunning (2008) and Morrison (2009), among others, argue that access to non-tax revenue such as oil can increase leader security. Second, I use year-over-year growth in GDP per capita. I expect that in countries experiencing high levels of economic growth, governments are less likely to be displaced by their domestic challengers.

Hypothesis 3. *When (a) GDP growth or (b) oil production is low, BOP has a negative effect on the level of aid received.*

Hypothesis 4. *When (a) GDP growth or (b) oil production is high, BOP has no effect on the level of aid received.*

I also control for several variables previously found to influence aid allocation. Much of the early research on aid distribution focused on aid's ostensible goal in promoting economic development (Burnside and Dollar 2000, Easterly 2003). To this end, I include both the level of gross domestic product (GDP) in a country and the year-over-year growth in GDP. These data are from Gleditsch (2002). Since Alesina and Dollar (2000) find that countries tend to give aid to others who vote with them in the United Nations, I use Strezhnev and Voeten (2013)'s UN General Assembly Voting data to control for the possibility that aid is primarily used to reward political loyalty. For the United States specifically, Gibler (2008) finds that human rights abusers are less likely to receive aid. To account for the potential selection effect of human rights concerns, I include the combined Freedom House index of political and civil liberties in the selection equation. This index runs from 2 (most free) to 14 (least free), and should be negatively signed if the United States seeks to avoid rewarding human rights abusers. Since Gibler (2008) argues that respect for human rights affects the decision to give aid but not how much aid a given country receives, I also use the Freedom House score to fulfill the exclusion restriction for the Heckman model.

The balance of power variable might also plausibly capture a dimension of "geopolitical significance" – if more important countries have more military power,

it would not be surprising to see the United States provide more aid to these countries, irrespective of the theory constructed above. I attempt to control for this possibility in three ways. First, I include a measure of trade relations. Specifically, I include the level of exports from the United States to country i in year t (Barbieri and Keshk 2012). Second, I also include a dummy variable for whether the country-year in question is coded as having an alliance relationship with the United States (Gibler 2009). Finally, I include a variable that captures what region of the world the recipient state is in (included in Teorell et al. (2013)).

Further, to the extent that wealthy countries are also geopolitically important, the inclusion of GDP in the model should also allay concerns over what the balance of power is capturing. I include in the selection equation a lagged version of the dependent variable, which captures whether a given country received aid from the United States in the previous year.² Finally, to account for the non-independence of panel observations, I cluster standard errors on the recipient states. Table 5.1 presents the results of the empirical model, which bears out the hypotheses derived from the theory above. The balance of power variable is negative and significant in both specifications. In the first model, which includes the interaction between BOP and oil production, all three – the interaction and both constituent effects – are significant. In the second model, which includes the interaction between the interstate distribution of power and GDP growth per capita, while BOP

²Unfortunately, collinearity between the level of aid and its lag prevents an inclusion of the lagged outcome variable in the second equation. Estimation of aid level using OLS including a lagged dependent variable leaves the substantive results unchanged.

Table 5.1: A Selection Model of Bilateral Economic Aid

	(1)	
	Log(Foreign Aid)	
Log(Foreign Aid)		
GDP growth per capita	-0.0288	(0.330)
Log(Oil Production)	0.00425	(0.00407)
U.S. exports (thousands of dollars)	0.0108	(0.00843)
Defensive Alliance	0.160	(0.0997)
GDP per capita	-0.180***	(0.0150)
Polity IV	0.0663***	(0.00956)
Winning Coalition Size	-0.501*	(0.213)
UN Affinity	0.176	(0.234)
Region	-0.0425*	(0.0199)
Constant	17.75***	(0.220)
Aid (t)		
Change in Source of Leader Support ($t - 1$)	0.100	(0.203)
Aid (t)	3.074***	(0.0824)
Change in Source of Leader Support ($t - 1$) \times Aid ($t - 1$)	-0.288	(0.256)
GDP per capita	-0.0501***	(0.00817)
GDP growth per capita	-0.483	(0.259)
Polity IV	0.0102	(0.0134)
Winning Coalition Size	-0.443	(0.229)
UN Affinity	-0.441*	(0.220)
Human Rights	-0.0376	(0.0231)
Constant	-0.111	(0.323)
ρ		
Constant	-0.462***	(0.0582)
σ		
Constant	0.701***	(0.0142)
Observations	3594	

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

remains negative and significant, neither GDP per capita nor the interaction reach statistical significance. However, as I show graphically below, the effects are in fact substantively significant and in the expected direction for some ranges of GDP growth. That is to say, while the interaction between BOP and GDP growth per capita is insignificant when GDP growth is high, this interaction produces significant differences in aid levels for countries experiencing a slowing of growth.

Interestingly, two of the geopolitical significance controls (trade and alliance

status) are insignificant when the regime security and balance of power interactions are included. However, when these interactions are dropped from the model, both exports and alliance status become significant and positive: net the effect of the theoretical argument proposed, trade and alliance partners receive more foreign aid from the United States, but once the effect of coercion is incorporated into the model these results appear to no longer be important.

The other controls behave generally as expected, though many are not statistically significant. Wealthy countries are both less likely to receive aid than poorer countries and tend to receive less aid on average. The United States appears to reward democratic countries by giving them more aid, but is not more likely to provide aid to democratic countries. I find no significant effect for UN affinity for either aid selection or aid levels. Interestingly, increases in democracy level are significant for neither aid reception nor aid level.

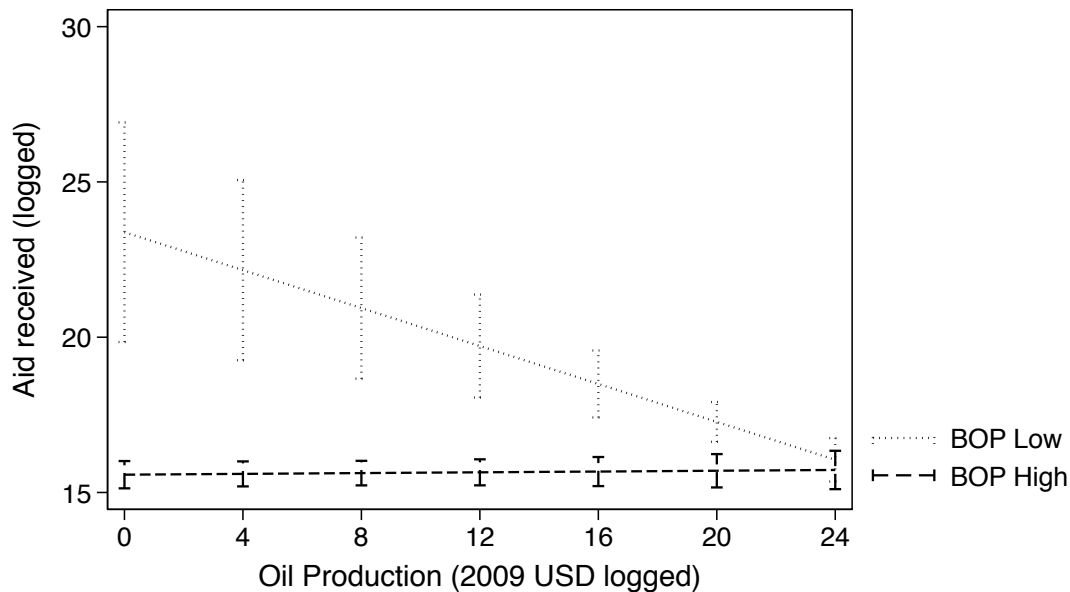
To ease substantive interpretation of the key results, in Figure 5.2 I plot the level of aid provided by the United States across a range of both measures of regime security for two levels of the balance of power.³ On the *x*-axis of the top panel, Ross (2013)'s oil value variable measures the amount of oil produced in a given country-year, in 2009 U.S. dollars. The two levels of BOP are set at one standard deviation below the mean ($BOP=.9$) and at the sample maximum ($BOP=1$).⁴

³The supplementary materials contain scatterplots of the two variables along with the BOP variable to assure the reader that outliers do not significantly influence the estimated relationships.

⁴This variable is highly skewed, but the results are robust to virtually any configuration of “low” and “high” values.

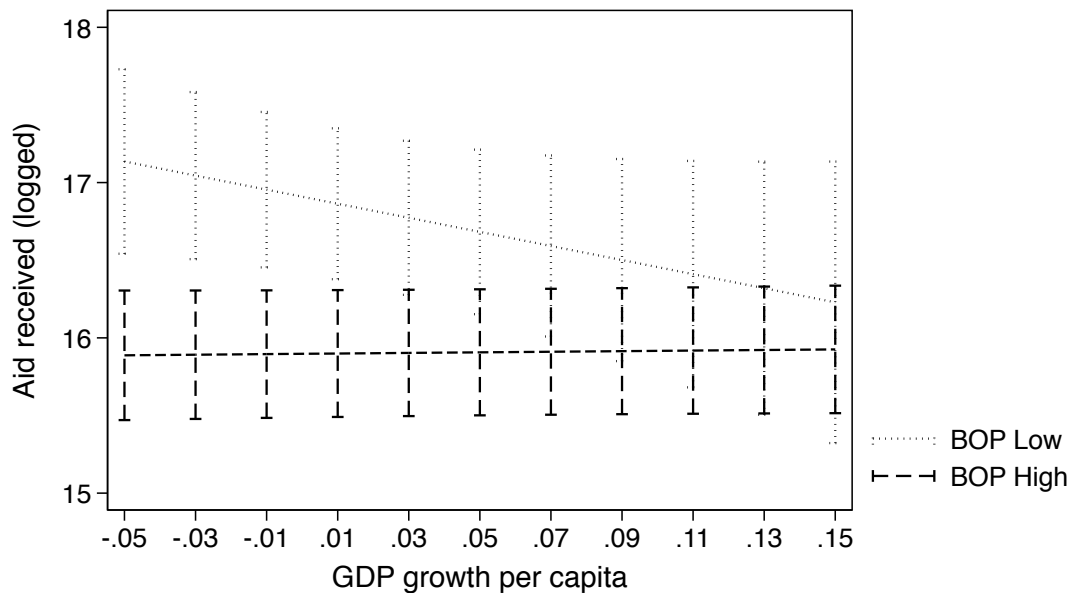
Figure 5.2: Coercion, Regime Security, and Aid

Conditional Effect of Balance of Power and Oil Production on the Level of Aid Received



Aid receipts in hundreds of thousands of 2009 US dollars

Conditional Effect of Balance of Power and GDP Growth on the Level of Aid Received



Aid receipts in hundreds of thousands of 2009 US dollars

As is clear from the figure, the effect of the distribution of military power on the level of aid received is as theorized. When recipient regimes are in control of few oil resources, the United States gives more aid when it is less powerful. However, for countries that produce high levels of oil, the relative distribution of interstate military power is insignificant. The theoretical model indicates that this is because opposition groups are very unlikely to challenge the government in these states, regardless of international politics. For countries with few natural resources, opposition groups might like to challenge the government. However, where the threat of interstate coercion looms large, these groups anticipate being forced to strike disadvantageous bargains while in office. Correspondingly, when the U.S. is relatively powerful, it sends less aid than it otherwise would.

The coercive effect on aid is strong and substantively significant. Consider a state that produces no oil (approximately 25% of the sample). When the U.S. is maximally powerful ($\text{BOP}=1$), it sends approximately \$1.8 million in aid. Conversely, when $\text{BOP}=.9$, the predicted level of aid jumps to \$4.8 million. The effect is similar, but substantively smaller, for states that produce moderate amounts of oil. For a state that produces approximately \$1.6 million of oil per year (roughly the median state), shifting from $\text{BOP}=.9$ to $\text{BOP}=1$ reduces the predicted aid level by only \$1 million per year. Finally, for states that produce over \$6 million in oil (in the 99th percentile and above), there is no difference in aid levels as a function of changes in BOP . In these countries, opposition groups are deterred not by the

expectation of coercion upon coming to office, but by the costs of competing for office domestically.

The bottom panel of Figure 5.2 considers the interactive effect between the interstate distribution of power and GDP growth. While the results are not nearly as strong as the oil measure, they are still significant and in the expected direction. For states experiencing positive GDP growth, the interstate distribution of power has no effect on aid levels. However, for states with shrinking per capita GDP, the United States gives less aid as it is more powerful. For example, in states where GDP per capita has shrunk by 3% year-over-year, the move from high to low *BOp* increases aid by nearly \$400,000 (from roughly the 33rd percentile to the median). That these results obtain at relatively similar scores on the balance of power variable is encouraging for two reasons. First, the key independent variable, *BOp*, is unsurprisingly highly skewed. The United States is much more powerful than most states in most years. But absolutely small changes in the distribution of bilateral military power – that is, from dyads where the U.S. holds virtually 100% of military power to dyads where it holds 90% – imply large changes in the level of aid provided. Second, the “low” value of military power at which these predictions hold accord intuitively with cases where actors might reasonably be deterred from the threat of bargaining with a powerful actor. In other words, the claim that Chinese or Russian leaders are deterred from competing for office by the threat of bargaining with the United States has less face validity than does the

claim that Central American leaders make similar calculations.

Quantitative Test II: Aid and Leader Security

The previous section provided an empirical test of one set of predictions from the theory presented in Chapter 3. This line of argumentation suggested that as dominant states are stronger, they must provide less aid to bolster their preferred regimes within subordinate states. I showed that as the United States is more powerful relative to recipient states, it provides a lower level of aid, but *only* to the extent that recipient state regimes are domestically unsteady. With respect to the equilibrium aid levels predicted by the formal model, the empirical results appear to confirm the theoretical expectations.

In the final section of this chapter, I ask whether or not this foreign aid achieves its goal. In other words, are leaders who receive aid less likely to be removed from office? The theoretical model presented in Chapter 3 suggested that the presence of foreign aid should operate to increase recipient leader security. It does so by shifting the relative valuation leaders place on holding office. In the previous chapter, I showed that for dominant states' favored leaders, the expectation of receiving aid can boost the value they place on holding office such that they will compete for control of the government. For dominant states' disfavored leaders, aid has the opposite effect. These leaders do not receive aid while in office, lowering the value they place on doing so. Moreover, while in the opposition, they

receive some aid via the domestic sharing mechanism outlined in Chapter 3. Because aid can pay for public goods from which all groups benefit, this aid increases the value that disfavored leaders place on remaining in the opposition. On sum, the aid provision strategy posited in Chapter 3 constrains disfavored leaders' willingness to compete for office. In order for them to do so, the private valuation they place on government – from rents or other perquisites – must be incredibly high. The theory therefore indicates that aid should increase the security of the leaders that receive it. However, it also suggests an inferential problem that should be addressed first.

Recall the cross-cutting role of domestic institutions from the theoretical model. While inclusive institutions make hierarchy more difficult to construct – as demonstrated empirically in Chapter 4 – they make hierarchy cheaper to maintain. Favored leaders are less willing to fight for office if they must share their spoils with the adversaries; but these adversaries are more willing to accept a bargain that locks them out of office if domestic institutions allocate for them a larger share of the foreign-provided pie.

Overall, states with inclusive institutions are more likely to receive aid from dominant states for two reasons. First, even though institutions must be relatively exclusive in order to create hierarchy in states where favorable leadership is currently out of office, *within* this group of states those with more inclusive institutions are more likely to receive aid packages. Second, when a dominant state

embarks on a strategy of hierarchy construction, some states will already contain leadership amenable to the dominant state's goals. Consider the United States after the second world war: across Western Europe, liberal democratic regimes held power. The goal of the United States was not to bring new leadership to power, but to bolster the security of the regimes already in place. Among states that have favorable leadership at the beginning of a hierarchy, inclusive institutions will increase the likelihood of receiving aid.

The effect of institutional exclusivity on receiving aid is important, because these domestic institutions interact with the dependent variable of interest in this section, leadership turnover. Because states with inclusive institutions are more likely to be democratic, they are more likely to see leadership turnover for reasons that are unrelated to foreign aid. For example, Britain saw many reversals of party fortune throughout the Cold War, but none truly imperiled London's relationship with the United States. Failing to account for this endogeneity problem risks conflating the effect of aid with that of democratic institutions.

In order to correct for the possibility that democratic states are both more likely to receive aid and to experience leadership turnover, I estimate an instrumental variable probit model. This model estimates two stages: first, it estimates the probability that a state receives aid in a given year as a function of a set of variables including democracy. Second, it estimates the effect of aid on leadership turnover using the values of the covariates from the first stage of the model. Crucially, in

Table 5.2: Two Stage Model of Aid and Leadership Turnover

	(1)	
	Change in Source of Leader Support	
Change in Source of Leader Support		
Aid (t)	-1.344*	(-2.55)
GDP per capita	-0.0305*	(-2.43)
GDP growth per capita	-0.891**	(-3.13)
Polity	0.0564***	(8.79)
Ethno-Linguistic Fractionalization	0.497**	(3.21)
Civil War	0.276***	(4.28)
Regime Durability	-0.0137***	(-5.17)
Constant	-0.0882	(-0.15)
Aid (t)		
GDP per capita	-0.0236***	(-22.67)
GDP growth per capita	-0.0427	(-1.00)
Polity	0.00434***	(5.96)
Ethno-Linguistic Fractionalization	0.233***	(11.43)
Civil War	0.0793***	(5.72)
Regime Durability	-0.00578***	(-24.26)
UN Affinity	-0.170***	(-6.53)
Constant	0.949***	(40.47)
athrho		
Constant	0.606*	(2.31)
Insigma		
Constant	-1.015***	(-107.85)
Observations	5649	

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

order for the model to recover unbiased estimates of the second-stage coefficients (ultimately the ones in which we are interested), the first stage of the model must include a variable that is correlated with the probability of receiving aid but not the probability that a leader turnover occurs. In this model, the variable I use for identification is the voting similarity between a given state and the United States in the United Nations.

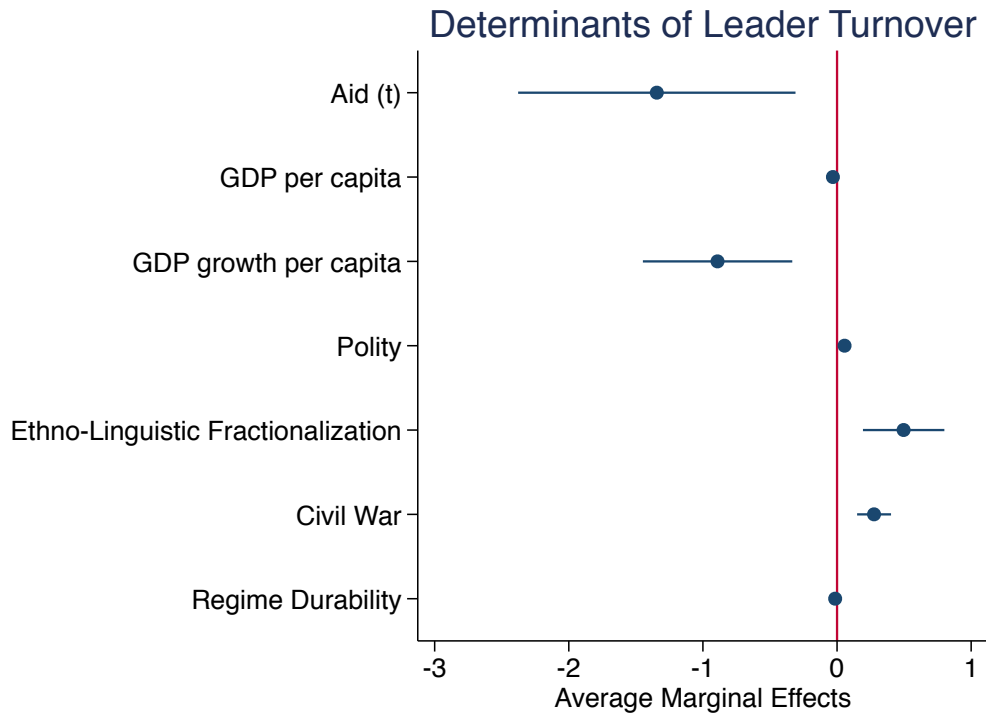
The dependent variable in this model is whether or not a country experiences a change in the source of leadership support in a given year. As in Chapter 4, I use

Mattes, Leeds and Carroll's (2014) Change in Source of Leader Support (CHISOLS) data. These data capture changes in leadership, but also differentiate leader transitions by whether or not a transition brings to power a leader supported by a new domestic coalition. The change in the source of leader support variable is coded as a zero for all country-years that do not experience a change in the source of leadership support, and a one for all country-years that do.

The key independent variable of interest is whether or not a country receives aid in a given year or not. In the theoretical model presented in Chapter 3, I showed that in equilibrium dominant states should either provide "enough" aid to accomplish their goals within subordinate states, or they should provide no aid. The tests in the first part of this chapter lend credence to the idea that dominant states in fact base allocation decisions around the strategic logic presented in the theoretical model. Consequently, in testing whether aid increases leader security, I use a binary measure of aid rather than a continuous one. This independent variable is therefore coded as a 1 if a country receives foreign aid from the United States in a given year, and a 0 otherwise. The foreign aid data are from the U.S. State Department, as earlier.

The results for the test of Hypothesis 3 are presented in Table 5.2, and the marginal effects are plotted in Figure 5.3. In Table 5.2, the top panel presents the estimates from the second stage (DV: change in source of leader support), while the bottom panel presents the first stage results (DV: aid to country i in year t).

Figure 5.3: Marginal Effects from Instrumental Variable Probit Analysis



As expected, Polity is positively associated both with the probability of receiving aid and the probability of observing a change in the source of leader support, suggesting that a one-stage model would in fact recover biased estimates of the effect of aid. A Wald test indicates that the model violates the assumption of exogeneity ($p = 0.021, \chi^2 = 5.32$).

As hypothesized, countries that receive aid are at a significantly lowered risk of experiencing a leader turnover, as are countries that are experiencing high rates of economic growth. This latter result provides some evidence that the use of economic growth as a measure of regime stability in the first part of this chapter makes sense. Ethno-linguistic fractionalization and participation in a civil war are

unsurprisingly both associated with a higher risk of leader turnover. As in the previous chapter, the effect of aid on the dependent variable of interest – here the probability of a change in the source of leader support – is of much greater magnitude than any of the other variables in the model. Only GDP growth approaches the marginal effect of aid in magnitude. Overall, the empirical data appear to be a good fit for the theoretical story laid out earlier in the paper.

Conclusion

In this chapter, I have argued that dominant states like the United States use the threat of conditional coercion against leaders within recipient states to reap a savings on the costs of aid. Moreover, this aid is effective at securing its intended goal – securing the tenure of preferred leaders within subordinate states. However, in light of these two results, the anecdote which opened this paper may seem puzzling: if the United States underwrote policy goals in Latin America with the threat of coercion, why then did the accomplishment of these goals still require massive aid transfers?

The conditions under which the threat of coercion is operative point to an underlying selection process. While dominant states provide less aid to unsteady leaders relative to what they would send if they (the donors) were not powerful, these *leaders* are still likely to receive absolutely large amounts of aid precisely because they (the leaders) are unsteady domestically. To see this, recall from Chapter

3 that the equilibrium level of aid provided to a leader under the *coerced* equilibrium is a_c^* . We can see how this level changes with respect to the probability of a disfavored leader winning office by taking the first derivative with respect to r , which gives

$$\frac{\partial a_c^*}{\partial r} = \frac{(1-\delta)\delta[k_A + \gamma(1-p+c)]}{\theta[1-\delta(1-r)]^2} > 0. \quad (5.1)$$

Doing so demonstrates that the level of aid grows with the strength of the opposition for the entire parameter space. In other words, when dominant states' preferred recipients are facing down relatively strong domestic opponents – as when these opponents have access to their own sources of external funds – dominant states are forced to provide increasingly large aid packages.

The theory presented here also suggests an endogenous mechanism for the expansion of foreign policy goals with state strength. While aid flows may increase with the economic growth often correlated with state power, increasing military strength allows for a less-costly expansion of aid packages to different countries as well. By this logic, the expansion of U.S. – and to a similar extent Soviet – influence throughout the third world was underwritten by coercion as well as resource transfers. While at times the coercive hand supporting these interstate bargains was felt relatively acutely, at others it remained unseen. However, as the anecdotes from earlier in the dissertation suggested, the actors who were the target of coercive threats – and recipients of aid – were always aware of the implications interstate coercion had for their ability to compete for office.

While the bulk of this chapter has focused on the empirical relationship between aid and coercion, in closing I suggest one further implication for the empirical study of foreign aid allocation. The model indicates that aid *levels* should be unimportant to explaining the effect of aid strategies on political outcomes. This is for a very intuitive reason: when donors can foresee the problem aid transfers are meant to solve, they provide either enough aid to secure their goals, or none at all. In equilibrium, the decision to allocate aid is important for explaining dyadic political outcomes, but aid levels are not. Certainly this is true only to the extent that donors are able to correctly foresee the problem aid is meant to solve, but unless strategic “misallocations” – due to uncertainty or bureaucratic pathologies – are systematically correlated with outcomes, the general caution in interpreting the effect of aid levels stands.

Finally, testing hypotheses over the deterrent effect of coercion empirically is often quite difficult. If the equilibrium outcome of interstate bargaining is “no action,” usefully attributing this result to the threat of conflict rather than any number of other mechanisms often seems impossible. Here I provide one way around this problem by developing a theoretical model which strategically links coercion to another observable substitute for the threat of violence – foreign aid. The model implies a very specific counterfactual that is unlikely to be predicted by another theory: that very powerful states provide less foreign aid than less powerful states, but only when their preferred recipients are weak domestically. By finding sup-

port for this hypothesis in the empirics, this paper sheds light on the process by which coercion operates in the shadow of distributive political bargaining.

This chapter and the one immediately preceding have elucidated patterns of hierarchy creation and maintenance using the case of the United States. Overall, we have seen that the provision of economic resources – specifically, foreign aid – follow the logic presented in Chapter 3. The implications of this argument are threefold: first, dominant states can encourage their preferred leaders to compete for office using the promise of these resources. Second, dominant states can use the implicit threat of coercion to reduce their reliance on resource transfers alone. Finally, the provision of these resources in fact increases the domestic security of dominant states' preferred leaders.

In the next chapter, I turn the logic of the theory to the end of hierarchy. In doing so I move away from the U.S. case – which has yet to clearly end – and examine the cases of hierarchical collapse exemplified by the end of European colonial empires and the Soviet Union. If, as demonstrated in this chapter, the presence of hierarchy generates leader security, the end of hierarchy presents conditions of leader insecurity. Troublingly, I demonstrate that these conditions augur for a dramatic shift away from the stability of hierarchical relations.

Chapter 6

Eclipsing Hierarchy

By the 1950s London was on the horns of a dilemma. The need to reconcile increased welfare demands at home with recurrent sterling crises meant that empire was too costly a proposition to maintain. Yet decolonization promised either a detonation of British interests throughout the globe, a descent into violence, or more probably both. As we will see in this chapter, the financial cost of empire interacted with decreased British power projection with deleterious effects on London's bottom line. This financial and coercive vice was no less binding on Britain's European colonial counterparts. The unwinding of international hierarchies throughout the second half of the twentieth century was to generate incentives for political conflict across the globe. A description of this pattern, and the logic behind it, is the topic of this chapter.

This chapter is motivated by two puzzles that interlock with the overarching question of the project. First, why does the global rate of civil war tend to cluster over time? As Fearon and Laitin (2003) note, the global average rate of civil war

onset was highest in the 1940s (4.6 per 100 country-years) and the 1950s (2.2 per 100 country year). The violence rate of the 1990s closely follows these two decades, with 2 onsets per 100 country years. The second motivating question is why these civil war onsets tend to occur primarily in young states. To illustrate this point, Table 6.1 shows the proportion of years experiencing civil war onset as a function of state age: as is evident, states are more likely to experience a civil war onset in their earliest years. As I describe in more detail below, this pattern is not due solely to the distribution of state age in the international system.

I argue that a common mechanism explains these two patterns. The retrenchment of dominant states, as during decolonization after World War II and the dissolution of the Soviet Union, unleashes sudden shifts in the distribution of domestic power within former members of an international hierarchy. Regimes that formerly enjoyed a security guarantee on the part of a powerful patron face a commitment problem: repress their populations, or negotiate in the future from a weakened position. The sudden loss in power implied by the departure of an international guarantor generates incentives for civil war in states where externally-supported regimes hold power. The retrenchment of powerful states that underwrote many of these regimes leads to temporal clustering of civil war onset, and because this retrenchment is often accompanied by political independence for former subjugate states, these civil wars tend to occur in new states.

The argument I present in this chapter also provides an explanation for vari-

Table 6.1: Civil War Onset by State Age

	Proportion of years with civil war onset	<i>n</i>	Std. Deviation
< 5 years after independence	0.015	741	0.121
≥ 5 years after independence	0.006	13,178	0.077
			$t = 2.97, p = 0.0015$
< 10 years after independence	0.011	1,490	0.106
≥ 10 years after independence	0.006	12,429	0.076
			$t = 2.57, p = 0.005$

ation in the severity of waves of civil war onset over time. Just as the collapse of former dominant states can trigger civil conflict, the emergence of new ones can lead to its abatement. When a powerful state stands ready to assume control of newly-independent polities, civil war can be averted. Changes in the global availability of great powers willing and able to underwrite politics within newly-independent states therefore explains variation in the severity of the waves of civil wars.

This chapter proceeds in four parts. In the next section, I review the literature on the international sources of civil conflict. I argue that scholars have overlooked how the exit – as opposed to the entry – of international actors can shape the onset of civil conflict. Then, building from the theoretical model in Chapter 3, I present a theoretical discussion arguing that the disappearance of dominant states from subordinate state politics can generate commitment problems and incentives for civil conflict. Next, I undertake a series of statistical tests which demonstrate the

relationship between hierarchical collapse and civil violence. These tests focus on two sets of hierarchies that have clearly ended: European overseas colonial empires and the Soviet empire of the latter half of the twentieth century. In this sense this final empirical chapter provides an “out of sample” test of the logic of the theory. Finally, I discuss how the logic of this chapter might apply to the end of American hierarchy. To preview this final argument more fully, I argue that the informal nature of U.S. hierarchical ties indicates that the next hierarchical transition may be a peaceful one.

The Internationalization of Civil War

Many prominent studies of civil war onset analyze the country-level explanations for domestic violence.

Scholars increasingly view the onset, conduct, and termination of civil war as an international process, yet much of this literature casts the international sources of civil conflict as a narrowly regional phenomenon. Gleditsch (2007) finds that regional democracy, conflict patterns, and trade ties all operate to determine the risk of civil conflict within states. Neighboring countries can raise the likelihood of civil conflict either by acting as a destabilizing source of refugees (Salehyan and Gleditsch 2006) or by providing a safe haven for rebel groups (Salehyan 2007).

But rather than through an appeal to contagion or uncontrollable cross-border flows, external participation in civil war can also be understood as a strategic is-

sue. The threat of intervention can shape the terms over which a civil war is fought (Werner 2000), the extent of violence permissible in the *absence* of intervention (Cetinyan 2002), and patterns of cooperation between potential combatants (Gleditsch and Beardsley 2004). The hope of a favorable intervention may actually generate incentives for some groups to incite conflict when they otherwise would have no reason to do so (Kuperman 2008), and the realization of this intervention can prolong the fighting once it has actually begun (Cunningham 2010).

The question of why civil wars tend to cluster in both time and space is unsettled, though many believe that the answer is linked to a logic of external intervention. Kathman (2010) finds evidence that states intervene in their neighbors' civil wars in an attempt to prevent the fighting from spilling within their own borders. By this reckoning, spatial correlation between the incidence of civil conflict is determined not by common characteristics shared by the states experiencing violence, but by a strategic calculation that fighting outside one's borders is preferable to fighting within. Buhaug and Gleditsch (2008) find little support for this view, however. They argue instead that spatial clustering is driven by support of co-ethnics across state boundaries rather than an explicit fear of conflict spillover.

Previous research on the international sources of civil conflict primarily focuses on how third party support shapes the supply side of rebellion. For example, Kalyvas and Balcells (2010) argue that during the Cold War, superpower support operated to produce a technology of rebel "insurgency" by supplying material sup-

port, revolutionary ideology, and operational military doctrine. For Kalyvas and Balcells, the Cold War shaped not the temporal distribution of civil conflict but rather the way in which civil conflict was fought over time.

The foregoing studies thus conceive of the effect of external intervention on civil war as bolstering the fortunes of some party to the conflict, generally as a detriment to another.¹ In other words, the expectation of intervention increases one actor's utility for war above what it would otherwise be. But as Werner (2000) notes, this expectation also shapes the types of deals struck in peacetime. Because the expectation of external intervention in war helps determine the terms of peaceful political settlements, the elimination of this expectation implies a renegotiation of the prevailing institutional structures within a state. When the promise of intervention disappears suddenly, the rapidity of institutional change implied by this shift can generate incentives for conflict. In the following section, I review commitment problem logic and outline how this mechanism for war explains the onset of civil war at the end of hierarchical relationships.

Hierarchy and Commitment Problems

As Powell (2006) outlines, a commitment problem arises when an actor expects his or her adversary to grow much stronger in the near future. Faced with this

¹This strictly distributive effect is not necessarily an implication of intervention. Non-biased interveners can seek to impose costs on belligerents in an effort to make peace (Fortna 2004), though the viability of this strategy is bounded by the congruence of the peace terms with military power (Werner and Yuen 2005).

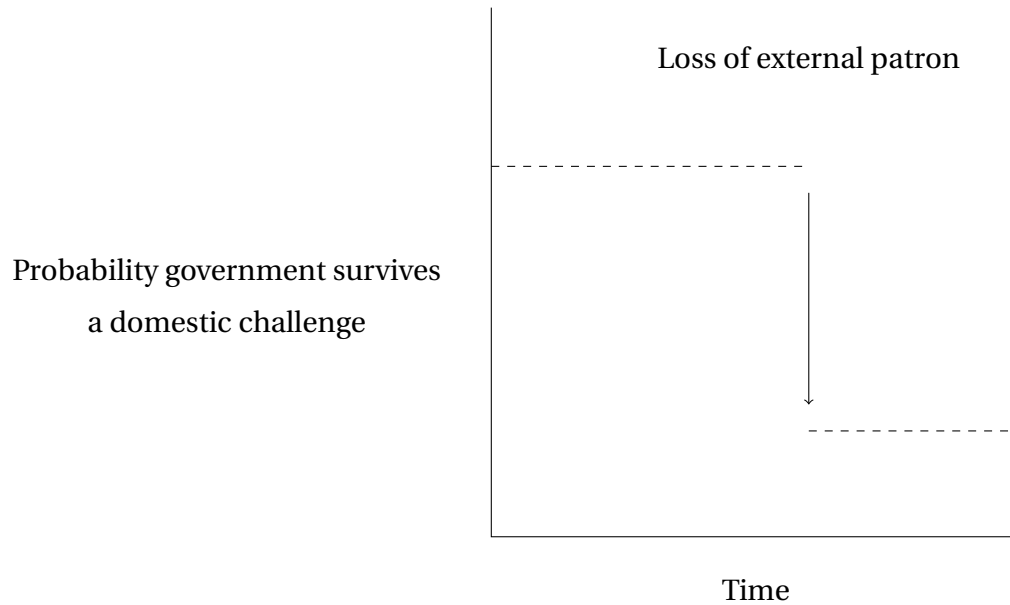
dilemma, the actor anticipating an adverse shift in circumstances may wish to fight a war today rather than bargain in the future from a weakened position.

Given this logic, consider a leader of a regime that has been underwritten by a friendly great power. This external patron has provided economic and military aid, perhaps even directly intervening to bolster its preferred group should the latter's hold on office appear tenuous. But due to either war, recession, or domestic politics, great powers do not extend security guarantees forever. Approaching the end of these relationships, leaders of externally-supported regimes face an internationally-induced domestic commitment problem: fight now with externally-provided resources, or negotiate later without them. Put differently, the presence or absence of an external power introduces a discontinuity in the mapping of domestic resources to bargaining power.

The effect of the departure of an international patron does not have to be instantaneous. For example, Kono and Montinola (2009) find that autocrats are able to stockpile aid over time. This suggests that leaders losing an external patron may enjoy a brief period following this loss in which they still enjoy a domestic advantage. Nevertheless, the loss of such a third party is likely one of the largest exogenous shocks to power a government might suffer. Figure 6.1 sketches the effect of the departure of an external patron on the power advantage a government enjoys relative to its domestic opponents.

Temporary shocks to domestic power are an increasingly common mechanism

Figure 6.1: Effect of External Patron on Domestic Power



for explaining civil war onset. Nielsen et al. (2011) argue that the sudden disappearance of foreign aid can cause opposition groups to rise up against a temporarily weakened government. However, well-timed aid can also *alleviate* other types of exogenous shocks to a government's power, thereby reducing the chance of civil conflict (Savun and Tirone 2012). Governments are often at a loss for how to resolve such a shock in power peacefully: Dal Bó and Powell (2009) argue that while a power-sharing arrangement could alleviate conflict in the short-term, because the opposition cannot promise not to exploit their strengthened position in the future, the government cannot extend the offer.

Commitment problem logic is acutely binding given the totalistic nature of domestic political institutions. Walter (1997) argues that the reason civil wars so

rarely end in a negotiated settlement is that actors are afraid to disarm, knowing that once they do so their opponent has no reason to abide by the terms of the agreement. In fact, the condition that Walter (1997) locates as critical to solving this barrier – the presence of a third-party guarantor (p. 336) – is precisely what is at issue for a government facing the disappearance of its external patron. This dynamic, Fearon (1998) argues, was at play throughout Eastern Europe following the end of the Cold War. Here, he notes that the disappearance of Communist central governments removed a force that had worked to enforce peace between ethnic groups. In the new domestic milieu, ethnic majorities and minorities – neither of which had previously held power – were forced to negotiate with each other over the formation of a new government. In the Eastern European cases, majority groups could not promise not to repress minority groups following the institutionalization of democratic politics. Therefore in Eastern Europe, a specific constellation of forces existed that posed a problem for newly independent domestic polities.

But the generative logic behind the spread of post-hierarchical civil conflict is much broader than the Eastern European examples suggest. In the cases Fearon discusses, political grievances broke along ethnic lines that provided groups with pre-existing loci of organization independent of the previous government. But these cases beg a prior question. What explains the peacefulness of the communist exit from power? In no sense was this a preordained outcome. Groups within

a state who previously enjoyed external support from a patron state – as did Communists within Eastern Europe during the Cold War – face a dilemma as their patron departs. Should they brave politics without their patron state? Or attempt to head off their loss in power by suppressing their domestic opponents?

Before turning to a statistical test of the end of hierarchy, it is worth returning to the theoretical logic presented in Chapter 3. Recall that hierarchical arrangements fell roughly into two separate types. In the first, subordinate state regimes were domestically secure. Here, while dominant states provided interstate resources to alleviate the distributional consequences of hierarchy within subordinate states, the threat of international coercion did not enter into the equation: fear of the domestic regime was sufficient to cow opposition groups into acquiescence.

The second type of hierarchy was characterized by weak subordinate state regimes. In these type of states, regime security was underwritten both by interstate resource transfers and by the threat of coercion. Opposition groups knew that by challenging the domestic authority of the dominant state's preferred political partner, not only would they lose the benefits of interstate aid, they would also be forced to abandon key policy goals while in office to avoid war. Crucially, in this second type of hierarchy, dominant states provide lower levels of resource transfers as they are more powerful – recall the first empirical test from the previous chapter, which showed that the military strength of the United States leads it to provide less aid to subordinate states, but only if recipient state regimes are do-

mestically insecure. The reluctance on the part of opposition groups within subordinate states to challenge for office means fewer resources are needed to buy their acquiescence.

The disappearance of dominant states provides a shock to subordinate state politics in both cases. However, this shock is substantially more severe in the latter case. The reason for this is the relative speed at which coercion and aid are retracted by dominant states. Interstate resource transfers exist on a continuum. Within fully imperial relationships, economic interdependence is extremely high. Yet even as these hierarchical ties weaken, resource transfers continue, if at slower levels.

The threat of coercion, in contrast to resource transfers, tends to disappear quickly and irrevocably. Once groups within a subordinate state believe that dominant states will no longer coerce them, domestic agitation increases considerably. Though Darwin (2009) pushes back against the argument which finds British decolonization a direct response to the Suez fiasco, his argument admits the invasion as a signal “that the age of colonial ‘expeditions’ had passed” (p. 608). That same year married the reduced British appetite for said expeditions to increasing demands for independence from Northern Nigeria, where London recognized that “to give independence too soon [would] risk disintegration and a breakdown of administration” (Darwin 2009, p. 614). The ultimate concession to pressures for independence bore bitter fruit not a decade later, as Nigeria collapsed into civil

war.

Not only does the disappearance of an interstate coercive threat increase the relative power of dissident groups within subordinate states, the previous effect of coercion on the level of resource transfers exacerbates the crisis for dominant states. Recall from Chapter 3 that if dominant states employed coercion against disfavored groups within subordinate states, they were able to send fewer resources transfers than they otherwise would have. Upon the disappearance of this coercive threat, then, the level of resource transfers to these previously-coerced states is too low to buy opposition groups' acquiescence. The interaction of coercion and resources interacts to up the cost of maintaining hierarchy at precisely the time dominant states are likely to be unable to commit more resources.

Therefore, in order for hierarchy to end in violence, it must be the case that hierarchies are primarily constructed using groups within subordinate states that are relatively weak. Indeed this was the case: hierarchical partners were often minority groups. For example, in Kenya, the British relied on traditional Kikuku chieftains converted to Christianity, and in the East Indies the Dutch on landed *rajas*. In British India, administrative control over the subcontinent was held by the Indian Civil Service (ICS). While the ICS was originally staffed by British civil servants, this stranglehold gradually deteriorated. By the time of independence, the ICS was divided almost evenly between Europeans and native collaborators. Moreover, as argued in Chapter 2, British collaboration with the Muslim League

in India – also a minority – ultimately led to the partition of India as a way to avoid the institutional exclusion of Muslims from the new Indian state. Even this was not sufficient to avoid conflict.

The end of hierarchy left these contacts in an awkward position, and the consequences within post-hierarchical politics were often severe. French Algerian collaborators were forced to emigrate *en masse* to southern France or risk extermination (Springhall 2001, p. 214-215). In many cases, these groups – often with the help of their colonial allies – attempted to make the first move towards eliminating their domestic opponents. Sir Robert Armitage, the British governor of Nyasaland, foresaw that a move towards electoral reform would mean the inevitable victory of the Nyasaland African Congress (NAC) and the collapse of British federation schemes in southern Africa. To head off this eventuality, Armitage concocted intelligence reports implicating the NAC in a plot to murder British colonial officials, outlawed the NAC, jailed its leaders, and murdered more than fifty activists. Even Armitage’s liberal-minded replacement, Iain Macleod, came to see that “[t]he coercion needed to reimpose imperial authority increased geometrically with each increment of self-rule” (Darwin 2009, pp. 620-621).

The fabrication of nativist threats was used time and again to legitimate preventive action within colonial spheres. Generally the outgoing colonialists did not make the first explicit step towards violence. Because they retained formal legal authority, preventive action instead took the form of arbitrary detention and re-

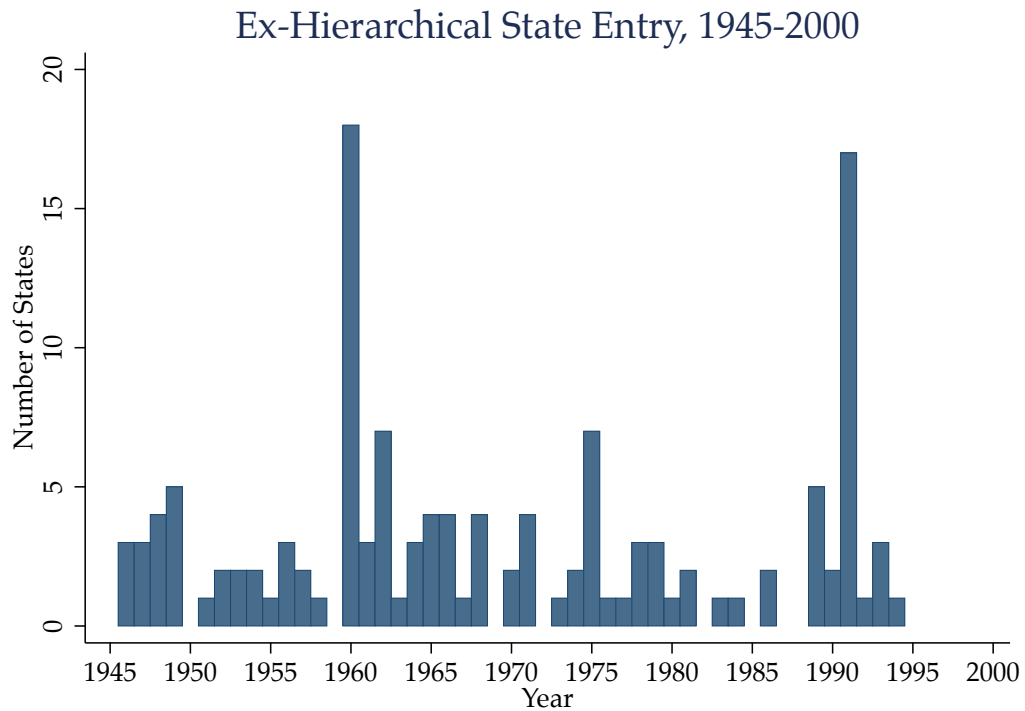
restrictions on free speech. To wit, the Mau Mau Rebellion in British Kenya began after the colonial government instituted “Operation Jock Scott” following the murder of a Kikuku loyalist. Jock Scott banned public organization (for Africans) and led to the arrest of 130 Mau Mau leaders. The shift to violence came when the Mau Mau groups began a campaign of against collaborators, including the Lari settlement massacre (Springhall 2001, pp. 160-163).

Quantitative Test: Hierarchical Collapse and Civil War Onset

In this section I subject the theoretical story presented above to an empirical test. If the logic of hierarchical collapse is correct, states should be at a dramatically increased chance of experiencing an onset of civil conflict if they are newly-independent ex-members of a hierarchy. This risk of civil conflict onset should gradually dissipate as these states are further removed from their hierarchical past. If regimes are able to hang on to power immediately following the removal of their allied dominant state, the theory here indicates no reason why they should not be able to continue to do so in the future.

For the time period in which data on civil war and other key explanatory variables are available, there are several cases of hierarchical collapse. The first wave encompasses the end of the overseas European colonial empires, stretching from roughly 1945 through the early 1960s. From 1945 to 1960 (an admittedly arbitrary cut-off point), there were 39 states that entered the international system who

Figure 6.2: Hierarchical Collapse and New State Entry



were former colonies or dependencies. The next large concentration of such states occurred in the early 1990s with the end of the Soviet Union. Overall, as Figure ?? shows, the number of new states entering as a result of the end of international hierarchies has two large peaks, in 1960 and 1991. In terms of the theory presented above, these years and the ones immediately following them should be ripe with potential for civil conflict.

To measure civil war onset, I use the definition from Fearon and Laitin (2003). These data indicate that in the period 1945-1999, there were 111 episodes of civil war onset. Given a total sample of 6,610 country-year observations, this number of onsets indicates a sample rate of 0.0168 onsets per country-year.

The key independent variable in the model is an interaction between hierarchical status and length of independence. To capture whether or not a state has ever been a member of an international hierarchy, I use two measures to construct the variable `HIERARCHY`. First, I use ICOW's variable marking whether or not the state was a member of an overseas European colonial empire. Second, I include the constituent states of the Soviet Union that became independent upon the USSR's collapse in 1991. If a state was a member of either a European empire or the Soviet Union, it is marked as belonging to an international hierarchy, and `HIERARCHY = 1`. Otherwise, `HIERARCHY = 0`. To measure length of independence, I use the Correlates of War's data on state entry and construct a variable `INDEPENDENCE` for each country-year that takes the value of the current year minus the state's year of entry into the international system.

To control for other potential explanations, I include a number of control variables. Perhaps most importantly, I control for whether or not a country's independence was violent. One potential alternative explanation for the identification of a relationship between hierarchical exit and civil war is that some former colonies become independent through the process of civil war. The Issue Correlates of War dataset codes whether or not a country's independence involved violence. More specifically, this variable takes on a value of 1 if "if [independence] occurred through armed revolt by the entity, or if it occurred through armed conflict between the former ruler and another state." This variable is coded 0 otherwise.

The other control variables I include in the statistical model are GDP per capita and GDP growth, population, level of democracy (from the Polity IV dataset), dependence on oil exports, ethnic fractionalization, a measure of how mountainous the country is, and a regional dummy variable. This last variable is especially important here, as it controls for the possibility that regional clustering of civil conflict is driven by region-specific effects – for example, population spillover – rather than the hierarchical explanation provided above.

Because the dependent variable in question is dichotomous, the appropriate estimation method is logistic regression. To be clear, the model I estimate takes the following form:

$$\Pr(\text{civil war onset}) = \beta_0 + \beta_1 \text{Hierarchy}_{i,t} \times \text{Independence}_{i,t} + \beta \mathbf{X} + \epsilon_{i,t}, \quad (6.1)$$

where \mathbf{X} is a vector which includes the control variables described above and the main effects from the interaction term. If the theoretical story described above is correct, the effect of `HIERARCHY` should be positive, but *only* when the `INDEPENDENCE` variable takes on low values. The results are presented in Table 6.2.

The coefficients presented in Table 6.2 provide initial support for the theoretical expectations. Before turning to an in-depth examination of the effect of hierarchy, note that most of the control variables behave as expected. State wealth, as measured through GDP per capita, has a negative effect on the likelihood of civil war onset, as does GDP growth. As Fearon and Laitin (2003) find, mountainous

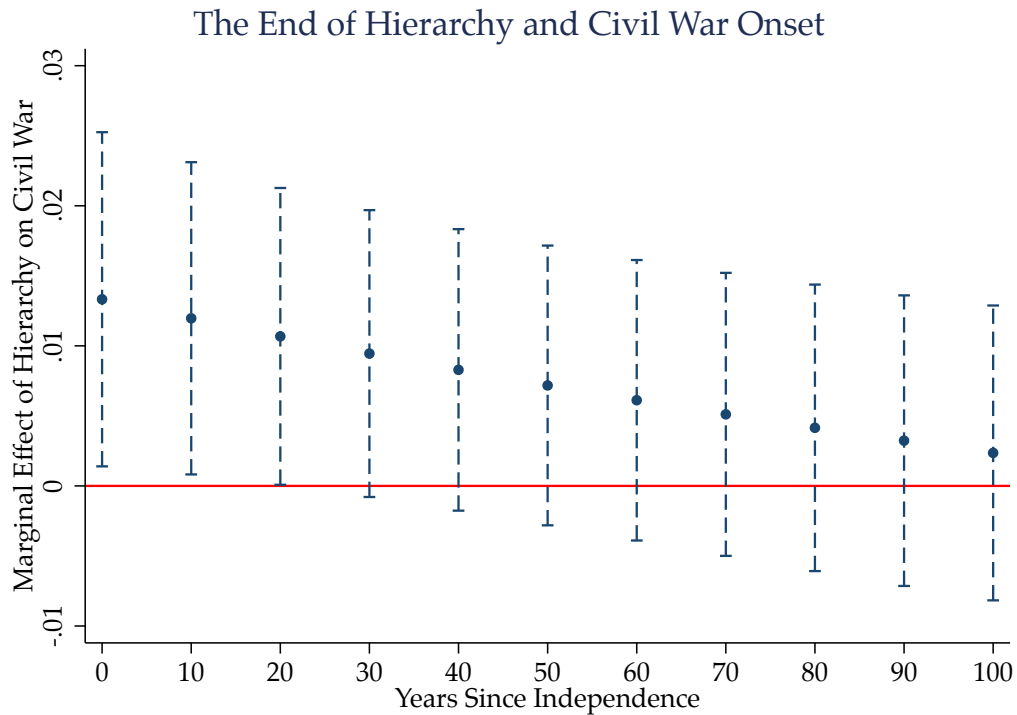
Table 6.2: The End of Hierarchy and Civil War Onset

	(1)	
	Civil War Onset	
Years Since Independence	0.00202	(0.00130)
Hierarchy Member	1.085	(0.696)
Hierarchy Member \times Years Since Independence	-0.00839*	(0.00351)
Violent Independence	0.191	(0.265)
GDP per capita	-0.197**	(0.0721)
Population	1.346*	(0.627)
GDP growth	-2.919*	(1.146)
Polity IV	0.0303	(0.0186)
Oil Exporter	0.563	(0.300)
Ethnic Fractionalization	0.794	(0.410)
% Mountainous	0.277**	(0.0989)
Region	0.136	(0.0762)
Constant	-6.289***	(0.885)
Observations	5520	

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Figure 6.3: The Effect of State Entry on Ex-Hierarchy Members



countries are more likely to experience civil wars. Notably, neither region nor the violence of a country's independence appears to have an effect on the likelihood that a country experiences civil war.

As predicted by the theory, ex-members of an international hierarchy are at an increased risk of civil war onset, but only shortly after becoming independent. In order to provide a more intuitive look at the effect of the end of hierarchy, in Figure 6.3 I plot the marginal effect of hierarchical status across a range of state age. As is evident from inspect of the marginal effect of hierarchy status, having belonged to a hierarchy does in fact increase the risk of civil war onset, but only when states have recently entered the international system. In fact, the effect of be-

Table 6.3: Civil War Onsets in Ex-Hierarchical Members Across Time

1945-1953 (6/15)	1960-1967 (8/13)	1990-1992 (7/16)
Philippines (1946)	South Vietnam (1960)	Afghanistan (1992)
Burma (1948)	Laos (1960)	Bosnia (1992)
South Korea (1949)	Dem. Republic of the Congo (1960)	Croatia (1992)
Indonesia (1950, 1953)	Algeria (1962)	Azerbaijan (1992)
India (1952)	Rwanda (1962)	Georgia (1992)
	Sudan (1963)	Tajikistan (1992)
	Chad (1965)	Moldova (1992)
	Nigeria (1967)	

Note: Numbers in parentheses are (ex-hierarchical civil war onsets / total civil war onsets in time period).

ing an ex-member of a hierarchy becomes statistically indistinguishable from zero after approximately twenty years. While the marginal effect may appear small, recall from earlier that the sample rate of civil war onset was only 0.0168 – therefore the marginal effect of .013 immediately following independence represents an increase in the likelihood of civil war onset of approximately 80%.

The marginal effect of hierarchical exit charted in Figure 6.3 accounts for the second empirical pattern identified at the beginning of this chapter. Because the exit from a hierarchy coincides with state entry into the international system – and because ex-hierarchical members are at a higher risk of civil war immediately following independence – younger states are at an increased risk of civil war.

The other empirical puzzle from the beginning of this chapter was why the global onset of civil war occurred in waves. Specifically, the global rate of civil war onset is highest in the late-1940s/early-1950s, the 1960s, and the early 1990s. To help explain this pattern, I identified all the civil war onsets that occurred dur-

ing these time periods that were in ex-hierarchical states within ten years of their independence. As Table 6.3 demonstrates, these civil war onsets account for between a third and a half of the total civil war onsets in each period. The conclusion from this table is not that the theory proposed here explains all episodes of civil war onset. Rather, if one were to remove the effect of hierarchical exit from the international system, these three periods would begin to look much more like the rest of the post-war era in terms of the number of civil war onsets.

Conclusion

This chapter began by asking two questions. First, what accounts for the spatial-temporal correlation in the global onset of civil war? Second, why are new states at a higher risk of civil war than older ones? I argued that the answer to these both questions can be found in the demise of international hierarchies. When a dominant state that has underwritten the domestic security of a subordinate state regime becomes weaker, its allies within the subordinate state are incentivized to lash out against their domestic allies. The fact that these dominant states sever many of these relationships at the same time explains the correlation in the global onset of civil war; and the fact that these states are at a higher risk upon entering the international system explains why younger states experience civil war onset at higher rates.

The evidence from this chapter can be combined with the conclusions from

the previous two to form a cohesive picture of hierarchical relations. As shown in Chapter 4, dominant states facing a leader they find unpalatable can in many cases secure a more favorable government by promising resources to groups within the opposition. Chapter 5 demonstrated that these leaders' domestic security is intimately connected not only to these resources that they are promised, but to the effect that international coercion has on the ability of other groups to pursue their policy goals. In short, groups within subordinate states whose political incentives are aligned with those of the dominant state are advantaged in many ways: in the receipt of resources and in the ability to pursue their political goals outside of the shadow of interstate coercion.

Following from the evidence in Chapter 5, it is easy to see that the disappearance of a relationship that had previously underwritten political outcomes within a state can lead to their violent renegotiation. Leaders, facing the loss of a relationship that had guaranteed their security, are incentivized to attempt to eliminate their domestic opponents before the option is no longer available to them.

Much has been written on the effect that global shifts in the distribution of power has on the likelihood of conflict between the great powers (Waltz 1979, Gilpin 1983). Less has been said about the effect that a great power's decline relative to non-great powers has on global violence. Yet this chapter suggests that the effect is non-trivial, and goes a good way to explaining the puzzling variation of civil conflict across time and space. In the final, concluding chapter, I review the

argument put forth in this manuscript and explore the larger theoretical implications it holds for international relations theory.

Chapter 7

Conclusion

The opening chapter of this dissertation asked two questions. First, what are the implications of hierarchical relationships for subordinate states? Second, why do subordinate states enter into these hierarchical relationships? These answers are, inevitably, linked. To answer the first, international hierarchies work to structure the very foundations of domestic political power within subordinate states. Without an accounting of hierarchy, understanding patterns of leadership turnover, policy outcomes, and political violence across the globe is impossible. The answer to the second question is then straightforward: “states” do not enter into hierarchies. Political groups within states do. They join hierarchies not only to guarantee security for their homeland against international threats, as so many others have argued. These groups join hierarchies to bolster themselves domestically against their opponents. As we have seen in Chapter 4, the promise of the benefits of hierarchy helps bring them to political power. Chapter 5 demonstrated that the reception of these benefits helps to keep them there. And as was shown in

the final empirical chapter, the retraction of the benefits of hierarchy results these groups' violent ejection from office.

In answering these two questions, I made one fundamental assumption that underwrote the larger argument: the political goals of international hierarchy redistribute resources within subordinate states. Because of the redistributive nature of hierarchy, viewing its construction, maintenance, and end as a purely international process obscures important characteristics of its development. In this concluding chapter, I briefly review the argument put forth in Chapter 3 before recapping the empirical findings from the previous three chapters. I conclude by exploring three implications for international relations research.

The core contention I have advanced here is that dominant states strategically shape the value that actors within other states place on taking control of the government that rules them. Dominant states accomplish this in two ways. First, they conditionally provide resources to leaders within other states. By conditioning the provision of resources like foreign aid, grants, loans, and preferential trade agreements on the character of leadership within subordinate states, dominant states increase the value their preferred leaders place on holding office, and decrease the value others place on doing so.

Second, dominant states use coercion to reduce the value leaders they do not like place on holding office. Leaders within subordinate states care about passing policy. They might care about policy for intrinsic reasons – for example, a

Communist leader might want to nationalize industries because she believes it is the right thing to do – or they might care about policy for instrumental reasons – without pursuing the goals of their constituents, they will be booted from office. The key point underlining the coercive mechanism of hierarchical construction is that dominant states reduce the latitude these leaders have to pursue their policy goals. If policy strays too far from a dominant state's preference, it is willing to deploy interstate violence in order to bring political developments within other states back in line. Because leaders within subordinate states anticipate this, they are unwilling to pay the domestic costs of competing for office only to arrive there and be forced to abdicate their policy goals. The combination of conditional resource provision and the threat of coercion operates to advantage dominant states' preferred leaders within other states.

In Chapter 4, I demonstrated that the expectation of the free resources described above can incentivize leaders to compete for office within subordinate states. If a dominant state's preferred leader anticipates receiving foreign aid upon coming to office, (s)he is willing to pay the costs of overthrowing the current leadership. Crucially, I showed that this effect depends on the existence within subordinate states of relatively exclusionary political institutions. If leaders know they will be forced to share their newly-gotten largesse after securing office, the costs of getting there may overwhelm their willingness to do so. The implication of this argument is that the United States relies on autocratic allies not because it prefers

to, but because these are the only ones it is able to buy friendship from.

The following chapter, Chapter 5, demonstrated two empirical patterns. First, I showed that the United States is in fact able to rely on interstate coercion to help underwrite its policy goals. I showed that as disfavored leaders within subordinate states expect to be forced to abdicate their policy goals while in office – that is, in states over which the United States maintains an extreme advantage in the interstate distribution of power – the United States is able to rely less on the transfer of foreign aid to secure the tenure of leaders it prefers. This negative relationship between the interstate distribution of military power and foreign aid provision only holds, however, if the United States' preferred leaders are relatively unsteady domestically. If these leaders are unlikely to be removed by their domestic opponents, the interstate distribution of power has no effect on foreign aid. The second important empirical finding from this chapter relates the provision of aid to leader security. I show that, consistent with theoretical expectations, receiving foreign aid from the United States does in fact decrease the likelihood that a leader loses office. While the previous chapter showed that the expectation of foreign resources can work to bring leaders to office, this chapter showed that the actual distribution of these resources works to keep them there.

Finally, in the last chapter I outlined the consequences of the end of international hierarchy for subordinate states. Because leaders within members of an international hierarchy rely on dominant states for their security, the severing of

these external relationships can have severe consequences. I argued that these leaders face a commitment problem at the end of hierarchy, which generates incentives for formerly privileged groups to repress their domestic opponents while they still can. I demonstrated through an analysis of the latter half of the twentieth century that states are at a dramatically increased risk of civil war immediately after they exit an international hierarchy. This finding helps to explain two otherwise-puzzling relationships: first, that the global onset of civil war is correlated across both space and time. And second, that states are at a higher risk of civil war onset when they are young.

In the rest of this chapter, I explore three main themes. First, what can the foregoing tell us about international relations (IR) theory? As I argued in Chapter 1, systemic IR scholars have by and large assumed away the influence of domestic politics. The balance of evidence presented here indicates two important revisions to this work. Second, I elucidate the puzzle of what is often referred to as the “U.S.-led order,” which many have argued is currently imperiled. I argue that while these concerns are by-and-large overblown, several developments from 2014 and 2015 present theoretically-unappreciated complications for the particular character of U.S. hierarchy. Finally, I outline what the argument presented here implies for the eventual end of U.S. global dominance. Again, here the evidence is encouraging for global peace, particularly when weighed against other potential hierarchies.

A Systemic Challenge

The question of how “the balance of power” shapes world politics has occupied IR scholars at least since Waltz (1979) provided his systemic theory of international relations. What exactly the balance of power refers to remains some point of contention (Wagner 1994), and subsequent, clearer theorizing has demonstrated that many of Waltz’s original conclusions were wrong (Powell 1999). Yet variation in the relative military capabilities of the major powers in the international system must clearly maintain some place in any theory of international politics.

Given that the argument presented here has explicitly ignored interactions between major powers, what might it possibly tell us about systemic IR theory? First, the distribution of military power matters in more than one way, and the theory in this dissertation also suggests that its definition may need reworking. In Chapter 3, and again in Chapter 5, I argued that the bilateral distribution of power has important implications for leadership turnover within subordinate states. Dominant states use the threat of coercion to deter challenges to their favored leaders within weaker states. Intuitively, this effect is more important as dominant states are stronger relative to subordinate states.

According to the theory presented here, then, the international distribution of military power matters not only for relations between great powers. It also helps determine relations between great powers and smaller ones. The distribution of military power between great powers may vary with these bilateral distributions

in non-obvious ways. Indeed the development of the international system over time demonstrates just this point. The “balanced” Congress of Vienna system constructed following the Napoleonic Wars facilitated the development of state power in Europe that allowed for the direct coercion of groups within peripheral states (Darwin 2008, chapter 4). Its spectacular collapse in the conflagration of the two world wars reduced the number of actors routinely able to undertake this type of bilateral coercion to two. And the Soviet Union’s eventual demise not only reshaped the interstate distribution of power (between itself and the United States); it also saw a rewriting of the power relationships between Moscow and a great number of client regimes, to the physical detriment of many groups within them, as we saw in the previous chapter. These dual punctuations in the distribution of power – among the great powers and between individual great powers and their client states – are inextricably linked.

Changes in the material capabilities of great powers may thus have two types of effects. First, growth and decline among great powers may upset the overarching “great power bargain” that governs the terms of relations in the international system. Attention to these types of punctuations is probably over-represented in the historical and political science literature: fear of French dominance in the long 19th century and German dominance in the early 20th mark the quintessential examples of great power shifts detonating a global peace.

The second type of effect emanating from the rise and fall of great powers is

less obvious. As great powers wax and wane relative to their global adversaries, their ability to underwrite politics within weaker states also rises and falls. When military power is married to resource transfers in an attempt to underwrite politics elsewhere, the military collapse of great powers can have explosive effects throughout the global “periphery,” as argued in the previous chapter.

These two effects cannot be studied in isolation. In fact the preservation of the distribution of power between the great powers often relies explicitly on the underwriting of politics within subordinate states. The core contention presented in Darwin (2009) is that British global empire both facilitated (before 1942) and then explosively drained London’s ability to project power throughout continental Europe. Analyzing the effect of the European distribution of power is impossible without accounting for the ability of Europe’s constituent states to coerce political outcomes outside of Europe. In turn, understanding this latter process relies on a more expansive conception of how military power is distributed throughout the international system.

A Territorial Order

The United States is often said to have established an international political “order” following its victory in World War II. And yet precisely what this means is often unclear. Bull (1977) writes that for international politics to be “ordered” is simply to say that its constituent parts “are related to one another according to

some pattern” (p. 3). Ikenberry (2001) takes a more specific approach in defining what he calls “constitutional order.” For Ikenberry, constitutional order has three components: first, it must contain shared agreement over its rules and principles. Second, it must establish rules and institutions that authoritatively limit the exercise of power. Finally, it must be entrenched in the wider political system and so not easily altered (pp. 30-31).

How does the post-war U.S.-led order stack up? Ikenberry substantiates his argument with evidence from Western Europe, where he finds the United States tightly binding itself to its continental partners, delicately balancing their fear of domination and abandonment. As I argued in Chapter 3, it is probably more appropriate to view U.S. behavior in Western Europe as a function of the specific political situation existing there immediately following the war, rather than as a blanket approach to order-building. While the U.S. made concessions to its European allies in order to secure their participation in the multilateral institutions it created, these institutions were time and again used to entrench U.S. privilege both internationally (Stone 2011) and against domestic groups elsewhere (Vreeland 2003).

The conventional wisdom, following Ikenberry, is to view the U.S. order-building project as one designed around international institutions and multilateralism. Yet the theory presented in this dissertation provides a potential corrective to this narrative. In addition to the proliferation of international organizations, one novel

characteristic of the U.S.-led order has been its focus on total institutionalization, and by extension its concern with securing leadership changes within other states. As we saw in Chapter 2, Woodrow Wilson saw a shift away from the selective institutionalization of empire as a way to push interstate conflict from the core to the periphery of the international system. Indeed, while the postwar era has seen numerous interventions to enforce leadership outcomes within peripheral states, it is notably marked by the absence of great power war.

Overall, it seems unlikely that this territorial order will face large-scale challenge. The state most feared will overtake the United States in raw material capability – China – seems to find political succor in sustaining the inviolability of state borders while at the same time fostering favorable political development within them. In its nearest abroad, China has fought tenaciously to deny the international community with territorial concessions in Tibet and Taiwan. The United States and its western allies would likely do well not to upset this delicate balance.

Indeed the two primary challenges to the U.S.-led territorial order have come from actors who perceive the current order as having locked out their interests. The first of these challenges is the Russian annexation of Crimea and its continued arming of rebel groups within eastern Ukraine. The postwar order has thus far relied on great powers – having failed at securing a favorable leader within a potential subordinate state – either abandoning their hierarchical goals or directly intervening to replace the leader of the entire country. Russian ambitions

in Ukraine are at once smaller (territorially) and larger (in terms of the challenge they pose for international order). The potential to continuously divide states into spheres of influence marks a dramatic shift from the equilibrium the United States has sought to foster.

The second challenge to the postwar order comes from the development of the Islamic State (IS). Unlike Russia, which could potentially pose a direct security risk to the United States, IS will not. Yet its territorial ambitions are perhaps the most similar to European colonial empires seen since decolonization. The Islamic State controls pieces of territory – towns, roads, and rivers – and abdicates governance in strategically unimportant areas. One consequence of this piecemeal strategy has been its rapid expansion across Iraq and Syria.

How the United States might respond to a long-term, sustained challenge to its postwar order is unclear. Were the state system to become “deterritorialized” – that is to say, were competing dominant states increasingly willing to accept flexible rule over partitioned territory rather than total rule over clearly demarcated states – the chances of great power conflict would likely rise. In the U.S.-led order, the boundaries of states have served as focal points, containing great power competition within them. To date, this competition has not spilled out into wider war. Were this norm to fall apart, and states to become more flexible territorial units – suggestive, rather than declarative – this pattern might well slip away with it.

A Peaceful End?

On balance, what implications does the theory hold for the end of American power?

There are at least three points to make. First, the hierarchical relationships that the United States has maintained into the twenty-first century are, for the most part, with democratic states. As Chapter 3 outlined, while hierarchy is more difficult to construct in institutionally inclusive states like democracies, it is easier to maintain in these states. As a result, the U.S. hierarchy relies heavily on the economic benefits that leaders within subordinate states glean from their relationship. By this reckoning, the U.S.' ability to maintain key trading relationships will be important in underwriting hierarchy, as will general economic health. Similarly, in an era of tightening spending, the federal government must seek to protect as much as possible the foreign aid budget. The role of the dollar as a reserve currency, while providing important benefits to Washington, is no less important for its ability to lubricate the global trade flows that benefit friendly leaders within other states.

Second, the military dominance enjoyed by the United States seems likely to persist. In fact, with respect to U.S. ability to coerce political outcomes within subordinate states, it may even expand as intelligent warfare makes the continuous deployment of military operations more financially and politically palatable. The much-bemoaned "rise of China" may matter less in this respect than many anticipate. As argued above, changes in the global distribution of military power do not always hold direct implications for the ability of dominant states to maintain

the tenure of their preferred leaders within other states. What matters *for U.S. hierarchy* is not whether China also obtains these type of military capabilities, but whether or not the United States retains its own.

While this project does not explore the implications of having multiple great powers with hierarchy-building capabilities, future extensions will certainly explore this possibility. To speculate, the development of competing hierarchies points to the importance of the territorial order outlined in this dissertation. As in the Cold War, competition over the leadership of potential subordinate states may be fierce, but it is unlikely to spill outside the territorial boundaries of these states. Maintaining the territorial integrity of these units is key to preventing conflict from spreading to the great powers. Such a proposition surely cuts no ice for the populations of subordinate states.

Finally, the two points above suggest that the end of U.S. hierarchy may well be peaceful and gradual, rather than sudden and violent. In the previous chapter, the end of Soviet and European colonial empires augured for several global waves of civil war. The logic required for civil conflict to arise at the end of these hierarchies revolved around the suddenness of the hierarchical departure. So long as the United States remains a large and growing economy – and despite the 2008 financial crisis, growth has returned to the U.S. – the direct and indirect subsidization of friendly regimes will remain. Likewise, the United States' international coercive capabilities remain unparalleled, and its disadvantage relative to its hierarchical

partners is unlikely to erode anytime soon.

To those fearing the return of great power war, this project provides caution. In the past, global warfare has erupted as a function of great power competition over territorial control, both within and outside of Europe. As noted above, these conflicts were both caused and made possible by these overseas imperial holdings. The argument advanced here has demonstrated that the development of the international state system marked a qualitative change in the management of international hierarchies. Systemic incentives, as they currently exist, push great powers to contain conflict within subordinate states. Convincing China – or in the future, another potential global power – to abide by the rules of this system will be key to managing the possibility of future conflict.

Appendix A

Appendix

Proof. (Selective Aid) This section demonstrates the conditionality of aid on the identity of the leader in the subordinate state. The proof is by contradiction. Suppose that for some strategy profile, F provides $a_1 \geq 0$ and $a_0 = a'$. Then when $\sigma = 1$, A makes an offer to B to make her indifferent between accepting and rejecting. This is given by

$$\begin{aligned} \frac{x + a\theta}{1 - \delta} &\geq -k_B + \delta \left(\frac{q\gamma[x' + a'(1 - \theta)] + (1 - q)(x + a\theta)}{1 - \delta} \right) \\ x &\geq \frac{\delta q\gamma[x' + a'(1 - \theta)] - k_B(1 - \delta)}{1 - \delta(1 - q)} - a\theta, \end{aligned}$$

which B is sure to accept. Thus F 's utility for the stage game is given $a_1 > 0$ is $u_F(a_1 > 0) = \frac{\delta q\gamma[x' + a'(1 - \theta)] - k_B(1 - \delta)}{1 - \delta(1 - q)} - a\theta - a\tau$. Because $u_F(a_1 > 0)$ is strictly decreasing in a_1 , F can strictly improve its utility by providing no aid, and so $a_1 > 0$ is never an equilibrium strategy.

F cannot improve its war payoff either. If F sets some $a_1 > 0$ while A is in office, A sets $x = p - c - a_1\tau$, F 's reservation value for war, since this is the smallest value of x

for which F cannot promise to fight. F can directly improve its utility by setting $a_1 = 0$, saving both the cost $-a_1\tau$ and raising its reservation value for war. Therefore when A is in office, F can always profitably deviate to setting $a_1 = 0$. \square

Proof. (Uncoerced Hierarchy)

s_D : if $\sigma = 1$, set $a_1 = 0$; if $\sigma = 0$, set $a_0 = a_u^*$; $\forall \sigma$ accept $x \geq p - c$.

s_A : if $\sigma = 1$, set $x = x_1^*$; if $\sigma = 0$, accept $x \leq x_0^*$.

s_B : if $\sigma = 1$, accept $x \geq x_1^*$; if $\sigma = 0$, set $x = x_0^*$.

Given these strategy profiles, when in the opposition A accepts any x to satisfy

$$\frac{1 - x_0 + a\theta}{1 - \delta} \geq -k_A + \delta \left(\frac{r\gamma(1 - x_1^*) + (1 - r)(1 - x_0 + a\theta)}{1 - \delta} \right)$$

$$x_0 \leq 1 + a\theta + \frac{k_A(1 - \delta) - \delta r\gamma(1 - x_1^*)}{1 - \delta(1 - r)}.$$

Similarly B accepts

$$\frac{x_1}{1 - \delta} \geq -k_B + \delta \left(\frac{q\gamma[x_0^* + a(1 - \theta)] + (1 - q)x_1}{1 - \delta} \right)$$

$$x_1 \geq \frac{\delta q\gamma[x_0^* + a(1 - \theta)] - k_B(1 - \delta)}{1 - \delta(1 - q)}.$$

Solving by substitution gives

$$x_1^* \geq \frac{\delta\gamma[qk_A(1 - \delta) - r] + [1 - \delta(1 - r)](\delta q\gamma(1 + a) - k_B(1 - \delta))}{[1 - \delta(1 - q)][1 - \delta(1 - r)] - \delta r\gamma} \text{ and}$$

$$x_0^* \leq \frac{[1 - \delta(1 - q)][(1 - \delta(1 - r))(1 + a\theta) + k_A(1 - \delta) - \delta r\gamma] - \delta r\gamma k_B(1 - \delta)}{[1 - \delta(1 - r)][1 - \delta(1 - q)] - \delta^2\gamma^2 r q [1 + a(1 - \theta)]}.$$

In order for these offers to exist in equilibrium, the private value of office must not be too great. Specifically,

$$x_1 \leq 1 \implies \hat{\gamma}_A \leq \frac{[1 - \delta(1 - r)] \left([1 - \delta(1 - q)] + k_B(1 - \delta) \right)}{\delta q (k_A(1 - \delta) + (1 + a)[1 - \delta(1 - r)])}$$

$$x_0 \geq 0 \implies \hat{\gamma}_B \leq \frac{[1 - \delta(1 - q)] \left([1 - \delta(1 - r)](1 + a\theta) + k_A(1 - \delta) \right)}{\delta r (k_B(1 - \delta) + [1 - \delta(1 - q)])}.$$

Therefore when $\gamma < \min\{\hat{\gamma}_A, \hat{\gamma}_B\}$, there exists an offer that is acceptable to the leader in opposition for both states of the game.

It must also be true that F will accept the offer set in equilibrium, which implies that

$$p \leq \min\{x_1^* + c, x_0^* + c\}.$$

From Proposition 1, we know that F never sends aid when $\sigma = 1$, so we must solve for $a^* | \sigma = 0$. Note that F 's utility is strictly increasing in aid for x_B^* : the numerator of x_B^* is increasing in a , while the denominator is decreasing. Therefore so long as τ is not prohibitively large, F provides aid and in fact provides aid such that $x_0^*(a) = 1$, or

$$a^* = \max\left\{0, \frac{\delta\gamma r [k_B(1 - \delta) - \delta\gamma q] - [1 - \delta(1 - q)](k_A(1 - \delta) - \delta\gamma r)}{\theta[1 - \delta(1 - q)][1 - \delta(1 - r)] + (1 - \theta)\delta^2\gamma^2 r q}\right\}.$$

Note that as outlined in Chapter 3, if $k_A > \bar{k}_A$, $a_0 < 0$ and thus F sets $a_0 = 0$. □

Proof. (Hierarchy Construction)

s_D : if $\sigma = 0$ set $a_0 = a^*$; if $\sigma = 1$, set $a_1 = 0$.

s_A : if $\sigma = 1$, offer any x ; if $\sigma = 0$, accept $x \leq x_0^*$.

s_B : if $\sigma = 1$, reject; if $\sigma = 0$, offer x_0^* .

Recall that B 's continuation value for a strategy of reject ($a = 0 | \sigma = 1, a = a^* | \sigma = 0$) is $v_B = \frac{\delta q \gamma [x_0^* + a^*(1-\theta)] - k_B(1-\delta)}{q-\delta}$. Similarly for A , his continuation value for a rejection given the same set of equilibrium strategies is

$$v_A = -k_A + \delta \left(\frac{r v_A + (1-r)(1-x_0^* + a\theta)}{1-\delta} \right) \Rightarrow v_A = \frac{\delta(1-r)(1-x_0^* + a\theta) - k_A(1-\delta)}{1-\delta(1+r)}.$$

Therefore at $\sigma = 0$, A accepts any offer to satisfy

$$\frac{1-x+a\theta}{1-\delta} \geq v_A$$

$$x_0^* \leq 1 + a\theta + \frac{k_A(1-\delta)^2}{1-\delta(1+r) - \delta(1-\delta)(1-r)}.$$

This maximum offer is strictly greater than one unless $r > \frac{1-\delta(2-\delta)}{\delta^2}$ (and by extension since $r \leq 1$, it must be true that $\delta > \frac{1}{2}$). In other words, unless A is quite likely to take office, he will accept any offer while in the opposition given the posited equilibrium strategies. This constraint is key as it ensures that D will actually provide the aid necessary at $\sigma = 0$ to induce competition on B 's part when $\sigma = 1$. As before, it is straightforward that when D provides aid, it sets a^* such that $x_0^* = 1$.

Comparing a^* with \bar{a} , we have that aid is sufficient to induce competition when

$$\theta < \frac{k_A(1-\delta)\delta\gamma q}{k_A(1-\delta)\delta\gamma q - [1-\delta(2-\delta(1-r))][\delta(1+k_B+\gamma q) - k_B - q]}.$$

□

Proof. (Hierarchy Maintenance)

s_D : if $\sigma = 1$, set $a = 0$; if $\sigma = 0$, set $a = a_c^*$; $\forall \sigma$ accept $x \geq p - c$.

s_A : if $\sigma = 1$, set $x = p - c$; if $\sigma = 0$, accept $x \leq x_0^*$.

s_B : if $\sigma = 1$, accept $x \geq x_1^*$; if $\sigma = 0$, set $x = x_0^*$.

Now suppose that at $\sigma = 0$, $x_1^* < p - c$. That is, if A offers B 's reservation value, F prefers to fight. It is obvious to see that due to the inefficiency of conflict, A prefers to set $x = p - c$.

$$\frac{\gamma(1-(p-c))}{1-\delta} \geq \frac{(1-p)\gamma - c}{1-\delta}$$

$$\gamma c > -c$$

Because by construction of the equilibrium $p - c > x_1^*$, B is sure to accept.

Given that $x_0^* = p - c$, consider A 's decision when he is in the opposition. He now accepts

$$\frac{1-x+a\theta}{1-\delta} \geq -k_A + \delta \left(\frac{r\gamma(1-(p-c)) + (1-r)(1-x+a\theta)}{1-\delta} \right)$$

$$x_B \leq 1 + a\theta + \frac{k_A(1-\delta) - \delta r\gamma(1-(p-c))}{1-\delta(1-r)}.$$

Again because F 's utility is strictly increasing in a , it sets a such that $x_0^* = 1$, or

$$a_c^* = \max\left\{0, \frac{\frac{\delta r \gamma (1 - (p - c)) - k_A (1 - \delta)}{1 - \delta (1 - r)}}{\theta}\right\}.$$

□

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