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Review of Noel Maurer, *The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893-2013*

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**The Empire Trap: The Rise and Fall of U.S. Intervention
to Protect American Property Overseas, 1893-2012**
by Noel Maurer (review)

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Reviews

Noel Maurer. *The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893–2013*. Princeton, NJ: Princeton University Press, 2013. ix + 558 pp. ISBN 978-0-6911-5582-1, \$39.50 (cloth).

In *The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893–2013*, Noel Maurer attempts to “make concrete what was previously vague” (22) in the history of U.S. foreign policy. Specifically, Maurer explores the pattern of U.S. government intervention to protect the overseas investments of American businesses when they were threatened, typically through acts of expropriation, by foreign governments. Maurer calls this pattern the empire trap, “in which one American administration’s promise to intervene on behalf of U.S. investors makes it harder for future administrations to refrain from such intervention” (8). The empire trap played out across two American empires. The first empire began with the Spanish–American War and Theodore Roosevelt’s 1904 declaration of the “Roosevelt Corollary” to the Monroe Doctrine and lasted through the early 1930s. This period was marked by the insertion of U.S. agents into foreign governments (primarily in Latin America) to oversee the collection and disbursement of local customs revenues to ensure the stability of government finance and the prompt and responsible payment of government debts. The second empire, which largely overlapped with the Cold War, witnessed the U.S. government use covert action and economic sanctions (primarily in the form of restrictions on foreign aid) to ensure the fair treatment of U.S. investors. Government intervention has ultimately been supplanted by international arbitration and other legal processes aimed at depoliticizing investments disputes.

The Empire Trap, as Maurer succinctly explains at the outset, advances “four basic findings.” First, “American government intervention on behalf of U.S. foreign investors was astoundingly successful at extracting compensation through the 1980s.” Even when the United States could not prevent or reverse acts of expropriation, in the vast majority of cases investors were provided fair compensation by expropriating governments as a result of U.S. intervention. Second, “American domestic interests trumped strategic concerns again and

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again,” as successive presidential administrations, regardless of their ideological predilections, repeatedly pursued acts of intervention on behalf of investors whether those interventions advanced larger strategic interests or not. Third, “the United States proved unable to impose institutional reform in Latin America and West Africa *even while American agents were in place*, let alone afterward.” In all but one case, the fiscal receiverships and dollar diplomacy of the first empire failed to increase the collection of customs revenues, let alone produce long-term stability. Fourth, “the technology that the U.S. government used to protect American property rights overseas changed radically over time - and ultimately, in a case of unintended consequences, gave U.S. investors a set of tools that they could employ against foreign governments *without* explicitly calling on the power of the American executive to protect them” (2–3).

Maurer brings an impressive amount of data to the table in support of his four findings, providing a multitude of detailed examples spanning more than a century of global history to demonstrate the extent to which the U.S. government provided protection to American overseas investments. The government did much more to protect investments in natural resources (including oil) than it did in public utilities and other areas of economic activity, but the degree of intervention was significant and has generally been overlooked as a coherent and consistent feature of foreign policy. One of the great strengths of *The Empire Trap* is the depiction of the emergence of legal and arbitral processes to resolve investment disputes in the latter part of the twentieth century. By exploring the development of these new tools of resolution in the context of the old method of government intervention, Maurer provides tremendous insight into the complexities and difficulties of creating a depoliticized system that could actually be successful.

At the end of the introduction, Maurer asserts the contributions that *The Empire Trap* makes to the disciplines of Political Science, Economics, and History. Political scientists, according to Maurer, have long noted the willingness of the U.S. government to go “to bat for American investors in conflicts with foreign states,” but they have “not fully recognized” how successful the U.S. government was “in obtaining compensation for U.S. investors that equaled or exceeded the value of their investments as going concerns” (17). Economists, in Maurer’s estimation, have relied on “stylized facts - that is, facts accepted as true for the purpose of argument” for too long in their assessments of expropriation. *The Empire Trap* converts those stylized facts “into real facts, verified by data and evidence” that tells a different story about expropriation (20). In the field of History, Maurer upends the standard narrative on Latin American economic nationalism and offers a “new periodization of economic imperialism” (22–23).

I suspect that assessments of *The Empire Trap* will be significantly shaped by the disciplinary perspective of its readers. As a historian of U.S. foreign policy, I felt that Maurer did not do enough to situate the empire trap within the larger geopolitical context confronting the United States, especially in 1904. The willingness of the McKinley and Roosevelt administrations to abandon a century of virtual isolation in favor of empire in the Philippines and intervention in Latin America is only comprehensible within the context of the scramble for Africa and European imperialism in Asia (and the negative economic consequences both held for the United States), to say nothing of past European interventions in Latin America (something the United States had tried to ward off as early as 1823 with the Monroe Doctrine). All of this contributed to Roosevelt's fear that irresponsibility on the part of Latin American governments could step off a wave of European imperialism and led to his decision to issue his Corollary and to set the empire trap in motion. Maurer is right to highlight the particular motivation of protecting the interests of American investors in Latin America, but this motivation is one piece of a much larger puzzle.

Larger context aside, the empire trap thesis is exceptionally useful at highlighting and explaining the longevity of American intervention in Latin America and Liberia before the Great Depression. As a fully coherent theoretical framework explaining government action throughout the twentieth century, though, it does not hold up as well. During the Cold War, U.S. interventions were primarily motivated by curbing the spread of Communism, or were generally limited to the use of economic sanctions to secure adequate financial settlements for American investors. While the U.S. government sought to protect American overseas investments throughout the twentieth century, it was never clear that the empire trap itself was the motivating factor behind these efforts during Maurer's second empire.

Despite these weaknesses, *The Empire Trap* represents an important addition to scholarship on twentieth century U.S. foreign policy. Maurer convincingly demonstrates that American investments in foreign countries were repeatedly threatened by expropriating governments and that in countless instances the United States utilized a variety of methods to protect those investments or to ensure fair compensation when they were lost. Maurer's four findings generally hold true, even if the empire trap thesis itself is less persuasive once the first American empire came to an end.

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