



Empire: Public Goods and Bads

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ABSTRACT

THE ARGUMENT IN FAVOR OF BENEVOLENT STATES OR COALITIONS of states actively intervening in the internal affairs of other sovereign states has recently become fashionable after being out of favor or simply forgotten for many years. Today the argument tends to be associated, explicitly or otherwise, with a Hobbesian kind of perspective that asserts the need for a benevolent hegemon at the international level and in certain cases the national level. The underlying argument is that social order will not arise spontaneously, but will require the use or sanction of force and, hence, a dominant power. The argument has two forms, which are connected but need to be distinguished.

The first (made most notably by Niall Ferguson) argues that in the modern world a global hegemon is needed to provide public collective goods at a global level, such as: (a) a stable world monetary order, (b) protection against pirates, organised crime, 'rogue states,' and other predators, (c) a stable set of rules for transnational trade and finance, and (d) a body of rules that will govern inter-governmental relations and conflicts. For the Western Hemisphere since at least the 1890s, this function, says Ferguson and others, has been met by the United States, and

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for the rest of the world up to the 1940s by the British Empire and since then by the United States, particularly since 1989.

The second form of the argument, sometimes called “nation building,” (represented by Francis Fukuyama and also argued by Ferguson) is that while in much of the world the core public goods of defense against violent predation, the rule of law, and stable property rights are provided by existing legitimate states, in many cases the officially recognized state is too weak or corrupt to provide them effectively or even at all (Fukuyama 2005, Ferguson 2003, esp. ch. 4). Such ‘failed states’ are not only a problem for those unfortunate enough to have to live under them but for the rest of the world as well, both because of spillover effects and because they undermine the stable international order. The list of ‘failed states’ typically includes such cases as Haiti, Somalia, and Afghanistan, but is sometimes broadened to include almost all of Africa and much of Latin America and the Middle East and Central Asia. Such cases call for intervention by an outside power or hegemon to provide the needed public goods and in the longer term, to create a self-sustaining domestically-rooted political order that can provide such goods for the country in the future. Note that in either form, the argument holds that actual direct imperialism, and more general intervention and ‘nation building,’ are the means by which the imperial powers, and particularly the actual or aspiring global hegemon, provide a kind of service by supplying public goods, and that this can be done directly or indirectly via local proxies backed up by the threat of intervention.

Over the past several years the number of economists exploring the benefits of foreign military interventions has been on the rise. Economists contributing to this literature include Charles Kindleberger (1981), Deepak Lal (2001, 2004) and Niall Ferguson (2003, 2004). A recent paper by Kris James Mitchener and Marc Weidenmier, entitled, “Empire, Public Goods, and the Roosevelt Corollary,” published in the *Journal of Economic History* in 2005, paints a favorable view of US intervention in Central America. They treat the Roosevelt Corollary and the associated US posture as productive of financial stability and peace. The United States served as “the region’s ‘policeman’ and a promoter of peace and regional stability” (Mitchener & Weidenmier 2005, 659). Mitchener & Weidenmier analyze the average sovereign debt price for countries in Latin America covered by the Corollary and find that sovereign debt prices rose by 74 percent following the announcement of the policy in 1904. Their analysis falls into the first category discussed above—the need for a regional hegemon to provide public goods.

In a similar vein, another recent article in the *Journal of Economic History*, “The Empire Effect: The Determinants of Country Risk in the First Age of Globalization, 1880-1913,” by Niall Ferguson and Moritz Schularick (2006), praises the British empire for providing its colonies with stability in trade and monetary policy. Ferguson & Schularick study the differences between the spreads on British colonial bonds and the bonds issued by countries independent of Britain and conclude that British colonies were able to borrow at significant discounts. This “empire effect,” as they call it, significantly reduced the default risk perceived by investors because the British presence signaled a commitment to maintain sound policies in the colonies. Although not our main focus, we draw attention to this piece because like the Mitchener & Weidenmier article, Ferguson & Schularick focus narrowly on the benefits of imperialistic activity while failing to acknowledge the associated bads. These two papers, appearing within twelve months of each other in the *Journal of Economic History*, serve to represent the broader treatment and biases of the analysis of imperialistic and hegemonic activity, and the degree to which this argument is finding expression.

In our view, the recent pro-empire writings have been largely one-sided, mainly focusing on the goods that empires can produce while neglecting the bads. Every economist knows that actions have unintended consequences, that actions have costs as well as benefits. Every economist understands that the issue is one of comparative evils. So it is a question of broad judgment.

As a policy issue, foreign policy is particularly messy and difficult. The consequences of military action come in the target country, the neighboring countries, other countries that might fall within strategic ambit, rival countries, and the imperialistic country itself. Our understanding of these consequences is limited. The cultural and geo-political mechanisms in play are daunting and sharply disputed. Moreover, every occasion is highly unique. Certain past interventions look like great successes, others abysmal failures. This isn’t rent control, agricultural subsidies, or slavery, where one may take a firm position for abolition.

Our own sensibilities lead us to be terribly skeptical of—and generally predisposed against—imperialistic projects, even those of the better governments (like those in the United States or Britain). Just as the analysis of Adam Smith, Ludwig von Mises, Friedrich Hayek, James Buchanan, Gordon Tullock and hundreds of associated scholars leads us to be skeptical of inspired claims about what government action can repair in the domestic sphere, so we can apply that kind of analysis, and more

general economic analysis, to imperialism and interventionism, and again arrive at skeptical conclusions regarding proclaimed ends and actual results evaluated more generally. The concept of government failing in its attempts to resolve a public goods problem clearly applies to empire, nation building, and intervention just as much as, indeed, even more than, it does to domestic social programs and schemes of economic management. Empirical tests will show how such actions often clearly fail in terms of their own stated objectives and justifications.¹

What moves us to write this paper is the concern that the bads are being given short shrift. If “corrective” imperialistic projects are, in fact, highly treacherous and tend to be bad on net, then research that paints a misleadingly positive picture can be dangerous. Today’s unfolding events in Iraq, Afghanistan, and the broader Middle East underscore the gravity of these issues.

Our goal here is to help counter the pro-intervention literature, by developing a list of public bads, to be minded in conjunction with potential public goods. The list of potential public bads can be illuminated by looking into the Roosevelt Corollary and the associated interventions of that period. A point to emphasize is that, just as in other areas, the bad consequences of government action often become apparent only after the passage of time and then generate calls for further action to correct the consequences of the initial intervention. After considering potential bads, we move to a broader plane, and use the well-known Polity IV index of political institutions to argue for a generally anti-imperialistic view of foreign affairs.

THE JUDGMENT OF MITCHENER & WEIDENMIER AND FERGUSON & SCHULARICK

Before turning to the public bads, we scruple to establish that to which we are reacting against. We are using Mitchener & Weidenmier (2005) and Ferguson & Schularick (2006) as examples and touchstones of pro-empire literature. In what sense are these articles pro-empire?

¹ One interesting issue, which is beyond the scope of this paper, is that of why so many scholars who are appropriately skeptical and hard headed when it comes to domestic policy become the exact opposite when it comes to their government acting outside its national borders.

It is natural to assume that articles of social science entitled “Empire, Public Goods, and the Roosevelt Corollary” (Mitchener & Weidenmier 2005), and “The Empire Effect: The Determinants of Country Risk in the First Age of Globalization, 1880-1913” (Ferguson & Schularick 2006), are concerned with the most important things having to do with those topics, and, thus, that neglect of some things should be taken to imply a judgment of their being relatively insignificant. Social science is presumed to serve human purposes, in this case evaluating foreign-policy actions, and the evaluation must ultimately take place from the agent’s point of view—are such actions good on net? In making such an evaluation the good social scientist minds all the most important things. Things that are left out are implicitly deemed less important. To carry out narrow-aspect evaluations without concern or connection to overall evaluation would throw social science into meaninglessness and charade.

In fact, these articles cannot easily be quoted as pro-empire. But judgment is conveyed in the whole, particularly in omission. To establish this we must quote from each article at length.

The entire abstract from Mitchener & Weidenmier (2005) reads as follows:

In 1904 the Roosevelt Corollary to the Monroe Doctrine proclaimed that the United States would intervene in the affairs of unstable Central American and Caribbean countries that did not pay their debts. We find that the average sovereign debt price for countries under the US “sphere of influence” rose by 74 percent in response to the pronouncement and actions to make it credible. We use this policy change to show that the United States subsequently acted as a regional hegemon and provided the global public goods of increased financial stability and peace. Reduced conflict spurred export growth and better fiscal management, but debt settlements were driven primarily by gunboat diplomacy. (Mitchener & Weidenmier 2005, 658)

Thus, the abstract trumpets the good and is silent about possible bads.

We now quote the conclusion in entirety, and bold bits that, taken together, constitute a general endorsement of the Roosevelt-Corollary policies:

Conclusion [of Mitchener & Weidenmier 2005; bold added]

The history of US imperialism at the turn of the century provides a powerful illustration of the effects of news on financial markets. The Roosevelt Corollary prompted one of the largest bond market rallies in the early twentieth century. Abnormal returns on sovereign debt issued by countries around the Caribbean Sea were sustained in 1904 and 1905, but not in other areas of the globe or Latin America, suggesting that the bond rally was the result of Teddy Roosevelt's new policy of intervention. Viewing the policy as credible, market participants bid up the price of bonds in anticipation of greater US involvement in resolving debt dispute.

The cost of securing regional hegemony declined as the threat of European intervention in the region receded. As the prices of sovereign debt rose in London, the need for the United States to intervene on behalf of creditors fell because of the primary reason for European intervention (to support creditor claims) became less of a concern. However, the United States did not have to commit to a long-run policy of direct intervention. Its commitment of resources and direct intervention in Santo Domingo sent a signal to countries under its sphere of influence that it was willing to intervene, use "Big Stick" diplomacy, and take away sovereignty; but **its chief long-run strategy was to promote peace and regional security**. The reduced incidence of conflict in Central America and the Caribbean encouraged exported growth and revenue collection in the region, but the threat of gunboat diplomacy or lost sovereignty, made credible by prompt US intervention in Santo Domingo, led many Central American and Caribbean countries to settle long outstanding defaulted debts. The new American policy was cheaper than repeated direct intervention and improved the prospects of debt settlement by increasing the willingness of Central American countries to pay their debts. It was also incentive-compatible with US commercial and military

interests in the region. **The response of financial markets to the corollary made it possible for the United States to provide the public goods of empire, and provision was a cost-effective means of promoting its broader strategic objectives.** (690-691)

Thus we get a generally upbeat conclusion about the policies. Moreover, the argument that empires do indeed provide public goods is assumed with no mention of possible associated costs. The authors also explicitly assume that the policy they describe is one that does not require or lead to permanent or long term and repeated intervention, much less actual direct imperial rule.

Do Mitchener & Weidenmier ever acknowledge the possible public bads of empire? Aside from a footnote (note 2 on 659) that merely alludes to “the Leninist critique of imperialism,” the *only* acknowledgement of potential public bads comes in the article’s first paragraph, which seems to offer an overview of possible consequences of imperialism. We quote the paragraph in full:

Imperialism has long been associated with economic expansion. Political or military power can be used to acquire natural resources and raw materials, create overseas markets for exports, and expand the investment opportunities for home-country investors. Imperialism can potentially lead to the creation of global public goods, such as peace and stability. Imperialism can also transform the economics of supplicants. It can facilitate the transfer of institutions that are amenable to long-run economic growth, or it can disrupt social order, creating political instability and retarding economic growth. (Mitchener & Weidenmier 2005, 658)

The paragraph contains a number of assertions that are debatable, to say the least. There is the initial linking of imperialism with economic expansion. This is contingent at best, given the many cases where economic growth and development has not been associated with or led to imperialism and others where it has in fact been associated with economic decline or stagnation. The second sentence simply asserts the mercantilist idea of ‘trade following the flag’ with no intimation that this kind of policy might be unnecessary or even counterproductive. The remainder of the paragraph

baldly asserts the two arguments for imperialism set out earlier, that it provides global systemic goods for the international system and that it can transfer the required institutions through a process of state building. It is revealing that the objects of imperialism are described as “supplicants,” suggesting that this is something they have requested. Right at the end comes a straggling acknowledgement of possible ill effects for these “supplicants.” The entire article thereafter focuses solely on the public goods, as evidenced by the patterns of sovereign debt prices. There is no further attention to any possible ill consequences. Nowhere is there any acknowledgement of costs for those within the imperial country, nor for those in other places within the strategic ambit. As already shown, the article concludes by asserting the goodness and desirability of the policies.

In a similar fashion, consider the main implication drawn by Ferguson & Schularick (2006) from their conclusion that countries of the British Empire were able to borrow at significantly lower rates than those independent of Britain:

This conclusion has wider implications for historical debates about imperialism and modern debates about economic development. Whatever the impact on Britain of large-scale overseas investment, it can hardly have been disadvantageous to British colonies that they could raise capital in London at rates up to 60 percent lower than comparably endowed sovereign states, or that they were able to attract more British capital than otherwise comparably situated but independent countries. To be sure, indigenous peoples by and large had little say over the ways in which the capital so raised was invested. Conceivably, independent governments might have invested it in ways better calculated to foster economic growth. Yet the record of most postcolonial governments, especially in sub-Saharan Africa, strongly suggests otherwise. **The inability of so many former colonies today to attract foreign investment—other than in the form of credits or aid from noncommercial lenders and donors—suggests that there may be a trade-off for poor countries between political sovereignty and creditworthiness. The empire effect encapsulated that trade-off. For many poor countries struggling today to attract foreign investment at affordable rates of**

interest, the answer may not be a currency peg or even “structural adjustment,” but the importation (or imposition) of less dysfunctional economic, legal, and political institutions. (2006, 308, bold added).

We heartily agree that institutions matter, but Ferguson & Schularick strongly suggest that foreign insertion or imposition of the institutions is the way to go. Many questions go unanswered. What are the costs of these interventions? What large, long-term problems might result? How will government failure on the part of the imperial powers be corrected? Is actual imperial rule (as opposed to intervention) required for beneficial results and if so how long does it have to last? As in the case of Mitchener & Weidenmier, Ferguson & Schularick do not acknowledge such issues, even in passing. Above all they ignore the fact that many parts of the world that experienced British colonial rule have not enjoyed any long lasting benefits since then. If one of the beneficial results of British rule is the “planting” of institutions such as the common law system and its associated strong protection of property rights (as Ferguson has argued elsewhere) then we must conclude that in many cases such “planted” institutions have not taken root. These scholars are implicitly saying that the hazards involved in the policies they are endorsing are not significant. Why should we assume modern imperialistic interventions would have the same effect as some historical British efforts? What are the associated costs of these interventions? Can these interventions produce “bads” in addition to the “goods” analyzed by Ferguson & Schularick? These questions do not just go unanswered, they fail to be recognized even in passing as in the case of Mitchener & Weidenmier.

These two articles were published in the *Journal of Economic History* within twelve months. Both represent the one-sided approach that some scholars bring to the study of imperialistic and hegemonic interventions and also highlight how arguments for the general utility of imperialism are increasingly made and accepted.

THE PUBLIC BADS OF EMPIRE, NATION BUILDING, AND THE LIKE

In addition to the usual problems of government action, imperialism and hegemonic interventionism have inherent features that spell “public bads” at both the global and local level. Moreover the ability of this kind of

action and governance to succeed in the public goods that are their supposed justification is doubtful and needs to be measured against actual alternatives, notably a policy of peace, open trade, and easy immigration. To our knowledge, there has yet to be a comprehensive list of potential public bads associated with imperialism and hegemonic interventionism. We begin to fill this gap by proposing the following list of public bads:

1. Imperialism is clearly connected to and correlates with a growth of active and paternalistic government at home. The paternalistic notion of government that is used to justify imperial adventures is often applied at home and generates bad public policy there.
2. Imperialism diverts precious attention away from the basic contest between government and liberty by focusing on foreign activities instead of the actions of government at home.
3. Imperialism and intervention leads to high levels of military spending with a long run tendency for these to grow until a fiscal limit is reached. This reflects the way the process of intervention tends to continue and grow, so leading to the well attested phenomenon of “imperial overreach.”
4. The need to justify the intervention and sustain support for it leads to protectionism of the classic colonial kind and to a system of favors and privileges being given to domestic interests and collaborators. The domestic interests concerned then become a lobby for subsequent interventions.
5. Imperialism and intervention by a hegemonic power creates client ruling elites that are typically both brutal and corrupt because of their position and frequently incompetent to boot. They are not good providers of public goods by most measures. (The Dominican Republic, Haiti, Nicaragua, El Salvador are just a few of many possible examples).
6. The benefit that imperialism brings to elites in the shape of rents and positions of power both consolidates their position and makes social change and economic development more difficult.
7. Some semblance of short-term stability through the installation of a puppet regime will often result in long-term instability and the need for further intervention as in the case of US interventions in Latin America.

8. The client elites created by intervention do not have an interest in sustained economic development. On the contrary, such a process is not in their interest because it would lead to competition for the privileged position that they hold via the hegemonic power and so they tend to hinder it.
9. The way both subaltern elites and hegemonic elites work leads to the emergence of what is usually called “crony capitalism,” deriving from the use of political power to benefit certain highly specific groups rather than broad categories or classes. The Philippines are a classic example.
10. The opposition that intervention and actual empire provoke will either consist of would-be predators who wish to join the action or to groups who, in the context of the United States being the hegemon, reject free markets and liberal governance and follow other ideologies that prove self-defeating.
11. At the international level foreign interventions create competition between rival powers or groups of powers and undermine cooperation between ordinary economic actors because of the way they lead to such phenomena as protectionism, manipulation of the monetary system, military competition, and sometimes war.
12. Imperialistic interventions impose costs on ordinary people in the shape of direct costs such as taxes and indirectly via the protectionism and favoritism that it generates.
13. Foreign interventions promote a way of thinking about the world among the elite in particular but also among others, a way of thinking that leads them to see the world and economic actors as engaged, not in a cooperative process of mutual benefit, but rather in a competitive zero-sum game. For example, that mentality tends to see China’s economic success as a “problem” and a “threat” rather than as a blessing and opportunity.
14. Culturally it is associated with bellicose masculinity, xenophobia, and racism – Theodore Roosevelt being a good example of these.
15. Empirically it is associated with the growth of organized crime. The imperial power creates opportunities that prosper criminal groups, and is typically driven to work with them. Thus US

intervention in the Andean region, Afghanistan and Pakistan (and earlier Burma) has clearly contributed to the appearance of organized crime and the illegal drug trade in those areas.

16. The disorder of failed states is typically in large part a consequence of earlier imperialism - this is clearly the case in Somalia, or indeed all of Africa as well as several cases in Latin America.

17. More generally, imperialism and interventionism check the process of the emergence of spontaneous order and institutions and tend to leave force as the focal means of resolving disputes or supplying any kind of order.

18. One aspect of imperialistic intervention which is particularly important in Latin America and Africa is the way it freezes and sustains political structures and arrangements that are dysfunctional, rather than allowing events and competition between elites to take their course. The goal is often to preserve an existing set of boundaries and institutions rather than let social and political change produce an arrangement that is more effective.

19. Ethnic and religious conflicts are frequently exacerbated due to the imperial power adopting a “divide and rule” strategy. However this can happen even if they do not follow such a strategy, simply because of the differential fortunes of different groups leading to conflicts and because the response to outside rule or intervention frequently leads to the articulation of an identity that excludes some locals as well as the outsiders.

20. At the level of basic meaning to folks on the ground, the troubled society needs to find a process of emergent political legitimacy. The imperial power becomes an additional, awesome, and rather alien force in the internal political romance. This insertion can, we admit, possibly serve as a feared and focal force toward better arrangements—as when a nation-state commits atrocities and is soundly defeated at war, and “the people” feel great shame for what their legitimate government had done. But otherwise, in most cases, even if the foreign powers represent universal ethical goods—freedom and democracy, some might say—any such set of ideals remains far too abstract to serve as a focal guiding principle within the regional romance. Even if it is an angel, a foreign power remains alien. It confuses the legitimacy process, leaving the internal forces

uncertain, mistrustful, and unconfident in their own character and identity. “Dependency” goes much beyond supplication—military aid and training, foreign aid, etc. The locals are dependent on the big awesome power for the very narrative of their political lives and identities, and this existential dependency is very often a source of resentment and bitter hatred.

Of course this list is not exhaustive but it does emphasize some of the significant costs and bads associated with imperialism and hegemonic interventionism. As the list indicates, the public bads that imperialism generates diminish the prospects for civil society and bourgeois virtues. In contrast to cooperation, exchange, and cultural contact in the confidence of peaceful sovereignty, the public bads tend to institutionalize force and provoke counter-forces, resulting in cycles of hostility and aggression. Once great levers of political force are inserted into the social equation, particularly alien levers that can act unpredictably and catastrophically for any individual group, every group must become anxious to gain favor with or control of those levers, if only as a matter of self-preservation and protection, but inevitably also as a tool of predation and self-exaltation.

PUBLIC BADS IN THE CASE OF LATIN AMERICA

Given the list of potential public bads put forth above, we return to Mitchener & Weidenmier’s analysis of US intervention in Latin America. After exploring the historical context of US interventions we provide some narratives about the instantiation some of the public bads in the place and time (extended time) of the Mitchener & Weidenmier investigation.

In December 1904, President Theodore Roosevelt outlined the main tenets of what would become known as the Roosevelt Corollary to the Monroe Doctrine:²

Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by

² For a brief history of the Monroe Doctrine as well as an analysis of the doctrine’s impact, see Gilderhus 2006.

some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power (Roosevelt 1910: 176-7).

In addition to specifying his “big stick” foreign policy, Roosevelt indicated that the United States would serve as the protectorate of the Western Hemisphere using military force where necessary. The United States had a history of military intervention in Latin America prior to Roosevelt’s Corollary. For instance, the United States had intervened in Cuba in 1898 under President William McKinley in the Spanish-American War, following the sinking of the *USS Maine* in the port of Havana (this had also led to the acquisition of the Philippines, an event that moved Kipling to urge the United States to “Take up the white man’s burden”). Further, from 1903, Roosevelt already had the US military involved in Panama.³ The official announcement of the Roosevelt Corollary can be seen as the declaration of a foreign policy, based on military intervention or the threat thereof, which had already commenced, with 1898 the likely starting date.

The context to this new policy of active intervention in the lands around the Caribbean was this. The years after 1870 had seen economic growth in most of this area along with a growth in external investment, the most prominent example being Mexico under Porfirio Diaz.⁴ However there had also been serious political conflict in several places, most notably the Dominican Republic, Haiti, Colombia and Central America.⁵ Most of the states in these areas were classic examples of what would now be called “failed states,” with weak public institutions, severe conflict between rival groups for the control of the state (particularly in Colombia where there was a civil war between 1900 and 1903) and chronically disordered public finances, due to a combination of corruption, feckless spending and significant non-compliance with taxation by much of the population.

The ruling elites of states such as Colombia, Venezuela, Nicaragua, and the Dominican Republic had financed their dysfunctional political systems via the issuing of large amounts of sovereign debt on the

³ On US interventions in Latin America prior to the Roosevelt Corollary, see Williams 1980, 102-110. See also Healy 1992.

⁴ For the Diaz regime and its policies see the definitive (and revisionist) biography Garner 2001.

⁵ For this background see Cardoso, Hoetink, Nicholls, and Deas, all in Bethel 1986.

international financial markets but were increasingly unable to service it. This increasingly led to pressure by bondholders for intervention in the affairs of the region by the great powers in Europe, something that was clearly unwelcome to the United States, given the longstanding Monroe Doctrine. In addition the United States faced intensifying competition for regional influence from European powers, notably Britain, Germany and France, particularly given the increasing interest in an isthmian canal after 1890.⁶ The response by the United States was to intervene and to try to create order and stability. Mitchener & Weidenmier (659) highlight one of those early actions: “the United States sent gunboats to Santo Domingo in 1905 and took over customs collections to pay foreign creditors after it defaulted on its external debt and European powers threatened to intervene.” (Revealingly, this did not resolve the problems and led to full-scale intervention and occupation some years later.)

However, the actual response was not the only option available for any US administration. A very simple response would have been to continue the policy followed by Grover Cleveland during his second term and advocated by him after he left office, explicitly in opposition to Theodore Roosevelt, whom he regarded as a disaster.⁷ This would have been to let sovereign borrowers default on their debt and allow the (mostly private) bondholders to take the hit and bear the consequences of their (increasingly ill-advised) lending. If necessary the United States could have blocked intervention by European powers without taking on that role itself, while encouraging resort to international arbitration (this was precisely the course of action followed by Cleveland during his second term). The consequence in the short term would have been political upheaval in the region but this would most likely have led to the emergence of a different and more stable kind of political order. However this would have involved a radical reconstruction of borders and sovereignty, most notably in Colombia and Venezuela but also in Central America. That this option was hardly considered then or now shows the hold of the notion that geopolitical boundaries and arrangements should be regarded as sacrosanct and permanent – except where change suits great powers, as in Panama.

There were two key events that actually provoked Roosevelt’s Corollary to the Monroe Doctrine. One was the German involvement in a blockade of Venezuela after the Venezuelan government threatened to

⁶ For competition between the imperial powers and their elites in this region before 1914 see Salisbury 2002, 1992, and 1989, Schoonover 1998 and 1992.

⁷ See for example Kelley 1990, 342-345 and Tompkins 1970.

default on outstanding debts in 1902.⁸ The Venezuelan crisis raised the prospect of continued European interventions in Latin America in response to future debt defaults. The other was the prospect of an isthmian canal (see Ricard 2006, 19-20), creating the need to protect the “Canal Zone” so that American investors would reap vast benefits, while excluding other rival projects. This should be contrasted with the response of Grover Cleveland to the earlier Venezuelan debt crisis of 1895, and his withdrawing of a treaty for a Nicaraguan isthmian canal in 1885 as “coercive and expansionist” (Kelley 1990, 342).

As the historian Serge Ricard notes, “Until the 1890s, Americans generally considered a coastal defense of US shores sufficient protection from foreign attack” (2006, 20-1). Roosevelt’s “big stick” approach to foreign policy resulted in a tectonic shift, not only in the political and economic relations between the United States and Latin America, but also in the relationship between the United States and Europe. The United States would no longer focus simply on defending its national borders but also the broader Western Hemisphere (Powell 2006, 68-9, 76). The wider ramifications of this policy shift are evident today.

The Roosevelt Corollary was the assertion of a kind of foreign policy. Precisely because it demonstrated a degree of commitment, Mitchener & Weidenmier can instructively attribute concurrent trends in bond prices. However, the posture, ethos, and commitments intrinsic to the Roosevelt Corollary and the US intervention at Santo Domingo in 1905 have consequences beyond the brief and narrow window examined by Mitchener & Weidenmier. Those actions are part of a large package of altered states and probabilities, and it is the package, not individual items, that one must evaluate.

The Roosevelt Corollary would be used by Roosevelt, as well as subsequent US presidents, to justify numerous interventions in Latin America. What were the results of the military interventions in Latin America that occurred after the official announcement of the Roosevelt Corollary? Again, Mitchener & Weidenmier (2005) conclude that the United States, acting as a regional hegemon, provided the global public goods of financial peace and stability—at least in the Caribbean area, if not in Latin America more generally. The increase in the average sovereign debt price would seem to support their case. They also conclude that it led to an

⁸ For the debt crisis and the blockade and in particular the German role, see Morris 2002, Mitchell 1996, Anderson 1995, Forbes 1978.

increase in the quality and stability of governance in the region, which the rise in sovereign debt prices reflected.

But closer examination reveals a different and murkier prospect. Even without considering the case of Mexico, where the collapse of the Diaz regime in 1911 provoked a savage revolution and civil war (made worse by US intervention), it is not clear that there was any significant improvement in the quality of governance by a number of indicators even before 1916.⁹ The pattern in most cases was for US intervention to lead to short term improvements in the financial stability of governments but for this to be followed by a “relapse” into bad ways, which required further intervention. Moreover, as time passed it became clear that active intervention by the United States as a hegemonic power had produced a number of very severe and adverse long term consequences, seen for example in the Dominican Republic, Haiti, Nicaragua and Colombia.¹⁰

In the context of mid and late twentieth century geopolitics this led to yet further direct US interventions which made the kinds of consequences listed earlier even worse and more intractable. The underlying principle was that existing states had to be sustained and major unrest to the existing political order averted—major unrest always being a challenge to the vanity of control and the pretense of knowledge, and never being good in the short-term for bond prices. That underlying principle was not questioned, with the result that any unrest was especially likely to be hostile, so strengthening the original rationale. In that case, the principle of preserving the established order becomes self-rationalizing.

Thus in the case of the Dominican Republic Roosevelt imposed an agreement in 1903 that required US control of Dominican customs revenues for a period of fifty years. Initially this led to a stabilization of finances and the floating of loans on the New York market but unrest led to direct military intervention in both 1914 and 1916 and direct US rule from 1916 to 1922. However the state of the public finances required further US intervention (of a non-military kind) in 1929.¹¹

This period had very serious consequences for the Dominican Republic in the longer term. In Cuba the constitution drawn up under American supervision contained the so-called Platt Amendment, which provided for control of sovereign debt and for intervention by the United

⁹ There is a wealth of literature on the Mexican Revolution and its consequences. For an introductory account see Womack in Bethel 1986.

¹⁰ See Schulzinger 1984 and Langley 2002 for more detailed examples.

¹¹ See Calder 1984, Hanson 1994, Millet and Gaddy 1976, and Castor 1974.

States “to maintain Cuban independence and a government capable of preserving life, property, and personal liberty” (Kohn 1991, 258). The outcome was a rebellion in 1906 leading to an incipient civil war, which provoked a military occupation by American forces. Further disorders broke out in 1912 and led to a second military intervention in 1917.¹² There was further intervention between 1921 and 1923 led by General Enoch Crowder.¹³ Disorder continued until finally Batista came to power in 1936.

In Nicaragua the United States intervened in 1909 to remove the Liberal President Jose Santos Zelaya and in 1911 imposed an agreement similar to that applied to the Dominican Republic. However they had to intervene militarily the following year and then again between 1926 and 1933.¹⁴ As in the Dominican Republic and Cuba the long term consequences, described below, were not good. In Venezuela the outcome was the dictatorship of Juan Vincente Gomez, from 1909 to 1935.¹⁵ In Colombia the years between 1904 and 1921 saw repeated but unsuccessful attempts to stabilize the public finances and the consolidation of the division between Liberals and Conservatives that would burst into open war in 1948.¹⁶ Central America saw repeated interventions throughout the period between 1903 and the 1930s but these did not bring about any noticeable increase in political stability or the effective functioning of government—if anything the opposite was the case.¹⁷

The pattern of intervention and its consequences is clear when one takes a longer historical perspective. It then becomes apparent that these interventions have not been one-offs but have led to further repeated intervention and that the results have not been either political liberty, social and economic development, or the spread of liberal ideas and institutions. Many have argued that the United States has employed its economic and military force since 1900 to ensure that countries in Central America are continually dependent on the United States. For instance, Walter LaFeber

¹² For the Platt Amendment and its consequences see the various works of Perez, especially 1986 and 1984 but also 1978 and 1979. For the historiography of the amendment and its origins see Hitchman and Cummins 1967.

¹³ The role of Crowder and also of Sumner Welles is discussed in Hanson 1994. For a more general account of Cuban history including the way US intervention led to Batista’s coming to power see Staten 2005 and Perez 1995.

¹⁴ See Hewlett 1988, Salisbury 1997, Harrison 1995.

¹⁵ For the Gomez regime see Yarrington 2003a, 2003b and Ellner 1995.

¹⁶ A short and readable survey of the way this division played out between the later 1880s and the ‘violencia’ after 1948 is in Ruiz 2001, 31-58.

¹⁷ For the interventions in Central America in particular, see Mahoney 2001, Evans 1997, Woodward 1984, Baloyra-Herp 1983 and Grieb 1967.

(1984), in documenting US-Central America relations, notes how the United States has historically maintained short-run “stability” by supporting illiberal oligarchies that acquiesce to US demands. The cumulative effect of a century of direct and indirect US interventions, according to LaFeber, is a continuing series of “inevitable revolutions.” Given the repressive nature of the political and social system in Central America, the only mechanism of political and social change is through political or violent uprisings. This in turn leads to a situation where political or military threats to US-friendly, although typically illiberal, regimes are met with subsequent direct or indirect US interventions. The circle of initial US interventions, the resulting negative unintended consequences and subsequent repeat US interventions becomes a self-perpetuating trap.¹⁸

Yet another negative unintended consequence of continued US interventions in Central America is the ideological backlash against liberal democratic political and economic systems. Not only do many indigenous citizens in Central America view revolution as the only means of change, they also despise capitalism because it is associated with “a brutal oligarchy-military complex that has been supported by US policies—and armies” (Lafeber 1984, 14). This ideological backlash against US-style economic and political institutions make any movement toward sustainable liberal institutions that much more difficult and unlikely. Again, short-term stability in the form of US interventions to quell uprisings and protect friendly regimes has simultaneously produced long-term instability in the form of future uprisings coupled with an ideological backlash against the United States¹⁹

Consider a specific example of how US interventions and occupations can generate “public bads” in the form of illiberal and repressive outcomes. Specifically, consider the first effort by the United States to generate social change in the Dominican Republic during the 1916–1924 occupation. A key aspect of the occupation and reconstruction was the disarmament of the populace as part of a broader aim to prevent rebellions. The disarmament policy had a major unintended consequence that became evident with the rise of General Rafael Leonidas Trujillo to power via military coup.

Trujillo, who joined the Dominican National Police during the US occupation, rose quickly through the ranks and was eventually named chief of the army. Trujillo would eventually lead the coup to overthrow President

¹⁸ Langley 2002, 1996 and Glasgow 1987.

¹⁹ Langley 1988.

Horacio Vásquez, who had been elected during the last days of the US occupation. The coup itself, as well as Trujillo's rule following the coup, made clear a major unintended consequence of the US occupation policy. With the Dominican population disarmed as a result of occupation, there was no military threat to Trujillo. Trujillo had a literal monopoly on force with exclusive control of weapons as well as control over the troops and police that the United States had trained and armed during the occupation. Once in power, Trujillo used this monopoly on force to impose his will on the Dominican populace, using violence.

In summing up the impact of the US occupation of the Dominican Republic, the historian Frank Moya Pons contends that there were benefits to the occupation but also significant costs (1998, 336-339). Infrastructure, including roads and a highway system, the mail system and education, improved. However, along the lines noted above, the military occupation also created a culture of dependence and repression.²⁰ As Moya Pons notes, "the [US] military government had been a government of occupation and as such, had taught the advantages of repressive methods, especially to the members of the police who were now in charge of maintaining order in the country" (1998, 337). Indeed, attempts to create stability via disarmament resulted in an illiberal and repressive outcome. And while there was some form of stability in that Trujillo's rule lasted for over thirty years, it is far from clear that all parties involved (i.e., the Dominican populace who were tortured or killed) found this stability to be a "public good."

Similar illiberal consequences can be found in other US interventions in Latin America. For instance, during the third occupation of Nicaragua, the United States created the "Guardia Nacional de Nicaragua" in 1927.²¹ The creation of this National Guard was intended to provide stability, suppress civil war and support political institutions. However, three years after the exit of US occupiers, Anastasio Somoza Garcia, who the United States had placed in charge of the Guardia, used the military apparatus to seize control of the country's political institutions. Somoza Garcia established a repressive regime and remained in power until he was assassinated in 1956, when his son, Luis Somoza Debayle, succeeded him and continued his father's illiberal rule.

Despite the repressive and illiberal nature of their rule, the United States was supportive throughout the Somoza family reign because they

²⁰ See Pulley 1965. Grieb (1969) draws an interesting contrast between the approaches of Franklin Roosevelt and the much maligned Harding.

²¹ For more on the history of the Guardia Nacional de Nicaragua, see Grossmann 2005.

acquiesced to US demands. US policymakers were fully aware of the Somazas' repressive methods. When asked in 1939, "how he could support that son of a bitch [referring to Anastasio Somoza Garcia]," President Franklin Roosevelt was quoted as responding, "Somoza may be a son of a bitch, but he's our son of a bitch" (quoted in Winn 1999, 517).

While the activities of empires may create public goods on some margins, they may simultaneously create public bads on other margins. Given the wide array of actors involved in the activities of empires, benefits may accrue to one or a few groups while others simultaneously experience significant negatives. In recognizing the goods, it is wrong to ignore the concomitant bads. As the case of Nicaragua illustrates, while Somoza Garcia's political coup in 1936 created some semblance of stability in the form of a family dictatorial rule that lasted into the 1970s, it also had significant negative spillovers on the populace who were repressed under the illiberal regime. The United States may have benefited from this stability, but it is far from clear that the citizens of Nicaragua received a "public good." Similar stories can be told for much of the rest of Latin America. US interventions beget subsequent US interventions, generating a continued pattern of short-term stability but long-term instability. This pattern creates short-term benefits for some but significant long-term costs for others.

Earlier, we formulated 20 public bads that often come from paternalism. This discussion of the period treated by Mitchener & Weidenmier has aimed to illustrate only some, and we focus on foreign turmoils. But we should like to say something in passing about the effects within the United States. We shall only note that the shift after 1898 was the assertion of a broadened sphere of influence and power, altering the sense of American identity, projecting a narrative of a collective American agency in military affairs, and attenuating the precious attention the public could devote to purely domestic issues.²²

But we wish to remark on another consequence: The expanded sphere of power brought with it a clear breakdown of the presumption of equal dignity and autonomy within the sphere, as the locals of the Caribbean or the Philippines were treated as inferior or subaltern. The breakdown in the presumption of equal liberty within the sphere is thought

²² William Graham Sumner (1911, 313) wrote in his 1903 essay "War": "It will be established as a rule that, whenever political ascendancy is threatened, it can be established again by a little war, filling the minds of the people with glory and diverting their attention from their own interests."

by some to help explain the rise of Jim Crow. Both contemporary observers, such as the liberal anti-imperialist William Graham Sumner,²³ and historians such as Dulles (1954, 31) and Woodward (1966, 73) see a direct causal link between illiberalism abroad and illiberalism at home.

POLITY SCORES: MORE EVIDENCE OF THE BALANCE BETWEEN GOODS AND BADS

In order to provide an alternative view of the impact of US-led interventions in Latin America, we will utilize the well-known Polity IV Index (Marhsall and Jagers 2003).²⁴ The Polity IV Index ranks the political institutions of a country on a 21-point scale of institutionalized democracy. A combined “Polity Score” is then calculated by subtracting the Autocracy (0 to 10) score from the Democracy (0 to 10) score. The resulting scale ranges from +10 (fully democratic) to -10 (fully autocratic). This index is especially useful because data are provided for most countries from the 1800s through 2003.

There are a few special notations for “special circumstances.” These exceptional notations are not to be treated as numeric values. The Polity Index assigns a score of -88 for a “transitional period” entailing the planning and implanting of new political institutions. A score of -77 indicates a period of “interregnum” in which there is a total collapse of centralized political authority. Finally, a score of -66 indicates a period of “interruption” in which some occurrence, such as a foreign military, interrupts the operation of political institutions. If at the end of the “interruption” the pre-war political structure continues to operate, the

²³ In his classic 1898 essay, “The Conquest of the United States by Spain,” (reprinted in Sumner 1911). Sumner anticipated how US anti-imperialism would intensify what we know as Jim Crow: “For thirty years the negro has been in fashion. He has had political value and has been petted. Now we have made friends with the Southerners. They and we are hugging each other. We are all united. The negro’s day is over. He is out of fashion. We cannot treat him one way and the Malays, Tagals, and Kanakas another way. A Southern senator two or three days ago thanked an expansionist senator from Connecticut for enunciating doctrines which proved that, for the last thirty years, the Southerners have been right all the time, and his inference is incontrovertible” (328-29).

²⁴ On the different indices available and why the Polity IV Index is the most reliable and valid, see Munck and Verkulin 2002.

country in question receives the score of -66 for the period of the interruption (Marshall and Jagers 2003, 15-6).

The categories of democracy and autocracy incorporate several key dimensions. Institutionalized democracy, as defined by the authors of Polity IV, consists of three key elements: (1) the presence of institutions and procedures through which citizens can express their preferences, (2) the presence of institutionalized constraints on the executive, and (3) the guarantee of civil liberties for all citizens in both their daily lives and political participation. The authors define autocracy to be a specific set of characteristics as well. Autocracies “suppress competitive political participation. Their chief executives are chosen in a regularized process of selection within the political elite, and once in office they exercise power with few institutional constraints” (Marshall and Jagers 2003, 13-14).

To provide some concrete examples of what these scores mean in terms of actual governments, Iraq under the Hussein regime had a Polity Score of -9 in 2002, while Afghanistan scored a -7 under the Taliban in 2000. As of 2003, Egypt scores a -6, Syria a -9 and Saudi Arabia a -10. In contrast, as of 2003, all of the members of the G-8 have a Polity Score of +10 except for France, which scores a +9, and Russia, which scores a +7.

Within this context, let us consider the relevant Latin American countries’ Polity Scores following US military interventions. While Mitchener & Weidenmier focus their analysis on Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela, and show positive effects on the sovereign debt prices for these countries, we wish to consider the broader set of interventions and occupations in Latin American that took place under the Roosevelt Corollary. If these interventions did in fact create global public goods in the form of stability, we should at a minimum observe a consistent Polity Score over time. Further, assuming stability includes sustainable democratic institutions which protect individual rights, provide a set of checks and balances and constrain politicians, we should observe movement toward a higher Polity Score relative to the pre-occupation score.

Table 1:
Polity IV Score – Latin American Interventions
Under the Roosevelt Corollary

Country	Occupation Period	Polity Score - Year Prior to Occupation	Polity Score ___ year(s) after end of occupation				
			1	5	10	15	20
Cuba	1906-1909	3	3	3	3	3	1
Nicaragua	1909-1910	-5	-3	-3	-3	-3	-3
Nicaragua	1912-1925	-3	-66	-3	-3	-8	-8
Mexico	1914-1917	-77	-1	-1	-3	-6	-6
Haiti	1915-1934	-3	0	0	0	-88	-5
Dominican Republic	1916-1924	-66	-3	-3	-9	-9	-9
Cuba	1917-1922	3	3	3	1	3	3
Nicaragua	1926-1933	-3	-3	-8	-8	-8	-8

The Polity Scores for those Latin American countries where the United States intervened following the announcement of the Roosevelt Corollary paint a telling picture. While US interventions in Latin America may have increased the average sovereign debt price, they did little to create the stable and sustainable democratic institutions necessary for “civilized society.” Indeed, unless one defines stability as either enabling or creating the conditions for the emergence of illiberal and repressive regimes, the post-Roosevelt Corollary interventions in Latin America can be considered *destabilizing* to those countries’ political institutions.

Let us consider the Polity Scores listed in Table 1 in more detail. The initial intervention in Nicaragua in 1909, which aimed to quell a civil war, produced a score of -3, which was an improvement of the pre-occupation score of -5. To put this score of -3 in context, Algeria’s 2003 score was -3 while Chad and Togo’s 2003 score was -2. However, the “stability” created by the initial intervention did not last and the United States again intervened in 1912 this time to put down a political rebellion. This second intervention generated a score of -3 which lasted for ten years

after the occupation before Nicaragua's score fell to -8. To provide context, a score of -8 indicates political institutions slightly worse than those found in Afghanistan in 2000, which received a score of -7 under the Taliban. The third intervention in Nicaragua in 1926, again to suppress a political uprising, had a similar result generating a Polity Score of -8.

The intervention in Mexico in 1914 failed to produce a consistent improvement in the country's Polity Score as it slid from -1 five years after the end of the occupation to -6 fifteen years after the final exit of the US military. The intervention in the Dominican Republic in 1916 ultimately resulted in a post-occupation score of -9, slightly better than Saudi Arabia's 2003 score of -10 and equivalent to Iraq under the Hussein regime in 2002. The occupation of Haiti from 1915-1934 also failed to generate any sustainable change. The initial US intervention was motivated by civil war and instability in Haiti's political institutions. However, when the United States exited in 1934, a dictatorial regime quickly secured power. The repressive and illiberal tactics employed by the dictatorial regimes of the father-son duo, François ("Papa Doc") Duvalier (1957-1971) and Jean-Claude ("Baby Doc") Duvalier (1971-1986), are well known.

Based on the Polity Scores listed in Table 1, the most successful US intervention in Latin America appears to be Cuba, although this success is relative at best. The 1906 US intervention generated a consistent score of +3 for the 15 years following the exit of occupiers. Likewise, the subsequent US intervention in 1917 produced a score of +3. To put this in context, Iran received the same score in 2003. Since the end of the last US occupation in 1923, Cuba has had several short-lived governments followed by the emergence of two oppressive dictatorships, those of Fulgencio Batista (1940-1959) and Fidel Castro (1959-present). We will leave the reader to determine if the US performance in Cuba, its best performance in Latin America under the Roosevelt Corollary according to the Polity Index, aided in creating what Roosevelt called a "civilized society."

We recognize that this exercise says little about the magnitude of the United State's impact in the outcomes of these countries. Perhaps the countries listed in Table 1 would have achieved these Polity Scores absent US intervention. Or perhaps European countries would have intervened and generated a similar, if not worse, outcome. Nonetheless, considering US-led interventions in Latin America in this manner sheds some light on the general impact of these interventions.

The general pattern indicates that US intervention in Latin America did not produce widespread stability or improvement in the broader political institutions. Indeed, the United States needed to continually

intervene in Cuba and Nicaragua due to ongoing instability. The United States would also intervene again in Haiti in 1994-1996 due to continued political and social instability. This exercise also indicates that producing financial stability and peace for certain times and places may concomitantly generate public “bads” for other times and places. Again, the action of the Roosevelt period set a policy trajectory and set up mechanisms that locked-in that trajectory.

THE ROOSEVELT COROLLARY AS PRECEDENT FOR US IMPERIALISM

The Roosevelt Corollary has had a lasting impact on US foreign policy. In addition to serving as the justification for the interventions in Latin America discussed above, the Corollary also served as precedent for subsequent US interventions abroad (see Powell 2006, 76). As LaFeber notes, “It is the Roosevelt Doctrine, not Monroe’s, that Dulles, Acheson, Johnson, Reagan, and Weinberger had in mind when they justified unilateral US intervention in the internal affairs of Latin American States” (1986, 139-140). Summarizing the lasting impact of the Roosevelt Corollary, Serge Ricard contends that it influenced and guided “diplomacy throughout World War II and during the Cold War” (2006, 17).

The precedent set by the Roosevelt Corollary for US foreign military intervention extends beyond Latin America. For instance, one can see traces of Roosevelt’s rhetoric of using the US military to establish a “civilized society” in Latin America in Woodrow Wilson’s call, in 1917, to use the military to “make the world safe for democracy.”²⁵ The Roosevelt Corollary can also be seen as setting the precedent for the more recent “Bush Doctrine,” in which US policy aims to “seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world.”²⁶

Much has changed since Roosevelt first pronounced his corollary, but one thing that has remained constant is America’s willingness to utilize its military forces to intervene in foreign countries. That willingness

²⁵ Wilson used this motivation in his request for a Declaration of War against Germany by the US Congress on April 2, 1917.

²⁶ President George W. Bush, Inaugural Address, January 20, 2005. Available online: [Link](#).

becomes evident when one considers the global reach of the US military. According to the Defense Department's 2003 *Base Structure Report*, the United States has at least 702 foreign bases and installations. Further, it is estimated that these military bases and installations are located in at least fifty-nine countries and separate territories around the world (Editors 2002, 8-9). This list of countries, shown in Table 2, illustrates the global presence of the US military.

Table 2:
Countries and Separate Territories in which US Military Bases are Located
(Includes US Possessions)²⁷

1. Afghanistan	22. Greenland	42. Pakistan
2. American Samoa	23. Guam	43. Peru
3. Antigua	24. Honduras	44. Portugal
4. Aruba	25. Hong Kong	45. Puerto Rico
5. Australia	26. Iceland	46. Qatar
6. Austria	27. Indian Ocean (Diego Garcia)	47. Saudi Arabia
7. Bahama Islands	28. Indonesia	48. Singapore
8. Bahrain	29. Italy	49. Spain
9. Belgium	30. Japan	50. St. Helena
10. Bosnia	31. Johnston Atoll	51. Tajikistan
11. Bulgaria	32. Korea	52. Turkey
12. Canada	33. Kosovo	53. United Arab Republic (Egypt)
13. Colombia	34. Kuwait	54. United Kingdom
14. Cuba	35. Kwajalein Atoll	55. United States
15. Curaçao	36. Kyrgyzstan	56. Uzbekistan
16. Denmark	37. Luxembourg	57. Venezuela
17. Ecuador	38. Netherlands	58. Virgin Islands
18. El Salvador	39. New Zealand	59. Wake Island
19. France	40. Norway	
20. Germany	41. Oman	
21. Greece		

Once a base is established, a series of vested interests emerge which not only seek to maintain the status quo but to increase the size and scope of base operations. Even if we assume that the military bases were installed under the two key assumptions of benevolence and wisdom, it is easy to see

²⁷ Source to Table 2, Editors 2002, 8-9.

how a military installation can take on a life of its own leading to activities that differ greatly from the initial purpose or wisdom. Indeed, as will be discussed, the existence of bases abroad may very well generate significant negative unintended consequences (see Editors 2002).

In addition to military bases and installments, the United States also has a significant global deployment of military personnel. For instance, prior to the 9/11 attacks, Chalmers Johnson estimates that as of September 2001, the United States was deploying over 250,000 military personnel in over 150 countries. When Department of Defense civilians and US dependents are added to the number of military personnel, total US related deployment more than doubles to over 530,000 (Johnson 2004, 154-160). Since 9/11 these numbers have increased. For instance, in a *Los Angeles Times* report, William Arkin notes that since 9/11, “military tent cities have sprung up at 13 locations in nine countries neighboring Afghanistan, substantially extending the network of bases in the region. All together, from Bulgaria and Uzbekistan to Turkey, Kuwait and beyond, more than 60,000 US military personnel now live and work at these forward bases” (2002).

At first glance it may appear that these military bases, and the associated US military personnel, produce worldwide security and stability. Within this context, instead of policing the Western Hemisphere as dictated by the Roosevelt Corollary, the United States now can be seen as policing the world to establish “civilized societies.” However, as in Latin America, the United States’ global presence can produce both goods and bads.

In a recent *Foreign Affairs* article, Alexander Cooley (2006) analyzes the impact of the global US base strategy with particular emphasis on the impact of US bases in nondemocratic countries. Among his conclusions is that, “setting up bases in nondemocratic states brings mostly short-term benefits, rarely helps promote liberalization [in the country hosting the US base], and sometimes even endangers US security” (80). The underlying reason is that the leaders of nondemocratic countries entering into base agreements with the United States are fully aware that US policymakers need their support and cooperation for the success of the broader mission. Realizing this, these same leaders are aware that US officials are more likely to overlook illiberal activities for fear of damaging the military base agreement. In many cases it is not just a matter of looking the other way, but of the United States proactively supporting the existing regime.

In some cases, such as Saudi Arabia in the mid 1990s, the presence of US bases and military personnel provides the very fodder needed by extremists to coordinate others around their anti-US position. One can see

how this could ultimately harm the security of the United States both at home and abroad. In general, stationing troops abroad forces the United States to become involved in the politics of the host country, even if that is not the purpose of the military deployment (Cooley 2006). As many before us have noted, historically, this US involvement has done little to generate positive changes in the political and social institutions of the host country and in some cases have made things worse.

Yet another significant cost of the United States' global broadcast of military power is the associated "blowback" (see Johnson 2004). Although blowback can take on many forms, a current concern is blowback in the form of terrorist attacks against the United States and US interests. Along these lines, the journalist William Arkin notes that while increased US military personnel and bases in the countries surrounding Afghanistan "make it easier for the United States to project its power, they may also increase prospects for renewed terrorist attacks on Americans" (2006). In further support of this point, Robert Pape (2005) identifies military occupation by foreign armies as a central motivation for suicide terrorism. Citizens in an occupied country have few substitutes for effectively voicing their objections to the alien occupation.

Consider also the work of Michael Scheuer, the former head of the CIA's Bin Laden Unit. Scheuer (2003, 2005) has provided an extensive analysis of Osama Bin Laden, al Qaeda and the larger war on terror as presently undertaken by the United States. One of Scheuer's central claims is that al Qaeda, and other terrorist organizations, are not motivated by a fundamental hatred for the American identity and way of life, but instead by US interventions and policies in the larger Middle East region. It is Scheuer's contention that these interventions are in fact the driving force behind the backlash against the United States²⁸ In other words, these interventions in the Middle East have generated spillovers in the form of negative unintended consequences, such as the 9/11 attacks, that in turn led to further interventions, such as the overall war on terror and the invasion and reconstruction efforts in Afghanistan and Iraq.

Current efforts to produce "global public goods" by reconstructing Afghanistan and Iraq via military occupation will likewise generate significant blowback against the United States and other countries. In a January 2005 report, *Mapping the Future*, the National Intelligence Council noted that Iraq had become the new training ground for future terrorists

²⁸ For a further discussion of how US policies in the Arab world are a driving factor behind anti-American sentiment, see Gause 2005, 71-74.

(previously, Afghanistan). Specifically, the report indicated that those currently engaged in the Iraq insurgency could eventually go home and take their training from the battlefields with them, resulting in an increase in conflict in other regions.

In oral comments during a briefing associated with the release of the report, David B. Low, the National Intelligence Officer for Transnational Threats, noted that “there is even, under the best scenario, over time, the likelihood that some of the jihadists who are not killed there [in Iraq] will, in a sense, go home, wherever home is, and will therefore disperse to various other countries” (quoted in Priest 2005, A01). Along similar lines, in a hearing in front of the Senate Intelligence Committee on February 16, 2005, then CIA Director Porter Goss noted that Iraq was being used to recruit “new anti-US jihadists,” and he went on to say that those “who survive will leave Iraq experienced and focused on acts of urban terrorism. They represent a potential pool of contacts to build transnational terrorist cells, groups, and networks.”²⁹ Finally, Peter Bergen and Alec Reynolds warn that “the current war in Iraq will generate a ferocious blowback. . . . Foreign volunteers fighting US troops in Iraq today will find new targets around the world after the war ends” (2005, 2).

In sum, even if one assumes that the United States is able to generate some semblance of stability in Afghanistan and Iraq, the associated blowback will most likely generate significant negative spillovers that will adversely impact countries around the world. Part of the context for this is the increasing ability of terrorist groups to inflict severe damage on imperial powers and the wider world economy, something that was not the case during the previous “era of terrorism” between roughly 1870 and 1914. Concerns on this score tend to focus on the possibility of such groups acquiring weapons of mass destruction such as so-called “suitcase nukes.” However, the risk of this is seriously exaggerated and policy makers should be more concerned about the damage such groups could cause using old fashioned (and much easier to acquire) high explosives via such acts as attacks on targets such as major refineries.

The question is how best to respond to this threat. The implicit solution of some is to rely upon a policy of imperialism aimed at diffusing democracy and liberal governance, since their absence is thought to be the principal cause of the threat. However, on the evidence, this effort has a low success rate and may well actually exacerbate the problem. We should

²⁹ Hearing before the Senate Intelligence Committee, 109th Congress, 1st Session, February 16, 2005.

in this as other areas look less to quick solutions involving the use of force and rely more on the slower but more certain effects of trade and commercial contacts. Just as government action produces often disappointing results when used to address domestic social problems as opposed to allowing economic processes to work their effects, so it often fails when applied at the international level or outside the boundaries of the state.

Efforts to produce “global public goods” may potentially create internal and external public bads. On the one hand foreign interventions can create public bads internal to the country being occupied. The examples of the Dominican Republic and Nicaragua highlight this possibility. Further, interventions may result in “neighborhood effects” which impact those that are external to the country being occupied by US military forces. To the extent that the current occupations of Afghanistan and Iraq produce the next generation of terrorists that attack targets in other countries, the US effort to provide global public goods will have in fact generated a global public bad.

Having identified some of the significant costs or “bads” produced by America’s global military presence, let us briefly review the US performance in generating “global public goods” in the form of stable political institutions. How has the US performed in major “nation building” efforts? This is an important question. If in fact the United States has performed well, it may provide sufficient justification for the use of military troops to occupy foreign countries despite the associated costs discussed above. Using the Polity IV Index, consider the outcome of the broader universe of US military occupations.³⁰ The results are listed below in Table 3.

³⁰ There is debate over what countries are in fact US-led nation building and reconstruction efforts. We have tried to consider as broad a list as possible. We have drawn the countries on our list from Lawson and Thacker (2003), Dobbins et al. (2003), Payne (2006), Pei and Kasper (2003) and Pei (2003). We recognize that there are many cases of US military interventions that are not included on this list.

**Table 3: 2003 Polity IV Scores – Major US Military Occupations
20th and 21st Century**

Country	Occupation Period	Polity Score - Year Prior to Occupation	Polity Score ___ year(s) after end of occupation				
			1	5	10	15	20
Cuba	1898-1902	NA	3	3	3	3	3
Philippines	1898-1946	NA	2	5	5	5	5
Panama	1903-1936	NA	-3	-3	-3	-1	4
Cuba	1906-1909	3	3	3	3	3	1
Nicaragua	1909-1910	-5	-3	-3	-3	-3	-3
Nicaragua	1912-1925	-3	-66	-3	-3	-8	-8
Mexico	1914-1917	-77	-1	-1	-3	-6	-6
Haiti	1915-1934	-3	0	0	0	-88	-5
Dominican Republic	1916-1924	-66	-3	-3	-9	-9	-9
Cuba	1917-1922	3	3	3	1	3	3
Nicaragua	1926-1933	-3	-3	-8	-8	-8	-8
Italy	1943-1945	-9	-88	10	10	10	10
South Korea	1945-1948	NA	-3	-4	-4	3	3
Japan	1945-1952	1	10	10	10	10	10
Austria	1945-1955	-77	10	10	10	10	10
West Germany	1945-1955	-9	10	10	10	10	10
Lebanon	1958	2	2	2	2	5	-77
South Vietnam	1964-1973	-3	-3	-7	-7	-7	-7
Dominican Republic	1965-1966	-77	-3	-3	-3	6	6
Cambodia	1970-1973	-9	-5	-7	-66	-88	1
Lebanon	1982-1984	-77	-77	-77	-66	-66	-
Grenada	1983	NA	NA	NA	NA	NA	NA
Panama	1989	-8	8	9	9	-	-
Somalia	1993-1995	-77	-77	-77	-	-	-
Haiti	1994-1996	-7	-7	-7	-	-	-
Bosnia-Herzegovina	1996-2002	-66	-66	-	-	-	-

Kosovo	1999 – present	NA	NA	NA	NA	NA	NA
Afghanistan	2001 – present	-7	-	-	-	-	-
Iraq	2003 – present	-9	-	-	-	-	-

As a benchmark for success, let us use a score of +4. Recall that Iran received a score of +3 in 2003. By employing this benchmark we are asking, were US efforts to create ‘global public goods’ in the form of stable political institutions able to achieve an outcome slightly better than present day Iran?

In short, the historical record indicates that efforts to generate stable political institutions via US military occupation are more likely to fail than succeed. Of course we are fully cognizant of the issue of cause and effect. It may be the case that the countries listed are chaotic and instable and as such there should be no surprise that they remain in that state. Nonetheless this exercise indicates, at a minimum that the United States has not found anything like a reliable means for turning countries around.

Let us turn to the results based on the number of years since the US occupation:

One year: Of the twenty-six cases where at least one year has passed since the end of the US occupation, five achieved the relevant benchmark, a 19 percent success rate. (Grenada is not scored by the Polity Index, but we consider Grenada to be a case of success, as it has consistently been categorized as “Free” in the annual *Freedom in the World Report* (Freedom House 2005).³¹)

Five years: Of the twenty-five cases where at least five years have passed, seven cases, or 28 percent, meet the benchmark of success.

Ten years: There are twenty-two cases of major military occupation that are scored by the Polity Index. However, we can reasonably intuit the success or failure of several countries that do not have a score (recall that the last Polity Score was assigned in 2003). We again consider Grenada a

³¹ Freedom House is an independent non-governmental organization that focuses on understanding and analyzing worldwide trends of democracy and individual and political freedoms. The organization’s well-known *Freedom in the World* report is an annual comparative study of individual and political rights at the global level.

success. We consider Haiti and Somalia to be failures, as both are characterized by the absence of stable political institutions.³² When we include these three additional cases, there are twenty-five total. Seven meet the stated benchmark for a success rate of 28 percent.

Fifteen years: We consider Panama to be a case of success as stable political institutions continue to sustain. Including Panama, there are twenty-three total cases of military occupation. Nine, including Panama, achieved the relevant benchmark for a success rate of 39 percent.

Twenty years: Of the twenty-two efforts, we again count Grenada as a success but Lebanon as a failure since its Freedom House Score is “Not Free” (Freedom House 2005). As such, there are eight cases of success for a success rate of 36 percent.

As discussed previously, this exercise says little about the magnitude of the US impact on the outcomes of these countries. For instance, the Dominican Republic reached the relevant benchmark fifteen years after the exit of US occupiers. However, it is difficult to judge the influence of the US occupation, which took place fifteen years earlier, on this outcome. In other words, it is unclear what the magnitude of the US intervention actually was on the trajectory of this country. Similarly, Lebanon reached the benchmark fifteen years after the exit of US occupiers in 1958. However, the country’s political institutions unraveled only two years later and again fell below the stated benchmark.

There is also no control for the level of economic and political development and other factors that influence the success or failure of establishing sustainable political institutions. For instance, post-World War II Japan and West Germany were highly developed and industrialized compared to the countries where more recent efforts have taken place, such as Afghanistan, Bosnia, Somalia and Haiti. The differences in development influenced the nature and outcome of the occupations and reconstruction efforts. Moreover, both Germany and Japan had enjoyed representative government and the rule of law for a considerable period before succumbing to National Socialism and militaristic nationalism respectively so both cases involved the reconstruction of a political order rather than its

³² For instance, as of 2006, Haiti remains in a state of utter disarray. It is the poorest country in the Western hemisphere with approximately eighty percent of the population living in abject poverty. United Nations peacekeepers are a central means of security for the country. The presidential election in February 2006 was characterized by accusations of corruption, fraud and vote manipulation (CIA World Factbook 2006).

implantation *de novo*. In the case of the British Empire, the former colonies where such institutions have survived are mostly either colonies of settlement such as Canada and Australia or territories that were under direct British rule for a considerable period such as India and most of the West Indies. The record in places such as Africa is very poor as is that of areas that were part of the “informal British Empire,” such as Argentina.

There is no clear indication of what a “good” success rate might be, but the United States has achieved a 28 percent success rate for reconstructions that ended at least ten year ago, a 39 percent success rate for those that ended at least fifteen years ago and a 36 percent success rate for those that ended at least twenty years ago. The presumptive failures outnumber the successes, suggesting that “global public goods” in the form of stable political institutions cannot reliably be exported via military occupation. Admittedly, there are clear cases of success (i.e., Japan, West Germany, Austria) but there are *more* clear cases of failure.

CONCLUSION

While it is true that political, economic and social failures in other countries are indeed sometimes grave and tragic, the failures generated by US military interventions can be even greater. A complete economic analysis of empire must go beyond focusing on narrow signs of potential goods. A great power like the United States “does” foreign policy at an extensive scale. Single actions and particular consequences cannot be evaluated in isolation of concomitant actions and consequences. It is simplistic and utopian to imagine that an interventionist apparatus and polity can act only in the good cases and avoid the concomitant bads. The real choice might be between broad doctrines, e.g., that represented by George Washington, John Adams, and Grover Cleveland and that represented by Theodore Roosevelt.

Further, the economic analysis of empires must recognize the limitations of knowledge regarding institutional and social change, unintended consequences, externalities and “public bads.” It must appreciate the public choice issues such as the logic of special interests and bureaucracy.³³

³³ These issues are addressed in Coyne (2007).

Economists might look to Adam Smith (1776) for how to proceed in developing the “economics of empires”. In *The Wealth of Nations*, Smith provides an economic analysis of British colonization efforts. In considering the costs of maintaining the colonies relative to the benefits, Smith concluded that they were a net cost and that Britain should relinquish them (1776, 180). Smith was also keenly aware of the role that special-interests played in maintaining the colonies, which is why he realized that Britain would not relinquish them (1776, 129). In the case of imperialism and intervention we have an alliance of ruling groups, clients, and special interests as strong as that found in any other area of public policy. The usual outcome, as Smith argued, is policy that is a failure on its own terms and which imposes costs upon groups outside the magic circle greater than any putative benefits.

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