At the beginning of the U.S.-led war on terror, Enron CEO Kenneth Lay desperately needed help. The Indian government owed the company $64 million in debt, and Enron was on the verge of bankruptcy. So, he arranged to meet with a close friend for help: Vice President Dick Cheney. Lay made the dispute a key issue in the bilateral relationship. He provided daily updates to the U.S. National Security Council related to the dispute, raised the prospect of economic sanctions against the Indian government, and used his "unparalleled links to the Bush administration" to coordinate diplomatic pressure against prominent Indian officials, including the prime minister.[1] Protecting Enron was not an obvious decision at the time. In 2001,the United States had far bigger priorities in India than the company. The Bush Administration needed India's security cooperation in prosecuting the global war on terror, and Enron's claim was a trivial issue in comparison—their claim was against the local utility board, not the central government in India, and could be resolved in court. The company also faced criticism for committing human rights abuses in India, at a time when Bush was promoting corporate social responsibility.[2] Yet, the Bush Administration was willing to subordinate these strategic and humanitarian priorities to protect the company's interests. Why would decisionmakers suspend their strategic interests to influence a relatively minor investment dispute?

Enron provides an example of one of the most overlooked but persistent features of global politics: corporate influence on statecraft. Matters of statecraft lie at the heart of most of international politics. Kalevi Holsti defines statecraft as "the organized actions government take to change the external environment in general or the policies and actions of others states in particular to achieve the objectives set by policymakers."[3] It involves the interplay of multiple instruments—military force, covert action, security partnerships, economic sanctions, geopolitical assistance, trade agreements, diplomatic pressure, etc.—and

[1] Geoffrey Gertz, "Commercial Diplomacy and Investment Protection: American Diplomatic Interventions to Protect US Assets Overseas since 1990" (Dissertation, 2016), 169. Also see Dana Milbank and Paul Blustein, "White House Aided Enron In Dispute," Washington Post, January 19, 2002, https://www.washingtonpost.com/archive/politics/2002/01/19/white-house-aided-enron-in-dispute/c24a1d0a-ae6c-4f94-a583-08caff0269a6/; Dana Milbank and Alan Sipress, "NSC Aided Enron's Efforts," Washington Post, January 25, 2002, https://www.washingtonpost.com/archive/politics/2002/01/25/nsc-aided-enrons-efforts/c50f3bb0-9313-4491-b1a0-cf7bb6b0d1d7/.

[2] See Human Rights Watch, The Enron Corporation: Corporate Complicity in Human Rights Violations, First Edition edition (New York: Human Rights Watch, 1999).

[3] K. J. Holsti, "The Study of Diplomacy," in World Politics, ed. James N. Rosenau, Kenneth Thompson, and Gavin Boyd (New York: Free Press, 1976), 293.

multiple objectives, such as security, economic prosperity, and political prestige.[4] In other words, statecraft is about the tools of power politics.

Many factors can contribute to the exercise of statecraft, but the corporation is rarely considered to be one of them. Some scholars stress systemic factors like power and security, ideas and beliefs, and institutions and interdependence;[5] others offer domestic-level explanations, developing theories of statecraft around leaders, bureaucratic politics, electoral coalitions, and social movements.[6] Generally speaking, these theories treat the corporation as an instrument, rather than a cause of statecraft; Robert Gilpin, Susan Strange, and Kenneth Rodman, to name a few prominent examples, emphasized how foreign direct investments and the behavior of multinational corporations served the U.S. national interest.[7]

For example, these theories are often extended to explain matters of statecraft that involve investment disputes like in the case of Enron. Since 1900, there have been 38 cases where the United States has used economic and military statecraft times to protect American corporations abroad (See Appendix). Many of these episodes—what I refer to as investment protection—shaped the trajectory of American foreign policy, and international politics more generally. During the early twentieth century, the U.S. military

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[4] David A. Baldwin, *Economic Statecraft* (Princeton, N.J: Princeton University Press, 1985); Michael Mastanduno, "Economic and Security in Statecraft and Scholarship," *International Organization* 52, no. 4 (1998); Stacie E Goddard, Paul K MacDonald, and Daniel H Nexon, "Repertoires of Statecraft: Instruments and Logics of Power Politics," *International Relations* 33, no. 2 (June 1, 2019): 304–21, https://doi.org/10.1177/0047117819834625.

[5] John J. Mearsheimer, The Tragedy of Great Power Politics, 1 edition (New York: W. W. Norton & Company, 2014); Jeffrey W. Taliaferro, "Power Politics and the Balance of Risk: Hypotheses on Great Power Intervention in the Periphery," Political Psychology 25, no. 2 (April 1, 2004): 177–211, https://doi.org/10.1111/j.1467-9221.2004.00368.x; Robert O. Keohane, After Hegemony: Cooperation and Discord in the World Political Economy, 1st Princeton Classic Ed (Princeton University Press, 1982); Richard Rosecrance, The Rise of the Trading State: Commerce and Conquest in the Modern World, First Edition (Basic Books, 1986); John M. Owen, The Clash of Ideas in World Politics: Transnational Networks, States, and Regime Change, 1510-2010 (Princeton, N.J: Princeton University Press, 2010).

[6] Elizabeth N. Saunders, Leaders at War: How Presidents Shape Military Interventions (Cornell University Press, 2011); Owen, The Clash of Ideas in World Politics; Robert J. Art, "Bureaucratic Politics and American Foreign Policy: A Critique," Policy Sciences 4, no. 4 (1973): 467–90; Helen V. Milner and Dustin Tingley, Sailing the Water's Edge: The Domestic Politics of American Foreign Policy (Princeton University Press, 2015); Andrew Moravcsik, "Taking Preferences Seriously: A Liberal Theory of International Politics: Erratum," International Organization 52, no. 01 (1998): 229–229, https://doi.org/10.1162/002081898550536.

[7] Robert Gilpin, *U. S. Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment* (Basic Books, 1975); Susan Strange, "The Persistent Myth of Lost Hegemony," *International Organization* 41, no. 4 (1987): 551–74; Kenneth Aaron Rodman, *Sanctions Beyond Borders: Multinational Corporations and U.S. Economic Statecraft* (Rowman & Littlefield, 2001). For more recent examples, see William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (Cornell University Press, 2016); Henry Farrell and Abraham L. Newman, "Weaponized Interdependence: How Global Economic Networks Shape State Coercion," *International Security* 44, no. 1 (July 1, 2019): 42–79, https://doi.org/10.1162/isec_a_00351.

expanded into Latin America and the Middle East to create order and stability for American investors (Chapter Two). In the Cold War, the CIA used covert action to overthrow nationalist governments that threatened American corporations across the globe, heightening geopolitical competition with the Soviet Union (Chapter Three). And following the collapse of the Soviet Union, U.S. diplomats began to leverage America's uncontested economic power against states that threatened American corporations (Chapter Four). Generally, political scientists will use the same toolkit to explain these instances of statecraft as they do other kinds of statecraft. Realists, for example, will stress strategic interests in commodities like oil or geopolitical competition like the Cold War;[8] liberals will stress the creation of institutions, like political risk insurance and international arbitration, as a substitute for foreign intervention;[9] and constructivists will look to decisionmakers' beliefs in promoting an "Open Door" for American investment, or change in norms about the use of force from the era of gunboat diplomacy to humanitarian intervention.[10]

This book, by contrast, shows that these instances of statecraft need a separate explanation. Systemic accounts of statecraft are often too broad-based to explain variation in investment protection, emphasizing slow-moving structural factors that don't change from one moment to the next. Why, for example, would the United States protect one corporation but not another, oftentimes in the same time and place? Many domestic-level accounts of statecraft also cannot account for investment protection. Theories of electoral politics, for example, stress how broad-based economic coalitions can capture foreign policy by electing leaders that share their foreign policy preferences.[11] But, these accounts are still too broad to explain

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[8] Dale C. Copeland, Economic Interdependence and War (Princeton University Press, 2014); Stephen D. Krasner, Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy (Princeton University Press, 1978).
[9] Charles Lipson, Standing Guard: Protecting Foreign Capital in the Nineteenth and Twentieth Centuries (University of California Press, 1985); Noel Maurer, The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893-2013 (Princeton University Press, 2013); J. Gimblett and O. Thomas Johnson, "From Gunboats to BITs: The Evolution of Modern International Investment Law," in Yearbook on International Investment Law and Policy, ed. K. Sauvant (Oxford: Oxford University Press, 2011), 649–92.
[10] Martha Finnemore, The Purpose of Intervention: Changing Beliefs about the Use of Force (Ithaca NY: Cornell University Press, 2003); Christopher Layne, The Peace of Illusions: American Grand Strategy from 1940 to the Present, 1 edition (Cornell University Press, 2007).
[11] Kevin Narizny, The Political Economy of Grand Strategy (Cornell University Press, 2007); Jonathan Kirshner, Appeasing Bankers: Financial Caution on the Road to War (Princeton University Press, 2007); Patrick J. McDonald, The Invisible Hand of Peace: Capitalism, the War Machine, and International Relations Theory (Cambridge University Press, 2009); For a review, also see Stephen G. Brooks, "Economic Actors' Lobbying Influence on the Prospects for War and Peace," International Organization 67, no. 4 (October 2013): 863–88, https://doi.org/10.1017/S0020818313000283.

investment protection: most instances of investment protection involve a single company like Enron. Understanding these cases then requires a theory that can explain variation in the power of individual corporations, not just the power of organized business groups. Under what conditions can a corporation influence statecraft? More specifically, under what conditions can a corporation secure investment protection?

One of the central arguments of this book is that corporate power lies at the heart of investment protection, as well as much of statecraft. A few individual corporations have economic and political power that others do not, allowing them to influence a state's foreign policy in pursuit profit. In this chapter, I develop a network theory of corporate power to understand the conditions under which a corporation becomes more or less powerful in international relations, and how that power gets translated into security policy like investment protection. By corporation, I specifically mean a multinational firm that has fixed investments in at least one host-state besides the home-state where they are headquartered.

A corporation's power in international politics depends on their network position: (1) their ties to other economic actors; and (2) their ties to the national security bureaucracy in their home-government. When a corporation has many economic ties to other economic actors in a foreign market—exhibiting what I refer to as centrality—they can influence which issues get on the national security agenda by raising visibility around their interests, and by manipulating resource flows between states. Similarly, when a corporation has direct political ties to the national security bureaucracy—exhibiting what I refer to as closeness—they can influence policy outcomes by shaping decisionmakers' perceptions of foreign governments, and by building decisionmakers' trust about their motives in pursuing a particular policy. As later chapters show, the few corporations that are both central and close have had the most enduring and controversial impact on American foreign relations. In many of these cases, these corporations acted against public opinion, the wider business community, and their government's strategic interests, fabricating threats where threats did not exist or scuttling opportunities for cooperation, even among allies.

This chapter has two parts. The first part develops a network theory of corporate power in international politics, and the second part outlines how I go about testing this theory throughout the rest of the book. This book analyzes the theory in a series of nested cases of investment protection: instances in which the United States engaged in the costly use of military or economic statecraft to protect its foreign direct investments, from 1900 to 2018. Later chapters draw on original, archival evidence to trace how the social structure of international politics empowered some corporations (and not others), who then used that power to secure investment protection for themselves and shape the evolution of U.S. foreign policy over the past century.

A Network Theory of Corporate Power

In 1901, Frank Norris published a novel about the railroad industry in California, portraying the Southern Pacific railroad company as "a huge, sprawling organism." This beast drew its power through "a veritable system of blood circulation" with "diminutive little blood suckers that shot out from the main jugular and went twisting up into some remote county, laying hold upon some forgotten village or town, involving it in one of a myriad branching coils, one of a hundred tentacles, drawing it, as it were, toward that center from which all this system sprang."[12] This corporate tentacles imagery helped Norris' distill how Southern Pacific formed a "vast, complicated network" of property relationships and political corruption across California.[13] The imagery also captures something intuitive about corporate power: social relationships matter.

Most international relations (IR) scholars acknowledge that social relationships matter for business power, yet they usually explore these relationships in the aggregate, as parts of a broader economic structure, rather than at a level of individual corporations. Some IR scholars focus on the interconnections between markets rather than individual corporations. Liberal scholars often detail how trade and investment flows affect the likelihood of conflict, such as by increasing the economic costs of war as well as the power of business as a collective body.[14] Other scholars explore elites' interconnections. Neo-Marxists claim that elites in corporations and in government form a distinct social class with shared backgrounds, interests, and beliefs

[12] Frank Norris, *The Octopus: A Story of California* (Grosset & Dunlap, 1901), 5.
[13] Norris, 4.
[14] A few prominent examples include E. Gartzke, Q. Li, and C. Boehmer, "Investing in the Peace: Economic Interdependence and International Conflict," International Organization 55, no. 2 (SPR 2001): 391–438, https://doi.org/10.1162/00208180151140612; Katherine Barbieri, "Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?," Journal of Peace Research 33, no. 1 (1996): 29–49; Barry Buzan, "Economic Structure and International Security," International Organization 38, no. 4 (1984): 597–624; Mark J. C. Crescenzi, Economic Interdependence and Conflict in World Politics (Lexington Books, 2005).

about the national interest.[15] However, these scholars do not make systematic claims about how individual corporations vary in their connections to political elites. More recent scholarship on the domestic determinants of foreign policy emphasizes interconnections between competing interest groups, including businesses. This approach explores specific sectors and industries' power rather than the power of individual corporations. Different sectors have different foreign policy preferences, leading them to trade favors and form ties with likeminded groups to elect leaders that share their preferences for conflict or cooperation.[16] Yet by lumping the corporation into a broad economic sector or industries, in which no one firm seemingly dominates, this scholarship strips the corporation of its individual agency.

The section that follows refines understandings of corporate power in international politics by moving our analysis down from the broader economic structure to the specific social structure surrounding individual corporations. I posit individual corporations exhibit power differences which scholars have long overlooked, derived from the various positions corporations occupy in international politics.[17] Corporations are complex beasts, as Norris understood; they often develop different relationships with other firms and with other policymakers because they operate in different regions, face different political challenges, compete in different markets, and negotiate with different political actors. To invest in a foreign region, for instance, a

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[15] Vladimir Il'ich Lenin, Imperialism, the Highest Stage of Capitalism: A Popular Outline (Martin Lawrence, 1934); Paul A. Baran and Paul M. Sweezy, "Notes on the Theory of Imperialism," Monthly Review 17, no. 10 (March 3, 1966): 15–33, https://doi.org/10.14452/MR-017-10-1966-03_3; Anthony Brewer, Marxist Theories of Imperialism (London: Routledge, 1980).

[16] Jack Snyder, Myths of Empire: Domestic Politics and International Ambition (Cornell University Press, 1993); Peter Trubowitz, Defining the National Interest: Conflict and Change in American Foreign Policy, 1 edition (Chicago: University of Chicago Press, 1998); Etel Solingen, Regional Orders at Century's Dawn (Princeton, N.J: Princeton University Press, 1998); Paul Papayoanou, "Interdependence, Institutions, and the Balance of Power: Britain, Germany, and World War I," International Security 20, no. 4 (1996): 42–76; Steven E. Lobell, The Challenge of Hegemony: Grand Strategy, Trade, and Domestic Politics (University of Michigan Press, 2003); Richard Rosecrance, The Rise of the Virtual State: Wealth and Power in the Coming Century (New York: Basic Books, 1999); Benjamin O. Fordham, Building the Cold War Consensus: The Political Economy of U.S. National Security Policy, 1949-51 (University of Michigan Press, 1998); Aaron L. Friedberg, In the Shadow of the Garrison State: America's Anti-Statism and Its Cold War Grand Strategy (Princeton University Press, 2000).

[17] This criticism is shared by Luigi Zingales, "Towards a Political Theory of the Firm," *Journal of Economic Perspectives* 31, no. 3 (August 2017): 113–30, https://doi.org/10.1257/jep.31.3.113; Rawi Abdelal, "The Multinational Firm and Geopolitics: Europe, Russian Energy, and Power," *Business and Politics* 17, no. 3 (October 2015): 553–76, https://doi.org/10.1515/bap-2014-0044; Kevin Young, "Not by Structure Alone: Power, Prominence, and Agency in American Finance," *Business and Politics* 17, no. 3 (October 2015): 443–72, https://doi.org/10.1515/bap-2015-0004; Bastiaan Van Apeldoorn and Naná de Graaff, "The Corporation in Political Science," in *The Corporation: A Critical, Multi-Disciplinary Handbook*, ed. Grietje Baars and Andre Spicer (Cambridge, United Kingdom: Cambridge University Press, 2017), 134–59.

corporation must adapt their organizational practices to local contexts,[18] transfer knowledge across borders to generate new frames of behavior,[19] and forge personal relationships with policymakers to achieve their goals.[20] Therefore, some firms likely have more economic relationships than others, and some are likely to be closer to decisionmakers than others. Recent work in political economy has already recognized that differences among firms can affect policy outcomes: financial regulation in the United States and the United Kingdom, for example, is tilted toward the preferences of the most well-connected players, such as JP Morgan Chase and Goldman Sachs.[21]

However, understandings of how individual level differences in corporate power affect international politics have remain obscured by the focus on broader economic structure, even in classic cases of corporate influence in international politics. Ronald Cox, for example, explains how U.S. covert action in Guatemala in 1954 was driven by a group of "internationalist" investors: United Fruit, International Railway of Central America, and Empressa Electrica.[22] But by focusing on this broad group instead of the individual corporations, his account diminishes the relative importance of United Fruit's in the intervention, such as the process by which its shipping lanes and political relationships to Secretary of State Dulles helped encourage

[18] Klaus E. Meyer, Ram Mudambi, and Rajneesh Narula, "Multinational Enterprises and Local Contexts: The Opportunities and Challenges of Multiple Embeddedness," Journal of Management Studies 48, no. 2 (March 1, 2011): 235–52, https://doi.org/10.1111/j.1467-6486.2010.00968.x; Glenn Morgan, Peer Hull Kristensen, and Richard Whitley, eds., The Multinational Firm: Organizing Across Institutional and National Divides, 1 edition (Oxford: Oxford University Press, 2003); Chung-in Moon, "Complex Interdependence and Transnational Lobbying: South Korea in the United States," International Studies Quarterly 32, no. 1 (March 1, 1988): 67–89, https://doi.org/10.2307/2600413; Peter J Katzenstein and Yutaka Tsujinaka, "'Bullying,' 'Buying,' and 'Binding': US-Japanese Transnational Relations and Domestic Strutures," in Bringing Transnational Relations Back In, ed. Thomas Risse-Kappen (Cambridge: Cambridge University Press, 1995), 79–111.
[19] Tatiana Kostova and Kendall Roth, "Adoption of an Organizational Practice by Subsidiaries of Multinational Corporations: Institutional and Relational Effects," The Academy of Management Journal 45, no. 1 (2002): 215–33, https://doi.org/10.2307/3069293; Martin Heidenreich, "The Social Embeddedness of Multinational Companies: A Literature Review," Socio-Economic Review 10, no. 3 (July 1, 2012): 549–79, https://doi.org/10.1093/ser/mws010.
[20] Rawi Abdelal, "The Profits of Power: Commerce and Realpolitik in Eurasia," Review of International Political Economy 20, no. 3 (2013): 426; Raymond Vernon, Sovereignty at Bay; the Multinational Spread of U.S. Enterprises (Basic Books, 1971), 111–17; A. Claire Cutler, Private Power and Global Authority: Transnational Merchant Law in the Global Political Economy (Cambridge University Press, 2003), 26–27; Daniel Naurin, Deliberation Behind Closed Doors: Transparency and Lobbying in the European Union (ECPR Press, 2007), 31.
[21] Pepper D. Culpepper and Raphael Reinke, "Structural Power and Bank Bailouts in the United Kingdom and the United States," Politics & Society 42, no. 4 (2014): 427–54; William Kindred Winecoff, "Structural Power and the Global Financial Crisis: A Network Analytical Approach," Business and Politics 17, no. 3 (October 2015): 495–525, https://doi.org/10.1515/bap-2014-0050; Young, "Not by Structure Alone."
[22] Ronald W. Cox, *Power And Profits: U.S. Policy in Central America* (University Press of Kentucky, 1994), Ch. 3.

intervention.[23] The focus on broad economic factors has limited our understanding of archetypal cases such as this. Consequently, a framework is needed that can explain how different sets of relationships affect the power of *individual* corporations and how that power is translated into security policy.

Power in Networks

Understanding the power of individual corporations like United Fruit, Enron, or Standard Oil requires a more fine-grained analysis of a corporation's relationships with other firms and with political elites than is likely to come from the conventional focus on broad economic factors. Network analysis provides a well-established approach for conceptualizing the power of individual actors, like firms, states, or people. Over the last two decades, economic sociologists have used network analysis to articulaate variation in firms' economic performance, entrepreneurship, and corporate political behavior.[24] Similarly, IR scholars have used insights from social network analysis to explain the influence of specific diplomats, colonial agents, and even ordinary people on the propensity for international conflict and cooperation among states.[25]

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[23] For a history of United Fruit's role in Guatemala, see Stephen Schlesinger et al., *Bitter Fruit: The Story of the American Coup in Guatemala, Revised and Expanded*, 2 edition (Cambridge, Mass: David Rockefeller Center for Latin American Studies, 2005).

[24] Conceiving "markets-as-networks" is commonplace in sociology. Some prominent examples include Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," American Journal of Sociology 91, no. 3 (1985): 481–510; Ronald S. Burt, Brokerage and Closure: An Introduction to Social Capital (OUP Oxford, 2007); Wayne E. Baker, "The Social Structure of a National Securities Market," American Journal of Sociology 89, no. 4 (1984): 775–811. For empirical studies using network analysis to understand differences in economic performance, see Burt, Brokerage and Closure; Granovetter, "Economic Action and Social Structure." For similar analyses on entrepreneurship, see Gautam Ahuja, "Collaboration Networks, Structural Holes, and Innovation: A Longitudinal Study," Administrative Science Quarterly 45, no. 3 (September 1, 2000): 425–55, https://doi.org/10.2307/2667105; Ronald S. Burt, "Structural Holes and Good Ideas," American Journal of Sociology 110, no. 2 (September 1, 2004): 349–99, https://doi.org/10.1086/421787. For similar analyses of corporate political behavior, see Mark S. Mizruchi, "Similarity of Political Behavior Among Large American Corporations," American Journal of Sociology 95, no. 2 (1989): 401–24; Mizruchi, The Structure of Corporate Political Action; Gerald F. Davis and Henrich R. Greve, "Corporate Elite Networks and Governance Changes in the 1980s," American Journal of Sociology 103, no. 1 (July 1, 1997): 1–37, https://doi.org/10.1086/231170; Val Burris, "The Two Faces of Capital: Corporations and Individual Capitalists as Political Actors," American Sociological Review 66, no. 3 (June 2001): 361–81; Val Burris, "Interlocking Directorates and Political Cohesion among Corporate Elites," American Journal of Sociology 111, no. 1 (July 1, 2005): 249–83.

[25] Paul K. Macdonald, Networks of Domination: The Social Foundations of Peripheral Conquest in International Politics (Oxford University Press, 2014), https://books.google.com/books?id=4URZAwAAQBAJ&pgis=1; Stacie E. Goddard, "Brokering Change: Networks and Entrepreneurs in International Politics," International Theory 1, no. 2 (2009): 249–81; Daniel H. Nexon and Thomas Wright, "What's at Stake in the American Empire Debate," American Political Science Review null, no. 02 (May 2007): 253–271, https://doi.org/10.1017/S0003055407070220; Eric Grynaviski, America's Middlemen: Power at the Edge of Empire (Cambridge University Press, 2018).

A key idea in social network analysis is that power is relational. Power depends not on the resources one "has," but rather on one's relationships—social ties–with other actors. Social ties are conceived broadly as any routine transaction to which two individuals or organizations "attach shared understandings, memories, forecasts, rights, and obligations."[26] Any durable transaction, whether it be an economic exchange, a political briefing, or a shared Netflix account, can constitute a social tie. These ties determine an actor's ability to gain access to, make connections with, or quickly spread resources to other actors in a network, as well as what kinds of resources and actors to which they have access.

Still, not all social ties are the same. Sociologists distinguish between two types of social ties: direct versus indirect ties, and strong versus weak ties. Direct ties are immediate transactions between two actors, like a marriage or a business contract. Indirect ties, by contrast, are transactions between two individuals who have no direct relation but are connected through a third person, such as a "friend-of-a-friend."[27] For example, a company may hire a lobbyist to represent them, and that lobbyist may have worked with the secretary of state, making the secretary an indirect contact.[28] Social ties also vary in strength. Strong ties are reciprocal, frequent, and sustained over time, such as between close friends or longstanding business partners, whereas weak ties are rare, unidirectional, and fleeting, such as those among acquaintances, or casual buyers and sellers.[29] Importantly, the type of social tie may change over time. An indirect tie can become a direct tie, for example, if that same lobbyist introduced the secretary of state to their employer. Moreover, a weak tie can become a strong tie. Elites whose professions are linked, such as defense contractors and military advisors, often form shared understandings, skills, and interests which transcend their common material interests.[30]

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[26] Charles Tilly, Stories, Identities, and Political Change (Rowman & Littlefield, 2002), 80.
[27] Yanjie Bian, "Bringing Strong Ties Back in: Indirect Ties, Network Bridges, and Job Searches in China," American Sociological Review 62, no. 3 (1997): 366–85, https://doi.org/10.2307/2657311.
[28] In American politics, these claims are often made, such as in Jordi Blanes i Vidal, Mirko Draca, and Christian Fons-Rosen, "Revolving Door Lobbyists," American Economic Review 102, no. 7 (December 2012): 3731–48, https://doi.org/10.1257/aer.102.7.3731.
[29] Mark S. Granovetter, "The Strength of Weak Ties," American Journal of Sociology 78, no. 6 (1973): 1360–1380; Peter V. Marsden and Karen E. Campbell, "Reflections on Conceptualizing and Measuring Tie Strength," Social Forces 91, no. 1 (September 1, 2012): 17–23, https://doi.org/10.1093/sf/sos112.
[30] Andrew Abbott, "Linked Ecologies: States and Universities as Environments for Professions," Sociological Theory 23, no. 3 (2005): 245–74; Gordon Adams, The Politics of Defense Contracting: The Iron Triangle, Worn (Transaction Publishers, 1981).

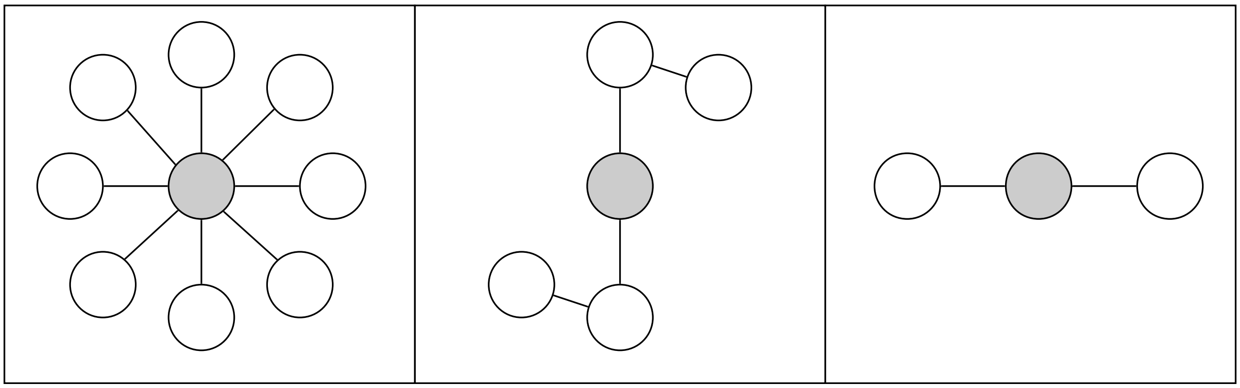

Figure 1.1 Power Positions in Social Networks

A pattern of social ties—direct and indirect, strong and weak—produces a network, and one's position in a network can confer different degrees of power (Figure 1.1).[31] First, an actor, like an individual or a firm, can gain power from being central to a network; actors with multiple strong ties tend to have greater access to resources, such as information or money, and more visibility than those with fewer social connections. In a network of corporations, information platforms like Facebook or Google have access to information and money from advertisers, media outlets, and other firms that the average company does not have, making them central and well known. An actor can also gain power from being closer to everyone else in the network; if an actor can reduce the number of steps (indirect ties) it takes to reach all other actors, they can acquire and transfer resources more efficiently and with greater reach than more distant actors. For example, lobbyists tend to value their connections to staffers and advisors more than their ties to legislators because they are closer to the ones who actually write the policy and are more likely to have their concerns raised.[32] Finally, an actor can gain power from their position between others; an actor who links together two

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[31] For the various measures of network centrality, see Linton C. Freeman, "Centrality in Social Networks Conceptual Clarification," Social Networks 1, no. 3 (January 1, 1978): 215–39, https://doi.org/10.1016/0378-8733(78)90021-7; Stephen P. Borgatti, "Centrality and Network Flow," Social Networks 27, no. 1 (January 1, 2005): 55–71, https://doi.org/10.1016/j.socnet.2004.11.008; David Knoke, Political Networks: The Structural Perspective (Cambridge University Press, 1994), Chap. 1. I avoid the language of centrality to help simplify the difference between closeness and degree centrality in later sections.
[32] Joshua McCrain, "Revolving Door Lobbyists and the Value of Congressional Staff Connections," Journal of Politics 80, no. 4 (2018): 1369–83.

otherwise disconnected parties can control the flow of resources and broker relationships between them. Traders and missionaries were oftentimes the first and only source of information their home country had about a foreign territory, allowing them to broker imperial arrangements between societies.[33] Different positions in a network can confer different degrees of power.

Various kinds of networks can also confer different kinds of power.[34] Sociologists recognize people play multiple roles in society: at work, a person may be a company CEO; at home, they may be someone's spouse; at the bar, they may be someone's friend.[35] These contexts often involve distinct transaction types and can be conceived as separate layers of the same person's social network. A person's ties in each layer can confer different forms of power, such as access to different kinds of resources or the ability to reach different kinds of actors. For instance, political economists often distinguish between the "structural power" business gains from relationships with other firms, and the "instrumental power" they gain from personal relationships with political actors. Focusing on one over another, as some have noted, limits understandings of business power.[36] In other words, a comprehensive view of an actor's power in society must include their position across multiple networks.

Identifying powerful corporations, rather than powerful sectors or industries, comes with challenges because corporations have extensive and distinctive social networks. Large multinational corporations, such as Exxon Mobile or Gazprom, are embedded in a variety of social, political, and economic networks. They have relationships with their home government, with the host governments of countries in which they conduct business, with other firms in global and national markets, with intergovernmental organizations, as

[33] Grynaviski, America's Middlemen; Miles M. Evers and Eric Grynaviski, "In the Midst of Empire: Power, Brokers, and America's Empire in the Pacific" (undated).
[34] Thomas W. Valente et al., "How Correlated Are Network Centrality Measures?," Connections (Toronto, Ont.) 28, no. 1 (January 1, 2008): 16–26; John M. Bolland, "Sorting out Centrality: An Analysis of the Performance of Four Centrality Models in Real and Simulated Networks," Social Networks 10, no. 3 (September 1, 1988): 233–53, https://doi.org/10.1016/0378-8733(88)90014-7.
[35] For discussions of multilayered social networks, see Harrison C. White, Scott A. Boorman, and Ronald L. Breiger, "Social Structure from Multiple Networks. I. Blockmodels of Roles and Positions," American Journal of Sociology 81, no. 4 (1976): 730–80; Ronald S Burt and Thomas Schøtt, "Relation Contents in Multiple Networks," Social Science Research 14, no. 4 (December 1, 1985): 287–308, https://doi.org/10.1016/0049-089X(85)90014-6; Mark E. Dickison, Matteo Magnani, and Luca Rossi, Multilayer Social Networks (Cambridge University Press, 2016); John F. Padgett and Walter W. Powell, The Emergence of Organizations and Markets, 2012, 5–10, 170–71.
[36] For a discussion of these types of power, see Tasha Fairfield, Private Wealth and Public Revenue (Cambridge University Press, 2015).

well as various think tanks, media outlets, universities, and advocacy groups.[37] If each of these contexts represents a separate layer of a corporation's overall network, which ones are most pertinent for international security? When do these networks provide a corporation with power in security politics? The next two sections answer these questions by focusing on two broad challenges that scholars of international security claim will reduce a corporation's influence on security politics.[38] In each section, I review the challenge to corporate influence, discuss what network position can overcome that challenge, and show how firms use their position in different kinds of networks to overcome that challenge.

Centrality and the National Security Agenda

A major challenge facing a corporation is how to get its concerns onto the national security agenda. Traditionally, scholars of international security have described an international politics issue hierarchy: the "high politics" of defense and national security dominates the "low politics" of economic, ideological, and social issues.[39] In this view, states must protect themselves from real or perceived threats because there is no international authority capable of protecting them.[40] Consequently, when crafting foreign policy, decisionmakers (e.g., state leaders, high-ranking bureaucrats, and military leaders) will prioritize issues that affect the nation's general security interests over issues involving narrow economic interests.[41] For instance,

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[37] Abdelal, "The Multinational Firm and Geopolitics"; Inderjeet Parmar, Foundations of the American Century: The Ford, Carnegie, and Rockefeller Foundations in the Rise of American Power (New York: Columbia University Press, 2012); Doris A. Fuchs, Business Power in Global Governance (Lynne Rienner Boulder, CO, 2007).
[38] See, for example, Dale C. Copeland, *Economic Interdependence and War* (Princeton University Press, 2014); Stephen D. Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy* (Princeton University Press, 1978); Helen V. Milner and Dustin Tingley, *Sailing the Water's Edge: The Domestic Politics of American Foreign Policy* (Princeton University Press, 2015).
[39] For a discussion of this hierarchy of issue areas, see Michael Mastanduno, "Economic and Security in Statecraft and Scholarship," International Organization 52, no. 4 (1998); Robert O. Keohane and Joseph Nye, Power & Interdependence, 4 edition (Boston: Pearson, 2011), 19–20; Charles Lipson, "International Cooperation in Economic and Security Affairs," World Politics 37, no. 1 (October 1, 1984): 1–23, https://doi.org/10.2307/2010304.
[40] John J. Mearsheimer, The Tragedy of Great Power Politics, 1 edition (New York: W. W. Norton & Company, 2014); Kenneth N. Waltz, Theory of International Politics, 1 edition (Long Grove, Ill.: Waveland Pr Inc, 1979).
[41] By decisionmakers, I mean anyone with access to and authority over a state's national security policy and decisions. This includes state leaders, high-level bureaucrats, military leaders, and key legislators, such as those on national security and foreign policy committees. For this definition, see Elizabeth N. Saunders, "War and the Inner Circle: Democratic Elites and the Politics of Using Force," Security Studies 24, no. 3 (July 3, 2015): 468, https://doi.org/10.1080/09636412.2015.1070618. On the relative importance of economic versus security interests, see Robert Gilpin, U. S. Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment (Basic Books, 1975), 144. Also see Noel Maurer, *The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American*

Van Apeldoorn and Graaf describe U.S. officials who are recruited from the private sector: "Once they assume office they come to play a different role in which they no longer represent a corporation but the U.S. government, and are expected to take a more general and longer-term view regarding the geopolitical interests of the American state."[42]

Of course, more recent scholarship on economic coercion recognizes that economic issues can raise to the level of "high politics" national security. States have often encouraged foreign investment to expand their political influence abroad, creating dependencies and sources of leverage that can substitute for military force. Home states have sole jurisdiction over a corporation, which provides them with the legal authority to regulate its investments beyond their national borders. Home states can use that control to coerce others, by blacklisting certain countries from their foreign investment or markets unless they follow the state's rules.[43] States also worry about how their dependencies may be turned against them. Decisionmakers recognize that to sustain a strong military power they must have a vibrant and growing economy, and that trading with and investing in other states is necessary to maintain economic growth, even though it increases their vulnerability to cutoffs in key resources and coercion by other states. Consequently, they are vigilant for signs their economic relations with other states may be heading in a positive or negative direction.[44]

Property Overseas, 1893-2013, 1 edition (Princeton, New Jersey: Princeton University Press, 2013), 8–9; Gilpin, *U. S. Power and the Multinational Corporation*, 142–44; Kenneth Aaron Rodman, *Sanctity Versus Sovereignty: The United States and the Nationalization of Natural Resource Investments* (Columbia University Press, 1988), 28–33; Krasner, *Defending the National Interest*, 137–38, 334–46.

[42] Bastiaan Van Apeldoorn and Naná de Graaff, American Grand Strategy and Corporate Elite Networks: The Open Door since the End of the Cold War (Abingdon, Oxon ; New York, NY: Routledge, 2015), 23.

[43] Keohane and Nye, Power & Interdependence; Henry Farrell and Abraham L. Newman, "Weaponized Interdependence," International Security, Forthcoming.

[44] Copeland, *Economic Interdependence and War*; Stephen G. Brooks, "Dueling Realisms," *International Organization* 51, no. 3 (July 1, 1997): 445–77, https://doi.org/10.2307/2703611.

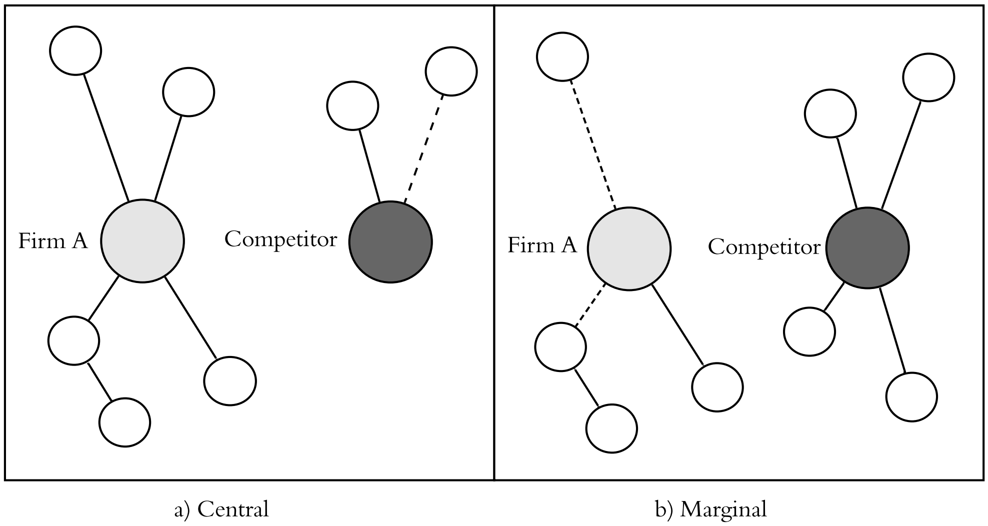

Figure 1.2 Centrality in a Foreign Market

Together, these factors suggest a company's economic ties within a foreign market will affect whether its interests are elevated on the national security agenda. By economic ties, I specifically mean the exchange of goods and services between firms, like on a production and supply chain. In general, a company's economic ties can take one of two forms (see Firm A in Figure 1.2). On the one hand, a company's economic ties can be central to a foreign market, where it has more strong ties relative to competitor firms in that foreign market. On the other hand, a company's economic ties can be relatively marginal to the sector of a foreign market, where it has weaker and fewer ties relative to its competitors.[45] All things being equal, I argue it is easier for a corporation to raise its interests on the national security agenda when it is in a central position in a foreign market.

Central corporations have two features that raise their interests on the national security agenda. First, their visibility between states can influence the quality of relations between states. Since many economic actors are drawn to the central company for a particular good or access to a foreign market, the company's presence is likely perceived by policymakers as one of the most constitutive of the economic relations

[45] Others have focused on the connectedness of a firm in the global economy, rather than the number of connections between two individual countries. This is similar to the different between "global" centrality and "local" centrality. Focusing on global centrality makes sense if we want to understand the position of a corporation within the entire global economy. See, for instance, Winecoff, "Structural Power and the Global Financial Crisis"; Young, "Not by Structure Alone"; Farrell and Newman, "Weaponized Interdependence." Focusing on local centrality makes sense if we want to understand the position of a corporation with respect to relations between specific countries.

between its home and host states. Decisionmakers are likely to look to these central corporations for signals about the quality of relations. A dispute involving a central corporation sends a powerful signal that a host government's willingness to sustain economic relations with the home government may be headed for the worst. Moreover, this dispute can send a signal to other firms that the host state is not a safe market for their investments. Investors are notoriously careful about sinking money into countries they perceive to be risky and will look to these companies for information that a foreign market is a good or bad investment. Other firms are unlikely to risk investing in a foreign market if central actors are in a dispute with the host government, creating a spiraling effect between the two states.[46] Consequently, decisionmakers are likely to prioritize disputes involving central corporations to prevent their relations from deteriorating with the host government.[47] This occurred in 1998 when Bangladesh threatened to cancel the American power company AES's contract, the country's largest power supplier. The U.S. ambassador linked the dispute to their broader economic relations with Bangladesh, warning officials the country's "image as a destination for investment would suffer if AES were unfairly denied the project."[48]

The second feature of central corporations is access to resources. The concentration of economic ties gives central corporations access to more opportunities to manipulate resource flows between states, which they can use to precipitate an international crisis. For one, central corporations can use their position to choke off resources to disrupt the host country's economy: closing down mines; refusing to process oil; burning farms and plantations; and shutting down internet platforms.[49] They can also use their home-country ties to create political disruption, securing material support for political opponents, opposition parties, and local revolutionaries of the host government.[50] Either course—choking off resources or channeling resources

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[46] N. M. Jensen, Nation-States and the Multinational Corporation: A Political Economy of Foreign Direct Investment, 2006, 45. Also see Nathan Jensen, Glen Biglaiser, and Quan Li, Politics and Foreign Direct Investment (University of Michigan Press, 2012).
[47] Geoffrey Gertz, "Commercial Diplomacy and Political Risk," International Studies Quarterly 62, no. 1 (March 1, 2018): 94–107, https://doi.org/10.1093/isq/sqx079.
[48] United States Department of State, "U.S. Leadership Abroad and American Business," 2001, https://1997-2001.state.gov/www/about_state/business/cba_virginia.html.
[49] This is similar to the "chokepoint" effects discussed in Farrell and Newman, "Weaponized Interdependence."
[50] Philip N. Howard, New Media Campaigns and the Managed Citizen (Cambridge University Press, 2005), 98–100; R. Kraemer, G. Whiteman, and B. Banerjee, "Conflict and Astroturfing in Niyamgiri: The Importance of National Advocacy Networks in Anti-Corporate Social Movements," Organization Studies 34, no. 5–6 (2013): 823–852, https://doi.org/10.1177/0170840613479240.

to political opponents—can create an international crisis because it puts the host government in a dilemma: either they accede to the company's demands, or they pursue counter-measures that may be interpreted by other states as threatening (e.g., retaliating against political opponents, issuing counter-sanctions, or cooperating with a strategic rival). The former scenario occurred in Honduras in 1914, when the Cuyamel Fruit Company financed three American mercenaries to stage a "revolution" that successfully imposed Manuel Bonilla as president.[51] The latter scenario occurred in Iran in 1951, when British Petroleum imposed a worldwide embargo on the sale and transport of Iranian oil. In response, the Iranian government declared a state of emergency, and forged closer ties with the Soviet Union for economic relief, giving U.S. officials the impetus to overthrow the Iranian government in 1953.[52]

Decisionmakers also rely on a central corporation because its control over resources is useful for decisionmakers to exercise economic coercion. Disputes involving these corporations may force decisionmakers to make trade-offs between their current and long-term foreign policy objectives. On the one hand, choosing to protect a company's interests now can preserve future opportunities for economic coercion against the host government, but ruin the possibility of cooperation in the short term. On the other hand, choosing to ignore a company's interests can preserve the possibility for short-term cooperation, but can risk losing future opportunities for economic coercion. In deciding to defend an American concession in Saudi Arabia, for example, the State Department weighed the costs of upsetting their wartime alliance with Britain against the benefits of having leverage over global oil markets after the war. How decisionmakers weigh the short-term against long-term depends, in part, on whether that a foreign government may pose a long-term threat to their national security; this was the case with Britain in Saudi Arabia, determining whether they were likely to edge in on the company's concession in the future (Chapter Two).[53]

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[51] Stephen Kinzer, Overthrow: America's Century of Regime Change from Hawaii to Iraq (Macmillan, 2007), 75.
[52] The company halted all payments to the Iranian treasury, stopping tanker shipments, and withdrawing its staff, as well as threatening legal against prospective buyers of Iranian oil. See Mary Ann Heiss, "The International Boycott of Iranian Oil and the Anti-Mosaddeq Coup of 1953," in Mohammad Mosaddeq and the 1953 Coup in Iran, ed. Mark J. Gasiorowski and Malcolm Byrne (Syracuse University Press, 2004), 178–200; Rodman, Sanctity Versus Sovereignty, 152.
[53] David M. Edelstein, Over the Horizon: Time, Uncertainty, and the Rise of Great Powers (Ithaca, N.Y: Cornell University Press, 2017).

A few factors may determine whether a corporation is central or marginal to a foreign market. The timing of market entry is one factor that can determine a corporation's centrality. First-movers often start in a central position because they have no competitors in the short term, and will establish a brand for themselves in a particular market that makes it hard for outsiders to challenge their centrality in the long term.[54] Another factor is the type of company. Privately held corporations are less likely to be central than publicly traded companies because they have fewer ties to shareholders; "mom-and-pop" shops pay fewer dividends than a company like Apple. The state of the economy in either the home or host state can also drive fluctuations in a firm's centrality. Shifts in supply and demand brought on by technological advances, climate change, or economic crises can sever relations between actors, or they can produce new ones.

The crucial point is that the structure of economic ties between states may make some corporations more important on the national security agenda than others. This is distinct from conventional views of business power, which focus on the state's dependence on entire sectors or industries. Decisionmakers are not always focused on issues affecting broad, economic sectors and industries. Instead, they are focused on issues affecting specific corporations over others. Central corporations are more visible and in control of resource flows between states than marginal companies. The power derived from centrality differ from the power portrayed by conventional notions of business power in international relations because it operates indirectly, impersonally, to some extent, unintentionally. The visibility of a central corporation means its presence in a foreign market is tied to and can affect the actions of other actors, whether it intends to or not. Its ability to manipulate resources between states means it can affect the setting and context in which confrontations occur between states, particularly the choices, capabilities, and trade-offs states face.[55] How states react in that context is another matter. Affecting what policies actually get implemented by home

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[54] On first-mover advantages, see Roger A. Kerin, P. Rajan Varadarajan, and Robert A. Peterson, "First-Mover Advantage: A Synthesis, Conceptual Framework, and Research Propositions," Journal of Marketing 56, no. 4 (1992): 33–52, https://doi.org/10.2307/1251985; William T. Robinson and Sungwook Min, "Is the First to Market the First to Fail? Empirical Evidence for Industrial Goods Businesses," Journal of Marketing Research 39, no. 1 (2002): 120–28; Marvin B. Lieberman and David B. Montgomery, "First-Mover Advantages," Strategic Management Journal 9 (1988): 41–58; Jędrzej George Frynas, Kamel Mellahi, and Geoffrey Allen Pigman, "First Mover Advantages in International Business and Firm-Specific Political Resources," Strategic Management Journal 27, no. 4 (2006): 321–45, https://doi.org/10.1002/smj.519.

[55] Stefano Guzzini, "Structural Power: The Limits of Neorealist Power Analysis," International Organization 47, no. 03 (1993): 443–78, https://doi.org/10.1017/S0020818300028022.

governments, as I show next, requires a more direct, personal, and intentional form of power than previously discussed.

Closeness and National Security Policy

Another challenge facing a corporation is how to persuade decisionmakers to follow through on its preferred policies. Political scientists often claim the state is insulated from corporate pressures on issues of national security and can make autonomous decisions related to geopolitical aid, foreign intervention, and economic sanctions.[56] Some scholars claim corporations have limited access to the national security bureaucracy. Many foreign policy issues require secrecy and quick responses, leading decision-making to occur behind closed doors in the executive branch rather than in the legislative process, where decision-making is slow, public, and there are "a hundred times greater" points of access.[57] As Mark Peterson writes, while Congress "remains a highly permeable institution, the White House complex is open to groups largely by presidential invitation only."[58] Other scholars claim national security decision-makers are insulated from special interests because of their foreign policy informational advantages. National security issues, in particular, tend to be complex and large in scope, requiring unique expertise and channels of information to which the average person does not have access. U.S. presidents, for example, have access to a large, specialized bureaucracy designed to gather

[56]Among IR scholars, this is reflected in the emphasis on the preferences of political elites and state leaders. See, for example , Michael Mastanduno, David A. Lake, and G. John Ikenberry, "Toward a Realist Theory of State Action," International Studies Quarterly 33, no. 4 (1989): 457–74, https://doi.org/10.2307/2600522; Daniel L. Byman and Kenneth M. Pollack, "Let Us Now Praise Great Men: Bringing the Statesman Back In," International Security 25, no. 4 (2001): 107–46; Keren Yarhi-Milo, "In the Eye of the Beholder How Leaders and Intelligence Communities Assess the Intentions of Adversaries," International Security 38, no. 1 (SUM 2013): 7-+, https://doi.org/10.1162/ISEC_a_00128; Elizabeth N. Saunders, "War and the Inner Circle: Democratic Elites and the Politics of Using Force," Security Studies 24, no. 3 (July 3, 2015): 466–501. It is also shared by scholars of American politics who claim that are "Two Presidencies": one for domestic policy and one for foreign policy. See, for example, Aaron Wildavsky, "The Two Presidencies," in The Two Presidencies: A Quarter Century Assessment, ed. Steven Shull, 1 edition (Chicago: Wadsworth Publishing, 1991), 11–25.

[57] Lester W. Milbrath, "Interest Groups and Foreign Policy," in Domestic Sources of Foreign Policy, ed. James N. Rosenau (New York: Free Press, 1967), 236. This argument is also made in Krasner, Defending the National Interest, 86–87.

[58] Mark A. Peterson, "Interest Mobilization and the Presidency," in The Politics Of Interests: Interest Groups Transformed, ed. Mark P. Petracca (Avalon Publishing, 1992), 224. Because accessing legislators is easier than accessing national security bureaucrats, foreign policy interests tend to target key congressional committees to exercise oversight on the executive branch. See Roger Z. George and Harvey Rishikof, The National Security Enterprise: Navigating the Labyrinth (Georgetown University Press, 2017), 329–31.

intelligence and provide the best information about foreign affairs, much of which is restricted from Congress or the public.[59] This information advantage allows presidents to "rally" public opinion and shape business preferences on matters of national security because they should know "what is best for the national interest."[60]

The argument that national security decision-making is relatively insulated from special interests should be treated with skepticism, however. First, the informational advantage behind the national security bureaucracy is not as strong as some assume. Studies of presidential decision-making and bureaucratic politics often describe how the hierarchical structure of foreign policy decision-making constrains the flow of information: "personnel on the way up the pyramid may make decisions about what is extraneous that differ from the president's needs. Staff may not share the presidential perspective, and may hide information that shows them in a bad light." As a result, Andrew Rudalevige explains, "the sea of information at the bottom of any hierarchical pyramid is reduced to a puddle at the top."[61] Organizational biases and competition among agencies can also foster distrust in the national security bureaucracy, leading presidents to confine decision-making to a few trusted advisors inside and outside the executive branch.[62] Consequently, corporations may not need to compete with the information advantages of the entire national security bureaucracy. They only

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[59] Milner and Tingley, *Sailing the Water's Edge*; Michael P. Colaresi, *Democracy Declassified: The Secrecy Dilemma in National Security* (Oxford University Press, 2014).

[60] On rallying public opinion, see Matthew Levendusky and Michael C. Horowitz, "When Backing Down Is the Right Decision: Partisanship, New Information, and Audience Costs," Journal of Politics 74, no. 2 (2012): 323–38; Miles M. Evers, Aleksandr Fisher, and Steven D. Schaaf, "Is There a Trump Effect? An Experiment on Political Polarization and Audience Costs," Perspectives on Politics 17, no. 2 (June 2019): 433–52, https://doi.org/10.1017/S1537592718003390. On shaping business preferences, see Krasner, Defending the National Interest, 81.

[61] Andrew Rudalevige, "The Structure of Leadership: Presidents, Hierarchies, and Information Flow," Presidential Studies Quarterly 35, no. 2 (June 1, 2005): 338–39, https://doi.org/10.1111/j.1741-5705.2005.00252.x. On presidential leadership and advisory processes, see Alexander L. George, Presidential Decision Making in Foreign Policy: The Effective Use of Information and Advice (Boulder, CO: Westview Press, 1980); Thomas Preston, The President and His Inner Circle: Leadership Style and the Advisory Process in Foreign Affairs (New York: Columbia University Press, 2001).

[62] Amy Zegart, Flawed by Design: The Evolution of the CIA, JCS, and NSC, 1 edition (Stanford University Press, 2000), 44–51; Morton H. Halperin, Priscilla Clapp, and Arnold Kanter, Bureaucratic Politics and Foreign Policy (Brookings Institution Press, 1974), 18–19. For the bureaucratic model of foreign policy and how decisionmakers can distort information, see Graham Allison and Philip Zelikow, Essence of Decision: Explaining the Cuban Missile Crisis, 2nd ed. (Pearson, 1999); Robert J. Art, "Bureaucratic Politics and American Foreign Policy: A Critique," Policy Sciences 4, no. 4 (1973): 467–90; Irving Lester Janis, Groupthink: Psychological Studies of Policy Decisions and Fiascoes (Houghton Mifflin, 1983); Paul t'Hart, Eric K. Stern, and Bengt Sundelius, "Foreign Policymaking at the Top: Political Group Dynamics," in Beyond Groupthink: Political Group Dynamics and Foreign Policymaking, ed. Paul t'Hart, Eric K. Stern, and Bengt Sundelius (Ann Arbor: University of Michigan Press, n.d.), 3–34.

need to shape the limited information held by a few key decisionmakers.

Second, informal links between business and government can provide easy access to national security decisionmakers.[63] Canonical work by Lenin, Hobbes, and Miliband emphasize personal relationships to policymakers as the primary means by which economic elites captured the state, and more recent scholarship has associated personal relationships with business influence in Latin America, Europe, the United States, and Russia.[64] These studies suggest that interpersonal relationships transcend the individual, bringing organizations closer together socially and enabling what Yanjie Bian (1997) calls "unauthorized activities"—informal exchanges or transactions that may be constrained or prevented by formal institutions.[65] Policymakers will informally consult with their friends in the corporate community on the formulation of policy, and corporate elites will use these connections to consult with policymakers on behalf of their firm informally. Many corporations, of course, do not have such intimate connections with policymakers, and have to rely on other means of accessing decisionmakers, like going through Congress.[66] The point is not that the national security bureaucracy is accessible or inaccessible to everyone; indeed, conventional views of business power in international politics often portray entire sectors or industries as having more direct ties than other sectors or industries.[67] Instead, I argue that this overlooking how some firms like Enron, United Fruit, or Standard Oil may be uniquely well-connected, and that we must careful to specify how the social structure can make access easier for some corporations than others, even within the same sector or industry.

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[63] In the United States, for example, almost two-thirds of all national security bureaucrats since the end of World War II have a background in business or corporate law. See Apeldoorn and Graaff, American Grand Strategy and Corporate Elite Networks.

[64] Lenin, Imperialism, the Highest Stage of Capitalism; Ralph Miliband, The State in Capitalist Society (Merlin Press, 1969); John Atkinson Hobson, Imperialism: A Study (J. Pott, 1902)). For more recent work, Fairfield, Private Wealth and Public Revenue; Pepper D. Culpepper, Quiet Politics and Business Power: Corporate Control in Europe and Japan (New York: Cambridge University Press, 2010); G. William Domhoff, The Power Elite and the State (Routledge, 2017); David Szakonyi, "Businesspeople in Elected Office: Identifying Private Benefits from Firm-Level Returns," American Political Science Review, December 2017, 1–17, https://doi.org/10.1017/S0003055417000600.)

[65] Bian, "Bringing Strong Ties Back In." For a discussion on how individual ties form an interorganizational tie, see Kevin L. Young, Tim Marple, and James Heilman, "Beyond the Revolving Door: Advocacy Behavior and Social Distance to Financial Regulators," Business and Politics 19, no. 2 (2017): 334–35.

[66] Young, Marple, and Heilman, "Beyond the Revolving Door: Advocacy Behavior and Social Distance to Financial Regulators." Previous work in IR has focused on differences among sectors, but not individual firms. See, for example, Cox, *Power And Profits*; David N. Gibbs, *The Political Economy of Third World Intervention: Mines, Money, and U.S. Policy in the Congo Crisis*, 1 edition (Chicago: University Of Chicago Press, 1991).

[67] Gibbs, *The Political Economy of Third World Intervention*; Cox, *Power And Profits*.

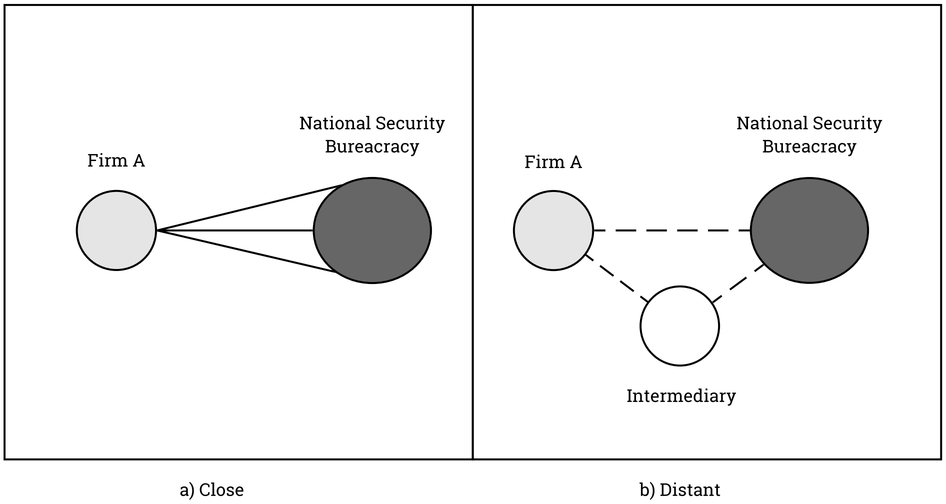

Figure 1.3 Closeness to the National Security Bureaucracy

These factors suggest a corporation's political ties to the national security bureaucracy will affect whether it can encourage its home government to implement its preferred policies. By political ties, I mean direct interpersonal relationships between corporate elites and decisionmakers, through common educational, social, or employment experiences, as well as indirect relationships through contract lobbyists or corporate elites from a sister entity.[68] In general, a company's political ties to its home-government's national security bureaucracy can take one of two forms (see Firm A in Figure 1.3). A company's political ties can be relatively close to the national security bureaucracy, where a company has strong and direct ties to key decisionmakers. Alternatively, a company's political ties can be relatively distant to the national security bureaucracy, where it has weak and indirect ties to key decisionmakers.[69] All things being equal, it is easier for a corporation to get its home government to implement its preferred policies when it is close to the national security bureaucracy, despite the state being insulated from corporate pressures on issues of national security.

[68] By corporate elite, I mean anyone with major influence over the investment decisions and policies of a company, such as important stockholders, members of the board of directors, and top managers. Decisionmakers, to reiterate, include anyone with access to the national security apparatus and information sources, and who are seen as authoritative in that domain, such as high-level bureaucrats, state leaders, military leaders, and the legislators of key committees. For these definitions, see respectively Michael Useem, "Corporations and the Corporate Elite," Annual Review of Sociology 6 (1980): 41–77; Saunders, "War and the Inner Circle," 468.
[69] Key decisionmakers is meant to capture the idea that some decisionmakers matter more than others in different administrations, since as I suggested before, some may be trusted advisors whereas others may not. Certainly, some corporate elites may also matter more than others, depending on how the company is organized. Given that who matters is specific to different contexts, a company's political ties should be carefully assessed on a case-by-case basis.

Close corporations have two features that enable their policies to be implemented by national security decisionmakers. First, their ability to disseminate information efficiently can influence decisionmakers' perception and beliefs about foreign affairs. Recall that the national security bureaucracy can be an inefficient source of information. Since close corporations have many direct ties to the national security bureaucracy, they can disseminate information to decisionmakers quicker and with more control than if they relied on contract lobbyists or formal channels of communication.[70] They can also reach a wider audience. Through their direct connections, close corporations can indirectly spread information to other decisionmakers they are disconnected from, often without disclosing their involvement; for instance, former National Security Advisor Michael Flynn pushed a foreign assistance project onto National Security Council staffers without disclosing he had been paid by and in contact with the plan's backers.[71] This capacity for greater efficiency provides opportunities for close corporations to move first on an issue, defining the stakes of an issue before other bureaucrats can, or framing the interests and intentions of foreign parties in ways that suit their interests. This strategy occurred in nearly every case of investment protection throughout this book, where close corporations staked an investment dispute on their home-country's international status or claimed a foreign government was a threat to its national security.

Second, the trust generated from strong, personal ties is useful for close corporations to mobilize support in their policy proposals. Sociological theory emphasizes the role of personal ties in generating trust. Strong interpersonal ties reduce the costs of evaluating the credibility of information and help ameliorate fears of being cheated; I am more likely to trust the word of a mechanic I know than one I do not know.[72]

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[70] Informal ties tend to move information faster, and more efficiently than formal ties. See, for example, Suzanne M. Crampton, John W. Hodge, and Jitendra M. Mishra, "The Informal Communication Network: Factors Influencing Grapevine Activity," Public Personnel Management 27, no. 4 (1998): 569–84; Granovetter, "The Strength of Weak Ties."

[71] Paul R. Milgrom, Douglass C. North, and Barry R. Weingast, "The Role of Institutions in the Revival of Trade: The Law Merchant, Private Judges, and the Champagne Fairs," Economics & Politics 2, no. 1 (March 1, 1990): 1–23, https://doi.org/10.1111/j.1468-0343.1990.tb00020.x; Susan Rose-Ackerman, Corruption: A Study in Political Economy (New York: Academic Press, 1978). For the example, see David A. Graham, "The Expanding Investigation Into Michael Flynn," The Atlantic, September 13, 2017, https://www.theatlantic.com/politics/archive/2017/09/the-surprising-scope-of-michael-flynns-dubious-business-deals/539733/.

[72] Miller McPherson, Lynn Smith-Lovin, and James M. Cook, "Birds of a Feather: Homophily in Social Networks," Annual Review of Sociology 27, no. 1 (2001): 428–29, 435, https://doi.org/10.1146/annurev.soc.27.1.415; Knoke, Political Networks; James S. Coleman, "Social Capital in the Creation of Human Capital," American Journal of

Thus, close corporations may be perceived as having "inside knowledge" and technical expertise about foreign territories, helping them to frame their policies as congruent with the country's national security interests, whereas they might otherwise be perceived as purely self-interested.[73] Moreover, strong personal ties can help close corporations gain other decisionmakers' trust. A person setting up a blind date between a friend and a colleague, for example, may provide advice to their friend about what topics to avoid for the date to go well. [74] The same logic applies here. A decisionmaker with corporate ties may arrange meetings with other decisionmakers on behalf of the company, and provide advice about how to convey harmonious interests so their proposals are received well. In doing so, their connections may cultivate a reputation of themselves as being a neutral party, such as by promising to recuse oneself from the meetings or sever ties with the company.[75]

Of course, there are conditions under which indirect ties—ties through an intermediary, such as a contract-lobbyist or someone from a sister firm—may be sufficient to influence what policies get implemented. The first condition is the tie between the intermediary and the corporation must be strong. Because distant corporations do not have direct ties to the national security bureaucracy, they have less control and awareness over what information the intermediary transmits and to whom. This information asymmetry gives intermediaries room to operate and spin: they may miscommunicate information to policymakers, or have competing interests and beliefs that lead them to shirk their responsibilities and take credit for small policy victories. Thus, there must be sufficient trust and complementary interests between the intermediary and the corporation, often made through repeated interactions, to ensure the smooth flow of information.[76] Second, the intermediary must also have strong ties to key decisionmakers. Sociological

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Sociology 94 (1988): S95–S120; Damon Centola and Michael Macy, "Complex Contagions and the Weakness of Long Ties," American Journal of Sociology 113, no. 3 (2007): 702–34, https://doi.org/10.1086/521848.

[73] A similar point is made in Fairfield, Private Wealth and Public Revenue, 39.

[74] Raymond L Paquin and Jennifer Howard-Grenville, "Blind Dates and Arranged Marriages: Longitudinal Processes of Network Orchestration," Organization Studies 34, no. 11 (November 1, 2013): 1623–53, https://doi.org/10.1177/0170840612470230.

[75] Milgrom, North, and Weingast, "The Role of Institutions in the Revival of Trade"; Rose-Ackerman, Corruption.

[76] Lee Drutman, The Business of America Is Lobbying: How Corporations Became Politicized and Politics Became More Corporate (Oxford University Press, 2015), 165–67; Rogan Kersh, "State Autonomy & Civil Society: The Lobbyist Connection," Critical Review 14, no. 2–3 (January 1, 2000): 237–58, https://doi.org/10.1080/08913810008443559; John C. Scott, The Social Process of Lobbying: Cooperation or Collusion?, 1 edition (New York: Routledge, 2014).

research shows individuals often use trusted third parties as proxies for assessing the trustworthiness of other actors; for instance, job recruiters use professional references to evaluate the reliability of a potential hire.[77] Similarly, decisionmakers may decide to trust a corporation they don't know on the word of an intermediary whom they know and trust. Intermediaries may work to develop a reputation as an honest source of information, or as having relevant foreign affairs expertise. Much like corporations, however, not all intermediaries are cut from the same cloth: some have strong personal ties, interests, and experiences that others do not.[78] Given the specificity of indirect ties to the individual, whether indirect ties are a sufficient source of power must be evaluated on a case-by-case basis.

A few factors may affect a corporation's closeness to its home-government's national security bureaucracy. One factor is money, as large, wealthy corporations can recruit policymakers leaving government, as well as hire expensive lobbying teams who maintain strong connections to decisionmakers. Another factor that can increase a company's closeness is a reputation for revolving doors. A company can gain a reputation for hiring people with similar career backgrounds or who have worked for particular organizations, allowing them to attract new entrants and preserve its closeness across different administrations.[79] Relatedly, being in a sector closely related to national defense can also increase a company's closeness. Corporations who provide goods and services for the military, such as oil companies or military contractors, are likely to form strong ties with decisionmakers by virtue of their close and frequent interactions, and the officers of these corporations are equally likely to enter government service because of

[77] Culpepper, Quiet Politics and Business Power, 178. On the importance of having strong ties for third party proxies, see Ronald S. Burt and Marc Knez, "Kinds of Third-Party Effects on Trust," Rationality and Society 7, no. 3 (July 1, 1995): 255–92; Bian, "Bringing Strong Ties Back In"; Centola and Macy, "Complex Contagions and the Weakness of Long Ties." For a contrary take, see Grynaviski, America's Middlemen.
[78] American politics research describes significant variability in lobbyists' ties. For example, see Blanes i Vidal, Draca, and Fons-Rosen, "Revolving Door Lobbyists"; McCrain, "Revolving Door Lobbyists and the Value of Congressional Staff Connections"; Timothy M. LaPira and Herschel F. Thomas III, Revolving Door Lobbying: Public Service, Private Influence, and the Unequal Representation of Interests (Lawrence: University Press of Kansas, 2017); Ivana Katic and Jerry W. Kim, "Caught in the Revolving Door: Firm-Government Ties as Determinants of Regulatory Outcomes," Academy of Management Proceedings 2013, no. 1 (January 1, 2013): 12899, https://doi.org/10.5465/ambpp.2013.199.
[79] Young, Marple, and Heilman, "Beyond the Revolving Door: Advocacy Behavior and Social Distance to Financial Regulators," 335. This is related to the idea of preferential attachment in social network analysis. See Albert-László Barabási and Réka Albert, "Emergence of Scaling in Random Networks," Science 286, no. 5439 (1999): 509–12; Zeev Maoz, "Preferential Attachment, Homophily, and the Structure of International Networks, 1816–2003," Conflict Management and Peace Science 29, no. 3 (2012): 341–69.

their shared skills and expertise.[80] Finally, turnover in personnel, such as through elections, cabinet shake-ups, and institutional reforms, can drive fluctuations in a corporation's closeness.[81]

The crucial argument is that the structure of political ties may make some corporations more important to the decision-making process than others. Conventional views of business power in international politics paint some sectors or industries as having more political ties than others, never specifying which corporations within these sectors or classes are doing the real work of influencing decision-making. [82] In contrast, focusing on the social structure shows how close corporations are. more efficient and trustworthy sources of information on foreign affairs than distant companies. Importantly, the logic of closeness does not require some nefarious purpose like corruption, or a perfectly homogenous interest between corporate elites and decisionmakers. The efficiency of a close corporation means it can shape the information which informs decisionmakers' perceptions and beliefs about foreign affairs. The trust generated from strong personal ties helps build credibility around that information. Both actors work in their (assumed) respective interests: decisionmakers to advance their country's national interest, and corporate elites to advance their company's private interests.

Connecting Centrality and Closeness

Earlier, I claimed corporations could derive different kinds of power from different networks. Examining these networks as separate layers of a corporation's overall social network is critical for understanding how and when corporations gain power in national security politics. Focusing on this social structure allows us to understand the variation in power among individual corporations rather than business power as a whole. As many scholars have recounted, the tendency to develop theories focused on one source of power over another contributed to an impasse among political scientists and declining interest in the subject of business

[80] Neo-classical realists often claim that government elites need the resources and support of economic actors to implement their foreign policy, and will bring them into the policymaking process. See Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro, eds., Neoclassical Realism, the State, and Foreign Policy, 1 edition (Cambridge, UK ; New York: Cambridge University Press, 2009), 27.
[81] David J. Rothman, Politics and Power: The United States Senate, 1869-1901 (Harvard University Press, 1966), 205; Fairfield, Private Wealth and Public Revenue, 49.
[82] See, for example, Gibbs, *The Political Economy of Third World Intervention*; Cox, *Power And Profits*.

power.[83] Thus, while it is useful to envision a corporation's economic centrality and political closeness as conceptually distinct sources of power, this section explores how these two network positions can aggregate and interact to impact security politics.

When a corporation is both central and close, it can achieve the most consistent and significant influence on a state's national security policy. One reason is it can exert influence through multiple channels and at different stages in the policymaking process; if one fails to achieve the goal, another may succeed. For example, if a corporation's centrality does not lead decisionmakers to prioritize its investment dispute early on, its closeness may help it raise awareness and government support later in the policymaking process.

Another reason is that centrality and closeness are mutually reinforcing. Centrality can enhance closeness, for example, by reinforcing perceptions of the company's expertise and knowledge of foreign affairs. By managing their investments and negotiating favorable market conditions abroad, central corporations gain expertise about key players in a foreign government, their intentions, and whether they can be trusted.[84] This information can assist corporations in framing their arguments to decisionmakers about the stakes of an issue or the threat posed by a foreign government. At the same time, a company's closeness can enhance its centrality. Corporate elites often assert that failing to protect their private property will lead to serious economic and political consequences, and having strong direct ties to decisionmakers can lend credibility to those warnings. Decisionmakers may become convinced the dispute is a serious national security issue, even when they held no prior concerns regarding its impact; after all, the complex relations that close corporations have with other firms can make it hard for decisionmakers to fully calculate what the

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[83] This argument is made by Fairfield, Private Wealth and Public Revenue, 49; Jacob S. Hacker and Paul Pierson, "Business Power and Social Policy: Employers and the Formation of the American Welfare State," Politics & Society 30, no. 2 (June 1, 2002): 277–325, https://doi.org/10.1177/0032329202030002004; Pepper D. Culpepper, "Structural Power and Political Science in the Post-Crisis Era," Business and Politics 17, no. 3 (October 2015): 391–409, https://doi.org/10.1515/bap-2015-0031; Young, "Not by Structure Alone."

[84] See Nathan M. Jensen and Daniel J. Young, "A Violent Future? Political Risk Insurance Markets and Violence Forecasts," Journal of Conflict Resolution 52, no. 4 (2008): 531; Nathan M. Jensen, Nation-States and the Multinational Corporation: A Political Economy of Foreign Direct Investment (Princeton University Press, 2008); Sonal S. Pandya, "Political Economy of Foreign Direct Investment: Globalized Production in the Twenty-First Century," Annual Review of Political Science 19, no. 1 (2016): 455–75, https://doi.org/10.1146/annurev-polisci-051214-101237; Stephen B. Kaplan, Globalization and Austerity Politics in Latin America (Cambridge University Press, 2013). The expertise of these corporations can be incredibly valuable for democratic leaders, since these corporations must engage with unsavory regimes that democratic leaders may not be able engage.

downstream effects of a dispute will be on the national economy, their foreign relations, and their position in the international system.[85]

Centrality and closeness can also reinforce one another over time. On the one hand, a close economic position may create political closeness. Corporations may be granted access to decision-making arenas precisely because they have experience negotiating deals that affect trade and investment patterns between states. For example, Rex Tillerson was recruited as secretary of state because of his experience working with foreign governments as the president of Exxon mobile—in other words, because the company was central.[86] On the other hand, closeness to the national security bureaucracy may create economic centrality. Close corporations may use their national security bureaucracy access to gain diplomatic support and concessions that expand their market presence abroad: during the Reagan presidency, Secretary of State George Schultz actively helped the Bechtel corporation, his former employer, win Saddam Hussein's approval for an oil pipeline in southern Iraq, as well as an Export-Import Bank loan for the project.[87]

Nonetheless, the two sources of power do not always move together. A company can be politically close even when it is marginal to a foreign market, and a company can be central to a foreign market even when it is distant to the national security bureaucracy. Consequently, centrality and closeness should be evaluated as distinct sources of power, yielding different insights into a corporation's power and influence in national security. A company's centrality influences the international context in which the national security agenda is formulated, whereas a company's closeness affects its capacity to shape the policies pursued in that context. Therefore, when a company is close but marginal, it will have an influence on the policy implementation process but not the agenda formulation and vice versa. Later chapters exemplify these different combinations, primarily through comparisons to companies that are both central and close. The next section describes how these comparisons are made, including the key argument that corporations can exercise significant power in national security politics when they are central and close.

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85 A similar argument is made in Culpepper, Quiet Politics and Business Power.
86 Also see Charles Edward Lindblom, Politics and Markets: The World's Political Economic Systems (Basic Books, 1977), 170–88; Fairfield, Private Wealth and Public Revenue, 50.
87 Sally Denton, The Profiteers: Bechtel and the Men Who Built the World (New York, N.Y.: Simon & Schuster, 2016).

Testing the Argument

This book outlines a novel approach to the study of corporate power in international politics. Most political scientists who study business power in international politics tend to focus on the power of economic coalitions, classes, or markets, rather than individual corporations. This book goes down to the firm-level, exploring how the social structure of international politics can create differences in power among individual corporations. The key causal claim is corporations who are both central and close (the independent variables) have opportunities and resources (causal mechanisms) to influence statecraft (the dependent variable) to which most corporations do not have access. In this section, I outline how I evaluate arguments about corporate power and statecraft.

Universe of Cases

I evaluate my argument about corporate power through cases of investment protection. I define investment protection as the costly use of military or economic statecraft toward host states to resolve investment disputes, by providing military, logistical, or material support; implementing economic sanctions; and/or using military force. Specifically, I am interested in investment disputes involving foreign direct investments like in land, factories, mining, and related industries.

This definition bounds the universe of cases in three important ways. First, it requires the occurrence of an investment dispute. An investment dispute occurs when a corporation approaches the government of the country in which it is headquartered to complain about the policies, actions, or conditions of the host state where it has investments, including a breach of contract, civil unrest, and/or expropriation.[88]

Second, I am interested only in costly forms of investment protection. This is intentionally restrictive. Noel Maurer and Geoffrey Gertz examine "cheap" forms of investment protection, like private communication with government officials, public statements criticizing host governments, or public threats to use force or implement sanctions.[89] These actions are excluded from my analysis. They are low cost to

[88] Investment disputes needn't have a legal basis, but they typically involve breach of contract, civil unrest, and/or expropriation. See Jensen, Nation-States and the Multinational Corporation, 2008.
[89] Maurer, *The Empire Trap*; Gertz, "Commercial Diplomacy and Political Risk."

implement—there is no disincentive not to do them—making it difficult to know whether decisionmakers would have actually escalated an investment dispute to a crisis or followed through on their threats. To show that corporate power influenced foreign policy in a meaningful way, I must demonstrate that a corporation persuaded decisionmakers to incur costs on its behalf. This means confining analysis to cases where the United States engaged in a costly action to defend American investments abroad.

Third, the kind of investment protection in which I am interested involves economic or military statecraft. I share K.J. Holsti's definition of statecraft as "the organized actions governments take to change the external environment in general or the policies and actions of others in particular to achieve the objectives that have been set by policy makers."[90] I do not analyze institutionalized forms of investment protection like investor-state arbitration, political risk insurance, or fiscal receiverships. These forms of protection are not included because they do not always implicate the home government or present them with a choice to offer protection.

A list of cases of investment protection involving American companies (i.e., companies headquartered or organized in the United States) is provided in the Appendix. The list is not exhaustive; it does not cover the many recent cases of investment protection described in the final part of the book due to data limitations described in Chapter Four, yet it demonstrates the prevalence of investment protection since 1900.

I selected cases of investment protection that historians and political scientists considered crucial to different periods of U.S. foreign relations. Selecting cases of investment protection over a broad span of history illustrates how individual corporations have had a persistent influence on American foreign policy since 1900. However, there is significant variation over time in the types of political risks, the strength of international institutions, the structure of the national security apparatus, and the tools of investment protection. Selecting cases by time period allows me to control for these factors that may affect investment

[90] K. J. Holsti, "The Study of Diplomacy," in World Politics, ed. James N. Rosenau, Kenneth Thompson, and Gavin Boyd (New York: Free Press, 1976), 293.

protection decisions. I organize these changes into three broad periods in U.S. foreign policy: American Ascendancy (1899-1945), American Hegemony (1945-1984), and American Supremacy (1984-2010).[91]

In each time period, I also selected one case involving the oil industry, and one case from another sector. I made this decision because oil occupies a uniquely powerful role in U.S. national security policy.[92] By selecting an oil dispute from each time period, I speak to claims about the persistent influence of oil on U.S. national security policy over time; yet by pairing it with a case outside of that sector, I also address whether the oil industry is more likely to receive investment protection than other industries. If we see similar dynamics occurring across different sectors, then that lends strong evidence that sector is not a key determinant of whether a corporation can secure investment protection or not.

Qualitative Methods

A qualitative approach offers the most plausible strategy for evaluating arguments about corporate power in cases of investment protection. Qualitative techniques tend to provide a rich and accurate depiction of an actor's policy influence of non-state actors.[93] The practical challenges of studying corporate lobbying also make a qualitative approach necessary, since national security decision-making often occurs behind closed doors. Only archival sources can help us establish that a corporation took part in the decision-making

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[91] My organization of these periods is drawn from Rodman, *Sanctity Versus Sovereignty*; Charles Lipson, *Standing Guard: Protecting Foreign Capital in the Nineteenth and Twentieth Centuries* (University of California Press, 1985); Maurer, *The Empire Trap*.

[92] Jeff Colgan, Petro-Aggression: When Oil Causes War (Cambridge University Press, 2013); Charles L. Glaser and Rosemary A. Kelanic, Crude Strategy: Rethinking the US Military Commitment to Defend Persian Gulf Oil (Georgetown University Press, 2016); Eugene Gholz and Daryl G. Press, "Protecting 'The Prize': Oil and the U.S. National Interest," Security Studies 19, no. 3 (August 31, 2010): 453–85, https://doi.org/10.1080/09636412.2010.505865; Roger J. Stern, "Oil Scarcity Ideology in US Foreign Policy, 1908–97," Security Studies 25, no. 2 (April 2, 2016): 214–57, https://doi.org/10.1080/09636412.2016.1171967.

[93] Testing network-based arguments using qualitative techniques has become quite common in political science For a few examples, see Charli Carpenter, "Studying Issue (Non)-Adoption in Transnational Advocacy Networks," International Organization 61, no. 03 (2007): 643–667, https://doi.org/10.1017/S002081830707021X; Stacie E. Goddard, Indivisible Territory and the Politics of Legitimacy: Jerusalem and Northern Ireland (Cambridge ; New York: Cambridge University Press, 2009); Daniel H. Nexon, The Struggle for Power in Early Modern Europe: Religious Conflict, Dynastic Empires, and International Change (Princeton University Press, 2009), https://books.google.com/books?id=tNff4qSjAMsC&pgis=1; Macdonald, Networks of Domination: The Social Foundations of Peripheral Conquest in International Politics; Miles Kahler, Networked Politics: Agency, Power, and Governance (Cornell University Press, 2015); Grynaviski, America's Middlemen.

process, as well as debates about whether to extend investment protection.[94] I use two qualitative strategies to evaluate my theory of corporate power against the alternatives: process-tracing and nested-case comparison.

Process Tracing

I employ process tracing to evaluate the effect of corporate power. Specifically, I ask a common set of questions related to the independent variables and causal mechanisms explained earlier in the chapter, and identify observations that could answer those questions. I then examine whether these observations are present within each case.[95] By increasing the number of observations required to prove my corporate power explanation, process-tracing will often provide strong support for a corporate power explanation of investment protection.[96]

Table 1.2 highlights the five questions and observations I search for in the cases that follow. The empirical chapters trace whether a corporation sought investment protection from its home government (Question One), then examines whether its centrality (Question Two) helped it put the dispute onto the national security agenda (Question Three), before finally examining whether its closeness (Question Four) helped it secure investment protection (Question Five).

The first question in each case is whether the corporation sought and received investment protection. Strictly speaking, my causal argument says nothing about a corporation's preferences. In fact, the empirical

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[94] Helene Helboe Pedersen, "Is Measuring Interest Group Influence a Mission Impossible? The Case of Interest Group Influence in the Danish Parliament," Interest Groups & Advocacy 2, no. 1 (March 1, 2013): 27–47, https://doi.org/10.1057/iga.2012.19.

[95] Using standardized theoretical questions is emphasized in Alexander L. George and Andrew Bennett, Case Studies and Theory Development in the Social Sciences (MIT Press, 2005). I use the term "observation" blanketly mainly for simplicity. For interested readers, however, my approach combines "dataset observations"—i.e. patterns of X, Y correlation—with "causal-process observations"—diagnostic pieces of evidence that the theory expects to link corporate prominence to investment protection. Recent advances in qualitative research utilize the two types of observations to generate a more comprehensive and precise causal inferences. "Data-set observations" is a misnomer when it is used in medium-n studies because it typically refers to large-n studies. There is no reason, however, that it can't be used in medium-n studies. Causal-process observations merit the same level of analytical and methodological attention as data-set observations in quantitative research; therefore, I feel there is merit in using the term "observations" both for analytical purposes and for the reader's ease. See David Collier, Henry E. Brady, and Jason Seawright, "Sources of Leverage in Casual Inference: Toward an Alternative View of Methodology," in Rethinking Social Inquiry: Diverse Tools, Shared Standards, ed. David Collier and Henry E. Brady (Maryland: Rowman & Littlefield, 2010).

[96] For a discussion on how to weigh an observation's causal significance, see Stephen Van Evera, Guide to Methods for Students of Political Science (Cornell University Press, 1997), 30–32.

chapters show that corporate preferences for investment protection have changed over time. Many corporations have chosen not to use their power to secure investment protection, especially when they thought the costs might outweigh the benefits of doing so, as in the case of a low-level investment dispute or when it made sense to resolve a dispute in court. This is consistent with the theory because a corporate power explanation is a condition of possibility; social ties produce opportunities and resources for corporations to secure investment protection, but it does not determine they will choose to do so. Nonetheless, translating a condition of possibility argument into policy outcomes requires the corporation had incentives to use its power to secure investment protection.

Table 1.2 provides a list of three criteria for establishing whether a firm sought and obtained investment protection. First, the archival record must show that corporate elites saw a real or perceived threat to their investments by the host government. Second, there must be an active effort by those actors to secure investment protection from their home government at the start of the dispute.[97] We can observe this through their public statements or private interactions with decisionmakers. Additionally, there may be evidence in the archival record that decisionmakers were hesitant to extend investment protection. The reasons for this conflict may vary according to the case. Decisionmakers may believe that investment protection would impede their diplomatic goals. Other times they may feat investment protection will elicit a negative response from other businesses, interest groups, and the general public, such that it may have electoral consequences for the president in the future. Observing a conflict in preferences is useful because it provides evidence decisionmakers might not have extended investment protection had the corporation not sought out such protection. Finally, the historical record must show that that military or economic statecraft was used to

[97] It is particularly important to examine preferences at the start of a dispute because preferences can change. As David Vogel argues, "It is important to distinguish between policies that in retrospect appear to have been in the interests of business—and thus have elicited relative support from the business community with the passage of time—and the position of executives at the time when the proposals were first debated and enacted." One possibility may be that a firm realizes that protection is not forthcoming and reluctantly relaxes their bargaining position with the host government. Another possibility is that they weren't as threatened as other firms, and consequently did not have as strong of preferences about securing protection. Demonstrating a firm's preferences at the start of an investment dispute is important for showing that a corporation played an active role in producing an outcome. See David Vogel, Kindred Strangers: The Uneasy Relationship between Politics and Business in America (Princeton University Press, 1996), 36.

Table 1.2: Standardized Questions for Process Tracing

Empirical Questions	*Observations*
1.) Did the company obtain investment protection?	*a. Investment Threat:* There was a real or perceived threat to the company's investments in the host-country. *b. Corporate Preferences:* The corporation made an active effort to secure investment protection from their home government at the start of the dispute. This may conflict with decision-makers' diplomatic goals, or the will of the electorate. *d. Investment Protection:* The home government used military or economic statecraft to protect the company's investment.
2.) Was the company in a central economic position?	*a. Ties:* American citizens and/or firms own a majority of shares in the company. *b. Scope:* The share of the foreign market controlled by the company is above 40% and significantly larger than the closest rival. *c. Strength:* The company has recurring and important ties to American consumers and firms.
3.) How did the dispute get on the agenda?	*a. Visibility:* Decision-makers felt resolving the dispute was critical to maintaining good economic relations with the host-government because of the firm's visibility. *b. Resources:* There evidence that the company manipulated resource flows to coerce the host-government, or that decision-makers were concerned about its ability to do so in the future.
4.) Was the company in a close political position?	*a. Ties:* Officials in the administration owned stocks in or were employed by the company. *b. Strength:* The historical record shows evidence of an ongoing friendship or rapport with the managers of the company and its associates in government. *c. Importance:* The company's associates in government were brokers of information within an administration, or viewed as having deference on matters of foreign policy
5.) How did the company secure protection?	*a. Efficiency:* The company shaped decision-makers' perceptions, often by educating leaders on the stakes of a dispute or framing the interests and intentions of a foreign party in a way that encourages investment protection. *b. Trust:* The company mobilizes support for its policies because it is viewed as a trusted source of expertise, or enlists their associates in government to help them build trust among others.

protect the company's investments, such as through military intervention, economic sanctions, geopolitical assistance, covert action, and related methods.

The second and third questions deal with a corporation's economic ties. The second question asks whether a corporation exhibited centrality—strong ties to many firms and/or individuals in the United States. I look for three indicators in each case. To see the nature of its relationship to the American economy, I first examined what laws it operated under and the composition of the stockholders: the company must have been organized under U.S. laws, and American citizens must have owned a majority of shares in the company. Then, to examine the scope of the company's economic ties relative to other firms in that sector, I looked for evidence that other firms depended on that firm for a particular good. An indicator of this whether the corporation dominated a foreign sector. Generally, economists consider a market share above forty percent and significantly larger than the closest rival firm to be dominant. Finally, I measured the strength of its ties to American firms according to whether the firm's revenues came primarily from selling goods and services to American consumers or firms. After establishing a firm's centrality, the third question asks whether the visibility and resources associated with a corporation's closeness led decisionmakers to prioritize the investment dispute over other items on the national security agenda.

The fourth and fifth questions deal with a corporation's political ties. The fourth question asks whether a corporation exhibited closeness: strong, direct ties to key decisionmakers in the national security bureaucracy. Again, I seek three indicators. First, I look for direct ties to a corporation, using past employment and stock options to examine "revolving doors" between corporate elites and decisionmakers. "Corporate elite" includes anyone with major influence over a company's investment decisions and policies: important stockholders, members of the board of directors, and top managers. Decisionmakers include anyone with access to the national security apparatus and information sources: high-level bureaucrats, state leaders, military leaders, and legislators on key committees.[98] The historical record must show evidence these ties are strong; there must evidence of an ongoing friendship or rapport between the elite of said corporation

[98] For these definitions, see respectively Useem, "Corporations and the Corporate Elite"; Saunders, "War and the Inner Circle," 468.

and decisionmakers in the administration. It is not enough to state the parties once worked together, since they may not have directly interacted with one another or be resentful toward one another. Finally, there must be evidence these decisionmakers were considered as trusted sources of advice and information in an administration. Organizational structures and contemporaneous accounts may show these decisionmakers as key brokers of information in an administration, or as having authority on specific matters of foreign policy. After establishing a firm's closeness, the fifth question asks whether the efficiency and trust associated with a corporation's closeness helped it shape decisionmakers' perceptions and beliefs; and mobilize support for investment protection.

Nested-Case Comparisons

While process-tracing will usually provide strong support for my corporate power explanation, decisions to extend investment protection are complex. This can make it difficult to determine whether corporate power played a causal role or is one among many other plausible causes of a policy decision. There are two alternative explanations examined throughout the book that may contradict my argument that a corporation's power allowed it to secure investment protection.

Electoral-Politics Explanation — Electoral pressures for overseas expansion (real or anticipated) caused state leaders to extend investment protection to a company.

The electoral-politics explanation, made recently by Kevin Narizny and Paul McDonald, suggests state leaders extended investment protection because it reflected the preferences of their electoral coalition.[99] In this view, domestic groups affect the electoral costs to elected officials for pursuing different policies. One version focuses on the domestic balance of power between economic groups (e.g., finance and domestic-oriented industries) who favor restraint and economic groups who favor overseas expansion (firms who

[99] See Maurer, The Empire Trap, 80. Previous work includes Lipson, *Standing Guard*; Gibbs, *The Political Economy of Third World Intervention*; Robert Cox, *Production Power and World Order*, Reprint edition (New York, N.Y.: Columbia University Press, 1987).

export to peripheral states or have investments in peripheral states).[100] Another version includes public attitudes that push leaders to pursue expansion, including militarism, revenge, Manifest Destiny, or civilizing missions.[101] If a leader's electoral coalition favored overseas expansion, then corporate power was likely causally unimportant for investment protection. The existence of a coalition favoring expansion implies investment protection would occur regardless of a corporation's power because other actors in the coalition would have demanded it. It may also imply decisionmakers would have extended investment protection without being pressured by the corporation because they anticipated broader electoral costs to not doing so.

State-Power Explanation — Decisionmakers extended investment protection to eliminate an ideological threat, maintain a sphere of influence, minimize prices, or secure supply of critical raw materials, irrespective of the actions of a prominent corporation.

The state-power explanation, which is familiar to realists and structural-Marxists, posits that collective interests drive investment protection, regardless of a corporation's role. These interests include eliminating an ideological threat, maintaining a sphere of influence, minimizing prices, or securing access to critical raw materials and markets.[102] A recent version of this explanation focuses on bureaucratic politics,

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[100] The literature on the foreign policy preferences of economic actors is centuries old, and scholars continue to debate how best to conceive of the preferences of different economic groups. A few recent examples include Trubowitz, *Defining the National Interest*; Benjamin O. Fordham, "The Domestic Politics of World Power: Explaining Debates over the United States Battleship Fleet, 1890–91," *International Organization* 73, no. 2 (ed 2019): 435–68, https://doi.org/10.1017/S0020818318000449; Paul A. Papayoanou, *Power Ties: Economic Interdependence, Balancing, and War* (University of Michigan Press, 1999); Kevin Narizny, *The Political Economy of Grand Strategy* (Cornell University Press, 2007); Richard N. Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986); Stephen G. Brooks, "Economic Actors' Lobbying Influence on the Prospects for War and Peace," *International Organization* 67, no. 4 (October 2013): 863–88, https://doi.org/10.1017/S0020818313000283; Lobell, *The Challenge of Hegemony*; Patrick J. McDonald, *The Invisible Hand of Peace* (Cambridge University Press Cambridge, 2009); Jonathan Kirshner, *Appeasing Bankers: Financial Caution on the Road to War* (Princeton University Press, 2007); Jeffry A. Frieden, "The Economics of Intervention: American Overseas Investments and Relations with Underdeveloped Areas, 1890-1950," *Comparative Studies in Society and History* 31, no. 1 (1989): 55–80.

[101] Rachel Stein, Vengeful Citizens, Violent States: A Theory of War and Revenge (New York: Cambridge University Press, 2019); Joshua D. Kertzer et al., "Moral Support: How Moral Values Shape Foreign Policy Attitudes," The Journal of Politics 76, no. 03 (2014): 825–840, https://doi.org/10.1017/S0022381614000073; Roxanne Doty, Imperial Encounters: The Politics of Representation in North-South Relations, 1st ed. (Univ Of Minnesota Press, 1996); Ronald R. Krebs, Narrative and the Making of US National Security (Cambridge University Press, 2015).

[102] Prominent realist versions of this argument include Krasner, Defending the National Interest; Gilpin, U. S. Power and the Multinational Corporation; Copeland, Economic Interdependence and War. Prominent structural-Marxist versions of this argument include Harry Magdoff, The Age of Imperialism: The Economics of U.S. Foreign Policy (NYU Press, 1969); William I. Robinson, Promoting Polyarchy: Globalization, US Intervention, and Hegemony (Cambridge University Press, 1996); Michael Hardt and Antonio Negri, Empire (Harvard University Press, 2000);

examining how leaders defer to other decision-makers, and whether those other actors share corporate preferences for investment protection.[103] For this to be true, this explanation requires that decisionmakers' preferences were not conditioned by the role of corporations in framing investment protection; in other words, decisionmakers formed their attitudes toward investment protection based on internally generated information, not information from corporate lobbying. This implies decisionmakers would have extended investment protection without being pressured by the corporation because they were predisposed to do so already.

The electoral-politics and state-power explanations are considered alternatives to a corporate power explanation because they might be sufficient to account for investment protection but do not predict variation in corporate power at the firm level. My argument is not that these explanations are unimportant nor that a corporate power explanation can explain all instances of investment protection. Instead, I argue that in many of the most important cases in U.S. foreign policy, the factors identified by these explanations are insufficient to explain the conditions under which corporations can obtain investment protection and that a corporation's power, as a variable, matters independently of electoral politics and decisionmakers' strategic interests.

To address these explanations, I use a nested-case study design to analyze within and between cases of investment protection. I disaggregate a case of investment protection into a number of sub-cases and analyze differences among these cases. I accomplish this by analyzing "within-case" variation and disaggregating a case into multiple instances of corporate lobbying over time. Market crashes or turnover in personnel in a government will often occur over the course of the same investment dispute. I can compare the period before and after these events, showing that changes in a corporation's power due to these events

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Apeldoorn and Graaff, American Grand Strategy and Corporate Elite Networks. A liberal version of this argument is made by scholars who focus on the "opportunity costs" of lost investment and trade, such as Benjamin O. Fordham, "Revisionism Reconsidered: Exports and American Intervention in World War I," International Organization 61, no. 2 (2007): 277–310; Benjamin O. Fordham, "Power or Plenty? Economic Interests, Security Concerns, and American Intervention," International Studies Quarterly 52, no. 4 (December 2008): 737–58, https://doi.org/10.1111/j.1468-2478.2008.00524.x.

[103] See, for example, Rodman, Sanctity Versus Sovereignty; Geoffrey Gertz, "Commercial Diplomacy and Investment Protection: American Diplomatic Interventions to Protect US Assets Overseas since 1990" (Dissertation, 2016).

helped produce different policy outcomes. Other cases of investment protection exhibit "between-case" variation, featuring multiple, nested investment disputes in which the United States extended protection to some corporations but not others. Comparisons between these companies can demonstrate how different levels of power produced different outcomes. Table 1.2 gives an overview of the twelve nested cases, the companies involved, and the outcome.

Dispute(s)	*Nested-Case*	*Central*	*Close*	*Protection*	*Chapter*
Nicaragua, 1907-1909	George Emery Co.	No	No	No	Chapter 2
	La Luz y Los Angeles	Yes	Yes	Yes	
Saudi Arabia, 1939-1943	CASOC, 1939-1941	Yes	No	No	Chapter 2
	CASOC, 1941-1943	Yes	Yes	Yes	
Cuba, 1959-1960	King Ranch	Yes	Yes	Yes	Chapter 3
	Texaco	No	No	Mixed	
Chile, 1969-1972	PepsiCo	Yes	Yes	Yes	Chapter 3
	ITT	Yes	Yes	Mixed	
Indonesia, 1998-2001	Paiton 1, 1998-1999	Yes	No	No	Chapter 4
	Paiton 1, 2000-2001	Yes	Yes	Yes	
India, 2000-2001	Enron, 2000	Yes	Yes	Yes	Chapter 4
	Enron, 2001	No	Yes	No	

Table 1.2 Overview of the Case Studies

"Nested-case" comparisons can demonstrate that alternative explanations are insufficient explanations of investment protection in two ways. First, if factors that alternative explanations emphasize, such as strategic factors or domestic support, are constant throughout and between disputes, they are unlikely to explain the turn toward investment protection. This makes analyzing "nested-cases" extraordinarily useful in showing that alternative explanations are insufficient and that changes in specific factors associated with a corporation's prominence drove the turn to investment protection. Second, it does not require knowing all of the other factors that may have plausibly influenced the outcome of a case. The "sub-cases" should already be as comparable as possible because they come from the same overarching case. This lends confidence there is no omitted factor which could explain the turn toward investment protection.

Evidence

Gathering evidence of corporations' influence in national security decision-making requires collecting primary source materials. In many of the cases in this book, existing secondary sources rely on salacious material, hearsay, and sometimes a single archive. This is due, in part, to limited document access at the time the secondary sources were written. The opening of new archives and personal papers offers an opportunity to discover what really occurred. The archival work contained in this book is extensive and often entirely new to political scientists, demanding a reinterpretation of previously published work on individual cases. Therefore, it is imperative to detail how I gathered this new evidence.

To assess political ties between decisionmakers and a corporation, I relied on a variety of materials, including consular records, corporate records, court documents, editorials, personal papers, oral histories, congressional testimony, and other contemporaneous records. In gathering these documents, I worked backward. First, I began with the existing secondary sources to map out the extent of U.S. investment protection and to identify key archives to consult on a case. This often sent me to the diplomatic records housed at the National Archives in Washington, D.C., personal correspondence housed at various presidential libraries, and various materials available online through the Foreign Relations of the United States database. Once I understood the case's contours, I constructed a personal history of key decisionmakers. I examined their personal papers and other related documents, including memoirs, newspaper editorials, lawsuits, and congressional testimony, looking for evidence of a direct, preexisting tie to a corporation involved in the case. Since these ties needed to be more than a fleeting social acquaintance, multiple sources were needed to confirm the tie was substantial, reciprocal, and preceded the dispute. This method allowed me to construct a representation of the structure of network ties connecting decisionmakers to the corporation before investment protection was extended.

I employed a similar process to measure a corporation's economic ties. I began with secondary sources to identify relevant corporations in a foreign market, and then relied on official records for descriptions of the dispute, and the nature of the investments. After that, I sought documents specific to those corporations, including internal corporate records, court cases, records of meetings with government officials, as well as records housed in the U.S. Chamber of Commerce related to the dispute. This provided a sense of the corporation's economic relationships to the wider business community. In addition, I paid attention to contemporaneous economic data, including annual reports to stockholders, economic forecasts issued by technical experts, and government assessments of foreign markets.

Conclusion

The central argument of this book is that IR scholars have overlooked the corporation as a political actor in international politics. Most IR theories of business power in international politics are too broad to explain a world made up of firms like Enron, Google, United Fruit, and Standard Oil. A few corporations have economic and political power that others do not, allowing them to influence statecraft in pursuit of profits. This chapter developed a novel theory of corporate power that specifies the conditions under which a corporation becomes more or less powerful in international politics, and how that power gets translated into policy outcomes. The key factor is a corporation's network position: (1) its ties to other economic actors in their home market; and (2) its ties to key decisionmakers in their home government. When a corporation is central—meaning it has more and stronger economic ties than other firms in a foreign market—it can influence which issues emerge on the national security agenda by raising visibility around its interests and by controlling resource flows between states. Similarly, when a corporation is close—meaning it has direct political ties to key decisionmakers—it can mobilize support around its policies by shaping decisionmakers perceptions and building trust around its motives.

Later chapters use this theory to answer two empirical puzzles. First, I answer, "why did the U.S. defend corporate interests abroad, when there were no objective strategic interests or electoral incentives to do so?" In the cases throughout this book, a few key corporations pulled the U.S. government into their investment disputes, leading decision-makers to act against the general public, the wider business community, and their own diplomatic goals. Second, I answer, "how were these corporations able to secure investment protection?" Corporations both central and close were able to shape the debates around investment protection, from the country's emergence on the global stage in the early twentieth century to its apex as the unipolar power in the twenty-first century. The mark corporations have left on U.S. foreign policy may also reveal the limits of American supremacy in the coming years.