worldview. For another, they seem to be more accepting of risk than the regular "local" fighter. Overall, then, domestic reform may not necessarily have the same pacifying effect. In-depth qualitative analysis of a more diverse group of conflict cases and more intensive quantitative analysis are clearly in order. Until we know more about foreign fighters, it is probably best to avoid venturing prematurely into policy prescriptions. At the same time, the books under review are important contributions to the further development of such knowledge about the role of foreign fighters in intrastate conflicts.

The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893–2013. By Noel Maurer. Princeton: Princeton University Press, 2013. 568p. $39.50.
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— Michael J. Lee, *City University of New York–Hunter College*

Since 1980, the global value of foreign investment stocks has surged, climbing from 5.95% of world GDP to 31.98% in 2012, according to the United Nations Commission on Trade and Development (2014). This growth could not have occurred without property rights protection. Noel Maurer's *The Empire Trap* explores this process by examining the evolution of American efforts to protect overseas investments over the past century. Whereas contentious politics characterized the interventions of the early twentieth century, peaceful means of conflict resolution prevail today.

The book makes four interrelated claims to this effect: 1) The United States intervened frequently on behalf of investors. 2) Domestic pressure to intervene by aggrieved overseas investors often succeeded, *even* when intervention ran counter to the national interest and presidential preferences. 3) Direct intervention failed to resolve the issues, forcing governments to violate property rights and default on debts. 4) The technology of intervention changed over time, shifting from direct imperialism to international legal arbitration, limiting domestic pressure to intervene.

This is an exemplary work of historical social science, shedding light on many debates within the international relations literature. In this review, I summarize Maurer's argument, discuss the efficacy of his argument about domestic drivers of foreign policy, and explore the prospects of institutional reforms for escaping the "empire trap."

Pre–World War II American foreign policy is sometimes described as "isolationist." This view stems from the lack of American involvement in Europe, ignoring scores of actions by the U.S. government to expand and defend its interests abroad. The United States was active in the circum-Caribbean, in Latin America, in the Pacific, and in Liberia, with American intervention following (and encouraging) American investment.

Maurer shows that the United States has long operated an imperial foreign policy, using different technologies through time. In the late nineteenth century, the country engaged in traditional imperialism, annexing territory (e.g., Hawaii) and exerting direct forms of control over foreign populations. At the same time, domestic politics undermined imperialism—Democrats limited investment in the Philippines, for instance, fearing the emergence of an "empire trap" (pp. 34–57). Investment creates domestic constituencies in favor of government protection of property abroad. Protective actions, in turn, encourage further investment, deepening the challenge. Elsewhere anti-interventionists were less effective—surging American investment heralded greater involvement within the region.

Innovation in the technologies of intervention continued thereafter. The United States began overseeing the finances of debt-ridden countries in an effort to improve finances (removing the temptation for states to expropriate American property). The Cold War saw yet further expansion in the tools available to policymakers, including covert operations and the use of foreign aid to induce cooperation. The success rate of the U.S. government in obtaining compensation is striking. Even many cases historically believed to be victories for nationalizing presidents turned out to be the opposite. For instance, looking at the market capitalization of oil companies nationalized by Mexico in 1938, many companies were *overcompensated* (pp. 285–92).

American intervention was not always successful—more direct attempts at control resulted in failure. Maurer surveys a number of instances in which the United States took over revenue collection for profligate governments, aiming to limit the temptation to expropriate. Rather than minimizing institutional deficiencies in host countries, American control failed to improve revenue collection in nearly every case. In fact, the author's statistical analysis suggests that American receivership *lowered* revenues on average (p. 183).

What is also striking in Maurer's account is the degree to which investors were able to achieve their objectives. He describes dozens of cases of U.S. intervention to protect investments that are difficult to square with a national-interest perspective. For instance, the hard-line response to Cuban expropriations as Fidel Castro rose to power increased the likelihood that Cuba would enter the Soviet camp, giving the USSR an ally 90 miles from the United States (pp. 314–27). Although presidents differ in their desire to intervene on behalf of American property, presidential preferences are a poor predictor of the historical pattern. While Theodore Roosevelt was quick to use force, Woodrow Wilson was more reluctant, yet each had an intervention under his belt. Some hawks, similarly, avoided intervention when the domestic politics proved prohibitive (pp. 190–93).

The exceptions to the empire trap bolster Maurer's domestic politics story. For instance, Venezuelan President Cipriano Castro evaded ramifications for expropriating American assets by playing two American companies against each other. With one firm tied to Democrats and the other to Republicans, partisanship scuttled a serious response (pp. 82–85). The Great Depression also reduced intervention, as it undermined pro-intervention constituencies. The Depression weakened the financial sector, while protectionism undermined the influence of foreign investors. The United States stood silent as states around the world defaulted on their debts; indeed, when Cuban President Gerardo Machado *refused* to default on Cuba's debt, the United States took efforts to ensure his removal from office (pp. 229–32).

An interesting aspect of Maurer's story is that domestic politics trumped realpolitik *even* when intervention benefited only a single firm. This stands in contrast with IR approaches emphasizing the influence of broad sectoral coalitions on foreign policy (e.g., see Peter Trubowitz, *Defining the National Interest*, 1998, or Kevin Narizny, *The Political Economy of Grand Strategy*, 2007). If individual firms can win support for intervention, the range of politically viable interventions is far larger than if sectoral alliances were necessary for war.

Maurer's cases also present a direct challenge to more specific arguments about sectoral preferences and foreign policy. Jonathan Kirschner's (2007) *Appeasing Bankers* argues that the financial sector is squeamish about war, because military action has adverse consequences for macroeconomic stability. Maurer describes a possible countervailing force: Bondholders might welcome intervention as it raises the probability that loans will be repaid. As he notes, Roosevelt's corollary to the Monroe Doctrine drove down interest rates across the circum-Caribbean (p. 79).

At the same time, Maurer's argument might be expanded: What payoffs do presidents receive by going to bat for embattled firms? Certainly, much research suggests that concentrated interests tend to prevail over diffuse ones more generally. The United Fruit Company, for instance, faced higher stakes than other interests in the wake of land reform efforts in Guatemala (pp. 305–7), and so it makes sense that they would push further. Yet that still leaves open the motivations of the Eisenhower administration in authorizing the move. Did President Dwight Eisenhower expect an electoral payoff? Was he concerned about campaign donations? Was he signaling affinity to a larger group of firms?

If electoral concerns are the main mechanism for lobbying, there are ways to design stronger tests of the power of the mechanism. For instance, we might expect presidential behavior to differ between first and second terms. Despite this, plenty of the intervention cases are second-term events. Perhaps the operative mechanism is one of the relative powers of different lobby groups. While this narrative does appear in the book, many firms with relatively little influence were nonetheless able to push for a response. This should not be taken as a criticism, understanding the politics of foreign policy is notoriously difficult because political actors rarely admit to electoral motivations.

Maurer's argument may understate the realpolitik motivations behind intervention. Defending investors could involve tradeoffs: A state that defends its investors abroad may incur immediate diplomatic costs, while enhancing the leverage of its investors vis-à-vis *other* host countries. In an analysis by Shah Tarzi ("Third World Governments and Multinational Corporations: Dynamics of Host's Bargaining Power" *International Relations* 10 [May 1991]: 237–49), for instance, the leverage of both multinational corporations and host countries is vital to determining who benefits most from investment. The knowledge that dire circumstances will follow expropriation could undermine the position of host countries. Thus, the cost of, say, losing Cuba to the Soviets might be outweighed by more favorable settlements in dozens of other countries.

Recent decades experienced dramatic changes to the technology of intervention, enabling governments to escape the domestic political pressures behind intervention. Bilateral investment treaties, international institutions (such as the International Centre for Settlement of Investment Disputes), and political risk insurance (from both private firms and the U.S. government through the Overseas Private Investment Corporation) clarify rules, specify dispute resolution mechanisms, and provide firms with restitution in the face of expropriation. Maurer's conclusion, then, is similar to that of Stephen Brooks's argument ("Economic Actors Lobbying on the Future Prospects of War and Peace," *International Organization* 67 [October 2013]: 864–88) that investors may be increasingly indifferent to matters of war and peace, since effective means exist to protect their interests without coercion.

Yet, as Maurer notes, the global property rights regime is imperfect. In a recent case, Argentina refused to adequately compensate expropriated firms despite negative rulings by the International Center for the Settlement of Investment Disputes (pp. 435–44). Further, recent successes may reflect favorable conditions. The debt crisis of the 1980s, coupled with financial globalization, altered the calculus of expropriation in favor of investors. Debt-wracked governments, forced to turn to the International Monetary Fund for assistance, often ended up privatizing state-run enterprises, rather than nationalizing foreign ones. Moreover, the increased role of foreign direct investment in global development amplifies the costs of spooking investors.

It is not clear that the global property rights regime has banished the spectre of intervention for good. Dispute resolution requires enforcement, yet the diffusion of power away from the United States means that key actors are more prone to collective-action problems, and more heterogenous in preferences than ever. Additionally, insurance against political risk, rather than blunting domestic pressure to intervene, may simply transfer interventionist desires to insurance companies. None of this should be taken as a major criticism of the book. Indeed, should prevailing institutions prove less than robust, *The Empire Trap* is precisely the book I would pick up to understand how to protect property rights absent global regimes.

Armed State Building: Confronting State Failure, 1898–2012. By Paul D. Miller. Ithaca, NY: Cornell University Press, 2013. 264p. $35.00.

In the Shadow of Violence: Politics, Economics, and the Problems of Development. Edited by Douglass C. North, John Joseph Wallis, Steven B. Webb, and Barry R. Weingast. New York: Cambridge University Press, 2013. 376p. $99.00 cloth, $34.99 paper.
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According to the World Bank's 2011 *World Development Report* (WDR), a billion and a half people live in countries affected by fragility, conflict, or violence, which it identified as a significant impediment to long-run economic development. Violent conflict can derail a nation's development through many different channels, including the loss of human and physical capital, the shift in public spending away from public goods and toward the military, and the weakening or destruction of political, social, and economic institutions, including property rights. Further, fragile states can harbor terrorist or criminal organizations whose activities may threaten nations around the world.

These statements will not surprise any reader, yet in a way they should. Consider the economic development courses that are currently taught at universities and the textbooks they use. How much time and space is devoted to violence as a development problem? As an example, one of the most widely used texts devotes just a single paragraph to civil war, and that was only introduced in its most recent edition (see Dwight Perkins, et al., *Economics of Development,* 2013). Fortunately, this gap is being filled as a new literature emerges, exemplified by the books under review, that seeks to question how violence shapes the long-run trajectory of nations and what the international community can do to remedy fragility and conflict in weakly governed states.

The origins of this literature may be traced, in an important sense, to the early work of Nobel Prize–winning economist Douglass North on the role of institutions and property rights in explaining differing patterns of economic growth (see his *Institutions, Institutional Change, and Economic Performance,* 1990). North famously argued that institutions provide societies with their underlying incentive systems, the rules of the behavioral game for economic activity. He further suggested that there was a causal relationship between the quality of a nation's institutions and its long-run growth. That relationship has been at the core of much of the scholarship in the economic development literature ever since (for a recent, best-selling example of the literature, see Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty,* 2012), and it is also reflected in the creation of policy tools like the World Bank's Worldwide Governance Indicators (www.govindicators.org), which seek to provide proxy measures for institutional quality.

This body of work has left many questions unanswered, however, including which institutions are really crucial to long-run growth and, assuming that set can be identified, how societies can make the transition to better institutional environments, especially in the presence of elites who likely prefer the status quo ante. These issues of institutional identification and change remain major stumbling blocks for those who seek to draw operational policy lessons from the literature.

The vexing problem of how to change elite preferences reveals a major (perhaps *the* major) theoretical challenge to the current body of work on institutions. If, from a game-theoretic perspective, institutions represent a given social equilibrium, a balance of power among contending forces, what would cause that equilibrium to change? The classic solution that emphasized the disruptive effectives of exogenously delivered technology has been upended as economists now accept the thesis that technological change is, in itself, endogenous to a given set of institutional arrangements. Without a compelling theory of change, however, what can scholars say or policymakers do about nudging societies from one equilibrium path to another? The best that North and his colleagues can offer is a grab bag of forces that could create shocks to the existing system, including "relative prices, technology, demographics, [and] external threats" (p. 15). This laundry list approach, however, does not represent a major advance over North's earlier, pioneering work.

The editors distinguish a society's institutional arrangements according to the fundamental rule of who has access to the economy and polity. They suggest that most developing countries remain what they call "Limited Access Orders" (LAOs), in which only certain members of society (e.g., those drawn from particular ethnic or religious groups) can achieve the commanding heights. By definition, growth is stifled in an LAO; as Adam Smith remarked more than two centuries ago, growth is limited by the size of the market. Long-run growth, then, is a function of the degree of access.