The Economics of Intervention: How Economic Salience Influences the Choice to Intervene

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ABSTRACT
Christine Carpino: The Economics of Intervention:
How Economic Salience Influences the Choice to Intervene
(Under the direction of Mark Crescenzi)

This study contributes to intervention literature by examining the role of economic interests on the decision to intervene in civil conflicts. Specifically this analysis addresses how the economic salience of a conflict or conflict country influences the decision by high-income OECD states to intervene either economically or militarily.

Using ordered logit and multinomial logit models, this study finds that economic interests do influence the decision to intervene. The findings also indicate that economic salience does not affect intervention type equally. Higher levels of foreign direct investment was associated with a positive likelihood of utilizing military intervention and a negative likelihood of utilizing economic intervention. Trade and oil negatively affect the likelihood of military intervention while not having a significant effect on economic intervention.
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of Tables</td>
<td>v</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Conceptual Understanding of Intervention</td>
<td>2</td>
</tr>
<tr>
<td>Theory of Intervention Choice</td>
<td>5</td>
</tr>
<tr>
<td>Economic Expansion and the Concept of an Economic Profile</td>
<td>14</td>
</tr>
<tr>
<td>Research Design and Data</td>
<td>21</td>
</tr>
<tr>
<td>Results</td>
<td>26</td>
</tr>
<tr>
<td>Conclusions</td>
<td>31</td>
</tr>
<tr>
<td>Appendices</td>
<td>33</td>
</tr>
<tr>
<td>References</td>
<td>36</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ordered Logit of the Effects of Economic Salience on Type of Intervention</td>
<td>27</td>
</tr>
<tr>
<td>2. Effects of Economic Salience on Economic and Military Means of Intervention</td>
<td>29</td>
</tr>
<tr>
<td>3. Brant Test of Parallel Regression Assumption</td>
<td>33</td>
</tr>
</tbody>
</table>
Introduction

The marked increase in the number of civil wars over the past half century demonstrates that threats to global security are now found within states rather than among them. Fears of conflict contagion, refugee flows, terrorist activity or state failure heighten the need for external parties to be aware of potentially destabilizing forces within states. Simultaneously, the number of countries integrating into the global economy has grown, creating another channel through which internal conflicts can become internationalized. Civil wars have the ability to disrupt the economic livelihood of countries that trade or invest with conflict-prone states. Addressing the threats posed by internal conflicts creates an environment primed for third party involvement.

Intervention can be the deciding factor between victory and defeat; it can contribute to the overthrow of a sitting government or the creation of a new state; it can mean the difference between low-scale societal instability and large-scale humanitarian crisis. As intervention can turn the tide of a civil war, it is necessary to understand the factors that increase the likelihood third parties will intervene. Several works touch upon economic interests as a motivating factor for intervention (Rosenau 1969; Pearson 1974; Carment and Rowlands 1998) yet few, if any, have systematically addressed the role of economic linkages in influencing the decision to and subsequently how to intervene.

This paper posits that prior to considerations of the cost and effectiveness of intervention type, third parties base the decision to intervene, in part, on the economic salience of the conflict or conflict country. I argue that as economic salience increases, so too does the
likelihood that a third party will engage in more intense means of intervention. That is, a
third party will utilize military means of intervention as salience increases. Economic
salience can be measured through trade and investment ties between the conflict country and
potential interveners. In addition, I include a measure of conflict country oil exports to
represent economic relations of a salient nature. The results show that economic salience,
particularly foreign direct investment, does influence the decision to intervene. My findings
also indicate that economic considerations have varying effects on economic and military
intervention.

This analysis proceeds in five sections. The first examines previous work on intervention
and will demonstrate the lack of scholarly attention to specific linkages between the conflict
state and potential interveners. The second provides a preliminary theory on how states
choose to intervene, emphasizing the salience of the conflict or conflict country as a driving
motivation behind intervention choice. The third section focuses specifically on economic
salience and presents the primary variables of interest: trade, investment and oil. The fourth
section outlines the research design and data utilized and the fifth provides a conclusion and
suggestions for future research.

Conceptual Understanding of Intervention

An examination of relevant literature demonstrates that scholars have often debated and
redefined the concept of intervention as well as examined its various manifestations in
interstate and intrastate wars. However, the literature also reveals a lack of scholarship
devoted to motivations for intervention. This analysis seeks to address this gap in the
literature.
Intervention has long been a tool of governments to influence the foreign policies of other states. Rosenau defines intervention as both “convention-breaking” and “authority-oriented.” He writes that actions are interventionary “…whenever the form of the behavior constitutes a sharp break with then-existing forms and whenever it is directed at changing or preserving the structure of political authority in the target society” (1969, 161, emphasis in the original).

Regan slightly modifies Rosenau’s interpretation, classifying intervention as, “convention-breaking military and/or economic activities in the internal affairs of a foreign country targeted at the authority structures of the government with the aim of affecting the balance of power between the government and opposition forces” (1998, 756). Inherent in Regan’s definition is an assumption that maintaining or upsetting the current power balance is the main motivating factor in a country’s decision to intervene. It seems reasonable to assume that an intervener makes the initial choice to intervene and which side to support depending on whether its interests (economic or otherwise) are best served by changing or maintaining the status quo and the confidence its involvement will make a difference¹.

Mitchell argues that intervention needs to be viewed as the intersection of “pull” factors, instances in which domestic groups seek external assistance and aid, and “push” factors, instances in which an external party sees the need to intervene. He writes:

…”a general view has emerged which postulates that much formal intervention takes place as a result of the existing involvement of external socio-economic, religious, ethnic or political groups in the various social and economic systems within the jurisdictional boundaries of the disrupted state (1970, 192, emphasis in the original).

Thus, concrete linkages that exist between the conflict state and the intervener drive the decision to intervene.

¹ State interests encompass a wide range of issues from security to meeting domestic demands by responding to a humanitarian crisis. The present analysis will focus specifically on economic interests as a motivating factor of intervention.
Previous works on intervention also examines different types of third party involvement, such as multilateral intervention, diplomatic efforts, and solely military action. I confine the following examination to interventionary action into civil conflicts. Following Regan, I classify intervention as either economic or military. I exclude diplomatic interventions.²

Most work on intervention has focused primarily on military means (Tillema, 1989; Tanca, 1993). Pearson writes:

The probability of foreign military intervention is likely to depend on the identity and mutual relations of the prospective intervener and target, their location and their interests in each other, the nature of perceived threats to such interests, the capacity to intervene, the political, economic, military, and social circumstances (1974, 268).

Pearson’s statement includes an important point relevant to this analysis. He acknowledges mutual interests and threats to those interests as a motivating factor of intervention. Countries that are economically linked in a salient trading or investment relationship have a greater incentive to intervene than countries that lack such connections.

Scholarship on economic forms of intervention is limited. The majority of work focuses on the utility of economic sanctions to achieve a broad range of goals, from destabilization to modest policy changes (Hufbauer and Schott 1983; Drezner 2003; Pape 1997). The results of these studies are mixed. Hufbauer and Schott find that sanctions are successful in approximately 40 percent of the cases examined. Pape finds flaws in the mostly widely used sanctions data, the Hufbauer, Schott and Elliot dataset, and argues that sanctions are far less successful than initially thought.

Few works emphasize the role of economic sanctions on ending civil conflict. Such a lack of research is interesting in light of what Drezner highlights as “the theoretical argument that

² Following Regan, I assume that “diplomatic efforts so not require the same level of political risk encountered by the more visible and costly military or economic interventions” (1998, 757). Regan also uses a category of mixed interventions (both economic and military). The dataset utilized in this analysis did not include the classification of mixed strategy intervention and therefore will not be included.
economic coercion acts as a foreign policy substitute for military coercion, rather than a complement” (2003, 650; also see Fitzgerald 2001, 217). Regan is one of the few scholars to address the use of economic forms of intervention into civil conflict as both coercion and incentive (1996, 2000). He writes, “Economics can be, and has been, a forceful tool with which to intervene in ongoing domestic disputes, both through positive inducements and punitive sanctions” (1996, 339). Both economic and military forms of intervention have the potential to change the course of war and therefore one must examine both to have a full understanding of the role of third party involvement in conflict.

Theory of Intervention Choice

The process involved in deciding to intervene varies by country and context, yet concerns of costs and general effectiveness influence every country’s decision of how best to respond to civil conflicts. Prior to those considerations however, the salience of the conflict or conflict country drives the decision to intervene. Essentially, does the conflict warrant foreign involvement? Several scholars have touched on pre-existing connections as a motivating factor of future interventions but little work has focused specifically on what types of linkages influence the choice of potential interveners. Examining these linkages can help broaden our understanding of the dynamics of conflict. The following theoretical

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3 Fitzgerald, “These effects [of sanctions on vulnerable groups] are clearly intensified if the major powers apply economic sanctions to states in conflict: indeed this is the intention of such measures. Such sanctions have come to be seen as a substitute for direct military intervention, with the aim of preventing states from attacking others or of oppressing domestic groups,” (2001, 217).

4 I assume that that decision-making process for potential interveners involves assessing the conflict and determining the best response: not intervening, employing economic means of intervention or utilizing military means of intervention. Thus, the decision to intervene denotes three possible responses, rather than a two-step process in which potential interveners decide first to intervene and then determine how to do so.
framework outlines the factors that influence the decision to intervene, highlighting salience as the driving force behind intervention.

The choice to intervene is constrained by the ability to do so. A majority of states lack the resources necessary to intervene, much less intervene successfully, in civil conflicts. In general, industrialized powers are unique in their ability to intervene militarily and for possessing the means to intervene economically.\(^5\) They have the resources to choose the level and scope of their intervention commitment. Given the range of available intervention types, I argue that these states base their decision on three criteria: costs, effectiveness and salience. I further argue the salience of the conflict or conflict country acts as the linchpin determining whether potential interveners will become involved. In particular, the type and nature of economic linkages influences the choice of potential interveners. Weighing the influence of these components determines the degree of third-party involvement in civil conflicts.

Costs can be thought of in two distinct ways. First, states must consider the monetary costs of intervening in a civil war. Committing resources to a civil conflict diverts those funds from domestic consumption or other foreign obligations. Economically, the country may extend millions of dollars in grants and loans or intentionally lose revenue through the imposition of sanctions. Beyond the cost of equipment and aid during military interventions, the possibility of troop mobilization adds potential human casualties to cost calculations.

Second, government leaders analyze the decision to intervene in terms of audience costs. Fearon writes that audience costs “arise from the action of domestic audiences concerned with whether the leadership is successful or unsuccessful at foreign policy” (1994, 577).

\(^5\) I later make the case for examining high-income OECD countries as the group of potential interveners. I exclude the Soviet Union/Russia and China primarily for data purposes. Both countries experienced civil conflict within the time range 1970-1996 and therefore cannot be included as possible interveners.
High audience costs equate with the loss of public support for a particular policy and, for
democratic leaders in particular, such costs can translate into electoral turnover. The public
cannot know, ex ante, whether an intervention will be successful, therefore, audience costs
are not based solely on the outcome of the intervener’s actions. Public perception and
awareness of intervention choices affects public support for the strategy and thus the decision
to intervene. Third party involvement for no discernable purpose or in which the risks
outweigh the potential benefits will not receive the domestic backing necessary to justify the
action.

The level of public awareness also serves as a means of raising audience costs. One can
easily imagine that economic sanctions or aid will receive less media attention and
consequently produce less potential feedback than possible troop deployment. Economic
intervention is often seen as a way of acknowledging that a conflict needs to be addressed
without getting directly involved; countries can demonstrate global responsibility without
acquiring the subsequent risk. If economic intervention, often in the form of sanctions, does
generate public awareness, the perception is generally positive, as sanctions are marketed as
“humane” foreign policy. Although sanctions have proven to be generally ineffective and
often harmful to civilian populations (Hufbauer et al 1990, Pape 1997, Drury 1998), many
states still rely on them as a foreign policy tool. The continued use of sanctions may be
explained, in part, by the less costly nature of this form of intervention.

I follow the assumption made by previous work that economic forms of intervention are
less costly than military means.6 I do not assume however that states will pursue economic
forms of intervention as a default response to internal conflict. Although an important
component for calculating the utility of intervention, costs are merely one aspect of the

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6 For support, see Carment and Rowlands, 1998.
decision-making process. For the purposes of this analysis, I assume that, all things being equal, military means of intervention are more costly than economic forms.

The second criterion on which states base the decision to intervene is the effectiveness of intervention type. Effectiveness includes two separate but interrelated concepts: credibility and success. Credibility refers to the ability of a potential intervener to demonstrate resolve. Once a country decides to intervene, it must demonstrate to the warring factions within the conflict country that it intends to achieve its objectives. The third party must be seen as a credible force to prevent wasting or misusing resources and energy. If the credibility of the intervener is questioned, neither the government nor its opposition in the conflict state has any incentive to stop fighting. States that choose to intervene must analyze how the warring factions within the conflict country will perceive the intervener and the credibility of the intervention type chosen. Such analysis is based on the type of opposition within the conflict country that the potential intervener will face; stronger opposition will require signals of greater credibility.

Credibility is generally demonstrated by increasing costs, either through a high level of resource commitment or by generating audience costs. The two are highly correlated; the more costly an intervention, the greater the public awareness. Fearon notes that any action by a state involved in a conflict must be a “costly signal” if it is to be considered an accurate representation of the states’ intent (1994, 579). While Fearon’s argument was made in the context of interstate wars, I believe that his conclusion can be easily adapted to explain intervention choice. The more intense the form of the intervention and the greater the amount of resources necessary to enact one form over another, the more credible the intervention will appear.
Following from the assumption that economic interventions are less costly than military interventions, issuing grants, sanctions or non-military aid will subsequently be less effective at credibly signaling resolve than the use of air and naval forces or the deployment of troops. Economic intervention acts as a “hands off” means of involvement and does not demonstrate as high a level of commitment as military intervention. Military forms of intervention are generally more visible and generate greater audience costs. Similar to the dimension of cost, I assume that economic forms of intervention are less credible signals of resolve than military means of intervention\(^7\). Thus, states choose to demonstrate higher or lower levels of credibility dependent upon the form of intervention they utilize.

Effectiveness also entails how successful each type of intervention is at achieving its goals, which range from comprehensive involvement to more limited aims. Where third party objectives lie on that continuum influences the level of commitment and the costs the intervener is willing to absorb. Wide-ranging goals such as ending hostilities or regime change will require credible demonstrations of resolve and the use of proven means of intervention whereas limited goals will require less of a commitment by the third party.

Regan assumes that the goal of intervention is to end hostilities. He writes, “…the goal of designing an intervention strategy is to make it too costly for the combatants to continue fighting. This can be achieved either by making the actual costs of fighting prohibitively high or by making the benefits of not fighting particularly attractive” (1996, 341). The decision between utilizing economic or military forms of intervention will be based on which

\(^7\) While the credibility of economic intervention may vary depending on the type of economic intervention and the sectors affected that intervention, for the purposes of this analysis I assume that economic linkages, on the whole, are less credible than military intervention. This assumption follows that of previous scholars (see Carment and Rowlands, 1998 and Kegley and Hermann, 1996). Future research should examine if and how sectoral interests influence intervention type.
type is the best option to induce an end to hostilities. Regan uses a six-month cessation of hostilities to signify intervention success.

However, goals of intervention need not be limited so narrowly. Rather, one can conceive of a state as intervening to accomplish a more limited objective, such as protecting ethnic minorities or foreign nationals. Defining goals along a continuum allows states the option of enacting less costly means of intervention in order to signal displeasure or to punish conflict states without necessarily committing the resources that may be necessary to end fighting. Broadening the definition of success also allows one to capture what Blechman (1995) termed “the intervention dilemma.” The intervention dilemma refers to the dramatic rise in calls for and the perceived need for intervention but the corresponding lack of support by domestic audiences to follow through on such threats (1995, 65). Thus, governments may downgrade intervention goals from ending hostilities to punishment, allowing them to respond to domestic audiences without requiring them to absorb the associated costs.

Whether the goal of intervention is to end hostilities or achieve another desired outcome, scholars debate the effectiveness of varying types of intervention. Kegley and Hermann (1996) and Carment and Rowlands (1998) hold the view that economic means of intervention are inefficient and often unsuccessful. Regan (1996) makes an argument for the use of economic interventions as a way to entice factions not to fight, rather than as a means of ending ongoing conflict. However, Regan also found that economic forms of intervention were infrequent, while military intervention was utilized most often (1996, 345). His study concludes that the use of both economic and military forms of intervention is the most effective means of ending hostilities.
Objections against the use of economic intervention must be considered in light of the aims of particular studies. Kegley and Hermann focused solely on military interventions in order to test the link between interventions by democratic countries and the democratic peace. Including economic interventions was not relevant to their purpose and therefore should not sway the decision to include this type of intervention in the present analysis. Carment and Rowlands model multilateral intervention intensity and base their findings on an initial assumption that economic interventions do not significantly influence the conflict’s outcome; the inclusion of economic interventions do not serve their purpose. Regan bases his analysis solely on ending hostilities and therefore does not examine the success of other types of intervention if the goals are more limited in scope.

Costs and effectiveness compose only two of the three criteria that states use when deciding to intervene. I argue that the third dimension, salience, acts as the main factor influencing intervention choice. Questions concerning strategic use of costs and effectiveness are irrelevant if the conflict is not deemed important enough to warrant attention. I argue that the perceived effectiveness of an intervention and its accompanying costs are determined by salience. Although salience is often assumed, it is more often vaguely conceptualized, and thus, not very useful in examining how and why potential interveners make the choices they do. In particular, specifying what types of linkages influence the choice of potential interveners can help increase our understanding of the course of war.

Rosenau (1969) argued that motivations cannot be cast under the umbrella of “state interests” as such a wide sweep does not provide any usable explanation. Pearson (1974) briefly addressed possible motivations as issues that concern the intervener, including
territory, ideology, and the protection of economic, military or diplomatic interests (1970, 262). However, he did not examine any of these possible motivations in detail. Carment and Rowlands begin to address the issue of salience, defining it not only in terms of the conflict’s proximity to potential interveners but also by the conflict’s affect on “trade, investment, and strategic or primary commodity production” (1998, 580). Using a game theoretic model, they relate the salience of the conflict to the costs the intervener is willing to absorb and the level of intensity it chooses to employ when intervening. I rely heavily on Mitchell’s argument for examining linkages between the conflict country and the intervener. He writes, “…the nature and intensity of these connecting links are decisive in determining which external parties become involved in an internal conflict and whether intervention takes place” (1970, 182). Salience captures the nature and intensity of those connecting linkages.

Examining both the nature and intensity of links provides insight into the factors that influence developed country decision making concerning intervention. Intensity describes the degree of connectedness between a conflict country and the potential intervener. The higher the intensity, the more important the linkage and the partnering country are to the third party. Linkages represent reciprocal relationships. Events or crises in one country have an influence on the other, thus the greater the degree of intensity, the more significant the impact. Countries should be aware of the domestic political environment in their economic partners in order to influence any event that may adversely affect the linkage.

Developed countries accept the risk of establishing linkages with developing, often conflict-prone states for several reasons, including high rates of return, access to natural resources or availability of cheap labor. While developed countries and firms can attempt to
anticipate and help prevent instability, oftentimes conflict occurs without warning or linkages are too important to cut.

Civil conflict represents a complete breakdown of order and security, placing highly intense linkages at risk and posing the highest likelihood of negatively impacting the partnering country. Linked countries have an incentive to mitigate tension. In cases when mediation is not possible or fails, countries may be motivated to take more direct action to secure their interests. Conceivably, the greater the intensity of a particular linkage, the more willing a potential intervener is to accept risks and involve itself in the conflict.

The type or nature of the connection also characterizes salience. Those relationships that represent non-replicable linkages will be deemed more important than relationships that may be intense but not vital. Partners have a strong incentive to maintain these connections. Civil conflicts that may threaten a critical linkage increase the likelihood on the part of the affected partner country to prevent or limit potential damage. Interventions can be justified on the grounds of defending a particular linkage.

While scholars note a possible connection between economic interests and motives for intervention, no empirical analysis of the effects of such links exists. I argue that as economic interests have become a primary consideration for governments, economic concerns have increased in salience and subsequently will translate into a motivation for intervention. I hypothesize that the greater the economic interest in a conflict country, the more likely an intervening third party will use more intense forms of intervention8.

8 An argument can be made that the greater the economic interest in a conflict country the greater the possibility that economic forms of intervention would be most detrimental. However, utilizing any form of intervention will generally disrupt economic activity. If a conflict country ranks as a top economic partner, the most effective means of intervention will be utilized to maintain or change the status quo; which I maintain is military intervention.
My focus will be on high-income OECD countries (HIOECD)\(^9\). As democracies, these countries are prone to the effects of domestic pressure and audience costs. As industrial economics, HIOECD states have global economic ties, which often extend into conflict-prone areas. Most importantly, HIOECD countries have the economic and military strength to employ a range of options when intervening. I differentiate between types of intervention, economic and military, and argue that the less economically salient a country, the less willing a third party will be to devote the resources necessary to conduct more costly forms of intervention.

**Economic Expansion and the Concept of an Economic Profile**

Basing the decision to intervene on economic concerns is a natural offshoot of the heightened role economics plays in foreign policy. As economic relations have grown in scope and depth, economic interests have been pushed to the forefront of foreign policy strategies. Membership in the GATT/WTO has increased, leading to the diffusion of liberal trade policies. Pressures to capture gains from comparative advantages lead firms and developed states to seek out the most profitable sources of natural resources, cheaper production methods, and large domestic markets. Simultaneously, developing countries are finding that economic growth is undeniably linked to integration into the global economy. IMF and World Bank conditionality further reinforces the pressure to liberalize and integrate. The need to expand and access untapped markets has led many in HIOECD countries, both

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\(^9\) High income OECD is a classification determined by the World Development Indicators. It includes the following countries as high income OECD countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, United Kingdom, and the United States. The classification excludes the following OECD countries: Czech Republic, Hungary, Mexico, Poland, Slovakia, and Turkey. Excluding the latter six countries narrows the analysis to only those countries that possess the resources necessary to have a choice over the type of intervention utilized.
private investors and firms, to invest outside the developed world. This decision carries with it a high level of risk, such as a lack of infrastructure or weak and corrupt political regimes. These and other factors have been linked to the outbreak of civil conflict (Collier and Hoeffler, 1998; Collier, 2000).

Potential benefits, such as high rates of return, potential new markets and access to cheap labor, ameliorate the risk of investing and operating in developing, conflict-prone states. The need for natural resources constitutes another push factor driving HIOECD countries and their home-based MNCs\(^\text{10}\) to invest and trade with conflict-prone states. Sunk costs and the lack of alternative markets associated with investment in extractive sectors make transferring operations difficult if not impossible. Natural resources have been correlated with the outbreak of civil conflict (Ross, 2004; Collier and Hoeffler, 1998; Fearon 2005, Fearon and Laitin 2003), thus, trade and investment focused on such commodities are at even greater risk. The likelihood that HIOECD-based firms operating in extractive sectors will be involved in civil conflict increases.

Economic linkages between HIOECD and developing countries cause previously internal affairs to become internationalized. As social or political unrest can have serious, and oftentimes, negative implications on the economic well-being of foreign countries, being aware of destabilizing events and possibly intervening to diffuse conflict is a necessary consequence of globalization. Civil wars represent the most extreme form of internal unrest and pose the most serious security risk to economically linked third parties.

The salience of economic relationships constitutes a principle motivating factor in foreign policy decisions. Economic salience can characterize all or part of a country’s economic

\(^{10}\) I assume that firm-level activities such as trade and investment translate to linkages between countries, thus influencing government policy. In this manner, firm interests can become closely linked to government interests.
profile, the classification of each country’s economic relationships in terms of trade and investment. In this analysis, I also examine the role of oil as a representative example of how the nature of a relationship can influence foreign policy.

Trade

The first component of an economic profile is a country’s trading relationship and trade partners. How vital a trading relationship is to the economic welfare of a state strongly influences how that state will react if the relationship is threatened. The level of intensity can be cast in terms of volume of trade or type of commodity being traded. Countries that constitute a major market or source of imports are a primary component in the economic well-being of a state. While some trading partners can be easily replaced, substituting others may be highly costly.

If a trading partner provides goods that cannot be readily supplied by another producer, the nature of the relationship increases in importance. Trading relationships characterized as salient are prevalent when natural resources are the primary commodities being traded. Necessity and security cause dependent states to seek guarantees that they will have access to resources. Such assurances can be achieved through bilateral trade deals or other agreements; however, if civil conflict occurs, trade deals may not be honored by the conflict country. The developing state’s primary concern is ending the war and trade commitments may not be fulfilled. Civil conflicts also generate the possibility that opposition groups may gain control of the government, capture the source of natural resources, alter trade provisions or refuse to recognize trade deals at all. HIOECD states may have an incentive to intervene in conflict to secure their own interests.
Bayer and Rupert (2004) provide a competing claim concerning the role of trade. Their findings indicate that civil wars have a negative impact on bilateral trade and that intervention in conflict reduces trade between the intervener and each trading partner. Yet, they do not provide a distinction of the type or level of intervention. Low scale intervention may not disrupt the allocation of resources and thus not adversely affect trading relationships.

In contrast to Bayer and Rupert, I argue that trading relationships serve as a predictor of possible future intervention. Following Mitchell (1970), I argue that linkages established prior to the outbreak of conflict set the stage for future involvement. Trade signifies that HIOECD countries have a stake in the partnering country; larger volumes of trade, the more vital the commodity or the lack of an alternative market strengthens those stakes. In addition, strong trading relationships may be too costly to replace, thus intervening to maintain the status quo may be the best option. As the volume of trade increases and the products traded become more important, producer countries become increasingly salient. Should conflict occur in salient countries, the inevitable disruptions created as a result provide an incentive for HIOECD states to intervene to protect their interests. Thus, my first hypothesis is: 

*H1: The greater the level of trade with a conflict country, the more likely a HIOECD country will use more intense means of intervention.*

**Oil**

Oil occupies a unique position in the relationship between developed and developing countries. Developed countries rely on consistent flows of oil to maintain their economies, placing them in a vulnerable position with respect to oil-producing states. Several studies have linked natural resources with the onset of civil war (Ross, 2004; Collier and Hoeffler, 2002; Fearon 2005, Fearon and Laitin 2003). Other research links oil exports with the
likelihood of secessionist conflicts (Ross 2004). Access to and control of oil as a prime factor in separatist movements increases the vulnerability for states trading with and invested in oil producing countries. The possibility that production facilities could be captured and controlled by rival groups remains a constant threat to HIOECD interests.

Fearon (2005) further adds to the data on the threat posed by oil exporting states. In his study reexamining Collier and Hoeffler’s research, he investigates the correlation between oil and state weakness, finding that “there is direct evidence that oil exporters have less reliable and competent states given their income levels…” (504). Such weakness leaves oil producers susceptible to conflict and may limit the resources available to fight a possible insurgent movement without external aid. The risk to trade and investment due to the connection between oil and conflict may lead HIOECD countries to become involved in civil unrest, particularly in situations marked by a high dependence on imported oil.

Developed countries also serve as the source of most multinational companies operating in oil extraction and refinement. According to the United Nations Conference on Trade and Development (UNCTAD 2004) report on the 100 largest non-financial MNCs ranked by foreign assets, companies operating in the petroleum industry composed 10% of the list, all but one based in an HIOECD country. Four such companies were ranked in the top ten. Lobbying on the part of MNCs, as well as the risks posed to assets and foreign nationals working in the petroleum industry abroad, may induce HIOECD countries to intervene in civil conflict.

The interdependence that characterizes oil-based relationships breeds vulnerability; both developed and developing countries rely on oil for economic survival. In addition, the limited number of countries that export oil further heightens the economic insecurity of
developed countries. Should conflict disrupt oil flows, developed countries have few alternate states that could fulfill their oil needs. The correlation between oil and the outbreak of conflict causes such disruptions to be a very real possibility. Thus, it is necessary for HIOECD states to be acutely aware of the internal environment of their economic partners. Oil, as a key component of HIOECD economic growth, makes it a salient commodity and causes oil-based trading and investment relations to be salient as well. Oil, more so than other natural resources, represents the nexus between developed country interests and developing country survival, providing a strong motivation for HIOECD intervention. Thus, my second hypothesis is:

\[H2: \text{If a conflict country is an oil producer, the more likely a HIOECD country will use more intense means of intervention.}\]

*Foreign Direct Investment*

The next component of an economic profile is foreign direct investment (FDI). The OECD defines FDI as, “obtaining a lasting interest by a resident entity in one economy (“direct investor”) in an entity resident in an economy other than that of the investor (“direct investment enterprise”)” (OECD, 7). An acquisition of at least 10% of the equity capital of a direct investment enterprise constitutes FDI. The majority of FDI originates in developed countries and its share among developing nations, while still small relative to its share among industrialized countries, has increased over the past thirty years. FDI serves as a tool to link developed and developing regions.

Multinational corporations (MNCs) act as the main channel through which developed countries make long-term investments in developing countries. MNCs depend on stable
political and social regimes to maintain efficient and profitable production and thus have an incentive to mitigate tensions that may hurt their operations. In particular, for MNCs operating in extractive sectors, the lack of alternative source locations for raw materials also heightens the need to limit conflict. MNCs must mediate conflict to keep operations running or risk severe economic loss.

Many MNCs work directly with host governments to ensure their security or hire private security forces to protect production. In addition to taking physical security measures, MNCs invest in sustainable development plans, such as constructing schools or hospitals, to ease economic tensions within host countries, one of the principle factors contributing to civil conflict. While these policies may help to deter the onset of conflict, they in no way guarantee its prevention. The risk of working within conflict-prone areas remains a constant reality, and MNCs may need the strong arm of home governments to provide needed security.

Home country governments and MNCs often have a close relationship. Governments rely on MNCs to provide tax revenue, economic growth, and where applicable, natural resources. The threat of losing benefits from MNC operations can also be used to leverage developing countries for more favorable policies. MNCs, on the other hand, rely on home governments to advocate for favorable trade provisions or pursue relevant issues in the WTO. Home governments and MNCs work closely together to achieve desired outcomes. Charles Cater (2003) provides a keen example of the primacy of MNC-home government connections as it pertains to Angola. He writes:

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11 Implicit in the discussion of MNC operations is an understanding of the variety of means used by MNCs for conducting international operations. For the purposes of this analysis, I emphasize FDI characterized by sunk costs and location pressures (such as a lack of alternative operational locations). In focusing on this particular variety of FDI, I am better able to demonstrate how the salience of economic linkages influences government decisions.
Moreover, some of the largest transnational corporations (TNCs) in the world, including ChevronTexaco and TotalFinaElf, have a considerable financial stake in Angola, consequently influencing the foreign policy of their home governments. Washington and Paris apparently consider oil exports from Angola to be a matter of national interest: the US government has facilitated state-backed loans, political risk insurance, and corporate mercenary contracts for US oil TNCs, while the French government has been implicated at the highest levels in the arms-for-oil “Angolagate” scandal (2003, 32).

This anecdote illustrates the growing trend among developed countries to consider international economic relationships in foreign policy strategies.

FDI, particularly that investment characterized by a high level of sunk costs, exemplifies both the intensity and nature that characterizes salience. The volume of investment increases the stake that HIOECD states have in conflict countries. Investors must be aware of domestic situations that could hurt investment. Foreign direct investment may not be easily transferable; countries and firms utilizing FDI must be prepared to operate within potentially destabilizing environments. Intervention may be a more feasible option than moving production. The greater the level of investment, the greater the risk posed by conflict and the more salient the host countries. Thus, my final hypothesis is:

**H3: The greater the level of foreign direct investment inflows into a conflict country, the more likely a HIOECD country will use more intense means of intervention.**

Research Design and Data

The decision to intervene involves a series of intersecting concerns, ranging from the domestic to the international. Levels of support, international norms and the needs of the conflict country must be balanced against the strategic importance of the conflict to the

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12 Foreign direct investment is not homogenous; it varies depending on sector and place in the value chain. However, exploring how varieties of FDI may influence the intervention process is beyond the purview of this analysis. Exploring differences among sectors is also hindered by a lack of available data. Therefore, I make a broad assumption that FDI is characterized by sunk costs and the salience of investment linkages influences the decision to intervene.
potential intervener. Intervention is costly and difficult choices must be made. Potential interveners do not possess inexhaustible resources; rather, they must decide where and how to become involved in international events. Those conflicts deemed of greater importance will be a higher priority for third parties. While economic interests by no means solely dictate the motivations of potential interveners, the increasing interdependence between economics and foreign policy signals that economic concerns may weigh heavily on such decisions. I argue that the greater the economic salience of a conflict country, the greater the likelihood that a more costly and credible form of intervention will be utilized.

I test the role of economic interests on the decision to intervene on data pertaining to HIOECD interventions in civil conflicts from 1970-1996. I concentrate on the intervention decisions of HIOECD countries as this subset of countries has a range of options available to them when considering how to intervene. In cases when full military deployment is not necessary or too costly, economic means of intervention can be used to indicate concern. I argue that HIOECD countries also have broad-reaching economic interests in developing countries that would heighten the need to be aware of and possibly become involved in civil conflicts should they occur. The data are derived from Regan’s 2002 civil war dataset. I use an ordered logit analysis to test how economic salience, namely trade, investment and oil, influences the decision to intervene. Assuming that types of intervention vary sequentially in cost, credibility and success, an ordered logit is the best model to use for this analysis. Indicators of humanitarian crises, conflict intensity and presence of the Cold War are included as control variables, as supported by previous research.
Intervention

The dependent variable is an intervention by an HIOECD country using conflict months as the unit of analysis. Intervention is operationalized according to Regan’s definition, which was delineated earlier in the paper (see page 4). Intervention is coded 0 for no intervention by an HIOECD country, 1 for an economic intervention and 2 for a military intervention.\textsuperscript{13} I argue that the more economically salient a conflict country, the more likely an intervener is to use a military form of intervention.

Explanatory Variables

The economic salience of a country is based on how a conflict country factors into a potential intervener’s economic interests. I include measures of trade and foreign direct investment to signify economic concerns as well as a measure of oil exports in an effort to capture economic relationships characterized by a vital commodity. I operationalize the variables as follows:

\textit{Trade}\textsuperscript{14}: This measure represents the value of trade between the conflict country and all HIOECD countries; the greater the percentage of trade, the more salient the trading relationship. This measure is calculated by taking the percentage of the logged average of each conflict country’s trade with HIOECD countries in the 5 years prior to the outbreak of conflict divided by the logged average of total HIOECD trade in that period. The use of a 5 year average allows me to generalize about the importance of each conflict country to HIOECD trade. Measuring trade in this manner, I am able to capture how a conflict country influences the economic profile of potential interveners. I derive trade data from the

\textsuperscript{13} For description of economic and military intervention see Regan 1996, 2000.
\textsuperscript{14} My measurement of trade assumes that conflict country trade with all HIOECD countries is evenly distributed and has the same effect on each HIOECD. While recognizing that this may not be a fully accurate description of trade’s influence, data constraints prohibit measuring trade bilaterally.
Barbieri, Keshk and Pollins dataset (1996) of bilateral trade flows. I argue that the larger percentage of trade held by a conflict country, the more likely an intervening HIOECD country will use military forms of intervention.

*Oil:* Oil represents a vital necessity for developed countries’ economic livelihood and thus, countries must maintain access to oil resources. Simultaneously, the pressure on existing oil deposits increasingly forces developed countries to tap oil reserves in unstable environments, placing MNCs operating in this sector and the economic links based on oil at risk. Natural resources, specifically oil, have been linked to the onset of civil conflict and studies have found a strong correlation between oil production and weak state structures. Developed-developing country trade linkages based on oil are prone to disruption by civil unrest. The risk such relationships pose to developed countries may lead these states to intervene to stabilize production or gain control over oil resources. I hypothesize that the greater the oil production in a conflict country, the more likely an intervening HIOECD country will use military forms of intervention. Oil is measured continuously as the level of fuel exports as a percentage of total merchandise exports. Data were gathered from Fearon’s 2005 “Primary Commodity Exports and Civil War” dataset.

*Foreign Direct Investment:* Foreign direct investment concerns long-term investment in a host country. The majority of FDI flows from developed countries. I assume that FDI inflows represent the interests of HIOECDs in conflict countries and thus provide an adequate proxy for bilateral flows. Levels of foreign direct investment signify sunk costs by investors into a conflict country. In particular, multinational corporations operating in conflict-prone countries provide another channel through which internal conflicts can become internationalized. MNCs often provide needed goods and services to home and host
governments and anecdotal evidence suggests MNCs have influence over home government foreign policy. The presence of MNCs in conflict countries can strengthen the need of home governments to be keenly aware of internal events in host countries. Thus, I hypothesize that the greater the level of FDI inflows into a conflict country, the more likely an intervening HIOECD country will use military means of intervention. FDI is measured as the logged average of FDI inflows into a civil war country in the 5 years prior to the outbreak of conflict. All FDI data are gathered from the World Development Indicators.

Control Variables

I utilize a number of control variables that previous research has found to influence the decision to intervene. Specifically, I rely on Regan’s prior research (1998, 2000) which highlighted the role of humanitarian crises, the Cold War and conflict intensity on the decision by third parties to intervene.

Humanitarian Crisis: Following Regan (1998, 2000), conflicts are categorized as humanitarian crises if they produce at least 50,000 internally or externally displaced persons. Humanitarian crises present several problems that increase the likelihood of intervention. Massive refugee flows can overwhelm bordering countries and refugee camps can serve as a base for opposition attacks. A breakdown in internal infrastructure and law and order can lead to state failure. Morally, governments may also feel an obligation to intervene to end mass killings, refugee flows, or provide aid. Missing data are supplemented with information from the CIA Factbook. As in Regan’s dataset, I use a dummy variable coded as 1 if the conflict meets the standard of a humanitarian crisis or 0 otherwise. I hypothesize that the presence of a humanitarian crisis in a state will have a positive influence on the decision of a HIOECD state to intervene in that state’s civil conflict.
Cold War: The Cold War heightened the geopolitical importance of developing country conflicts. The power struggle between the United States and Soviet Union dominated foreign policy decisions. Following from Regan’s data, conflicts are coded as 1 if a conflict occurred between 1970 and January 1, 1989 and 0 otherwise.\textsuperscript{15} Again, following Regan, I predict that the Cold War will have a positive effect on the decision of HIOECD countries to intervene in civil wars.

Conflict Intensity: The choice to intervene is costly for the intervening party. Beyond the monetary expenditures of mobilizing troops and equipment, potential interveners must also consider the physical risks posed to their soldiers. The stronger the opposing force and the greater the level of fighting, the higher the likelihood that intervening forces could experience casualties. Thus, third parties must also consider the severity of fighting when calculating the costs and energy of intervening. Following Regan, intensity is operationalized as the number of conflict casualties per year. I predict that the higher the level of intensity, the lower the likelihood a HIOECD country will intervene.

Results

The results of an initial model of intervention demonstrate that economic salience does influence the level at which a HIOECD state intervenes. Specifically, higher levels of FDI in a conflict country increase the likelihood that a potential intervener will utilize more intense means of intervention. Multinational companies operating within conflict countries may exert pressure on home governments to intervene to protect assets or foreign nationals. Sunk costs associated with multinational production may be too vital to risk losing to war. The

\textsuperscript{15} For an explanation of using January 1, 1989 as the end date of the Cold War, see Regan 1998, 2000.
nature of the investment may reduce or prohibit transfer of production, requiring home
government involvement in conflict.

Table 1: Ordered Logit of the Effects of Economic Salience on Type of Intervention

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Exports</td>
<td>-.015</td>
<td>.006*</td>
</tr>
<tr>
<td>FDI (logged)</td>
<td>.060</td>
<td>.018**</td>
</tr>
<tr>
<td>Trade (logged)</td>
<td>-.018</td>
<td>.007**</td>
</tr>
<tr>
<td>Cold War</td>
<td>.996</td>
<td>.237**</td>
</tr>
<tr>
<td>Intensity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Humanitarian Crisis</td>
<td>.934</td>
<td>.324**</td>
</tr>
</tbody>
</table>

N=6062 **significant at the .01 level, *significant at the .05 level

Interestingly, oil and trade both negatively influence the likelihood of intervention.
Several explanations may account for this finding. Most conflict countries do not constitute
a significant trading partner for HIOECD countries, thus even higher levels of trade share
may in fact be very low relative to other trading partners. Even if trade volume is large, the
type of trading relationship may not be salient to potential interveners, limiting the need for
intervention. Trading relationships are often not as intractable as investment relationships. It
may be possible to substitute a conflict country with another trading partner without
significant disruption or cost. This result also lends support to Bayer and Rupert’s (2004)
findings; HIOECD countries may refrain from intervention for fear of negatively impacting
other trade relationships.
The relationship between oil and intervention reveals a more theoretically interesting quandary. While oil has been associated with state structure weakness and civil war onset, it has a negative influence on the level of intervention. HIOECD countries may not depend heavily on conflict-prone oil producers and therefore do not need to intervene to secure access to oil. Oil resources may provide conflict governments with the means to control civil unrest without external aid. If HIOECD states do use conflict country oil, they may be punished for intervening should the opposing side gain control. Rather than contribute to an already unstable situation, HIOECD states may be better served by negotiating oil needs with the victor after the conflict concludes. Although my results reveal a negative correlation between oil and intervention, I believe that anecdotal evidence suggests a more complex relationship than is shown here. Future studies may capture a better understanding of the relationship between oil and intervention decisions by measuring oil production differently, such as count data on the number of HIOECD refineries operating in a conflict country.

The Cold War and the presence of a humanitarian crisis both positively influence the likelihood of HIOECD intervention, as hypothesized. Conflict intensity was not found to be statistically significant.

An ordered logit model assumes that the coefficients are equal across economic and military intervention. To test that assumption, I utilized a Brant test, the results of which are presented in Appendix 1. The existence of significant test statistics reveals that the parallel regression assumption has been violated. The independent variables do not have an equal effect on economic and military intervention. To better understand the effect of the explanatory variables on types of intervention, a less restrictive model is required. The ordered logit is not an accurate model choice for this analysis.
A multinomial logit model assumes that the categories of the outcome variable are nominal versus ordered. The effect of each independent variable is tested on economic and military intervention separately in relation to the base (no intervention). In utilizing a multinomial model one can gain a greater understanding of the complex relationship between economic interests and intervention choice. The results, shown in Table 2, provide a picture of the dynamic influence of economic concerns on intervention choice.

Table 2: Effects of Economic Salience on Economic and Military Means of Intervention

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Standard Errors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Intervention</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil Exports</td>
<td>-.095</td>
<td>.091</td>
</tr>
<tr>
<td>FDI (logged)</td>
<td>-.072</td>
<td>.031*</td>
</tr>
<tr>
<td>Trade (logged)</td>
<td>.027</td>
<td>.014</td>
</tr>
<tr>
<td>Cold War</td>
<td>-.146</td>
<td>.450</td>
</tr>
<tr>
<td>Intensity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Humanitarian Crisis</td>
<td>.521</td>
<td>.498</td>
</tr>
<tr>
<td><strong>Military Intervention</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil Exports</td>
<td>-.028</td>
<td>.008**</td>
</tr>
<tr>
<td>FDI (logged)</td>
<td>.142</td>
<td>.028**</td>
</tr>
<tr>
<td>Trade (logged)</td>
<td>-.042</td>
<td>.010**</td>
</tr>
<tr>
<td>Cold War</td>
<td>1.324</td>
<td>.294**</td>
</tr>
<tr>
<td>Intensity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Humanitarian Crisis</td>
<td>1.084</td>
<td>.456*</td>
</tr>
</tbody>
</table>

N=6062 **significant at the .01 level, *significant at the .05 level

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16 Robustness checks demonstrated that the model does not suffer from multicollinearity and passes the independence of irrelevant alternatives test. Running the model with robust standard errors provided almost identical results to the standard multinomial model.
Table 3 illustrates that economic salience varies in its effect on intervention choice, having the most significant influence on military interventions. FDI inflows positively influence the likelihood of a military intervention, while trade and oil negatively influence the likelihood of a military intervention.

Economic salience has a slightly different influence on the decision to intervene economically. FDI inflows remain significant for economic interventions, but in the opposite direction; FDI negatively influences the likelihood of intervening economically. While economic interventions include a broad range of actions, both negative and positive, a reliance on punitive economic measures, such as sanctioning, may do more damage to foreign investment than not intervening at all. Many multinational companies operating in foreign countries export goods back to home states and other developed markets, therefore limiting or prohibiting imports from conflict countries may have a detrimental effect on a HIOECD country’s own economic growth. Other explanatory variables were not significant.

The results of the ordered logit, Brant and multinomial logit models demonstrate that the economic determinants influencing intervention choice vary substantially between types of intervention. The initial theoretical argument that intervention could be categorized on an ordinal scale proved an inaccurate description of the intervention decision-making process. Rather, economic salience has substantially different results on the decision to intervene. Specifically, economic salience had a significant influence on the decision to intervene militarily while having only a limited effect on the decision to intervene economically.

The results demonstrate that HIOECD countries do not approach types of intervention as points on a continuum from less to more intense. Rather, governments appear to assess the merits of each type of intervention independently of the other. While the theory presented
above does not provide a fully accurate rendering of how governments view interventions, it
does demonstrate that economic linkages have an influence on a state’s actions.

In addition, economic relationships can no longer be thought of as homogenous; the results
show that trade, investment and oil have different effects on foreign policy. Rather than
concentrating on the decision-making process in terms of a hierarchical process, future
research should place more emphasis on delineating how various economic linkages
influence policy and how trade, investment and oil differ in their implications for policy.

Conclusions

Economic interests play an increasingly important role in foreign policy. Developed and
developing country linkages are expanding in depth and scope through trade and investment.
Simultaneously, the number of civil wars is increasing, placing economic connections at risk.
This analysis supports the argument that economic considerations do influence how
developed countries, namely HIOECD states, intervene. Interestingly, the analysis also
demonstrated that economic considerations have varying effects across types of intervention;
economic salience does not influence economic and military intervention equally. In
particular, FDI inflows proved to be a significant component in the decision to intervene,
negatively influencing economic interventions while positively influencing military
interventions. Oil and trade were found to negatively influence the likelihood of military
intervention, while not significantly influencing economic intervention.

Differences in the roles of trade, investment and oil demonstrate that potential interveners
do not grant equal weight to various economic interests when making foreign policy
decisions. Economic concerns are more nuanced than simple calculations of short-term gains
or losses. Future research should address why trade, investment and oil have such opposing influences on intervention, perhaps by focusing specifically on the nature rather than simply the degree of developed-developing country linkages.

This analysis represents a first cut at a vital though understudied variant in intervention literature. As civil wars become ever more prevalent, interventions will increase, having both beneficial and detrimental effects on the course of civil war and the lives of those involved. Thus, it is necessary to understand fully what factors drive intervention decisions. Such research can also help predict how future economic connectedness may influence international involvement in conflict.
Appendix A:

Brant Test for Ordered Logit Model

Table 3: Brant Test of Parallel Regression Assumption

<table>
<thead>
<tr>
<th>Variable</th>
<th>Chi2</th>
<th>p&gt;Chi2</th>
<th>df</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>-53.54</td>
<td>1.00</td>
<td>6</td>
</tr>
<tr>
<td>Oil Exports</td>
<td>5.63</td>
<td>.018</td>
<td>1</td>
</tr>
<tr>
<td>FDI (logged)</td>
<td>14.15</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Trade (logged)</td>
<td>10.03</td>
<td>.002</td>
<td>1</td>
</tr>
<tr>
<td>Cold War</td>
<td>3.62</td>
<td>.057</td>
<td>1</td>
</tr>
<tr>
<td>Intensity</td>
<td>3.15</td>
<td>.076</td>
<td>1</td>
</tr>
<tr>
<td>Humanitarian Crisis</td>
<td>.21</td>
<td>.643</td>
<td>1</td>
</tr>
</tbody>
</table>
Appendix B:

The Effect of Economic Salience on US Interventions

In order to test the effectiveness of my theory, I reran the model using US intervention and economic data. Data constraints limited my analysis to a ten-year span, 1970-1980. Initial attempts returned no results due to limited oil data, thus I eliminated oil as an explanatory variable from subsequent models. The ordered logit for US interventions violated the Brant test, therefore I employed a multinomial model. The findings are shown below.


<table>
<thead>
<tr>
<th>Economic Intervention</th>
<th>Coefficient</th>
<th>Standard Errors</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI (logged)</td>
<td>-.019</td>
<td>.295</td>
</tr>
<tr>
<td>Trade (logged)</td>
<td>.080</td>
<td>.045</td>
</tr>
<tr>
<td>Cold War</td>
<td>-.524</td>
<td>.576</td>
</tr>
<tr>
<td>Intensity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Humanitarian Crisis</td>
<td>-.547</td>
<td>.698</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Military Intervention</th>
<th>Coefficient</th>
<th>Standard Errors</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI (logged)</td>
<td>.092</td>
<td>.178</td>
</tr>
<tr>
<td>Trade (logged)</td>
<td>-.047 **</td>
<td>.013</td>
</tr>
<tr>
<td>Cold War</td>
<td>.423</td>
<td>.398</td>
</tr>
<tr>
<td>Intensity</td>
<td>0 **</td>
<td>0</td>
</tr>
<tr>
<td>Humanitarian Crisis</td>
<td>.363</td>
<td>.426</td>
</tr>
</tbody>
</table>

N=2940 **significant at the .01 level, *significant at the .05 level

While foreign direct investment was not significant for either economic or military interventions, trade followed the same pattern for military intervention as in the original model. In the US, increased trade relations decreased the likelihood of military intervention. However, the results for the US should be viewed with some skepticism. The ten-year period limits the ability to generalize the results and the lack of oil as an explanatory variable...
prevents complete comparison to the original model. The limited number of interventions, particularly economic interventions, also limits a complete comparison of results.

Despite these reservations, the findings demonstrate that economic variables do have an impact on US intervention choice, however slight. Trade and foreign direct investment have different degrees of influence over foreign policy choices, reinforcing the initial call for not treating economic variables as a homogenous grouping.

The link between economics and intervention choice constitutes another bridge between traditional spheres of conflict and IPE. Further research should examine how trade and investment differ in their influence over policy as well as how these economic variables may influence policies within various countries.
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CIA. The World Factbook.


