Small States, Big Victories: Expropriation and Subaltern Power

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ABSTRACT

It seems like common sense that weaker states are destined to lose in engagements with stronger states. After all, stronger states enjoy larger militaries, richer economies, and greater resources. Despite these advantages, however, it is not uncommon for strong states to suffer unexpected losses at the hands of their weaker counterparts. Previous studies have identified guerilla tactics in military engagements and the formation of weak-state coalitions within international organizations as two strategies that can lead to weak-state benefits in unequal state interactions. Yet few scholars have studied this phenomenon from a political and economic standpoint. Instances of expropriation provide case studies that involve highly political and economic issues. By examining these expropriation cases, this study works to uncover the fundamental factors that underpin asymmetric state interactions. Specifically, this study explores the conditions under which successful expropriation occurs. I draw on the principles of bargaining theory to create a theoretical explanation for successful expropriation and identify six factors that I argue contribute to successful expropriation specifically, and weak-state power generally. To test these factors, I compare four expropriation cases using Mill's method of agreement and difference. Additionally, I employ process tracing to better highlight the causal mechanisms that especially advantage weaker nations.

Introduction

It seems like common sense that weaker states are destined to lose in engagements with stronger states. After all, stronger states enjoy larger militaries, richer economies, and greater resources. Despite these advantages, however, it is not uncommon for strong states to suffer unexpected losses at the hands of their weaker counterparts. Some scholars have studied this asymmetric power dynamic in the martial context.[1] Much of this literature examines the defensive guerrilla tactics that enable weaker nations to snatch victory, or at least not to suffer defeat, from stronger adversaries. Other scholars have studied asymmetric state dynamics in the context of coalitions within international organizations.[2] These scholars examine the ways in which weak states band together to change the rules of an international organization to their advantage. Yet, no one has examined this phenomenon in its purest form, when a weak state acts unitarily and launches a successful offensive measure against a stronger nation. In short, no one has studied when the tail can wag the dog and get away with it.

This phenomenon can be observed in several settings, but this study will examine this occurrence in the context of expropriation. Expropriation is the state nationalization of foreign-owned assets. Specifically, this study will explore the conditions under which weak states can successfully expropriate. Expropriation is an appropriate environment for observing this dynamic because expropriation disputes occur between two states of asymmetric power and

[1] Andrew Mack, "Why Big Nations Lose Small Wars: The Politics of Asymmetric Conflict," *World Politics* 27.2 (1975): 175-200. Web.; Ivan Arreguin-Toft, "How the Weak Win Wars: A Theory of Asymmetric Conflict," *International Security* 26.1 (2001): 93-128. Web.

[2] Krasner, Stephen D. 1985. *Structural Conflict: The Third World Against Global Liberalism*. Vol. 12. Berkeley: University of California Press; Schneider, Christina J. 2011. "Weak States and Institutionalized Bargaining Power in International Organizations1." *International Studies Quarterly* 55 (2): 331-355. doi:10.1111/j.1468-2478.2011.00651.x.

are initiated by the weaker state. Through a comparative approach, this study proposes and tests several explanatory variables that contribute to successful expropriation. Identifying these explanatory variables will give scholars a better idea of the conditions and strategies that advantage weaker states against stronger enemies.

Overview

Similar to eminent domain, expropriation refers to the authoritative seizure of private property for the public benefit of the state. While expropriation is viewed as a technically legitimate option available to every state, it comes with the necessary condition of compensation. As Rubin states:

> All authorities agree that a sovereign state has the right to expropriate, or nationalize, the
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> property not only of its own but of foreign nationals. The rule of international law is, however, that the taking of the private property of foreign nationals is accompanied by the obligation to make prompt, adequate and effective payment.[3]

Despite these technical legal protections, a company's probability of obtaining legal redress for expropriated property is doubtful.[4] Both the Doctrine of Sovereign Immunity and the Act of State Doctrine preclude corporations from obtaining compensation through U.S. courts, and further, the remaining avenues for redress are often contingent upon both parties

[3] S. J. Rubin, "Nationalization and Compensation—A Comparative Approach," *University of Chicago Law Review*, XVII (September, 1950), p. 460.
[4] William Hoskins, "How to Counter Expropriation," *Harvard Business Review* 48:5, Sept-Oct., 1970.

assenting to arbitration.[5] Since expropriating countries have no intention of agreeing to this method of settlement, such arbitrations do not take place. Due to the ineffectiveness of legal redress, companies whose investments have been expropriated often look to their own governments (e.g. the United States) for support. For this reason, the United States often settles nationalization disputes on behalf of their domestic companies through intergovernmental claims commissions. Such commissions typically end in diplomatic lump sum settlements.[6]

The United States Government has a history of being intimately involved in instances of expropriation. The Investment Guaranty Program (I.G.P.), established in 1948, essentially gave private American investors "political risk insurance" against expropriation in an attempt to spur foreign investment.[7] Further, federal laws like the Hickenlooper Amendment, attached to the 1962 foreign aid bill, established a mechanism for cancelling foreign aid to a foreign country if the country expropriated American property. As Knudsen puts it, "The United States . . . made it clear that it recognize[d] the interests of American investments abroad as being coherent with its foreign policy and foreign aid programs."[8] However, as Knudsen also points out, this type of governmental involvement leaves American companies "completely in the hands of [their] own government and compensation depends entirely on how much pressure [the U.S.] government is willing to risk for a settlement."[9] If the U.S. government is busy with other policy

[5] *Indiana Law Journal*, XLIII, Summer, 1968, p. 813.
[6] Ibid.
[7] Seymour J. Rubin, "THE INVESTMENT GUARANTY PROGRAM OF THE UNITED STATES," *Proceedings of the American Society of International Law at Its Annual Meeting (1921-1969)* 56 (1962): 77-81.
[8] Harald Knudsen, *Expropriation of Foreign Private Investments in Latin America,* Dissertation, (The Norwegian Research Council for Science and the Humanities, Trogstad, 1974) p. 97.
[9] Ibid., p. 94.

entanglements, or if it sees the company's compensation as a secondary priority to a more pressing diplomatic strategy, then the company's chances for reimbursement are minimal. Understanding the central role that the American government plays in resolving expropriation disputes is critical: expropriation is not merely a business dispute between a company and a foreign host country, but rather, it is as a proxy for the asymmetric power politicking that occurs between a weaker state and its hegemonic counterpart. Thus, analyzing instances of expropriation will give us valuable insights into the nature of interactions between weak and strong nations.

Several factors define a successful expropriation. First, the host nation must retain the expropriated property for the act to qualify as a success. Additionally, the host nation's government and leader must remain in power following the expropriation. Orchestrated coups or revolutions that change the host nations' governmental structure undermine the developmental purpose of the expropriation. Lastly, the amount of compensation paid by the host nation must be significantly less than the initial demands filed by the foreign investor. Knudsen argues that the price paid determines the level of severity of an expropriation.[10] The inverse of this logic suggests that the price paid would also indicate the level of success experienced by the host nation. The occurrence of successful or unsuccessful expropriation will function as the dependent variable in this study.

Literature Review and Argument

[10] Knudsen, *Expropriation of Foreign Private Investments*, p. 88.

Many scholars have previously researched instances of expropriation. However, this body of literature is quite diversified due to expropriation's interdisciplinary nature. Historians have documented in detail the chronological power plays and circumstances surrounding instances of expropriation;[11] political scientists have documented the role of stability, government, and international relations in these occurrences;[12] economists have focused on expropriation in the light of the development theory literature; and business scholars have worked to understand the conditions under which expropriation is most likely.[13] While the multiplicity of perspectives provides complimentary insights of expropriation's many components, there are two main problems with the current body of literature.

First, much of the literature is tailored to a specific instance of expropriation. Such studies typically focus on a single historical event and the surrounding circumstances, while neglecting to address the fundamental causal mechanisms underlying instances of expropriation. These articles not only lack scope, but also lack a theoretical basis for explaining expropriation. Second, among the few articles that do provide explanatory theories for expropriation, these scholars often write from the perspective of the foreign investor. These scholars focus on the "risk" factors present in host countries, and point out what makes corporations "vulnerable" for expropriation. This literature amounts to a playbook for

[11] John J. Dwyer, "Diplomatic Weapons of the Weak: Mexican Policy-Making during the U.S-Mexican Agrarian Dispute 1934- 1941," *Diplomatic History* 26, no. 3 (2002): 375.
[12] "Measuring Social and Political Requirements for System Stability in Latin America," *American Political Science Review*, Vol. LXII, No. 4, Dec., 1968, pp. 1125-1143.; Glen Biglaiser and Karl DeRouen, "Economic Reforms and Inflows of Foreign Direct Investment in Latin America." *Latin American Research Review* 41, no. 1 (2006): 51-75.
[13] Burcin Col and Vihang Errunza, "Corporate Governance and State Expropriation Risk," *Journal of Corporate Finance* 33, (2015): 71-84.

corporations that detail how to combat expropriation.[14] Yet, determining what factors cause a host country to expropriate is completely different than determining what factors enable an expropriation to succeed. In this vein, the literature has yet to analyze instances of expropriation from the perspective of the weaker country. This study aims to fill this gap by constructing a theoretical argument that identifies the key variables present in instances of successful expropriation.

The basis of my theoretical model originates in the bargaining literature. The bargaining literature is unwieldy because many disciplines have their own iteration of bargaining theory. Economists deal with bargaining through the "price mechanism," and these scholars often incorporate game theoretic models to explain the allocation of scarce resources.[15] Political scientists, especially in international relations, deal with bargaining in the context of international disputes and crisis management.[16] For these scholars, political bargaining involves the process of negotiating the authoritative allocation of scarce resources.[17] In the context of an international conflict, this type of bargaining is also called "crisis bargaining." Other scholars, like bargaining practitioners, typically refer to bargaining as negotiation, and this body of literature typically identifies pragmatic strategies that lead to favorable outcomes.[18] A few

[14] William R. Hoskins, "How to Counter Expropriation," Harvard Business Review, Sept.-Oct., 1970, p. 111; Michael Tomz and Mark LJ Wright, "Sovereign Theft: Theory and Evidence About Sovereign Default and Expropriation," *The Natural Resources Trap: Private Investment without Public Commitment*, (2010).
[15] Ilwoo Hwang, 2013. "A Theory of Bargaining Deadlock," PIER Working Paper Archive 13-050, Penn Institute for Economic Research, Department of Economics, University of Pennsylvania; Ken Hendricks, Andrew Weiss, and Charles Wilson, 1988, "The War of Attrition in Continuous Time with Complete Information." *International Economic Review* 29 (4): 663-680.
[16] Alexandre Debs and Jessica Chen Weiss, 2016, "Circumstances, Domestic Audiences, and Reputational Incentives in International Crisis Bargaining," *Journal of Conflict Resolution* 60 (3): 403-433.
[17] Gideon Doron, Itai Sened, and ProQuest Academic Complete, 2001, *Political Bargaining: Theory, Practice and Process*. London; Thousand Oaks, Calif: SAGE.
[18] J.S. Murray and J Negot, "Understanding Competing Theories of Negotiation," *Negotiation Journal* (1986, Springer-Verlag), 2, 2, p.179-186; R. Fisher, W.L.. Ury, *Getting to YES: Negotiation Without Giving In*, (Boston:

studies have analyzed the factors that strengthen host countries' bargaining position during profit-sharing negotiations with foreign investors.[19] Such studies argue that the presence of domestic industrial alternatives as well as competition among foreign investors both improve host nations' situation. However, these articles only explore bargaining dynamics *prior* to expropriation, and therefore offer little guidance as to the factors that enable weak nations to wrest favorable bargaining outcomes *after* expropriation. Additionally, these studies fail to utilize the explicitly defined factors outlined in the bargaining literature to explain successful instances of expropriation.

Despite the disunity among the literature, some common themes emerge. First, many scholars relate bargaining to the types of ubiquitous engagements people encounter on a daily basis.[20] For example, a couple deciding where to eat, or a pair of siblings determining how they will share a particular toy are both common-place instances of bargaining. Bargaining's universal nature enables its principles to explain a wide variety of seemingly dissimilar types of conflict. For instance, much of the literature, starting with Fearon, simply treats bargaining as a continuum of activity in the pursuit of a resolution.[21] This definition applies to bargaining situations beyond the proverbial "bargaining table" and frames many types of disputes, even those played out on the battlefield. As Wagner states, "While adversaries can certainly choose

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Houghton Mifflin, 1981); P.H. Gulliver, *Disputes and Negotiations: A Cross-Cultural Perspective*, (New York: Acadmeic Press, 1979); H. Raiffa, *The Art and Science of Negotiation*, (Cambridge, Mass.: Harvard University Press, 1982); R. Lebow, *The Art of Bargaining*, (John Hopkins University Press: Baltimore: 1996).

[19] Raymond Vernon, "Foreign Owned Enterprise in the Developing Countries," in J.D. Montgomery and A. Smithies (eds.), *Public Policy*, vol. XV, Harvard University Press, Cambridge, Massachusetts, 1966, p. 361-380; Peter P. Gabriel, "The Investment in the LDC," *Columbia Journal of World Business*, Summer, 1966, p. 109-119.

[20] Doron and Sened, *Political Bargaining*, p. 1.

[21] Harrison R. Wagner, "Peace, War, and the Balance of Power," *The American Political Science Review* 88, no. 3 (1994): p. 595; James D. Fearon, "Rationalist Explanations for War," *International organization* 49, no. 3 (1995): 379-414.

to negotiate without fighting, if they fight it is because each sees fighting as a way to influence the outcome of negotiations."[22] This study employs a similarly broad definition of bargaining as it works to explain instances of expropriation through the perspective of bargaining theory's underlying principles.

Another commonly shared trait among the bargaining literature is that in bargaining situations, each actor must *want* to agree with the other.[23] Bargaining is simply the method by which the two actors come to such an agreement. Gideon and Sened provide the example of a workers' strike and negotiations between the employer and the workers' union.[24] The only element keeping the players from abandoning negotiations is their shared need for the other. For instance, although the two actors' goals are opposed (workers want shorter hours and higher wages while the employer wants longer hours and lower wages), both players continue to negotiate because the benefits enjoyed in an imperfect employer-employee relationship are far preferable to no relationship at all. In expropriation, I argue that *interdependency* between nations is a necessary condition in successful instances of expropriation because this interdependency precludes larger nations from abandoning negotiations and simply forcing concessions from the weaker state. Economic ties constitute the concrete mechanism by which we can observe the level of interdependency between two nations. If two countries exhibit substantial trading relations, then any instability, violence, or poor economic conditions in the weaker state adversely affect the stronger state as well. This type of symbiotic interdependence

[22] Wagner, "Peace, War, and the Balance of Power," p. 595.
[23] Abhinay Muthoo, 2000, "A Non-Technical Introduction to Bargaining Theory." *World Economics* 1 (2).
[24] Gideon and Sened, *Political Bargaining*, p.10.

bars stronger states from unleashing the typical gauntlet of coercive tactics against their weaker counterpart. Sanctions, coups, and invasions now become a double-edged sword, as their coercive effect on the weaker state similarly harms the stronger state. These premises lead me to my first hypothesis:

> Hypothesis of Interdependency (One): the greater two states' interdependency as measured in terms of economic intercourse, the more likely the weaker state will realize a successful expropriation.

While interdependency opens up the door for bargaining, and is similarly a necessary condition for successful expropriation to occur, interdependency is in no way sufficient for realizing a successful outcome. Once a company's assets are expropriated and negotiations begin, other factors begin to shape the nature of this outcome. The first of these factors is the political pressure the populace of the expropriating state exerts on its leader. Fearon argues that leaders conduct disputes before public spectators, and that these spectators place immediate pressure on the leader's actions.[25] This pressure forces leaders to harden their resolves and to send genuine signals due to the high risk of reneging on past public commitments.[26] The logic of Fearon's theory as well as my argument relies on rational choice theory, which employs methodological individualism to analyze single actors. These actors have their own goals and work purposefully within the constraints of their environment to realize

[25] James D. Fearon, 1994. "Domestic Political Audiences and the Escalation of International Disputes." *The American Political Science Review* 88 (3): 577-592.
[26] Ibid.

these goals.[27] I argue that the intense public pressure that the leaders of expropriating states receive from their populaces limits these leaders' ability to cooperate when negotiating with stronger countries.

For example, many of the leaders in expropriating countries rose to power through popular movements, and the members of these movements would not tolerant their leader making concessions on the promises for which they elected the leader to fulfill. Lázaro Cárdenas in Mexico, Jacobo Árbenz in Guatemala, Salvador Allende in Chile, and Mohammad Mosaddegh in Iran all were popularly-elected, left-leaning leaders who nationalized large segments of foreign industries upon gaining power. Following expropriation, these men faced the choice of either conceding to a foreign power during negotiations and facing the *certainty* of a severe consequence from their domestic audience (either political suicide or actual suicide), or they could refuse to cooperate with the foreign country and face a possible or perhaps even probable consequence from the foreign government. In either case, a possible or probable consequence is better than a certain consequence. Hence the leaders of weak states possess an incentive not to cooperate. Additionally, the visibility of the expropriation in the expropriating country is far greater than it is in the country whose company's assets were taken. Often in the stronger state, the general public is not concerned about a particular expropriation as the implications of the lost assets have little or no effect on citizens' daily lives.

Conversely, the populace of the expropriating state has clear awareness of the expropriation. This is due to the difference of relative importance that the expropriated

[27] Doron and Sened, *Political Bargaining,* p.10.

industry represents to each country. The expropriated assets mark a small loss for the stronger state but a large gain to the weaker state. The weaker state has its economic integrity weighing in the balance while the stronger state primarily has its reputation costs to consider. Goemans describes this idea as a state's resolve and says that "[a] state's resolve is determined by how much that state values the issues at stake; it reflects the importance a state attaches to these issues."[28] The domestic audience costs of a nation certainly shapes that state's resolve and these asymmetric audience costs explain why the leaders of weak countries feel public pressure not to cooperate while the leaders of strong countries lack sufficient pressure to retaliate. Weak states' resolves are hardened while stronger states' resolves are much more flexible.

> Hypothesis of Pressure (Two): The more domestic pressure a weak-state leader experiences, the more likely the weaker state will realize a successful expropriation.

Another factor that shapes the outcome of expropriation disputes is the bargaining principle of "friction." If bargaining were frictionless, then the two negotiators could make offers and counteroffers indefinitely. However, scholars acknowledge that players value their time and thus suffer from the time-consuming haggling process.[29] Any waste of time burdens a player and incentivizes both participants to reach some sort of resolution. Rubinstein's foundational econometric paper first modeled this concept by assigning a bargaining cost to

[28] H. Goemans, *War and Punishment : The Causes of War Termination and the First World War*, Princeton University Press, 2000. ProQuest Ebook Central, p. 25.
[29] Muthoo, "A Non-Technical Introduction."

each period of time separating players' offers.[30] Friction and the concept of patience can powerfully shape the outcome of expropriation-related disputes if three circumstantial conditions are met. First, the two countries must have substantial economic ties and be sufficiently interdependent because of these ties. Second, the leader of the expropriating state must receive sufficient domestic pressure to enable genuine signaling to occur. Third, the leader of the weak country must recognize the two aforementioned environmental conditions and implement a negotiation strategy of patience. If these conditions are met, then a weaker country can substantially decrease or eliminate their compensatory obligations by exhausting the patience of the stronger nations.

For this reason, "at least ninety-five percent of international claims since World War II have been determined by the lump sum settlement-national claims commission device."[31] These lump sum settlements are very attractive to weak states, who use them to resolve any outstanding political or economic debts they owe the stronger state. For the stronger state, these settlements are the sole and unfortunate means by which the state can obtain a minimal amount of compensation. If a weak-state leader enjoys these favorable conditions, then she can draw out the negotiation process and thereby dramatically improve her terms in the final agreement.

Hypothesis of Duration (Three): The longer the negotiation process lasts, the more likely the weaker state will realize a successful expropriation.

[30] Ariel Rubenstein, "Perfect Equilibria in a Bargaining Model," *Econometrica*, 50, 1, 1982, p. 99.
[31] *Indiana Law Journal*, XLIII, Summer, 1968, p. 813.

The nature of each leader's interests also affects the final outcome of an expropriation. I use the term "interests" as a broad category title that includes the many factors that motivate a leader's behavior. However, I only focus on two of these factors in this study: a leader's goal, a the leader's ideology. I will first address the former factor. A leader's goal refers to the primary outcome a leader would most like to realize through expropriation negotiations. I argue that successful expropriation occurs whenever two leaders' goals are noncompetitive. This principle is illustrated well by the "envy-free cake cutting" example.[32] Two friends, Nick and Peter, are considering how to divide a cake between themselves so that neither one is envious of the other's share. The cake has two layers, a chocolate layer on the top and a vanilla layer on the bottom. Fortunately, Nick loves chocolate and hates vanilla, while Peter loves vanilla and hates chocolate. The two quickly divide the cake, each taking their preferred layer, and the negotiation process comes to a clean and abrupt end.

In instances of expropriation, the resource under negotiation is not always homogenous. Negotiations are not always focused on the actual expropriated oil refinery, railroad, or parcel of land. Countries may wish to obtain other objectives through negotiation. For example, one leader may be more interested in improving the political relations between his country and the other leader's country, and may accept unfavorable terms in the expropriation agreement to realize his goal. Or, a leader may wish to affect the style of governance in the other leader's state and may use the negotiation table as a vehicle for the

[32] This premise was taken from the "envy-free cake cutting" mathematical problem, which deals with dividing a heterogenous resource among a positive number of integers. Brams and Taylor (1996) mathematically solved this question.

furtherance of his preferred governmental style. These different objectives are analogous to the different layers of cake in the preceding example. When leaders want different layers, negotiations conclude peacefully. In both of my examples, as in most real world instances, the stronger country's leader (typically the United States' president) is the one who sacrifices the assets of his country's company in exchange for a greater diplomatic objective.

Nevertheless, sometimes the resource being negotiated is homogenous. In these instances, it really is the piece of expropriated property that is the sole point at issue between countries. In the cake dividing example, imagine now that instead of a two-layered cake, the friends set out to divide a cake with only a single strawberry layer. Since both Nick and Peter like strawberry cake, the negotiation process will not be as smooth as it was in the first instance. In fact, the inevitable outcome of the negotiation process will advantage the boy in a better negotiating position. Similarly, in expropriation negotiations that work to divide a homogenous resource, the leader of the weak state is likely to suffer an adverse consequence that, among other things, results in the stronger state reclaiming its expropriated property. Therefore, the object of the negotiations must be heterogenous for a successful expropriation to be possible.

> Hypothesis of Noncompetition (Four): The less competitive the goals of the two negotiators, the more likely the weaker state will realize a successful expropriation.

The second important factor that affects a leader's interests is her ideology. Ideological pressures frequently surround instances of expropriation, and to ignore such ideological

considerations would be to overlook a key explanatory variable. Strong states promote their interests abroad by supporting weaker nations who comply with the stronger state's agenda. Stronger states frequently contribute financial aid to weaker nations for the purpose of buying some sort of desired behavior from the weaker state.[33] An extreme version of this occurs in clientelistic relationships, where a stronger state bankrolls a weaker nation as long as the latter remains loyal.[34] A state's ideology is often the key point of issue in these types of relationships. A strong state will go to extensive lengths to promote its ideology abroad. Therefore, from a weak state's perspective, the key to receiving favor from a stronger state is adopting an ideology that is preferred by the stronger nation. Either matching a stronger nations' ideology, or not matching the ideology of the stronger nation's rival, increases a weak nation's probability of receiving favor from the stronger nation.

For example, Cuba received preferential treatment from the U.S.S.R during the Cold War by matching the Soviet's communist ideology. Yet, Mexico received preferential treatment from the U.S. preceding World War II not because Mexico was intolerant of communism (Mexico did display some communist sympathies) but because it did not support fascism, which was the ideology of America's rivals in Europe. Strong-state leaders will always prefer weak-state leaders who adopt ideologies that are the least threatening to the stronger state. In short, the

[33] Alberto Alesina and David Dollar, "Who Gives Foreign Aid to Whom and Why?," *Journal of Economic Growth* 5, no. 1 (2000): 33-63; R. Ball and C. Jonson, (1996), "Political, Economic and Humanitarian Motivations for PL 480 Food Aid: Evidence from Africa," *Economic Development and Cultural Change* 44 (April), 515-547.; A Maizels and M. Nissanke, (1984), "Motivations for Aid to Developing Countries," *World Development*, 879-900.
[34] O.G. Afoaku, (2000), "U.S. Foreign Policy and Authoritarian Regimes: Change and Continuity in International Clientelism," *Journal of Third World Studies, 17*(2), 13-40.

more aligned two-leader's ideologies are, the more likely the weak-state will realize a successful expropriation.

> Hypothesis of Ideology (Five): The more aligned the ideology of the weak state is to the that of the strong state, the more likely the weak state will realize a successful expropriation.

To conclude, I argue that economic interdependency must be present for successful expropriation to occur. Further, I argue that unequal amounts of domestic pressure will force weak-state leader's to harden their resolve beyond the resolve of their strong-state counterpart. These conditions then allow for weak states to drag out negotiations, and since the two states' economic interdependence precludes the stronger state from coercing concessions, the weak state's terms will continue to improve the longer negotiations last. Additionally, the leaders' relative interests (goals and ideology) strongly affect the nature of the eventual outcome. Leaders with non-competitive goals can more easily agree upon the terms of a settlement, as the division of a heterogenous resource allows each state to receive some sort of benefit. And weak-state leaders whose ideologies match, or at least are not at odds with the ideologies of strong-state leaders, are more likely to receive favorable treatment from the stronger state. I argue that each of these variables increases a weak state's chances of realizing a successful expropriation.

Research Design

This study's primary analytical device is Mill's method of difference.[35] Mill's method of difference states that "[i]f an instance in which the phenomenon under investigation occurs, and an instance in which it does not occur, have every circumstance save one in common, that one occurring only in the former; the circumstance in which alone the two instances differ, is the effect, or cause, or a necessary part of the cause, of the phenomenon."[36] In this investigation, the phenomenon under study is the occurrence of successful expropriation. Therefore, I will compare two cases that possess similar background conditions but each possess a different outcome. The slight differences among the background conditions will hopefully explain the different outcomes and isolate the key explanatory variables present in successful instances of expropriation.

The cases in this study were purposefully selected to align with the methodological framework described above. I will use two cases, one success and one failure. The successful case features Mexico's expropriation of American land and oil interests, which developed throughout the 1930s. The negotiations ended in a global settlement that largely benefited Mexico. Further, the Mexican government remained intact throughout the dispute and after its resolution. The second case examines the abortive Guatemalan expropriation of American land in 1954. In this year, democratically-elected president Jacobo Árbenz, interested in land redistribution and economic progress, initiated an aggressive land reform program. American agriculture interests responded with an intense lobbying campaign that resulted in a coup

[35] John S. Mill*, A System of Logic Ratiocinative and Inductive: Being a Connected View of the Principles of Evidence and the Methods of Scientific Investigation*, (London: Longmans, Green), 1886.
[36] Ibid., p. 455.

orchestrated by the Eisenhower administration and a punitive compensatory agreement. Árbenz was exiled by the end of the year.

The traits that these cases share cannot be causal variables because their presence in each case led to different outcomes. Therefore, these states' common regional placement cannot be an explanatory variable. Further, their Spanish colonial past and cultural similarities can also be discounted. Both states had democracies at the time of their expropriations, so that part of ideology can be eliminated. Finally, the instability, poverty, and corruption in both countries was comparable during their expropriations, so these factors can be ignored as well. The difference in outcome should be explained by the few differences between circumstances surrounding the two countries' expropriations, and these differences should center around my predicted variables: my variables should appear in the successful case and be absent in the unsuccessful case. Notably, there is a distinct difference in the size of these states' economies and in each state's level of interdependence with the U.S. These differences may have important implications for my hypotheses, which will be explored later in this study.

Nevertheless, as helpful as Mill's method is, his device only establishes correlational, not causal, relationships between variables. Further, his analytical method does not distinguish necessary conditions versus merely helpful conditions. Therefore, to strengthen the merit of my arguments, I will use the tool of process tracing to track the causal mechanisms that connect my proposed independent and dependent variables. According to George and Bennett (2005), process tracing occurs when "the researcher examines histories, archival documents, interview transcripts, and other sources to see whether the causal process a theory hypothesizes or implies in a case is in fact evident in the sequence and values of the intervening variables in that

case."[37] If the chain of events that precede successful expropriation are misaligned with or unrelated to my aforementioned theories, then my arguments will be invalidated. This method increases the rigor of my test in a way in which only small-N studies can by exploring the motivations of key actors, the nature of complex decisions, and the subtle causal dynamics that are undetectable to large-N studies. Further, as a methodological tool, process tracing has increased in popularity in a variety of fields, and many scholars advocate for its unique usefulness.[38]

Definitions

The definitions of my variables are straight forward. Interdependence refers to the amount of economic intercourse two countries have with each other. This can be measured in terms of the percentage of the larger country's trade that occurs with the smaller country (both imports and exports). I focus solely on the larger country because if economic relations between the two countries are of any importance to the bigger country, then they are surely of significance for the smaller country as well.

The domestic pressure experienced by a leader refers to the amount of political approval or dissatisfaction conspicuously displayed by the general populace. This can be

[37] George and Bennett, *Case Studies and Theory Development in the Social Sciences*, (2005, MIT Press, MA), p. 6.
[38] Derek Beach, Rasmus Brun Pedersen, and ProQuest Academic Complete, 2013, *Process-Tracing Methods: Foundations and Guidelines*, Ann Arbor: University of Michigan Press; David Collier, 2011, "Understanding Process Tracing," *PS: Political Science and Politics* 44 (4): 823-830; Hao-Che W, Michael K. Lindell, and Carla S. Prater, 2015, "Process Tracing Analysis of Hurricane Information Displays," *Risk Analysis* 35 (12): 2202-2220; Patric Andersson, 2004, "Does Experience Matter in Lending? A Process-Tracing Study on Experienced Loan Officers' and Novices' Decision Behavior," *Journal of Economic Psychology* 25 (4): 471-492.

measured by observing the presence of a demonstration in a least one major city. Temporally, the demonstration must come after the occurrence of a significant event or statement in order to link the cause of the demonstration to leader's actions. Demonstrations are a good indication of general sentiment because they originate in the populace. Additionally, the comparing the occurrence of demonstrations between the two countries also paints a helpful picture of the relative amounts of public pressure experienced by each leader.

Duration of negotiation refers to the length of time the negotiations last. I do not claim that a specific duration of time would be sufficient for the development of better terms. However, I argue that the longer the negotiations last, the better the terms will be for the weaker country. In this way, this variable is best measured in relative terms, with the better terms belonging to the longer case when the two are compared against each other.

Non-Competition of goals refers to the situation in which the two leaders' most-preferred outcomes center around different objectives. The existence of this condition can be determined by analyzing the sentiments, statements, and written effects of the people most likely to shape a leader's motivations. De Mesquita calls these individuals a leader's "winning coalition." De Mesquita claims that state leaders are interested in staying in office for as long as possible, and that this desire forces leaders to pander to the individuals who brought them to power.[39] Thus, a leader's winning coalition could be cabinet members, ministers, advisors, or the general populace. Determining what group makes up a leader's winning coalition, and then discerning the priorities of that group will indicate the goals of each leader and whether those goals are competitive.

[39] Bruce Bueno de Mesquita, 2003, *The Logic of Political Survival*, (Cambridge, Mass: MIT Press).

Lastly, the alignment of leader's ideology refers to a leader's professed perspective on how the economy and governmental system should work together. Ideology has many component parts, both political and economic. Political ideologies involve the way a government runs (democratically, oligarchically, or autocratically), while economic ideologies involve how an economy functions (with free market principles, or with government controlled command policies). Ideology also includes social policy, which can either be liberal or conservative. Since my definition of ideology encompasses a wide array of political dynamics, I will limit its scope through my method of measurement. I will analyze the relationship between two leader's ideologies in two ways. In the first way, I will examine how the weak state's ideology aligns with the stronger state. The strong-state leader will always prefer the weak-state leader to adopt the ideology that threatens the strong state the least. In this first analysis, weak-state ideologies that are either the same, or are not the ideologies employed by the strong-state's rival, are preferred, because they are the least threatening to the stronger state.

In the second type of analysis, I will look at the limitations that the ideological alignment places on the strong-state leader. For example, a strong-state leader who enacts liberal social policies in his own country will have trouble justifying punishing liberal land reforms in the weaker country because such land reforms rely on the same principles of liberal populism on which the strong leader depends. In both cases, however, the more aligned two leader's ideologies are, the more likely the weak state will realize a successful expropriation. When discerning a leader's ideology, I will examine his public statements, campaign promises, and political party or coalitional affiliations.

Before moving to the next section of the paper, I will briefly supply a short concluding thought on the nature of this study. This study is not meant to unequivocally discern every important explanatory variable in instances of expropriation. Rather, it aims to identify some key conditions and strategies that allow weaker states to "win" over their hegemonic counterpart. This area of research is underdeveloped, and this study puts forth a few new ideas for consideration when approaching asymmetric international relations. As Knudsen wrote at the end of his extensive empirical study, "[T]he problem of predicting the final outcome of cases of expropriation without compensation requires information not available for the present study. Too much depends on forces that are independent of the immediate expropriation issues, including all the complex consideration of international politics."[40] This type of work is difficult to do with large-N studies. Therefore, with my detailed approach, I attempt to capture some of these "complex considerations" in order to begin a new conversation on the nature of asymmetric power dynamics and weak state strategy.

Mexico Case

The 1934 election of Mexican President Lázaro Cárdenas prompted the beginning of tense relations between Mexico and the United States. The tensions were due to Cárdenas' liberal reforms generally, and his extensive nationalization initiatives specifically, which featured agricultural and petroleum-related expropriations. While Mexican presidents had

[40] Knudsen, *Expropriation of Foreign Private Investments,* p. 110.

been expropriating American land since as early as 1915,[41] Cárdenas expropriated nearly twice as much land during his six year term than did his predecessors combined over the preceding 19 years.[42] Similarly, Cárdenas' oil expropriations were likewise unprecedented. These dramatic shifts in Cárdenas' style of governance caused anxiety among American investors and government officials.

Agrarian Dispute (1934-1941)

While both disputes, agrarian and oil, occurred simultaneously, I will treat them separately. The agrarian dispute preceded the oil dispute by four years, beginning in 1934, and continued until its conclusion in 1941. International law legitimated expropriation as long as the expropriating country would provide prompt and adequate compensation.[43] Upon U.S. demands for payment, however, Mexico was unable to deliver due to its poor economic state.[44] Nevertheless, Mexican officials promised to halt their expropriations provided that Washington recognize their title to the land.[45] Despite their verbal promise, Mexican officials did not cease to expropriate American land in Mexico which began a pattern of fruitless back-and-forth negotiations that would last until the end of the dispute in 1941.

[41] Catherine E. Jayne, *Oil, War, and Anglo-American Relations*, (1964, Greenwood Press: London), p. 16.
[42] John J. Dwyer, "The End of U.S. Intervention in Mexico: Franklin Roosevelt and the Expropriation of American-Owned Agricultural Property," (1998), *Presidential Studies Quarterly*, vol. 28, No. 3, p.495.
[43] Rubin, "Nationalization and Compensation," p. 460.
[44] Dwyer, "Diplomatic Weapons of the Weak," p. 379.
[45] Ibid., p. 380.

Eventually, U.S. officials demanded that the issue be turned over to the General Claims Commission that the two countries had used to settle other outstanding issues.[46] Mexico welcomed this decision due to the Commission's incredible inefficiency. While the Commission worked to reach an agreement, Mexico continued to stave off U.S. demands by providing potential but unlikely solutions. For example, in December of 1936, Cárdenas offered to compensate American landowners with tracts of land from the Yaqui Valley in the state of Sonora. Yet, in October of 1937, after months of U.S. deliberation, Cárdenas had already given the land to the Yaqui Indian tribe.[47] Every American effort to force payment failed, as sanctions increased Mexico's inability to remunerate, and public statements and letters between Cárdenas and the American state department only incentivized Cárdenas to appear more resolved before his own populace.[48] While the joint commission eventually reached an informal agreement in 1938, negotiations continued until America finally offered Mexico a global settlement whose terms greatly benefitted Mexico.[49]

Petroleum Dispute (1938-1941)

The expropriation of American oil investments in Mexico began with the submission of demands by the Syndicate of Oil Workers of the Mexican Republic (STPRM) in 1936.[50] The petitioners sought managerial positions and increased training for Mexican workers among

[46] Ibid., p. 380.
[47] Ibid., p. 381-382.
[48] Ibid., p. 388-389.
[49] Jayne, *Oil, War, and Anglo-American Relations*, p. 57-58
[50] Ibid., p. 26.

other things such as increased wages and job security.[51] While strikes had slowly won concessions from the oil companies in the past, the 1936 demands not only sought the traditional requests of increased benefits and wages, but also sought increased control over the industry. Who controlled Mexico's subsoil resources had been a heated national issue for Mexico throughout its history,[52] and since the companies refused to concede any amount of control over hiring and firing, STPRM refused the companies' counteroffer. President Cárdenas worked to contain the dispute by creating a special commission to resolve the issues between the union and the companies.[53] However, the commission's proposal, upheld by the Mexican Supreme Court, was refused by the oil companies who would not relinquish any control over their foreign assets.

With Mexican sovereignty at stake, Cárdenas expropriated the petroleum assets of a majority of the foreign companies, including Anglo-Dutch Royal Dutch/Shell, Sinclair Consolidated, and Standard Oil.[54] The companies responded by forming a united front that worked to boycott and sabotage Mexican-sold petroleum.[55] The companies withdrew their money from Mexican banks, paid Mexican workers to strike, refused to supply equipment and technicians to Mexico, withheld tankers from the Mexican government, and coerced smaller oil outfits to refuse service to Mexico as well.[56] Washington was leery to support the companies in

[51] Noel Maurer, "The Empire Struck Back: Sanctions and Compensation in the Mexican Oil Expropriation of 1938," *The Journal of Economic History*, Vol. 71, No. 3 (September 2011), p. 599.
[52] Jayne, *Oil, War, and Anglo-American Relations*, p. 29.
[53] Maurer, "The Empire Struck Back," p. 600.
[54] Jayne, *Oil, War, and Anglo-American Relations*, p. 1. Some believed that expropriation was part of Cárdenas' six-year plan all along. See Roscoe B. Gaither's *Expropriation in Mexico; the Facts and the Law* p. 1-27 for a treatment of this perspective.
[55] Jayne, *Oil, War, and Anglo-American Relations*, p. 18.
[56] Ibid., p. 87.

their boycott, or to negotiate with Mexico on the companies' behalf due to the increasing tension in Europe.

For the U.S. government, Pan-American solidarity and national defense was more important than wresting remunerations, and since neither Mexico nor the oil companies would compromise control of the oil fields, their mutual refusal stalemated negotiations. Eventually, Sinclair broke rank and agreed to a settlement with Mexico in April of 1940.[57] This agreement destroyed the other companies' hopes for regaining their old assets and, together with Hitler's increased aggression in 1940, moved the U.S. government to offer Mexico a beneficial global settlement in 1941.[58] While the rest of the united oil front abstained from the agreement for two years, they eventually agreed to the terms in 1943.[59]

Economic Interdependence

During the course of negotiations, Mexican-American trade was substantial and growing. In the first quarter of 1935, American exports to Mexico totaled 48 million pesos, which grew to 71.5 million for the same quarter in 1936, 88 million in the first quarter in 1937, and 140 million in that quarter 1939.[60] Mexican exports to the U.S. also grew, with such exports accounting for 56 percent of Mexico's total exports in 1937, 67 percent in 1938, 74 percent in 1939, and 92% by 1940.[61] This interdependency shaped interactions between the two nations. A large reason why FDR refused to intervene in Mexico following the agrarian expropriations

[57] Ibid., 105.
[58] Ibid., 117, 141.
[59] Ibid., 155.
[60] Dwyer, "The End of U.S. Intervention in Mexico," p.495.
[61] Ibid., p. 501.

was due to its effect on American exports of agricultural products to Mexico. For instance, Mexico imported $100 million worth of agricultural machinery, infrastructural materials, chemicals, and seed between 1935 and 1937.[62] Further, increased trade pleased Secretary of State Cordell Hull who believed that countries with strong economic intercourse would not wage war with one another, a belief which guided his policy perspective with Mexico.[63]

Similarly, U.S. Ambassador to Mexico Josephus Daniels believed that the expropriations would enrich common Mexican citizens, which would make Mexico into a more lucrative market for American goods while simultaneously deterring communist and fascist developments in Mexico.[64] For these reasons, U.S. efforts to punish Mexico's expropriations, which included trade sanctions and boycotts of Mexican silver and oil, simply drove Mexico to Axis markets while strengthening their claim that they lacked the money for remunerations.[65]

Domestic Pressure

The unequal amount of domestic pressure experienced by each leader explains Cárdenas' strong resolve and FDR's weak response. The nature of Cárdenas' expropriations explains this imbalance. Cárdenas' reforms advantaged a large proportion of Mexicans while adversely affecting only a handful of Americans. Further, Cárdenas' reforms benefited the poor union workers and peasant farmers whose support was critical for Cárdenas' populist platform, while angering wealthy oil executives and landowners who resided outside of FDR's populist

[62] Ibid., p. 500.
[63] Jayne, *Oil, War, and Anglo-American Relations*, p. 16.
[64] Ibid., p. 50.
[65] Dwyer, "Diplomatic Weapons of the Weak," 388-389; Jayne, *Oil, War, and Anglo-American Relations*, 86, 97-98.

platform. These dynamics explain why there were waves of demonstrations in Mexico without even ripples of unrest in America. Following the oil expropriation, Mexican citizens held a large parade in Mexico City, and a large outpouring of private donations were made to help support the government remunerations.[66] The expropriation was again commemorated with additional annual celebrations, at which demonstrators lifted signs that protested foreign imperialism and advocated for Mexican sovereignty.[67] Cárdenas could not concede to U.S. demands without betraying the Mexican Revolution and Mexico's sovereignty, for backing down would have cost Cárdenas his popular support and control of the presidency.[68] Meanwhile, U.S. oil companies failed to elicit a public response. Gallup Poll did not even include the oil crisis on its questionnaire during its peak controversy.[69]

Friction (Length of Negotiations)

Mexican officials employed a variety of strategies in prolonging negotiations. Mexican officials purposefully missed deadlines, switched methods of payment, exploited vague terminology, and raised numerous technical questions in an effort to deter remunerations.[70] Further, Mexico took advantage of Washington's highly inconsistent responses and Mexico's war-time position to better its bargaining position during negotiations.[71] These strategies

[66] Robert Huesca, 1988, *The Mexican Oil Expropriation and the Ensuing Propaganda War*, (Austin: Institute of Latin American Studies, University of Texas at Austin), p. 20.
[67] Ibid., p. 6.
[68] Dwyer, "Diplomatic Weapons of the Weak," p. 378-379.
[69] Huesca, *The Mexican Oil Expropriation*, p. 23.
[70] Dwyer, "Diplomatic Weapons of the Weak," p. 383.
[71] Jayne, *Oil, War, and Anglo-American Relations*, p. 51.

certainly increased the duration of negotiation, which contributed to a more beneficial outcome for Mexico.

Actors' Goals

FDR displayed Mexican sympathies from the beginning of the expropriation controversy. Drawing his support from his populist base comprised of New Dealers, both in his administration and in the general populace,[72] FDR believed in a Jeffersonian ideal centered around small-scale agricultural laborers. In a letter from U.S. Ambassador Daniels to Cárdenas, Daniels stated that "Roosevelt had an interest in the forgotten man," and that he "would give sympathetic consideration to [Cárdenas]."[73] Roosevelt's sympathies extended to his subordinates as well. In fact, in his dealings with American officials, Mexico's Subsecretary of Foreign Relations Ramon Beteta found that many U.S. politicians were sympathetic to Mexico's point of view and even thought that Mexico was justified in their expropriations.[74]

Much of this sympathy not only protected Mexico from hardliners within the U.S. government and American-owned oil companies, but also from hardliners within the British government and British-owned oil companies.[75] Additionally, beyond Roosevelt's and his administration's initial sympathy toward Mexico, U.S. sentiment became significantly more amiable toward Mexico with the development of World War II. In 1938, Roosevelt gave a press conference at which he stated his goal for Pan-American solidarity and expressed his fears

[72] Dwyer, "The End of U.S. Intervention in Mexico," p. 502.
[73] Dwyer, "Diplomatic Weapons of the Weak," p. 383.
[74] Huesca, *The Mexican Oil Expropriation*, p. 12.
[75] Friedrich E. Schuler, *Mexico between Hitler and Roosevelt: Mexican Foreign Relations in the Age of Lázaro Cárdenas*, 1934–1940 (Albuquerque, NM: University of New Mexico Press, 1998), p. 201-202.

regarding German aircraft bases in South America.[76] On one occasion Secretary of the Interior Harold L. Ickes remarked that "if bad feelings should result in Central and South America as a result of the oil situation that exists just now with Mexico, it would be more expensive for us than the cost of all the oil in Mexico."[77]

While the aforementioned motivations certainly shaped FDR's response to Cárdenas' reforms, FDR's commitment to the Good Neighbor Policy affected his position with Mexico most of all. Daniels wrote to FDR that a harsh response to Mexico would "imperil the Good Neighbor dream" and thrust the United States to the "old days of Big Stick and dollar diplomacy."[78] America had just solidified its new commitment to nonintervention and reciprocal respect of foreign property at the 1936 Buenos Aires conference under Roosevelt's watch.[79] Thus, much of FDR's failure to respond was simply his continued commitment to one of his new and optimistic policies.

Cárdenas' motivations largely aligned with the National Revolutionary Party's (PNR's) six year plan for economic and social reform. This plan was economically constructive and socially protective, and aimed to realize the goals of the 1910 Revolution: increased employment and an improved quality of life.[80] Cárdenas' initial expropriations aligned with this plan and worked to improve the standard of living for average Mexican citizens. Following the expropriations, Cárdenas maintained his original goals despite the threat of U.S. intervention. To a group in Sinaloa, Cárdenas stated that "[w]e have the right to defend our sovereignty," and later said in

[76] Jayne, *Oil, War, and Anglo-American Relations*, p. 57.
[77] Huesca, *The Mexican Oil Expropriation*, p. 24.
[78] Dwyer, "The End of U.S. Intervention in Mexico," p. 498.
[79] Bryce Wood, *The Making of the Good Neighbor Policy*, (Columbia University Press, New York: 1961), p. 119.
[80] Mary Margaret Harker, "A New Six-Year Plan for Mexico," *The Historian*, Vol. 2. No. 1. (Wiley: 1939), 65-71, p. 65.

a public address that the expropriations were "historic, affirming the economic and political stability of Mexico."[81] Cárdenas also used his unique war-time position to wrest additional economic concessions.[82] As the Axis powers grew in strength, Cárdenas held a special cabinet meeting to discuss how best to leverage their WWII allegiance with the United States for economic concessions.[83]

Ideology

Cárdenas' and FDR's ideology aligned on two fronts, both in their sympathy for the common man and in their shared hatred of fascism. The two shared strong Jeffersonian values. Roosevelt dreamed of moving city dwellers back onto the land, where they could sustain themselves on their own small plots, an idea similar to Cárdenas' *ejido* program.[84] FDR even penned in a letter to Texas Governor James Allred, "As a sincere friend of Mexico, I have therefore a profound sympathy with the basic objectives of the agrarian program."[85] Additionally, FDR was no friend of big business, making it politically impossible for him to advocate aggressively for the American land owners and oil companies. During a press conference over the agrarian expropriations, FDR stated that some Americans, "like William Randolph Hearst," had gone to Mexico and "bought a state legislature, bribed officails and acquired title . . . to hundreds of thousands of acres of land for practically nothing except the cost of the bribe."

[81] Huesca, *The Mexican Oil Expropriation*, p. 6.
[82] Schuler, *Mexico Between Hitler and Roosevelt*, p. 205-207.
[83] Dwyer, "Diplomatic Weapons of the Weak," p. 390.
[84] Dwyer, "The End of U.S. Intervention in Mexico," p. 497.
[85] Ibid., p. 498.

FDR concluded that these Americans would not enjoy "much [U.S.] sympathy with trying to collect the excessive sum" of claims, and eerily added, "The same thing . . . in the case of the oil companies."[86] In another press conference, Roosevelt confirmed that this sympathetic policy toward the agrarian expropriation would apply with "equal validity" to the new oil expropriations.[87] Thus, although the United States government and many of its representatives were officially seeking claims for the expropriations, FDR's public statements gave Cárdenas the impression of incredible leniency.[88]

The other shared ideological point between Cárdenas and FDR was their mutual hatred of Fascism. As dynamics began to change in Europe, Roosevelt preferred Cárdenas over the Fascist and Communist forces vying for the Mexican presidency. Moreover, FDR feared that if Cárdenas lost power, a civil war like the one in Spain could ensue between these two factions, and others in FDR's cabinet shared this concern.[89] These concerns led FDR to further support Cárdenas and his efforts, and they also enabled Cárdenas to use Mexico's war-time allegiance as leverage for favorable terms in the expropriation negotiations.

Mexico Conclusion

The conditions of this case confirm my hypotheses. (1) Mexican-American economic interactions did restrict the U.S. governments response. (2) Cárdenas' intense domestic

[86] Ibid., p. 504.
[87] Ibid., p. 505.
[88] Jayne, *Oil, War, and Anglo-American Relations*, p. 17.
[89] Dwyer, "The End of U.S. Intervention in Mexico," p. 503-504; Maurer, "The Empire Struck Back," p. 605.

pressure did advantage his negotiating position, whereas FDR's lack of public pressure disadvantaged him. (3) The negotiations dragged on from 1934 to 1941, and Mexican politicians' deliberate foot-dragging sweetened the terms of the 1941 global settlement. (4) The actors' goals were noncompetitive. Cárdenas prioritized keeping the nationalized land and oil while FDR prioritized creating a positive relationship between the United States and Mexico. FDR was willing to lose the foreign assets in exchange for a stable Mexican government and a war-time ally. (5) Lastly, FDR and Cárdenas' ideologies aligned. Both hated fascism, and both advocated for the rights of the "small man/*campesino*."

Guatemala Case

Guatemala's 1944 revolution prompted the beginning of the ten-year "Guatemalan Spring," and the introduction of liberal reforms to improve the country's standard of living and its economy. Having suffered years of harsh dictators and their positivist policies, Guatemalans were now ready to follow a new kind of leader—revolutionary thinker and college professor Juan Arévalo. Arévalo's seven-year administration implemented educational, industrial, and agrarian reforms designed to foster social development and economic independence. However, these new reforms threatened Guatemala's conservative sectors (land, church, and military), as well as its foreign investors, who both opposed Arévalo and his revolution.

By the time of the 1944 revolution, U.S. investors largely controlled Guatemala's economy.[90] Years of dictators anxious to attract foreign investment, combined with the United States' hegemonic expansion following WWI and WWII, led to immense American influence in Central America.[91] The largest foreign investment was American Minor Keith's United Fruit Company (UFCo), which specialized in banana production. UFCo and its subsidiaries, International Railways of Central America (IRCA) and the Tropical Fruit Steamship Company (the "Great White Fleet"), colluded to completely monopolize the Guatemalan economy. Known as *el pulpo* (the octopus), United Fruit controlled more than 600 miles of Guatemalan railroads, three and a half million acres of Guatemalan land, and $242 million in assets by 1934.[92] The company employed over 14,000 Guatemalan laborers and actively quashed domestic competition.[93] The company also took a heavy hand in Guatemalan politics, meddling in a way that was "constant, open and bloody."[94]

The nature of American foreign investments, the determination of Arévalo to make Guatemala economically independent, and the U.S. government's Cold War ideology all pointed to an inevitable conflict between the United States and Guatemala. Although it was no longer acceptable for the United States to intervene in the affairs of its southern neighbors, interventions occurred nonetheless in the name of containing communism. Arévalo's labor code (which protected union worker's rights), his successor Jacobo Árbenz's laws to undermine monopolistic practices, and Árbenz's agrarian reforms all appeared vividly communistic to

[90] Richard Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention*. (Austin: University of Texas Press, 1982), p. 83.
[91] Jim Handy, *Gift of the devil: A history of Guatemala*, (Austin: South End Press, 1984), p. 77.
[92] Ibid., 79, 80, 82.
[93] Ibid., 82-83.
[94] Ibid., 85.

American onlookers.[95] The United States quickly compiled various other indications of communism in Guatemala, but the conclusive evidence finally emerged when Árbenz's 1952 land reform—Decree 900—expropriated a total of 386,901 acres of uncultivated UFCo land.[96] Árbenz offered UFCo $627,572 for the first expropriation and $500,000 for the second, amounts matching UFCo's own tax filings. However, the company appealed to the U.S. State Department who sent an official bill to the Guatemalan government of $15,854,849 for the first expropriation alone.[97] While negotiations continued between Guatemala and the United States, U.S. officials simultaneously plotted the overthrow of the Árbenz government. PBSUCCESS, Eisenhower's covert operation for a coup to overthrow Árbenz, began in 1954 and promptly ended the dispute.

Preparations for PBSUCCESS were extensive and orchestrated exclusively through the CIA. The operation included mounting an anti-governmental media campaign in Guatemala, bribing military officers within the army, and training and supplying a rag-tag "rebel" army in neighboring Honduras.[98] In addition to PBSUCCESS, international developments were hurtling the Árbenz government toward destruction. American media outlets highlighted Guatemala's dangerous communist tendencies. U.S. diplomats pushed through an anti-communist resolution at the 1954 Inter-American Conference in Caracas. And conservative Guatemalan student groups agitated the government with anti-communist propaganda. Importantly, the Árbenz government was not communist, and its expropriations were completely legal.[99]

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[95] Ibid., 137-138.
[96] Bitter Fruit, 75.
[97] Ibid., 76.
[98] Handy, *Gift of the Devil*, p. 143-145.
[99] Max Paul Friedman "Fracas in Caracas: Latin American Diplomatic Resistance to United States Intervention in Guatemala in 1954," *Diplomacy & Statecraft* 21 (4): p. 673; Immerman, *The CIA in Guatemala*, p. 81.

Nevertheless, according to U.S. officials' perceptions, Guatemala was a communist beachhead in the Western Hemisphere controlled by the Kremlin.[100]

On June 15, 1954, the "rebel" army invaded Guatemala's eastern border. Although the invading force was largely ineffective—suffering heavy casualties and slowly progressing to the capital—the Guatemalan military feared a larger follow-up American force and was apprehensive to fight.[101] Twelve days after the invasion had begun Árbenz resigned, leaving Guatemala's future in the hands of a military junta. Several powershifts occurred over the next few days, each one more amenable to U.S. interests.[102] Eventually, Castillo Armas—a man hand-picked by the CIA—came to power. Armas dismantled Árbenz's land reforms, erased Arévalo's legislative progress, returned Guatemala to its previous state of dictatorial repression, and reignited a bloody civil war that claimed the lives of over 150,000 Guatemalans.[103] U.S. agents descended on the capital to collect any communist documents they could find and track down communist asylum seekers across Latin America.[104]

The blatant hand of the U.S. in the affair triggered a wave of anti-American sentiment across Latin America that inspired later communists like Fidel Castro.[105] Unfortunately, the U.S. government perceived PBSUCCESS as a great success and continued to use it as a model for future covert operations including JFK's disastrous Bay of Pigs operation.[106] Interestingly, UFCo

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[100] Friedman, "Fracas in Caracas," p. 681.
[101] Stephen Streeter, "Interpreting the 1954 U.S. Intervention in Guatemala: Realist, Revisionist, and Postrevisionist Perspectives," *The History Teacher* 34, no. 1 (2000): p. 70.
[102] Nick Cullather, *Secret History: The CIA's Classified Account of its Operations in Guatemala, 1952-1954*, (Stanford, Calif: Stanford University Press, 1999), p. 79.
[103] Kenneth Lehman, "Revolutions and Attributions: Making Sense of Eisenhower Administration Policies in Bolivia and Guatemala," *Diplomatic History*, Volume 21, Issue 2, April 1997, p. 210; Streeter, "Interpreting the 1954 U.S. Intervention," p. 71.
[104] Cullather, *Secret History*, p. 82-83.
[105] Ibid., 81.
[106] Ibid., 84.

did not profit from the coup. In fact, the U.S. State Department forced the company to increase wages and make concessions to ameliorate Latin American relations. Soon after, the company was subjected to an anti-trust suit in by U.S. courts, and eventually disintegrated through mergers into a series of other corporations.[107] These actions suggest that ideological motives prompted U.S. intervention instead of financial ones.

Economic Interdependence

American and Guatemalan economic interests during the 1950s were closely intertwined. Nevertheless, the countries' economic entanglements were not sufficient to provide Guatemala with a successful expropriation. Guatemala had been a significant partner for U.S. trade and investment since the 1920s, at which time Guatemala took 60 percent of its imports from the United States, and sent over two thirds of its exports back.[108] American investment in Guatemala continued to increase, growing from $6 million in 1837 to $59 by the 1930s.[109] United Fruit and its subsidiaries made most of these investments, controlling 40% of Guatemala's economy by the 1930s through its distribution infrastructure and other commercial ventures.[110]

While the two countries shared a significant trade network, Guatemala in 1954 was less important for America's economic welfare than was Mexico in 1936. In fact, it was not the

[107] Ibid., 91.
[108] Immerman, *The CIA in Guatemala*, p. 82.
[109] Ibid., p. 83.
[110] Handy, *Gift of the Devil*, p. 80.

countries' financial links that stopped the U.S. from imposing economic sanctions. But rather, it was the fear of violating prior treaty commitments and incurring the wrath of Latin American states prevented the U.S. from exerting economic pressure on Arévalo and later Árbenz.[111] In short, the nations' did not share a high enough level of economic interdependence to deter the United States from acting against Guatemala.

Domestic Pressure

While there was a disparity between Árbenz's level domestic pressure and Eisenhower's level of domestic pressure, the greater pressure fell upon Eisenhower. I hypothesized that domestic pressure would be greater upon the leader of the weaker state and that this pressure would advantage the weaker leader's negotiation position. In this case the opposite occurred. Eisenhower's focused domestic pressure motivated his intervention, while Árbenz's fractured pressure weakened his resolve. The sources of Árbenz's pressure—labor unions, communist parties, and the peasantry—suffered from infighting and uncoordinated mobilization. Conversely, Eisenhower faced strong and united pressure from American media, businesses, and citizens to stop communist developments in Guatemala. While Árbenz may not have negotiated more gently due to his lack of domestic pressure, Eisenhower's excessive domestic pressure certainly hardened his response to Guatemala.

Árbenz's domestic pressure came primarily from a CIA-run disinformation campaign that preceded the 1954 coup. The campaign exploited Guatemala's discontented conservative

[111] Cullather, *Secret History*, p. 22.

sectors and expressed anti-communist and anti-governmental views. In a personal correspondence between CIA personnel, one agent wrote of using "black operations" and "contacts within the press, radio, church, army, and organized elements susceptible to rumor, pamphleteering, poster campaigns, and other subversive action," to undermine Árbenz's regime.[112] The CIA later launched an additional media campaign labelled operation SHERWOOD that telecasted from a "rebel" station located "deep within the jungle," and urged Guatemalans to resist global communism and Árbenz's liberal regime.[113] Despite the CIA's efforts, few Guatemalan's were persuaded by the campaign and some even recognized it as an instrument of the UFCo and U.S. interests.[114] Nevertheless, general disunity among the pro-Árbenz labor unions, and the anti-Árbenz conservative sectors prevented the formation of any real domestic pressure among the majority of Guatemalan society.

By contrast, Eisenhower's domestic pressure came from American news media and by the general tide of anticommunist sentiment in America. The UFCo launched a disinformation campaign as well as lobbied in Washington to convince the U.S. government that Guatemala was communist.[115] The company hired Edward Burnays as their PR specialist who worked with *Time*, *Newsweek*, the *New York Times*, and the *Chicago Tribune* to highlight the "communist activity" occurring in Guatemala.[116] U.S. newspapers covered the "Red Rule in Guatemala" and pressured the president to act against Árbenz's communist and anti-American reforms. One *New York Times* article stated that "The United States . . . is expected in the near future to call

[112] Ibid., p. 27.
[113] Ibid., p. 56; John Hurley, *Cultivating Subversion: Operation Sherwood, the CIA, and Guatemala*, thesis, (Illinois: Proquest Dissertations Publishing, 2018).
[114] Streeter, "Interpreting the 1954 U.S. Intervention," p. 63.
[115] Cullather, *Secret History*, p. 8.
[116] Ibid., 10.

for a meeting of the Inter-American foreign ministers to try to develop a hemisphere-wide program of checking the spread of communism from its foothold in Guatemala."[117]

Friction

Regarding negotiations, most of them occurred between the Guatemalan government and the UFCo directly. These negotiations were primarily over various strikes and labor disputes. After the first few strikes during Arévalo's administration, however, the company enlisted the U.S. embassy to negotiate on its behalf. After the embassy proved inefficient, UFCo launched its disinformation campaign against Guatemala.[118] Not wanting to offend South American states with overt military intervention, the State Department only discouraged loans and reduced aid to Guatemala to signal its discontent with Árbenz.

Nevertheless, Árbenz maintained his reformist policies.[119] Once Decree 900 began expropriating UFCo land, however, the United States stepped up to represent UFCo in negotiations. Unfortunately, by this time, negotiations were more of a formality as the presence of the expropriations themselves rang communist bells for U.S. diplomats and triggered the preparation of PBSUCCESS. Although the U.S. state department submitted a formal bill to the Guatemalan government for $15,854,849 during this "negotiation process," the CIA had already completed its plans for PBSUCCESS.[120]

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[117] Walter Waggoner, "*EISENHOWER SEES GUATEMALA PERIL; President Deplores Pressure on Reds' Foes -- Bid for New Arms Imports Reported*," *New York Times*, June 17, 1954, p. 10.
[118] Cullather, *Secret History*, p. 8.
[119] Ibid., p. 11-12.
[120] Immerman, *The CIA in Guatemala*, p. 81.

Actors' Goals

Eisenhower prioritized the containment of communism while Arévalo and Árbenz prioritized Guatemalan economic independence. Unfortunately, since the U.S. perceived Guatemalan reform as communist subversion, the two goals could not co-exist. Árbenz himself renounced any communist affiliations, stating, "Politically speaking . . . Guatemala has no connections whatsoever with any extra-continental power, either European or Asiatic," and that in the event of a worldwide conflict Guatemala would have "one and only one loyalty geographically, politically and militarily."[121] Nevertheless, Árbenz's anticolonial reforms looked like communism to the United States. The U.S. had also questioned Árbenz's predecessor, Juan Arévalo, who stated that "It is imperative of our time to heed the claims of workers who have been reduced to servitude but economic imperialism."

Arévalo, like Árbenz, supported several union strikes against UFCo and demanded better conditions and wages for its workers.[122] Immerman states:

> Árbenz felt that development was only possible if Guatemala became economically independent. Advancing the majority's standard of living was one of his primary goals. He explained that the basic premise of his administration would be "to convert Guatemala from a country bound by a predominantly feudal economy into a modern, capitalist one."[123]

[121] Stephen Schlesinger and Stephen Kinzer, 2005, *Bitter fruit: the story of the American coup in Guatemala*, (Cambridge, Mass: Harvard University, David Rockefeller Center for Latin American Studies), p. 85.
[122] Handy, *Gift of the Devil*, p. 138.
[123] Immerman, *The CIA in Guatemala*, p. 62-63.

By 1953 and the Korean War, U.S. perceptions had become dangerously simple. U.S. Ambassador John Peurifoy stated in a House select committee that, "Communism is directed by the Kremlin all over the world, and anyone who thinks differently doesn't know what he is talking about."[124] Additionally, the McCarthy trials further exacerbated fears of world communism.[125] Furthermore, Eisenhower's entire foreign policy strategy was guided by a Truman-era defense report known as NSC-68 which viewed the world as a zero sum game between the United States and the USSR.[126] Republican Eisenhower—who had campaigned on being both tough on communism and fiscally conservative—turned to cheaper methods of containment. One of these methods was the use of covert operations.[127] Eisenhower's fear, in his own words, was that "Nationalism is on the march and world Communism is taking advantage of that spirit . . . to further the aims of world revolution and the Kremlin's domination of all people."[128]

Ideology

UFCo exploited communist fears for their own financial gain in Guatemala. Eisenhower's perceived ideological conflicts between U.S. interests and Árbenz's reforms provide the main explanatory variable. For example, John Foster Dulles (Secretary of State) stated, "If the United Fruit matter were settled, if [Guatemala] gave a gold piece for every banana, the problem

[124] Cullather, *Secret History*, p. 16.
[125] J. Buchenau, "Ambivalent Neighbor: Mexico and Guatemala's 'Ten Years of Spring,' 1944–1954," *The Latin Americanist 61*(4), (2017): p. 465.
[126] Immerman, *The CIA in Guatemala*, p. 9.
[127] Ibid., p. 14.
[128] Ibid., 16.

would remain as it is today as far as the presence of Communist infiltration in Guatemala is concerned."[129] Eisenhower himself told Congress that Guatemala was "spreading Marxist tentacles" throughout Central America, and that "The Reds are in control . . . and they are trying to spread their influence to San Salvador as a first step to breaking out of Guatemala to other South American countries."[130] In one newspaper article entitled "Guatemala Disturbing Eisenhower," the president stated, "To have the Communist dictatorship establish an outpost in this continent to the detriment of all the American nations would be a terrible thing."[131] These quotations strongly suggest that ideological differences between the United States and the Soviet Union, and the complications these made for anticolonial South American countries explain Eisenhower's intervention in this case.[132]

Guatemala Conclusion

This case also confirms my hypotheses. (1) The economic interaction between the U.S. and Guatemala was significant. However, trade with Guatemala comprised a smaller portion of the U.S. economy than did trade with Mexico. This aligns with my hypothesis that greater economic interdependency increases the chances of achieving a successful expropriation. (2)

[129] Streeter, "Interpreting the 1954 U.S. Intervention," p. 63.
[130] Handy, *Gift of the Devil*, p. 144.
[131] James E. Warner, "Guatemala Disturbing Eisenhower," *New York Herald Tribune*, May 20, 1954, p. 4.
[132] John Zunes compares Bolivia and Guatemala, and Egypt and Iran to find factors that explain U.S. behavior in overthrowing expropriating governments. His three factors consist of the U.S.'s ability to exert economic or diplomatic pressure, the perceived influence of pro-Soviet forces, and the availability of alternative leaders friendlier to the U.S. Cole Blasier also conducted a study in which he identifies the differences between Bolivia and Guatemala. Blasier claims that the U.S. misread signals in the two countries, perceiving communism in one but not in the other, and that this difference in interpretation explained the difference in outcomes.

My second hypothesis stated that the greater the amount of public pressure applied to the leader of the weaker state, the greater the chances for successful expropriation. Árbenz pressure was fragmented and less severe than that of Cardenas. Had Árbenz faced more severe public pressure and military support, he may not have stepped down in the face of the American coup. Thus, the level of domestic pressure experienced by a president appears to be an important explanatory variable. (3) The negotiations in this case were short and ineffectual. In fact, very little negotiating occurred between the two governments. This supports my hypothesis that longer negotiations contribute to successful expropriations. Hypotheses (4) and (5) bleed together in this case because Eisenhower's goals were *ideological*, not material. Arévalo and Árbenz prioritized the reformation and independence of their country while Eisenhower prioritized the containment of communism. Therefore, the leaders' goals were competitive and their ideologies did not align. This confirms my fourth and fifth hypotheses.

Findings and Discussion

	Economic Interdependence	Domestic Pressure	Friction	Actors' Goals	Ideology
Mexico	confirmed	confirmed	confirmed	confirmed	confirmed
Guatemala	confirmed	confirmed	confirmed	confirmed	confirmed

Figure 1. This table illustrates which of my hypotheses are confirmed by the cases.

Figure 1 identifies the hypotheses which my cases confirmed. My first hypothesis states that the greater the economic interdependence between two states, the more likely the weaker state will realize a successful expropriation. While both Mexico and Guatemala enjoyed high levels of economic intercourse with the United States, only Mexico qualified as a significant trading partner from the perspective of the United States. Mexico's trade with the United States was diversified across several important industries, from industrial agriculture to oil, while Guatemala's trade was primarily concerned with Bananas. Thus, the greater amount of economic interdependence between Mexico and the United States contributed to Mexico's successful expropriation.

My second hypothesis states that the more domestic pressure a weak-state leader experiences, the more likely the weaker state will realize a successful expropriation. Mexico's Cárdenas experienced far greater amounts of domestic pressure than did Guatemala's Árbenz. Cárdenas' support was shared strongly across Mexico's large peasant class while Árbenz's support was fractured by infighting among his potential supporter groups. Further, the disinformation campaign of the U.S. also spurred Guatemala's conservative sector against Árbenz. Additionally, FDR's domestic pressure was very light while Eisenhower's was severe. Few Americans knew or cared about Mexico's 1938 expropriation, but many Americans were concerned about the spread of communism during the 1950s. Thus, the difference in domestic pressure experienced by the two South American leaders explains the different outcomes experienced by Mexico and Guatemala.

My third hypothesis states that the longer the negotiation process lasts, the more likely the weaker state will realize a successful expropriation. The cases reflect this principle. The

United States was not able to respond to Mexico's expropriation because economic interdependence between Mexico and the U.S., as well as ideological considerations, effectively stopped FDR from intervening. These tie-backs on U.S. intervention extended the period of negotiation far longer than the U.S. would have liked.

Conversely, The U.S. faced fewer obstacles to intervention in Guatemala, which greatly decreased the duration of negotiations. The only deterrent to U.S. intervention was international condemnation, which Eisenhower sidestepped by deploying covert methods of engagement. Thus, the formal negotiations only lasted a matter of months, not years (like Mexico), which gave Guatemala very little time to gain concessions. Although the cases confirm my hypothesis, my friction variable suffers from endogeneity. The duration of negotiations correlates with expropriation success. However, it is hard to determine if it is a cause or an effect of successful expropriation. Nevertheless, it is a helpful consideration when analyzing cases of expropriation.

My fourth hypothesis states that the less competitive the goals of the two negotiators, the more likely the weaker state will realize a successful expropriation. The goals of the United States and Mexico were not competitive. Cárdenas wanted the expropriated land and oil while FDR wanted a war-time ally. Additionally, FDR was not terribly concerned about protecting the interests of "big business." Thus, there was relatively little tension when the two leaders negotiated. By contrast, the goals of Eisenhower and Árbenz were competitive. Árbenz wanted to carry out his nationalization initiatives and Eisenhower did not. A step forward for Árbenz appeared to Eisenhower to be a step forward for communism and a step backwards for

democracy. Therefore the two goals were competitive and contributed to Guatemala's unsuccessful expropriation.

My fifth hypothesis states that the more aligned the ideology of the weak state is to the ideology of the strong state, the more likely the weak state will realize a successful expropriation. Cárdenas' ideology was very aligned with FDR's. Both men valued the average citizen, the poor laborer, and egalitarian ideals. Further, both men hated fascism. These shared values contributed to Mexico's successful expropriation.

Guatemala and the United States shared little ideological commonalities. Guatemala's Árbenz wanted economic independence, nationalist reforms, and land redistribution. The United States wanted strong pro-democratic policies, anti-U.S.S.R. rhetoric, and wanted to stop any redistribution programs which, from the U.S. perspective, were inherently communist. The misalignment of these two ideological outlooks contributed to Guatemala's failed expropriation.

	Economic Interdependence	Domestic Pressure	Friction	Actors' Goals	Ideology
Different/Similar	dissimilar	dissimilar	dissimilar	dissimilar	dissimilar

Figure 2. This table illustrates which factors were similar between the cases and which factors were dissimilar. The factors that are dissimilar carry explanatory significance.

Mill's method of difference states that "[i]f an instance in which the phenomenon under investigation occurs, and an instance in which it does not occur, have every circumstance save

one in common, that one occurring only in the former; the circumstance in which alone the two instances differ, is the effect, or cause, or a necessary part of the cause, of the phenomenon."[133] The factors that I have identified all manifest differently between the two cases, which suggests that they all correlate with the difference in outcomes. Further, my process tracing method confirms that these variables did contribute significantly to the cases' differing outcomes.

Mexico was a major trading partner with the United States, while Guatemala enjoyed less status as a U.S. trading partner. Cárdenas faced sever public pressure to not cooperate while Árbenz's public pressure was fragmented. Mexico's negotiation process lasted years, while Guatemala's lasted a matter of months. During negotiations, Cárdenas and FDR did not have competing goals, while the goals of Árbenz and Eisenhower came into direct conflict with one another. Lastly, Cárdenas and FDR shared many ideological commonalities while Eisenhower saw very few ideological similarities between Árbenz and himself.

The differences between these cases' factors suggest that all of these variables play a significant role in the differing outcomes of these cases. This paper has contributed to scholars' understanding of expropriation and the nature of subaltern power by using two cases to identify the key variables for small-power success. To that end, this paper provides a valuable contribution to our understanding of international politics and asymmetric engagements.

Nevertheless, there is more work to be done in this area. Refining my variables and identifying new ones through different historical cases are two avenues for additional research. For example, identifying a primary explanatory variable would be useful for understanding

[133] Mill*, A System of Logic*. p. 455.

international relations between asymmetric powers. I initially thought that the primary explanatory variable in expropriation-related disputes was the economic interdependency between the rival nations. However, it now appears that the ideological alignment between the two countries is the most important factor for achieving a successful expropriation.

Additionally, there are several other variables and historical cases that are worth examining that this paper does not address. For instance, the geographical size of each country, the distance between the two countries, and the presence of geographically intervening states and oceans are important factors to analyze. For cases, Egypt's 1956 successful nationalization of the Suez Canal would compare well with Iran's 1953 failed nationalization. Similarly, comparing the successful reforms that Bolivia instituted during the 1950s with Guatemala's unsuccessful reforms implemented during the same period would also produce interesting insights.

These cases raise additional considerations involving the role of the U.S.S.R., the amount of control the weaker state allows the U.S. exercise in the implementation of the policies, and the ideological branding of the nationalizations. My observations suggest that a weak state's ideology, its willingness to cede control on policy implementation to the stronger state, and its appearance of cooperation can make all the difference for the success of its expropriation. Moving forward, greater analysis of these factors will provide international relations scholars with greater insights into the nature of power in asymmetric engagements.

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