

Purchasing Primacy: Power Projection and the Market for Access

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Abstract

Power projection is a central means by which great powers exert influence in international politics. Yet variation in the costs of securing military access—a requisite for power projection—remains understudied. We argue that bargaining outcomes are shaped by a market for access in which price is determined by supply and demand. Hosts extract higher compensation for access when there are multiple potential “buyers,” or when the sending state has a high need for access. By contrast, when there are many potential hosts or the host has greater need for a deal, the sending state can secure more advantageous terms. We test these propositions by studying the behavior of the United States in Africa, using new data on U.S. governmental spending and access in Africa. To trace the causal mechanisms, we present case studies that cover 70 years of U.S. bargaining for access in Djibouti. Our findings have implications for scholarly understanding of how rising powers can impose costs on dominant states. We find that third party competitors can pose problems by simply acting as alternative suppliers of desired goods to states in contested areas—even in a unipolar era where the United States is the sole superpower.

Introduction

What explains variation in the cost of overseas military access? What are the determinants of leverage in bargaining over access? More broadly, how does variation in the cost of access affect the cost of hegemony in international politics?

Access is a core element of military power. Overseas basing access is part of what Barry Posen's influential work on military power and hegemony calls the “infrastructure of command.”¹ In this study, we argue that access is broader than basing; that it is a scarce good; and that its costs are highly sensitive to structural competition from rising and regional powers. Yet these costs have been incompletely conceptualized and modeled in the literature—an oversight that hinders assessments of the costs and benefits of hegemony. This article examines the determinants of leverage in bargaining over access and presents empirical evidence on bargaining outcomes in a twenty-first century theater of operations: Africa.

Scholars are divided on the value of hegemony, with some arguing that hegemony (in particular, a strategy of primacy) is cheap to maintain and rewarding to the dominant state.² Conversely, others argue that primacy is expensive and offers few benefits.³ Importantly, any strategy

¹ Posen identifies four dimensions of U.S. military power that together comprise its “command of the commons”: command of the sea, air, and space, and the infrastructure of command. Infrastructure includes foreign military bases and facilities, global deployment and distribution capabilities, and the unified combatant command structure. See Barry R. Posen, “Command of the Commons: The Military Foundation of U.S. Hegemony,” *International Security*, Vol. 28, No. 1 (2003), pp. 5–46, at pp. 16–19.

² Stephen G. Brooks and William C. Wohlforth, *World Out of Balance: International Relations and the Challenge of American Primacy* (Princeton, N.J.: Princeton University Press, 2008); Carla Norrlof, *America’s Global Advantage: US Hegemony and International Cooperation* (New York: Cambridge University Press, 2010); Michael Beckley, “China’s Century? Why America’s Edge Will Endure,” *International Security*, Vol. 36, No. 3 (2011), pp. 41–78; Stephen G. Brooks, G. John Ikenberry, and William C. Wohlforth, “Don’t Come Home, America: The Case against Retrenchment,” *International Security*, Vol. 37, No. 3 (2012), pp. 7–51; and Carla Norrlof and William C. Wohlforth, “Is US Grand Strategy Self-Defeating? Deep Engagement, Military Spending and Sovereign Debt,” *Conflict Management and Peace Science*, Forthcoming (2016), doi: 10.1177/0738894216674953.

³ Eugene Gholz, Daryl G. Press, and Harvey M. Sapolsky, “Come Home, America: The Strategy of Restraint in the Face of Temptation,” *International Security*, Vol. 21, No. 4 (1997), pp. 5–48; Stephen M. Walt, *Taming American Power: The Global Response to U.S. Hegemony* (New York: W.W. Norton & Company, 2005); Paul K. MacDonald and Joseph M. Parent, “Graceful Decline? The Surprising Success of Great Power Retrenchment,” *International*

that calls for global engagement requires power projection capabilities to manage the international system.⁴ The more difficulty that great powers face in projecting power, the harder it is for them to shape events in areas far away from their own territory. Thus primacy becomes harder to maintain as the costs of access increase.

Existing research on power projection focuses on balancing and alliances, where hosts trade autonomy for security.⁵ This literature assumes that other forms of access—such as overseas military installations—are a secure part of the U.S. infrastructure of command. As Posen and others have argued, U.S. infrastructure of command has benefited from Cold War legacies that left it with a global network of bases.⁶ These studies emphasize the role that allies play in providing basing access, which we argue has proven insufficient for projecting power in emerging areas of operation. Moreover, unlike material capabilities, access is a continuous process that is reversible and subject to renegotiation. Finally, the recent wave of literature on “anti-access area-denial” (A2/AD) challenges to U.S. power projection only focuses on the military challenges to access.⁷ For its part, the literature on the politics of basing focuses on the role that domestic audiences play in shaping bargains for access, where the threat of domestic opposition allows host leaders to exact higher compensation and restrict the terms of access.⁸ Yet this story is incomplete.

Security, Vol. 35, No. 4 (2011), pp. 7–44; Daniel W. Drezner, “Military Primacy Doesn’t Pay (Nearly As Much As You Think),” *International Security*, Vol. 38, No. 1 (2013), pp. 52–79; and Barry R. Posen, *Restraint: A New Foundation for U.S. Grand Strategy* (Ithaca, N.Y.: Cornell University Press, 2014).

⁴ See Robert J. Art, *A Grand Strategy for America* (Ithaca, N.Y.: Cornell University Press, 2003), p. 223. Art notes that it is virtually impossible to exercise influence without a regional military presence.

⁵ James D. Morrow, “Alliances and Asymmetry: An Alternative to the Capability Aggregation Model of Alliances,” *American Journal of Political Science*, Vol. 35, No. 4 (1991), pp. 904–933; and David A. Lake, *Hierarchy in International Relations* (Ithaca, N.Y.: Cornell University Press, 2009).

⁶ Posen, “Command of the Commons”; and Stephen G. Brooks and William C. Wohlforth, “The Rise and Fall of the Great Powers in the Twenty-First Century: China’s Rise and the Fate of America’s Global Position,” *International Security*, Vol. 40, No. 3 (2015), pp. 7–53.

⁷ See Posen, “Command of the Commons”; and Evan Braden Montgomery, “Contested Primacy in the Western Pacific: China’s Rise and the Future of U.S. Power Projection,” *International Security*, Vol. 38, No. 4 (2014), pp. 115–149.

⁸ For domestic and transnational opposition explanations, see Kent E. Calder, *Embattled Garrisons: Comparative Base Politics and American Globalism* (Princeton, N.J.: Princeton University Press, 2007); Alexander Cooley, *Base*

Domestic politics explain some, but not all, of the variation in bargains over access. In Djibouti, for example, U.S. compensation for basing skyrocketed between 2003 and 2014, despite the absence of domestic opposition to the American military presence.

In this paper we argue that market logic explains much of the variation in the costs of access. Access agreements are typically bilateral, but they are negotiated in the presence of other actors seeking similar deals simultaneously; bargaining occurs “in the shadow of the market.”⁹ We identify two factors—each state’s need for a deal and the presence of competition in the form of other buyers or suppliers—that explain variation in outcomes. When a state has its choice of other partners, it can drive a harder bargain. However, the more a state needs to secure access—or something in exchange for it—the more vulnerable it becomes to exploitation. We innovate on previous studies of basing by identifying the structural determinants of leverage, developing a unified framework, and testing it empirically.¹⁰

To test our propositions, we study a great power actor in a competitive market for access: the United States in Africa. Over the past 15 years, Africa has been increasingly targeted for access by outside powers seeking to gain influence on the continent toward both security and economic ends. We conduct, to our knowledge, the first large-N statistical analysis of variation in the costs of access in Africa. Two methodological innovations allow us to do so. First, we introduce new data on U.S. government spending in Africa between 2000 and 2015. These data account for

Politics: Democratic Change and the U.S. Military Overseas (Ithaca, N.Y.: Cornell University Press, 2008); Catherine Lutz, ed., *The Bases of Empire: The Global Struggle Against U.S. Military Posts* (Washington Square, N.Y.: New York University Press, 2009); and Andrew Yeo, *Activists, Alliances, and Anti-U.S. Base Protests* (New York: Cambridge University Press, 2011).

⁹ Kalyan Chatterjee, *Bargaining in the Shadow of the Market: Selected Papers on Bilateral And Multilateral Bargaining* (Singapore: World Scientific, 2013), p. 2.

¹⁰ Previous work recognizes the role of the sending state and host’s outside options, but has largely treated these factors in isolation and empirical testing remains limited. For notable works, see Alexander Cooley and Hendrik Spruyt, *Contracting States: Sovereign Transfers in International Relations* (Princeton, N.J.: Princeton University Press, 2009); and Alexander Cooley and Daniel H. Nexon, “The Empire Will Compensate You: The Structural Dynamics of the U.S. Overseas Basing Network,” *Perspectives on Politics*, Vol. 11, No. 4 (2013), pp. 1034–1050.

approximately \$20 billion in previously unmodeled spending and provide a more robust measure of transactional exchanges than traditional measures such as foreign aid. Second, we use novel measures of access, outside options, and need. We find that both the presence of outside options and level of need—whether for supplier or buyer—are strong predictors of the level of compensation associated with the bargain. Finally, we examine historical evidence from three distinct cases within a single study of U.S. military access in Djibouti from 1945 to 2015.

This article makes several important contributions to theory and policy. First, it has implications for how states use economic tools as instruments of influence. The literature on economic statecraft tends to focus on negative sanctions, with the study of positive sanctions mostly emphasizing foreign aid as a means of garnering support in the United Nations.¹¹ However, another historic goal of great power economic statecraft has been obtaining military access. This article presents one of the first quantitative studies of the economic determinants of overseas access. We also make a contribution by highlighting a previously overlooked means of economic statecraft—directed government spending. Government procurement is typically the largest market in any economy; it is and has been used as a strategic tool toward foreign policy ends.¹² Yet it has remained virtually unmeasured as a source of international influence, particularly in the realm of defense spending.¹³ By providing new data, we contribute to the debate over the effects of

¹¹ For representative studies, see Eugene R. Wittkopf, “Foreign Aid and United Nations Votes: A Comparative Study,” *American Political Science Review*, Vol. 67, No. 3 (1973), pp. 868–888; Per Lundborg, “Foreign Aid and International Support as a Gift Exchange,” *Economics and Politics*, Vol. 10, No. 2 (1998), pp. 127–141; Bruce Bueno de Mesquita and Alastair Smith, “Foreign Aid and Policy Concessions,” *Journal of Conflict Resolution*, Vol. 51, No. 2 (2007), pp. 251–284; Bruce Bueno de Mesquita and Alastair Smith, “Competition and Collaboration in Aid-for-Policy Deals,” *International Studies Quarterly*, Vol. 60, No. 3 (2016), pp. 413–426; and David B. Carter and Randall W. Stone, “Democracy and Multilateralism: The Case of Vote Buying in the UN General Assembly,” *International Organization*, Vol. 69, No. 1 (2015), pp. 1–33.

¹² Denis Audet, “Government Procurement: A Synthesis Report,” *OECD Journal on Budgeting*, Vol. 2, No. 3 (2003), pp. 149–194.

¹³ David A. Baldwin, *Economic Statecraft* (Princeton, N.J.: Princeton University Press, 1985). For a critical view of U.S. procurement as a foreign policy tool, see Linda Weiss and Elizabeth Thurbon, “The Business of Buying American: Public Procurement as Trade Strategy in the USA,” *Review of International Political Economy*, Vol. 13, No. 5 (2006), pp. 701–724.

economic globalization and suggest that the infrastructure of command is susceptible to economic influence.

Second, we argue that competition for access is an understudied means by which rising powers can impose costs on dominant states.¹⁴ Scholars have long studied how the costs of leadership can lead to hegemonic overextension and decline.¹⁵ We present evidence on the conditions under which these costs vary when it comes to securing the global infrastructure required for projecting power. Moreover, while existing scholarship focuses on how third parties can impose costs on the dominant power by engaging in balancing or waging hegemonic war,¹⁶ our findings suggest that third party competitors can raise costs simply by acting as an alternative supplier of desired goods—whether protection or material assets—to states in contested areas. As Robert Gilpin argues, the costs of buying off partner states “constitute[s] a drain on the economy of the dominant state.”¹⁷ By providing outside options in the market for access, third parties can increase these costs, a trend that is likely to be reinforced as U.S. power declines relative to competitors.¹⁸

Finally, our findings suggest that the assumption that the United States will always be able to find access at acceptable cost is not tenable. Because access relies on bargains with divergent underlying interests, and because these contracts are incomplete and subject to renegotiation, they are particularly prone to competition. While we agree with those who argue that no peer competitor will be able to close the power gap between it and the United States in the near future,

¹⁴ On cost-imposing strategies by revisionist powers that fall short of balancing, see Randall L. Schweller and Xiaoyu Pu, “After Unipolarity: China’s Visions of International Order in an Era of U.S. Decline,” *International Security*, Vol. 36, No. 1 (2011), pp. 41–72.

¹⁵ A.F.K. Organski, *World Politics* (New York: Knopf, 1958); Robert Gilpin, *War and Change in World Politics*, (Cambridge, Mass.: Cambridge University Press, 1981); and Paul M. Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987).

¹⁶ Kenneth N. Waltz, *Theory of International Politics* (Boston: McGraw-Hill, 1979); Gilpin, *War and Change*; William C. Wohlforth, “The Stability of a Unipolar World,” *International Security*, Vol. 24, No. 1 (1999), pp. 5–41; and Nuno P. Monteiro, *Theory of Unipolar Politics* (New York: Cambridge University Press, 2014).

¹⁷ Gilpin, *War and Change*, p. 157.

¹⁸ Incorporating state investments in access into empirical analyses also helps to inform the conditions under which power shifts occur. On endogenous power shifts, see Alexandre Debs and Nuno P. Monteiro, “Known Unknowns: Power Shifts, Uncertainty, and War,” *International Organization*, Vol. 68, No. 1 (2013), pp. 1–31.

we warn that other powers are increasingly able to impose costs on the United States by drawing on relational and economic power in ways that are distinct from military capabilities. Policy discussions over the appropriate grand strategy for the United States and its force posture costs often take a curiously decision-theoretic form, overlooking the strategic interactions that affect the costs of access in ways beyond U.S. control. Determining the point at which costs become too high is a political decision; this study helps to inform the debate by providing evidence on how and when costs rise.

This article proceeds as follows. In the next section, we review existing conceptualizations of access and their implications for power projection. In the second section, we present a market theory of bargaining for access. The third section introduces new data on compensation and access. The fourth section tests the quantitative implications of our theory. In the fifth section, we evaluate the causal mechanisms using case evidence from Djibouti. The conclusion discusses the implications of our theory for the pursuit of primacy and the conditions under which rising powers can impose costs on the superpower.

Literature Review: The Prospects for Power Projection

Power projection is the *sine qua non* of international hegemony. In order to influence events beyond their borders with military power, states must be able to transport troops and materiel over long distances. Indeed, power projection capabilities are often used as indicators to assign great power status.¹⁹ Projecting power is logically intensive and requires access to foreign territory from

¹⁹ For discussions of system polarity in terms of power projection capabilities, see Nuno P. Monteiro, “Unrest Assured: Why Unipolarity Is Not Peaceful,” *International Security*, Vol. 36, No. 3 (2012), pp. 9–40; Monteiro, *Theory of Unipolar Politics*; Brooks and Wohlforth, “The Rise and Fall of the Great Powers”; and Barry Buzan, *The United States and the Great Powers: World Politics in the Twenty-First Century* (Maiden, Mass.: Polity, 2004).

which military forces stationed or deployed abroad can be resupplied and reinforced.²⁰ Indeed, many studies show that distance makes it more difficult for states to fight each other, defend their alliance partners, and even govern their own territory.²¹ The challenge is only magnified when moving forces across bodies of water.²² Thus as new great powers rise, they seek to acquire further-reaching power projection capabilities. Basing remains an elite club. Of the approximately 11 countries that maintain foreign military installations, the United States has the largest global network of bases.²³

The United States has faced challenges in holding on to this network, however, and scholars are divided on the question of how secure the United States' access is. On the one hand are access optimists who argue that the United States will have “command of the commons” for the foreseeable future.²⁴ Posen, for instance, credits this global command in part to the Cold War basing legacy, noting that bases supplied by U.S. allies are “crucial stepping stones for U.S. power to transit the globe.”²⁵ Stephen Brooks and William Wohlforth similarly argue that “[t]he United States has a

²⁰ For a detailed overview of the importance of logistics in the conduct of war, see Martin Van Creveld, *Supplying War: Logistics from Wallenstein to Patton* (New York: Cambridge University Press, 1977); and Michael E. O’Hanlon, *The Science of War* (Princeton, N.J.: Princeton University Press, 2009), chap. 3.

²¹ On the challenges of distance for warfighting, see Kenneth E. Boulding, *Conflict and Defense: A General Theory* (New York: Harper & Row, 1962); Paul D. Senese, “Territory, Contiguity, and Interstate Conflict: Assessing a New Joint Explanation,” *American Journal of Political Science*, Vol. 49, No. 4 (2005), pp. 769–779; Halvard Buhaug and Nils Petter Gleditsch, “The Death of Distance? The Globalization of Armed Conflict,” in Miles Kahler and Barbara F. Walter, ed., *Territoriality and Conflict in an Era of Globalization* (New York: Cambridge University Press, 2006); and Jonathan N. Markowitz and Christopher J. Fariss, “Going the Distance: The Price of Projecting Power,” *International Interactions*, Vol. 39, No. 2 (2013), pp. 119–143. On the challenges for governing, see Mancur Olson, “Dictatorship, Democracy, and Development,” *American Political Science Review*, Vol. 87, No. 3 (1993), pp. 567–576; and Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships* (Oxford: Oxford University Press, 2000). On distance and alliance commitments, see Daehee Bak, “Alliance Proximity and Effectiveness of Extended Deterrence,” *International Interactions*, Forthcoming (2017), doi: 10.1080/03050629.2017.1320995.

²² John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001); and Jack S. Levy and William R. Thompson, “Balancing on Land and at Sea: Do States Ally against the Leading Global Power?” *International Security*, Vol. 35, No. 1 (2010), pp. 7–43.

²³ For histories of the U.S. basing network, see Stacie L. Pettyjohn, *U.S. Global Defense Posture, 1783–2011* (Santa Monica, Calif.: RAND Corporation, 2012); and Stacie L. Pettyjohn and Alan J. Vick, *The Posture Triangle: A New Framework for U.S. Air Force Global Presence* (Santa Monica, Calif.: RAND Corporation, 2013).

²⁴ Posen, “Command of the Commons.”

²⁵ Posen does not question U.S. capacity to sustain its military access but rather only questions its ability to win wars in “contested zones” near enemy-held territory. *Ibid.*, p. 44.

ramified network of military bases throughout the world and is peerless [in] this regard,” and it will face no superpower competitor that can contest its command in the near future.²⁶ Thus, while these scholars differ in their policy prescriptions, they are equally optimistic about the prospects for U.S. power projection.²⁷ When the United States needs access it will find it, occasionally recalcitrant allies notwithstanding.²⁸

On the other hand, access pessimists claim that U.S. power projection is far from assured, and may in some cases be in serious jeopardy. In recent years this has often been studied in the context of A2/AD capabilities, with which U.S. adversaries attempt to contest its ability to project power. These are military capabilities that include air defense to destroy aircraft, ballistic missiles to attack bases, and submarines to destroy naval vessels.²⁹ Additionally, scholars have argued that the United States faces political challenges to its access as well. The pessimists often focus on U.S. efforts to gain access in regions where it does not have enduring relationships with allies. Here, even “a great power is reduced to negotiating access with new non-treaty partners or friendly powers.”³⁰ Notably, Alex Cooley and his co-authors have argued that bases are susceptible to politicization by host governments seeking to curry favor with domestic anti-base groups.³¹

Existing theoretical work on basing is dominated by arguments about the role played by host domestic politics and anti-base movements. In a prominent study, Cooley and Hendrik Spruyt argue that states use sovereign “contracts” to divide property rights for assets such as bases, with the host retaining the “residual rights” to its territory.³² Because these contracts are incomplete,

²⁶ Brooks and Wohlforth, “The Rise and Fall of the Great Powers,” p. 21.

²⁷ Compare, for example, Brooks, Ikenberry, and Wohlforth, “Don’t Come Home, America”; and Posen, *Restraint*.

²⁸ An oft-cited example is Turkey’s refusal in 2003 to allow the United States basing or transit rights to add a northern front to the Iraq invasion.

²⁹ Montgomery, “Contested Primacy in the Western Pacific.”

³⁰ Andrew Krepinevich and Robert O. Work, *A New Global Defense Posture for the Second Transoceanic Era* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2007), p. 13.

³¹ Cooley, *Base Politics*; and Cooley and Nexon, “The Empire Will Compensate You.”

³² Cooley and Spruyt, *Contracting States*, chap. 4.

they are subject to (often frequent) renegotiation, which provides opportunities to demand new terms. Leverage shifts to the host over time, due to factors such as domestic pressure, asset specificity, global ratcheting effects, and transnational anti-basing movements.³³ Although several studies discuss the role of outside options in putting U.S. access at risk, important questions remain unanswered.³⁴ First, the role of alternative partners remains under-theorized, particularly in terms of outside options for the sender. Second, it remains unclear how varying levels of need interact with competition. Moreover, existing work is almost entirely qualitative and often descriptive.³⁵ While these case studies offer many insights, they largely focus on the role of host domestic politics, and most commonly study formal U.S. treaty allies.³⁶

Any conclusion, whether optimistic or pessimistic, about the security of U.S. military access must be informed by its costs. The more prohibitive the price, the less assured one can be about the prospects for power projection given resource constraints and competing priorities. Yet no study to date has identified the conditions under which the cost of access varies or systematically evaluated empirical data on costs. Indeed, access optimists largely treat the U.S. basing network as given—primarily considering arrangements with formal allies—while pessimists focus on cases where the United States lost access. Ours is the first study to assess these questions systematically and quantitatively, using a unified theoretical framework. Ultimately, whether these results are

³³ Democratization and rising nationalism contribute to domestic pressures. See Cooley, *Base Politics*; Lutz, *The Bases of Empire*; Calder, *Embattled Garrisons*. On asset specificity and global ratcheting, see Cooley and Spruyt, *Contracting States*. For a discussion of transnational anti-basing movements, see Yeo, *Activists*; and Cooley and Nexon, “The Empire Will Compensate You.”

³⁴ Cooley and Nexon discuss how outside options can put U.S. bases at risk, while Cooley and Spruyt argue that strategically valuable hosts can drive harder bargains. See Cooley and Nexon, “The Empire Will Compensate You”; and Cooley and Spruyt, *Contracting States*.

³⁵ Two notable exceptions that apply quantitative methods to military basing are by Jonathan Brown. See Jonathan N. Brown, “Immovable Positions: Public Acknowledgment and Bargaining in Military Basing Negotiations,” *Security Studies*, Vol. 23, No. 2 (2014), pp. 258–292; and Jonathan N. Brown, “The Sound of Silence: Power, Secrecy, and International Audiences in US Military Basing Negotiations,” *Conflict Management and Peace Science*, Vol. 31, No. 4 (2014), pp. 406–431. These focus on the decision to reveal secret basing negotiations and emphasize the role played by the external environment in bargaining between formal allies.

³⁶ Cooley, however, does devote a chapter to Central Asia. See Cooley, *Base Politics*, chap. 7.

optimistic or pessimistic depends on what U.S. policymakers consider to be acceptable costs.

Military Access and Global Defense Posture

In this section, we define access and discuss its relationship to global military posture. These are key concepts for our theoretical framework, which we present in the following section. We define access as a state's ability to use foreign territory for the purpose of projecting power outside of its national borders. Access represents a continuum that ranges from short-term, minimal forms such as overflight and transit rights to longer-term, maximal forms such as facility use and basing rights. The importance of the access sought, however, is a function of the strategic environment; depending on the conditions, minimal forms can be more critical than maximal ones. Turkey's refusal to grant transit rights in the 2003 U.S. invasion of Iraq—forcing a last-minute campaign plan revision—underscores this point.

A global military posture comprises three elements: forces, facilities, and governing agreements. The U.S. global defense posture is defined as: “The U.S. forces and capabilities forward stationed and rotationally deployed for defense activities in U.S. foreign and overseas locations, as well as the network of bases and infrastructure and international agreements and arrangements that underwrite and support the stationing, deployment, and employment of these forces.”³⁷ Projecting power thus requires a military posture that is enabled by gaining and maintaining access. Put differently, each of the three elements of posture is an observable indicator of access. The United States has the largest global defense posture and, by extension, the largest network of overseas military access. Its overseas forces, facilities, and access arrangements are the

³⁷ Under Secretary of Defense for Policy, “Management of U.S. Global Defense Posture (GDP),” DoD Instruction 3000.12 (Washington, D.C.: Department of Defense, May 6, 2016), p. 23.

“product of past conflicts, enduring threats (e.g. in Korea), and current operations.”³⁸ Posture and access are thus both an input and an output of national strategy formulation. Strategic goals drive the desired posture, but path dependence and exogenous limits to access determine the actual capability to project power.³⁹

Most scholarly work on access focuses on the “footprint” element of posture. In the case of the United States, this refers to the basing network that it built up during and after World War II to deter and operate against adversaries far removed from its shores. This network consists of enduring and contingency locations; the former are “part of a great power’s enduring overseas basing structure” while the latter are “temporarily constructed to support a specific campaign or overseas military expedition.”⁴⁰ Enduring locations persist during peacetime and are expected to remain under the sending state’s control for long periods of time; thus they receive the most strategic attention, legislative oversight, and resource investments.⁴¹ As of 2015, there were 587 real property sites—locations owned or leased by the Department of Defense (DoD)—reported across 42 foreign countries.⁴² This scale of access is unusual, as is the phenomenon of peacetime access itself.⁴³ Today the number of nuclear-armed countries and basing countries are roughly comparable; nine countries reportedly possess nuclear weapons while 11 have foreign bases.

In exchange for access, great powers offer a range of benefits. In some cases, sending states

³⁸ Pettyjohn and Vick, *The Posture Triangle*, p. 2.

³⁹ Krepinevich and Work make a similar point: “If national strategy defines US *intent* in its approach toward global affairs and provides focus for American foreign policy, then the US global defense (military) posture reflects the US *capability* to project military power beyond its borders” (emphasis in the original). Krepinevich and Work, *A New Global Defense Posture*, p. i.

⁴⁰ Ibid., p. 14.

⁴¹ Under Secretary of Defense for Policy, “Management of U.S. Global Defense Posture.”

⁴² Department of Defense (DoD), *Base Structure Report: FY 2015 Baseline*, (Washington, D.C.: Office of the Deputy Under Secretary of Defense for Installations & Environment, 2015), pp. 3-6. The majority of these sites are part of the Cold War legacy network in Germany, Japan, and South Korea. There are only two real property sites in Africa—Camp Lemonnier in Djibouti, and port access in Mombasa, Kenya. These figures, as we discuss in the section on measurement, significantly undercut actual access.

⁴³ On the evolution of foreign military basing as a long-term security practice, see Sebastian Schmidt, “Foreign Military Presence and the Changing Practice of Sovereignty: A Pragmatist Explanation of Norm Change,” *American Political Science Review*, Vol. 108, No. 4 (2014), pp. 817–829.

provide security.⁴⁴ In other cases, the sending state offers *quid pro quo* in the form of base rents, economic or military aid, or other economic incentives to the local population.⁴⁵ Asset specificity—the extent to which a location is difficult to replace—determines how much its use rights are worth.⁴⁶ Security guarantees and *quid pro quo* are not mutually exclusive and occasionally states have parlayed transactional exchanges into formal alliances, as Spain did with the United States in the 1960s.⁴⁷ Typically, however, relationships are either formed on a transactional basis or a formal alliance basis. This has implications for bargaining over access. As we argue in the next section, a broader concept of access coupled with a focus on transactional exchanges opens the range of potential bargains.

A Market Theory of Access

In this section, we develop a theoretical argument to explain variation in the costs of access over time. We synthesize observations from the alliance literature and sovereign contracting theories to create a unified framework that predicts bargaining power between states. The alliance literature emphasizes relative need in asymmetric alliances, where a dominant power provides security and a subordinate power provides sovereign assets like territory. Sovereign contracting theories, on the other hand, emphasize hosts' disproportionate bargaining power due to residual rights of

⁴⁴ This is the exchange typically modeled in the alliance literature. See Morrow, “Alliances and Asymmetry.”

⁴⁵ These correspond to what Cooley and Nexon call “binding” and “pivoting” strategies. In the former, benefits and payments flow directly from the buyer into the host regime’s coffers. In the latter, the buyer distributes benefits to a broader segment of the host society or economy. See Cooley and Nexon, “The Empire Will Compensate You,” p. 1044.

⁴⁶ David A. Lake, *Entangling Relations: American Foreign Policy in Its Century* (Princeton, N.J.: Princeton University Press, 1999), p. 54.

⁴⁷ The U.S.-Spanish Madrid Pact in 1953 established a transactional basing relationship that Spain successfully parlayed into a formal security guarantee by 1963. See Tongfi Kim, “Why Alliances Entangle But Seldom Entrap States,” *Security Studies*, Vol. 20, No. 3 (2011), pp. 350–377, at pp. 368–369; and Robert O. Keohane, “The Big Influence of Small Allies,” *Foreign Policy*, No. 2 (1971), pp. 161–182, at pp. 173–174.

territory ownership.⁴⁸ Hosts use the threat of domestic opposition to foreign basing to restrict access, demand higher *quid pro quo*, or terminate access altogether. Hosts may also seek alternative contracting partners.⁴⁹

While domestic factors undoubtedly explain some variation in bargaining outcomes, they cannot explain cases where costs vary in the absence of domestic political pressures. Moreover, the fact that contracts are subject to renegotiation should offer both parties the chance to secure better deals or find better partners; there is no reason *a priori* that the benefits of competition should accrue to the host alone. Territorial access is “the resource which the nation-state alone controls,”⁵⁰ conferring a sovereign advantage to the host. On the other hand, the access-seeker is typically a great power, conferring a material power advantage to the sender. Importantly, neither party may be sure of their future value for cooperation. We thus integrate a key observation from each literature—need from studies of alliances and competition from studies of sovereign contracting—to provide a structural explanation for what access costs under varying conditions, and apply it to both partners simultaneously.

We argue that the interaction of competition and need creates market-like bargaining conditions. Bargains for access are typically bilateral, but when multiple actors seek similar deals simultaneously, market conditions emerge. States thus function as firms in a “market for access.” Hosts that offer use of their territory are “sellers” while states that seek access are “buyers.” The need to secure access—or something in exchange for it—draws states into the marketplace; the presence of outside options in the form of other potential buyers and sellers determines the price that is offered and paid.

⁴⁸ Cooley and Spruyt, *Contracting States*, pp. 101–105.

⁴⁹ Cooley, *Base Politics*; Cooley and Spruyt, *Contracting States*; and Cooley and Nexon, “The Empire Will Compensate You.”

⁵⁰ Samuel P. Huntington, “Transnational Organizations in World Politics,” *World Politics*, Vol. 25, No. 3 (1973), pp. 333–368, at p. 355.

COMPETITION AND NEED

Our first independent variable is competition in the form of other buyers or sellers of access. Economic insights show that when an actor has alternative ways to meet its needs, its bargaining leverage increases.⁵¹ The threat of walking away from a bargain to pursue a different deal often motivates the other side to make a better offer. This logic of competition shapes markets for access in several ways. First, bargaining theories in international relations typically depict the use of force as an outside option that can end the “game.” Whether or not states gain leverage from the threat of force thus depends on its perceived credibility.⁵² Under market competition, however, perceptions of credibility matter less;⁵³ the mere presence of potential hosts (or sending states) in the market introduces structural competition that can affect prices. Second, outside options are often endogenous to the bargaining process itself.⁵⁴ States who are seeking access typically search and bargain with multiple potential hosts simultaneously, using competing offers to improve their relative position. Similarly, states seeking to benefit from use of their territory will negotiate with potential sending states simultaneously, using each offer to extract higher levels of compensation.

Third, access is rarely zero-sum, but it is a scarce good. Thus, bargaining is both continuous and competitive. The continuum of access corresponds to increasing levels of supply-side

⁵¹ Economic work on outside options includes Shirish D. Chikte and Sudhakar D. Deshmukh, “The Role of External Search in Bilateral Bargaining,” *Operations Research*, Vol. 35, No. 2 (1987), pp. 198–205; Helmut Bester, “Bargaining, Search Costs, and Equilibrium Price Distributions,” *The Review of Economic Studies*, Vol. 55, No. 2 (1988), pp. 201–214; Abhinay Muthoo, “On the Strategic Role of Outside Options in Bilateral Bargaining,” *Operations Research*, Vol. 43, No. 2 (1995), pp. 292–297; and Kalyan Chatterjee and Ching Chyi Lee, “Bargaining and Search with Incomplete Information about Outside Options,” *Games and Economic Behavior*, Vol. 22 (1998), pp. 203–237.

⁵² Erik Voeten, “Outside Options and the Logic of Security Council Action,” *American Political Science Review*, Vol. 95, No. 4 (2001), pp. 845–858.

⁵³ Chatterjee and Lee, “Bargaining and Search.”

⁵⁴ Ibid.

exclusivity. Minimal forms of access tend to be less exclusive than maximal ones. Countries can grant overflight to many states, but there are only so many bases that a given host will offer. Geopolitical competition between potential buyers can also introduce exclusive conditions; for instance, the Soviets were unwilling to request or use access in Djibouti during the Cold War because the Djiboutian port was under French control.⁵⁵

Demand-side factors also drive access scarcity. States seek to project power for more than security goals, which adds to the roster of countries pursuing access at any given time. Economic goals have historically motivated access seeking. The U.S. forward military presence began to promote economic interests; one of the earliest examples of American “gunboat diplomacy” was the Perry naval expedition in 1853 to open East Asian markets.⁵⁶ Economic objectives have likewise influenced China’s transition to an overseas military posture.⁵⁷ Nor is access solely a great-power pursuit. As second-tier powers rise, they are more likely to make bids for access.

States also seek to deny access to others for non-economic reasons, which can limit its availability. The United States succeeded in securing UN Security Council sanctions in 1996, requiring that states deny overflight, landing, and takeoff rights to Sudanese aircraft.⁵⁸ Vulnerable states may fear external reprisals for enabling military operations from their territory. For example, West European dependence on Middle Eastern oil led to panicked attempts to stave off the brunt of the oil embargo by “denial of overflight and refueling rights for US military aircraft” during the 1973 Arab-Israeli crisis.⁵⁹ Competing loyalties are another reason for denying access.

⁵⁵ Memorandum From Paul B. Henze of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski), August 1, 1979, *Foreign Relations of the United States (FRUS), 1977–1980*, Vol. 17: Horn of Africa, Part 1 (Washington, D.C.: Government Printing Office [GPO], 2016), p. 887–888.

⁵⁶ Earl Swisher, “Commodore Perry’s Imperialism in Relation to America’s Present-Day Position in the Pacific,” *Pacific Historical Review*, Vol. 16, No. 1 (1947), pp. 30–40.

⁵⁷ Ministry of National Defense, *White Paper* (China: Ministry of National Defense, 2014), chap. 4.

⁵⁸ Voeten, “Outside Options,” p. 851.

⁵⁹ Memorandum Prepared in the Office of Economic Research, Central Intelligence Agency, October 19, 1973, *FRUS, 1969–1976*, Vol. 36, Energy Crisis, 1969–1974 (Washington, D.C.: GPO, 2011), pp. 1990–1991.

Italy refused to allow NATO forces overflight and transit rights during the 2011 air campaign against the Qaddafi regime due to a treaty with Libya.⁶⁰

Hypothesis 1a (Sender Competition): The cost of access will increase as the number of potential consumers increases.

Hypothesis 1b (Host Competition): The cost of access will decrease as the number of potential sellers increases.

Our second set of independent variables is each side's perceived level of need for an access deal. Sending states that do not have a pressing need for access can afford to reject unfavorable terms. Similarly, the less a host needs the specific benefits of an exchange, the easier it is to turn down disadvantageous offers. Time also plays a factor; the more urgent the requirement, the more vulnerable the needy party is to extortion. While need is not a function of competition, it is sensitive to it; competition tends to make need more acute.

For the sending state, need derives from its power projection requirements. As power projection needs increase or become more specific, the less willing the buyer will be to forego bargains—even at high costs. An example is the U.S. need for access in Central Asia to support operations in Afghanistan. The persistent U.S. need for access provided base hosts in Uzbekistan (in which it later lost access) and Kyrgyzstan with leverage. By 2010, the U.S. lease for Manas Air Base in Kyrgyzstan had increased by 3,000 percent. Importantly, need can change over time in ways that are endogenous to the access relationship. Investments in infrastructure become sunk costs that may reduce the host's need for future compensation while making the location more important to the investor.⁶¹ This has long been a source of bargaining weakness for the United States. As

⁶⁰ These examples illustrate that alliances and access are separable. On Libya, see Stacie L. Pettyjohn and Jennifer Kavanagh, *Access Granted: Political Challenges to the U.S. Overseas Military Presence, 1945–2014* (Santa Monica, Calif.: RAND Corporation, 2016), pp. 71–75.

⁶¹ This dynamic is also referred to as an obsolescing bargain. See John A. Gould and Matthew S. Winters, “An

President Dwight Eisenhower said in an early discussion of African basing options, he “was certainly getting very weary of watching the U.S. build bases which we were unable to abandon for fear the Russians would presently take them over.”⁶²

For access sellers, need derives from the host’s security and economic circumstances. The level of seller need for a particular deal will become more acute the fewer options it has for satisfying its needs. When a state faces high levels of threat, hosting foreign forces may be seen as an attractive means of deterring attack from adversaries wary of reprisal from the sender.⁶³ Economically and militarily dependent states are also often eager to trade sovereign territorial rights in exchange for compensation. An example of this is the anxious Portuguese response to recent U.S. attempts to shrink or close Lajes Field in the Azores.⁶⁴ Indeed, some allies dependent on American protection provide the United States with funds to offset the costs of its presence.⁶⁵

Hypothesis 2a (Sender Need): The price of access will increase as the consumer’s need for access increases.

Hypothesis 2b (Host Need): The price of access will decrease as the seller’s need for compensation increases.

It is important to note that these hypotheses consider sender and host leverage separately, holding the other party’s competition and need constant. By formulating our hypotheses this way, we can observe the conditional effects of an increase in competition or need. Although this

Obsolescing Bargain in Chad: Shifts in Leverage between the Government and the World Bank,” *Business and Politics*, Vol. 9, No. 2 (2007), pp. 1–36.

⁶² Memorandum of Discussion at the 397th Meeting of the National Security Council, February 26, 1959, *FRUS, 1958–1960*, Vol. 14: Africa (Washington, DC: GPO, 1992), pp. 599–609.

⁶³ Thomas Schelling, *Arms and Influence*, 2008 ed. (New Haven, Conn.: Yale University Press, 1966).

⁶⁴ The Azorean economy is heavily dependent on the U.S. presence. Base proponents have attempted to create the appearance of competition and to invoke the sunk-cost logic to revive U.S. interest. Michael Rubin, “China accelerates move on Azores,” *AEIideas*, accessed June 20, 2017, <http://www.aei.org/publication/china-accelerates-move-on-azores/>.

⁶⁵ Michael J. Lostumbo et al., *Overseas Basing of U.S. Military Forces: An Assessment of Relative Costs and Strategic Benefits* (Santa Monica, Calif.: RAND Corporation, 2013), p. 156.

approach has benefits for causal inference, actual bargaining outcomes represent the interaction of all four factors. Modeling the potential outcomes of every combination of factors is beyond our scope in this paper; however, we derive the following observable implications. First, a baseline level of need must be present for a state to participate in the market. No market exists without demand. When sender or host need is low, it may elect to simply opt out of the market, particularly when faced with increasing levels of competition. Second, when competition is low for either the sender or the host, the cost of access will tend to vary based on its need. A sending state with high need for access in an area where it faces little competition is still vulnerable to increasing costs—unless the host also has high need. In these cases, we predict that costs will respond to each party’s relative level of need.

Before we turn to the data, two points on markets for access should be clarified. First, markets for access tend to form regionally since the demands of power projection require access close to the desired target. Thus we expect these dynamics to be bounded by regional geographies, although these boundaries can be fluid. Second, these markets tend to be characterized by transactional exchanges. The United States’ pursuit of minimal forms of access in many places has contributed to the emergence of new markets in non-traditional regions such as Sub-Saharan Africa and Central Asia.

Measuring Compensation and Access

COMPENSATION

Despite the frequency of transactional exchanges for access, compensation remains poorly modeled in the literature. This oversight is partially a function of the alliance literature that characterizes access as an asset that states trade for security; in these theories, the provision of

security is the exchange. Another reason is a dearth of systematic data. Qualitative studies of basing politics include case-specific discussions of base rents and *quid pro quo*, but it is hard to generate cross-sectional data from these studies. Even if systematic data on base rents were available, they would not apply to all forms of access, particularly in countries where access does not include forward or main operating bases. Moreover, base rents only represent one means of compensation.

We introduce a new measure of compensation: U.S. government overseas contract spending. Governments purchase large amounts of goods and services, typically making government procurement the single largest market in any economy.⁶⁶ In addition to the sheer volume, it is “primarily the fact that a government often purchases for other reasons than direct consumption that distinguishes it from the ordinary purchaser.”⁶⁷ Like all governments, many U.S. procurement decisions are driven by strategic factors distinct from purely economic calculations. David Baldwin noted over 30 years ago that government spending was an understudied form of economic statecraft, an observation that remains true today. Why it has been overlooked is puzzling; after all, as Baldwin observes, “Direct monetary payment is one of the most common ways for some people to get other people to do things they would not otherwise do.”⁶⁸

Existing scholarship tends to either ignore spending entirely, or to assume that governments have a strong home bias in their procurement, thus missing its utility as a foreign policy tool.⁶⁹ In

⁶⁶ In developed countries, government procurement averages about 15–20 percent of GDP. See Stephanie J. Rickard and Daniel Y. Kono, “Think Globally, Buy Locally: International Agreements and Government Procurement,” *Review of International Organizations*, Vol. 9 (2013), pp. 333–352; Audet, “Government Procurement.” Within these markets, “contestable” government procurement—i.e. opportunities that are open to foreign firms—is estimated at around 7–9 percent of GDP. See Anirudh Shingal, “Econometric Analyses of Home Bias in Government Procurement,” *Review of International Economics*, Vol. 23, No. 1 (2015), pp. 188–219, at p. 188.

⁶⁷ W. J. Baumol, “Notes on the Theory of Government Procurement,” *Economica*, Vol. 14, No. 53 (1947), pp. 1–18, at p. 2.

⁶⁸ Baldwin, *Economic Statecraft*, p. 43.

⁶⁹ For a discussion of home bias and government procurement see Gernot J. Muller, “Understanding the Dynamic Effects of Government Spending on Foreign Trade,” *Journal of International Money and Finance*, Vol. 27 (2008), pp. 345–71; Craig R. Smith and Sergio Fernandez, “Equity in Federal Contracting: Examining the Link between

practice, the U.S. government injects directed spending into foreign markets for at least two objectives, one of which is military access.⁷⁰ Commercial contracts are dual-use channels for acquiring goods and services as well as distributing benefits to targeted recipients. Contracts have been used as a means of payment for access since the United States acquired its overseas basing network after World War II. A long-running example is Thule Air Base in Greenland, where a Greenlandic company held the base support contract for 65 years under terms negotiated with the United States in 1951.⁷¹

Not only is strategically directed procurement a historically documented phenomenon, it is an increasingly popular foreign policy tool. In the 16 years covered by our analysis, the U.S. government has legislated preferential procurement policies five times, first targeting Iraq and Afghanistan, then Central Asia, Djibouti, and most recently, all of Africa. The last two cases are particularly illuminating. Concerned that the United States needed to act to maintain access in Djibouti, the National Defense Authorization Act (NDAA) for fiscal year 2015 granted the DoD authority to conduct limited-competition or preferential procurement for Djiboutian companies in support of base operations.⁷² Two years later, increasing demand to secure access in Africa led to an unprecedented expansion of these special authorities. The NDAA for fiscal year 2017 expanded

Minority Representation and Federal Procurement Decisions,” *Public Administration Review*, Vol. 70, No. 1 (2010), pp. 87–96; Shingal, “Econometric Analyses of Home Bias”; and Rickard and Kono, “Think Globally, Buy Locally.” Where procurement is discussed as a policy tool, scholars tend to assume that government intentions run in the reverse direction (i.e. to open foreign markets for domestic products). For example, see Weiss and Thurbon, “The Business of Buying American”; and Daniel Berger et al., “Commercial Imperialism? Political Influence and Trade During the Cold War,” *American Economic Review*, Vol. 103, No. 2 (2013), pp. 863–896, at pp. 877–878.

⁷⁰ The other major objective has been stabilization and pacification via job creation. Policies authorizing preferential procurement in Iraq and Afghanistan were commonly referred to as “Host Nation First,” and were designed to allow military commanders to contract directly with local vendors for goods and services as job-creating tools. These programs were related to, but distinct from, the more widely known Commanders Emergency Response Program (CERP). For a critical view of preferential procurement in Afghanistan, see Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR), *Limited Interagency Coordination and Insufficient Controls over U.S. Funds in Afghanistan Hamper U.S. Efforts to Develop the Afghan Financial Sector and Safeguard U.S. Cash* (SIGAR Audit 11-13, Washington, D.C.: SIGAR, 2011).

⁷¹ Kevin McGwin, “Denmark, Greenland in ‘crisis’ over US bases,” *The Arctic Journal*, Nov. 18, 2016, accessed June 20, 2017, <http://arcticjournal.com/politics/2707/denmark-greenland-crisis-over-us-bases>.

⁷² National Defense Authorization Act for Fiscal Year 2015, Title XII, Subtitle E, Sec. 1263.

the spending authority to any African country that “has signed a long-term agreement with the United States related to the basing or operational needs of the United States Armed Forces.”⁷³

Our contract data come from the Federal Procurement Data System-Next Generation (FPDS-NG), and capture all reported U.S. government contracts with a place of performance in African countries between 2000 and 2015. Altogether, these data represent \$20 billion in previously unmodeled spending within our period of analysis. Figure 1 shows the overall pattern of U.S. government purchases in Africa. A significant amount of this growth is a function of defense spending, which is graphed in Figure 2.

[Figure 1 about here.]

[Figure 2 about here.]

Of course, these data are not without their limitations. One challenge lies in the U.S. contracting process: under the Federal Acquisition Regulations, the U.S. government may not formally stipulate how prime contractors subcontract the goods they provide. Informally, the government can—and often does—request that prime contractors use local vendors; however, this information is not captured in the contracting systems of record. Thus we use the contract place of performance as a rough but acceptable proxy.

It is also hard to disentangle investment and sustainment costs from compensation costs. On the one hand, access may cause increased spending not as a result of compensation to hosts, but rather because use of a facility leads to increased spending—for example, due to infrastructure improvements and routine maintenance or sustainment costs. On the other hand, sustainment contracts are often a vehicle for delivering compensation, as in the example of Thule Air Base. In any case, this should only matter for the bivariate relationship between access and spending. Our hypotheses, by contrast, emphasize the conditional effects of access on spending. As such we use

⁷³ National Defense Authorization Act for Fiscal Year 2017, Title X, Subtitle H, Sec. 899A.

interactions between access, need, and competition to assess our hypotheses.

We augment our analysis with foreign aid as a second form of compensation. Since the 1950s, the United States has explicitly offered aid to countries in exchange for military access and basing rights. As a result of the official U.S. position against paying “rent” for bases—and the U.S. military’s resistance to paying for bases out of service budgets—these payments often came out of foreign aid allocations. By one estimate, approximately 10 percent of U.S. foreign assistance went to base-rights countries every year during the Cold War.⁷⁴ Despite the frequency with which aid has been used for “access-buying,” it too is surprisingly understudied as an exchange for access. Yet foreign aid is not an ideal measure by itself, particularly in the African context. Foreign aid is used for multiple goals and separating out recipient need-based aid from donor motive-based aid is challenging.⁷⁵ Moreover, foreign aid is not easily comparable across countries outside of the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC). In particular, China’s foreign aid spending is opaque and much of it is non-concessional, commercially oriented aid designated as Other Official Flows (OOF).

In addition to its novelty as a source of data on U.S. economic statecraft, we believe that contract data offer a more precise measure of compensation strategies for two reasons. First, unlike other forms of inducements such as foreign aid that are also used for reasons stemming from recipient need, spending decisions are made based on *American* need. Second, using commercial data is a more comparable measure to Chinese OOF than traditional measures of aid. While it is a noisy measure, however, aid has been used for access compensation and should be accounted for. Moreover, foreign aid captures the other side of the coin as spending; while the latter constitutes

⁷⁴ Duncan L. Clarke and Daniel O’Connor, “U.S. Base Rights Payments after the Cold War,” *Orbis*, Vol. 37, No. 3 (1993), pp. 441–457, at p. 441.

⁷⁵ James Meernik, Eric L. Krueger, and Stephen C. Poe, “Testing Models of U.S. Foreign Policy: Foreign Aid during and after the Cold War,” *Journal of Politics*, Vol. 60, No. 1 (1998), pp. 63–85; and Brian Lai, “Examining the Goals of US Foreign Assistance in the Post-Cold War Period, 1991–96,” *Journal of Peace Research*, Vol. 40, No. 1 (2003), pp. 103–128.

a “pivoting” strategy of compensation, in which the United States provides compensation that benefits broad swaths of society, the former is a type of “binding” compensation that flows directly to the regime’s coffers—one which, unlike rent payments, has wide data availability.⁷⁶ Thus our approach is to use contract spending as our primary of measure, as well as alternative specifications that use foreign aid data and composite measures of contracts and aid.

ACCESS

We measure access using the number of access-related treaties and agreements that the United States has with a given country.⁷⁷ Data on actual U.S. facilities are not widely available in Africa, where the United States relies heavily on smaller facilities and contingency locations. Moreover, the empirical record suggests that this is a conceptually valid measure for several reasons. First, access-related agreements are part of the U.S. global defense posture triad. Agreements typically precede the other two posture elements of forces and facilities; U.S. policy calls for covering legal arrangements in order to position troops or use host-nation facilities. This includes locations where it does not maintain major operating bases. Even where access begins with ad hoc or handshake agreements on the ground, governmental policy is to codify presence through agreements—“assured access” is considered a prerequisite for investments in infrastructure or facilities.⁷⁸ There are good reasons to believe that access agreements provide a more accurate picture of access than publically reported lists of locations such as those included in the DoD’s Base Structure Reports. For one thing, the distinction between contingency and enduring locations is

⁷⁶ Cooley and Nexon, “The Empire Will Compensate You”; and Daniel H. Nexon and Thomas Wright, “What’s at Stake in the American Empire Debate,” *American Political Science Review*, Vol. 101, No. 2 (2007), pp. 253–271.

⁷⁷ Other studies that use a similar conceptualization of access include Cooley and Spruyt, *Contracting States*; Cooley, *Base Politics*; and Cooley and Nexon, “The Empire Will Compensate You.”

⁷⁸ Pettyjohn and Kavanagh, *Access Granted*, p. 27.

often ambiguous.⁷⁹ For another, not all enduring locations are owned or leased by the United States. Cooperative security locations (CSLs), for instance, have “little or no permanent U.S. military presence or U.S.-controlled infrastructure.”⁸⁰ In other words, critical access points may not be considered “real property” and thus not recorded or accounted for in standard governmental reporting on basing.⁸¹ This is particularly important in markets where access tends to be minimal and non-U.S. controlled. In Africa, for example, the United States maintains just one forward operating site—Camp Lemonnier—and relies heavily on smaller facilities such as CSLs.

Second, access agreements represent incomplete contracts that codify the terms of property rights allocation over use of sovereign territory. Because each party generally expects the terms of the contract to hold, hosts often push for shorter periods between renegotiation or hold out for higher compensation before signing.⁸² Similarly, the United States often attempts to close deals when the host has heightened need.

We operationalize our measure of access using three types of agreements as indicators, which we code to create an index of access that ranges from 0 to 3.⁸³ The first are status of forces agreements (SOFAs), which establish legal rights for U.S. forces stationed in host territory. Second are facility agreements that delimit use rights for specific facilities. Third, we include treaties that allow the United States and partners to exchange military logistics support, supplies, and services; these are commonly known as acquisition and cross-servicing agreements

⁷⁹ The DoD itself employs a rough heuristic of 10 years or more; it is often unclear at which point a location moves from temporary to (semi) permanent.

⁸⁰ Under Secretary of Defense for Policy, “Management of U.S. Global Defense Posture,” p. 22.

⁸¹ On qualifications for inclusion in the Base Structure Report, see DoD, *Base Structure Report*, p. 2.

⁸² Cooley and Spruyt, *Contracting States*, p. 43.

⁸³ We use an index measure because access is a matter of degree, not binary, and no single treaty can capture it. Our data are from Jennifer Kavanagh, *U.S. Security-Related Agreements in Force Since 1955: Introducing a New Database* (Santa Monica, Calif.: RAND Corporation, 2013). We update the data through 2015 using the Department of State *Treaties in Force 2016*, accessed June 20, 2017, <https://www.state.gov/documents/organization/267489.pdf>.

(ACSAAs).⁸⁴

Testing the Market for Access

In this section, we test our hypotheses on variation in the cost of access using statistical analysis. We also provide summary statistics on our key variables, including the bivariate relationship between access and spending.

UNIVERSE OF CASES

To test our hypotheses, we created a cross-national panel dataset on Africa between 2000 and 2015, with the country-year as the unit of analysis. We chose this universe of cases for three reasons. First, Africa is a growing target for access by actors seeking to project power. Since September 11, the United States has sought increased military access in Africa for multiple purposes.⁸⁵ At the same time, China's investments and presence in Africa have grown significantly. Second, both U.S. and Chinese relationships with African countries are primarily transactional. The lack of enduring U.S. relationships in Africa means that bargaining tends to be short-term and based on *quid pro quo*. We expect to see the market logic most clearly here, as opposed to the context of formal alliances in which there are likely to be common interests and in which the good provided by the United States is primarily protection, not economic incentives. Third, U.S. access in Africa does not have the path dependent Cold War legacies that characterize its presence in Europe and northeast Asia.⁸⁶ The resulting dataset includes 53 countries in Africa for a total of 840

⁸⁴ To be ACSA-eligible, non-NATO countries must either have a defense alliance with the United States; permit stationing of U.S. forces or home porting of U.S. ships; agree to preposition U.S. stock; or host military exercises. See 10 U.S.C. Sec. 2341.

⁸⁵ Figure 3 shows a significant increase in U.S. access in Africa since 2000.

⁸⁶ U.S. Africa Command, the combatant command with dedicated responsibility for military activities in Africa, was established in 2007. Previously, responsibility was assigned to U.S. European Command.

country-year observations before including control variables.⁸⁷

[Figure 3 about here.]

DEPENDENT VARIABLE

As we described above, our dependent variable is U.S. government procurement in each country in a given year. Our data come from FPDS-NG, which includes information on global U.S. government contract awards and actions. To code this variable, we sum the total value of all contract actions (in constant 2000 U.S. dollars) by country-year and take the natural logarithm. Between 2000 and 2015, the United States spent more than \$20 billion in goods, services, and construction across Africa—an average of nearly \$1.2 billion per year.⁸⁸

INDEPENDENT VARIABLES

This article seeks to explain variation in the cost of access. In other words, we want to measure the conditional effects of access on spending, as opposed to the relationship between access and spending itself. We capture these effects by interacting our measure of access with our other explanatory variables—competition and need.

To evaluate how costs change with the introduction of demand-side competition (H1a), we use three alternative measures of hosts' outside options. The first is a dummy variable that is coded as 1 for Djibouti, Eritrea, Somalia, and Sudan. We assume that countries in geostrategic locations will attract the interest of other potential consumers; countries bordering the Red Sea or on the Horn of Africa are historically valuable due to their proximity to the major shipping lanes

⁸⁷ We exclude Egypt for two reasons. First, the U.S. military assigns Egypt to U.S. Central Command. U.S. Africa Command is responsible for the rest of the continent, including conducting operations, negotiating access, and maintaining a military presence. Second, Egypt's outlier status as one of the largest recipients of U.S. security assistance for reasons related to Middle Eastern stability would skew the data, potentially biasing the findings in favor of our argument, given Egypt's geostrategic location.

⁸⁸ Defense spending more than tripled from 2007 to 2015, increasing from \$110 million to \$360 million.

connecting the Mediterranean Sea to the Indian Ocean. This location is also a focal point for counterterrorism and counter-piracy operations. Admittedly, however, the Red Sea variable could also capture U.S. need as well as competition. As such, we use a second measure of host outside options: the level of Chinese aid to each country. China has become a primary competitor for influence in Africa and we expect hosts to be able to leverage Chinese funding to demand increased compensation. Our data on Chinese aid flows come from AidData.⁸⁹ Following previous studies, we use the residuals obtained from regressing logged Chinese aid on a set of variables that capture recipient need and creditworthiness, as well as donor financial and commercial interests. This helps to ensure that strategic and political interests drive the remaining unexplained variation. The variables are: GDP per capita; composite Polity score; debt as a percentage of GDP; resource endowment; control of corruption; and our other control variables for democratization and political stability, discussed below.⁹⁰

Our third measure of host outside options captures the influence of France, another great power actor in Africa that, unlike China (until recently), has had a substantial military presence on the continent. France has long had military bases in Djibouti, Gabon, and Senegal. We code a trichotomous variable that takes a value of 2 if a country is a French base host, 1 if it is a former

⁸⁹ Data on official aid are available from 2000 to 2013 and come from AidData version 1.2, while data on unofficial and military aid are available from 2000 to 2012 and come from version 1.1. See Austin M. Strange, Bradley Parks, Michael J. Tierney, and Andreas Fuchs, “Tracking Underreported Financial Flows: China’s Development Finance and the Aid-Conflict Nexus Revisited,” *Journal of Conflict Resolution*, Vol. 61, No. 5 (2017), pp. 935–963. We use a three-year moving average because the aid data are “lumpy”; some years feature high levels of aid, while others feature zero.

⁹⁰ We follow the model used in Axel Dreher, Andreas Fuchs, Bradley Parks, Austin M. Strange, Michael J. Tierney, “Apples and Dragon Fruits: The Determinants of Aid and Other Forms of State Financing from China to Africa,” (Working Paper 15, AidData, 2015). Debt data are from S. Ali Abbas, Nazim Belhocine, Asmaa ElGanainy, and Mark Horton, “A Historical Public Debt Database,” (IMF Working Paper WP/10/245, International Monetary Fund, Washington, D.C., 2010); resource endowment data are from the World Development Indicators (The World Bank, 2016), accessed June 20, 2017, <http://data.worldbank.org/data-catalog/world-development-indicators>; and control of corruption data are from World Governance Indicators (The World Bank, 2016), accessed June 20, 2017, <http://data.worldbank.org/data-catalog/world-development-indicators>. Table A5 presents the results from regressing Chinese aid on these political and economic variables. See Appendix A for more information on how this variable is coded.

French colony, and 0 otherwise.⁹¹

Finally, to test the effects of supply-side competition (H1b), we use two measures of U.S. outside options. The first is the average level of U.S. access within each country's region; the second is the average level of its continent-wide access.⁹² We invert each measure so that higher values indicate more scarcity.

To test how the sender's level of need affects the cost of access (H2a), we use three different measures of U.S. demand. First, we use the number of named U.S. military operations in the region and the continent. We code this variable using annual information on named operations from U.S. Africa Command posture statements.⁹³ The number of regional named operations ranges from 0 to 3, while continent-wide operations range from 0 to 7. We include both measures because demand may be driven by remote operations as well as nearby activity. Third, we use a measure of the quality of airport infrastructure. Finding hosts with the capacity to support strategic and intra-theater lift is often a key requirement for military operations. To measure capacity, we use the World Development Indicators' measure of annual air freight traffic through each country's airports.

Finally, we use two measures of host need (H2b). The first is the annual number of militarized interstate disputes (MIDs) in which a host was involved.⁹⁴ Hosts may offer access in order to increase the likelihood that the sender will be automatically involved if they are attacked. Not only may the presence of foreign forces thus serve as a deterrent, but the state can also use the compensation it receives to bolster its security. The second variable is logged GDP

⁹¹ For additional details on how we code this variable, see Appendix A.

⁹² Regions are north, south, east, west, and central, as defined by U.S. Africa Command.

⁹³ We include all operations that involve combat. For the full list of codings, see Appendix A.

⁹⁴ Data are from the Correlates of War's MID Database version 4.1. See Glenn Palmer, Vito D'Orazio, Michael Kenwick, and Matthew Lane, "The MID4 Data Set, 2002-2010: Procedures, Coding Rules and Description," *Conflict Management and Peace Science*, Vol. 32, No.2 (2015), pp. 222–242. However, we do not include this variable in all models because data are only available through 2010.

per capita.⁹⁵ Since the United States uses economic compensation for access, we expect that wealthier hosts will have less need for economic inducements and thus be able to drive a harder bargain.

CONTROL VARIABLES

We include additional variables to control for other factors that may affect the level of spending. Because market size may also drive spending in African economies, we include a logged measure of population from the World Development Indicators. Additionally, to capture unobservable temporal heterogeneity, we include year fixed effects in all of our regression models. This helps to account for secular temporal trends that simultaneously influence our independent and dependent variables, which is important as both U.S. access and spending have increased in Africa over time.

Second, we include two political variables to test the alternative argument that domestic political factors determine the level of compensation for access.⁹⁶ Domestic-level theories argue that states undergoing democratic transitions can more easily leverage the threat of eviction to extract increased compensation. Thus our first political variable is democratization. We code a state as a new democracy if it has a Polity score of 6 or higher in year t , but not in years $t - 1$ through $t - 3$. We then create a dummy variable indicating whether the country became a new democracy within the past five years and interact this variable with the level of U.S. access.⁹⁷ The second variable is political stability, defined as the likelihood of violence or instability. On the one hand,

⁹⁵ GDP per capita data are in 2000 constant U.S. dollars and come from the World Development Indicators.

⁹⁶ Cooley, *Base Politics*.

⁹⁷ Regime type is measured using each country's composite Polity score from the Polity IV Project. See Monty G. Marshall and Keith Jagers, *Polity IV Project: Political Regime Characteristics and Transitions, 1800-2015*, accessed June 20, 2017, <http://www.systemicpeace.org/polity/polity4.htm>; and Monty G. Marshall, Ted R. Gurr, and Keith Jagers, "POLITY IV PROJECT: Political Regime Characteristics and Transitions, 1800-2015: Dataset Users' Manual," (Center for Systemic Peace, 2016).

this could decrease U.S. willingness to pour money into the country or seek access if it expects the situation to deteriorate. On the other hand, politically unstable countries may need the most outside help and the United States may seek more access in unstable areas. We measure political stability using data from the World Governance Indicators.

Results

The bivariate relationship between access and spending is presented in Table 1 below. As the table shows, there is a strong, positive relationship between access and spending—a one-unit increase in access (i.e. adding one access-related agreement) correlates to a 134 percent increase in spending without any control variables.

[Table 1 about here.]

However, we are primarily interested not in the relationship between access and spending, but rather in how this relationship varies at given levels of competition and need. Thus we present our main results including interaction terms and control variables in Table 2.⁹⁸

[Table 2 about here.]

EFFECTS OF COMPETITION ON THE COST OF ACCESS

First, we test the effects of outside options on compensation. Model 1 of Table 2 includes our Red Sea interaction term, which is a proxy for host outside options (H1a). The coefficient on the interaction indicates that the United States compensates hosts on the Red Sea much more than elsewhere, suggesting that larger numbers of alternate buyers drive up the price of access. Models 2 and 3, in turn, look at the effects of U.S. outside options at the region and continent levels

⁹⁸ Summary statistics are in Table A2 and a correlation matrix between our independent variables is in Table A3 in Appendix A.

respectively (H1b).⁹⁹ The interaction terms between access and access scarcity show that the United States spends more for access when it has fewer alternatives in the region and the continent.

Next, we use more fine-grained measures of great power competition to test H1a. Table 3 shows that higher levels of Chinese aid are associated with higher levels of U.S. compensation. We do not include this variable in our main models because data are only available from the early 2000s through 2013. These results indicate that the United States pays more for access to hosts that receive higher levels of Chinese aid. Similarly, the results in Table 4 show that the United States pays significantly more for access in countries subject to French influence.

[Table 3 about here.]

[Table 4 about here.]

We are interested in how the cost of access varies at given levels of need and outside options. However, although the interaction terms in Table 2 allow us to see the direction of the effects, interpreting the magnitude of effects using continuous interaction terms is difficult. As a result, in Figure 4 we report the marginal effects for our interactions, which tell us how the cost of access changes at different levels of our other independent variables.¹⁰⁰ Figures 4a, 4b, and 4c present marginal effects for proximity to the Red Sea, Chinese aid, and French influence, respectively. These further support H1a, as they show that great power competition drives up the price of access. Similarly, Figures 4d and 4e present marginal effects for access scarcity (H1b) at the regional and continental levels. The positive slopes suggest the United States pays less for access when it has outside options.

[Figure 4 about here.]

⁹⁹ Note that in Model 3 we do not include the individual terms for either of the continent-level variables, as these would be collinear with the year fixed effects.

¹⁰⁰ Specifically, how the effects of a one-unit increase in access on spending changes. Other variables are held at their means.

EFFECTS OF NEED ON THE COST OF ACCESS

Second, we investigate the effects of U.S. and host need (H2a and H2b). Models 2–3 of Table 2 include interaction terms between access and the number of ongoing U.S. military operations within the region and continent-wide. These allow us to assess whether higher U.S. need for access allows hosts to escalate their demands (H2a). The positive coefficients on these interactions show that as U.S. need for access increases, so does the price it pays for it. In Models 5–6 of Table 2 we look at the effects of host need (H2b). Model 5 includes host MIDs as a proxy for host demand, while Model 6 uses log GDP per capita. As expected, the more MIDs a host is involved in—and thus the more likely it is to value U.S. military presence for security—the harder it is for the host to extract economic compensation. Additionally, the interaction between access and GDP per capita is in the expected direction (positive) but does not quite reach statistical significance.

We present marginal effects for U.S. and host need in Figure 5. As for U.S. need, Figures 5a and 5b show the marginal effect of a one-unit increase in access given levels of U.S. military operations (H2a), again at both the regional and continental levels. The positive slopes in both graphs show that as U.S. need for access increases, the effect of access on spending increases. Conversely, at low levels of need, access does not even have a statistically significant effect on spending. Similarly, the effects of host demand (H2b) are shown in Figures 5c and 5d. These figures show that the United States pays less to hosts that face high levels of external threat and to poorer hosts, both of which we expect to have higher need for striking access deals.

[Figure 5 about here.]

Finally, we provide evidence that hosts with more valuable assets are able to extract higher

compensation from the United States. In particular, we expect that hosts with better airport infrastructure will be more valuable, as the United States requires locations with sufficient capacity to conduct aerial missions. To measure capacity, we use the World Development Indicators' measure of annual air freight traffic through each country's airports, measured in metric tons times kilometers traveled. The results in Table A8 of Appendix D, with marginal effects in Figure A1, show that the United States does in fact spend more for access in countries that have a greater capacity for handling air traffic, which supports H2a.¹⁰¹ Notably, this is the opposite result that one would expect if the United States was only directing its spending for the purposes of sustaining and building up its facilities, rather than for the purposes of compensating hosts.

ROBUSTNESS CHECKS

We subject our main results to several additional robustness checks. First, we substitute region-year fixed effects for year fixed effects to account for unobserved regional variation in addition to unobserved temporal heterogeneity. Second, we re-estimate our models after replacing the year fixed effects with linear, squared, and cubic time trends. This ensures that the year fixed effects are not absorbing too much of the variation in our outcome measure. Third, we add additional control variables to all of the baseline models to account for hosts' levels of conflict. The first of these are MIDs, which we now include in all models. Second is a dummy variable indicating if the host was undergoing a civil war.¹⁰² The results for our robustness checks in Appendix D show that our findings hold up when subjected to these tests. Finally, we re-estimate our baseline models using the

¹⁰¹ Marginal effects for air freight capacity can be found in Appendix D.

¹⁰² Civil war data are obtained from the UCDP/PRIOR Armed Conflict Dataset. See Nils Petter Gleditsch, Peter Wallensteen, Mikael Eriksson, Margareta Sollenberg, Håvard Strand, "Armed Conflict 1946–2001: A New Dataset," *Journal of Peace Research*, Vol. 39, No. 5 (2002), pp. 615–637; and Lotta Themnér and Peter Wallensteen, "Armed Conflict, 1946–2013," *Journal of Peace Research*, Vol. 51, No. 4 (2014), pp. 541–554.

level of U.S. economic and military aid as the dependent variable.¹⁰³ While we argue that spending is a better measure of *quid pro quo* in the African context, foreign aid has also historically been used in exchange for access. Table A11 in Appendix D shows that our results for U.S. aid are in the same direction as our main results, and in many cases the effects remain statistically significant.

Case Study: The Market for Access in Djibouti

To complement our statistical findings, we conduct an in-depth case study of military access in Djibouti from the Cold War through 2015. Djibouti is an attractive case study for process tracing to test our hypothesized causal mechanisms for several reasons.¹⁰⁴ First, Djibouti's location on the Horn of Africa makes it a regional party to both African and Middle Eastern affairs. As a result, there is an extensive primary source record that documents historic levels of need and interest in Djibouti for multiple actors. We draw on declassified sources from the Italo-Ethiopian War in 1935 through the Carter administration for evidence, augmented with data on government spending, arms, and aid through 2015.

Second, exogenous changes to the international system offer natural breaks that allow us to study Djibouti as three distinct cases within a single study.¹⁰⁵ The end of the Cold War and the aftermath of September 11 each marked a systemic change to U.S. policy and interests in Africa and the Middle East. These three periods (Cold War, post-Cold War, and post-September 11) provide us with variation on both the independent and dependent variables, strengthening our ability to make causal inferences. Moreover, the third period is characterized by high values on our

¹⁰³ Data are from Security Assistance Monitor, accessed February 11, 2016, <http://securityassistance.org/>.

¹⁰⁴ For a comprehensive discussion of process tracing, see Andrew Bennett and Jeffrey T. Checkel, eds., *Process Tracing: From Metaphor to Analytic Tool* (New York: Cambridge University Press, 2015).

¹⁰⁵ John Gerring, "What Is a Case Study and What Is It Good for?" *The American Political Science Review*, Vol. 98, No. 2 (May 2004), pp. 341–354.

explanatory variables, which helps to highlight the causal mechanisms at work.¹⁰⁶

“YOU SHOULD KEEP A BASE THERE”: ACCESS DURING THE COLD WAR

Djibouti is ideally situated for power projection, a fact that has been both a source of and solution to its historical vulnerabilities. Perched on the Horn of Africa, Djibouti offers easy access to North, East, and Central Africa as well as to the Arabian Peninsula and the Indian Ocean. In the late 19th century, France established its protectorate of French Somaliland with an administrative capital in the port of Djibouti. Together with a railroad linking Djibouti to Addis Ababa (completed in 1917), the port made Djibouti an attractive territory for economic and military purposes. Recognizing its value, France resisted pre-war pressure from Benito Mussolini to give the railroad and port to Italy, and refused to abandon it under a British blockade in World War II.¹⁰⁷ France held on to French Somaliland until 1977, renaming it the French Territory of the Afars and Issas (FTAI); Djibouti was the last French territory in Africa to gain independence.¹⁰⁸

Djibouti was a peripheral part of the U.S. infrastructure of command for much of the Cold War. The United States did, however, have three interests in Djibouti: keep the French in, keep the Soviets out, and keep access options open. Conversely, Djibouti was highly vulnerable throughout the Cold War and reliant on outside support. Without a continued French presence—

¹⁰⁶ See Alexander George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, Mass.: Massachusetts Institute of Technology Press, 2005), pp. 28–32 on selecting cases with “extreme” values on the independent variables.

¹⁰⁷ French decision-makers acquiesced to some territorial concessions around Djibouti as part of the French- Italian rapprochement in 1935, but refused subsequent demands. See Telegram from the Ambassador in France (Straus) to the Secretary of State, January 16, 1935, 8:00 P.M., *FRUS, Diplomatic Papers 1935*, Vol. 1: General, The Near East and Africa (Washington, D.C.: GPO, 1953), pp. 1212–1219.

¹⁰⁸ Early British proposals called for putting all three Somalilands under a UN trusteeship; France opposed “Greater Somalia” because of the strategic importance of the port of Djibouti. See National Security Council Report, December 30, 1960, *FRUS 1958–1960*, Vol. 14, pp. 650–687. Similarly, U.S. interests in Ethiopia led to Ethiopia’s keeping the Ogaden and federation with Eritrea. The remainder of British and Italian Somaliland eventually merged as the republic of Somalia in 1960. On early postwar planning for the overseas territories, see Memorandum from the Secretary of State to the President, September 11, 1944, *FRUS 1944: Conference at Quebec* (Washington, D.C.: GPO, 1972), pp. 408–411.

which was uncertain until independence—everyone, including the Djiboutians, believed they would become a battleground for control between Ethiopia and Somalia. Our theory predicts that low U.S. need and the presence of outside options in the region, coupled with high Djiboutian need, should correspond to minimal costs for access. We should find little evidence of competitive bidding or escalating *quid pro quo*.

During the Cold War, U.S. interests in the Horn of Africa were clear but limited: “[T]he Horn of Africa, under friendly control... offers a strategic position for the defense of Western interests in the Red Sea and nearby African areas.”¹⁰⁹ The perception of exactly how much access was worth fluctuated with crises in the Middle East and South Asia. By the Carter administration, the view was that “[m]ilitarily the Horn is not of great strategic importance to the U.S.”¹¹⁰ Yet getting out of the region proved hard; great power competition played a big role, driving U.S. strategy to maintain power projection capabilities in the Indian Ocean and curb Soviet influence. Throughout this period, competition over access focused primarily on Ethiopia and Somalia, where U.S. and Soviet facilities switched hands over time.

The United States initially relied on military access in Ethiopia, securing a 25-year lease for Kagnew Station with the U.S.-Imperial Ethiopian Government Base Rights Agreement of 1953.¹¹¹ Although the United States was interested in Somali ports, especially Berbera, this option was foreclosed by its support for Ethiopia. The Soviets used the Ethiopian-Somali hostility to secure its own access to naval bases in Somalia. This status quo held through the 1960s—the Soviets in Somalia and Sudan, the United States in Ethiopia and Kenya, and the French in Djibouti—until Ethiopia’s Emperor Haile Selassie was deposed in 1974. The junta that seized power moved

¹⁰⁹ National Security Council Report, December 30, 1960, *FRUS 1958–1960*, Vol. 14, p. 652.

¹¹⁰ Paper Prepared by the Policy Review Committee, undated, *FRUS 1977–1980*, Vol. 17, p. 18. The report notes that the DoD disagreed.

¹¹¹ The *quid pro quo* was a military assistance program, which averaged \$12-\$13 million a year. See Study Prepared in Response to NSSM 115, March 15, 1971, *FRUS 1969–1976*, Vol. E-5, Part 1: Documents on Sub-Saharan Africa, 1969-1972 (Washington, DC: GPO, 2005), p. 2.

closer to the Soviet Union, jeopardizing the U.S. base, despite U.S.-Ethiopian military ties forged through decades of training and engagement. The Soviets offered Ethiopia military aid in exchange for expelling the United States from Kagnew, which it did in 1977.¹¹²

Thrown out of Ethiopia, the United States pursued new access options in Kenya and Sudan.¹¹³ It considered Djibouti periodically, but met with ambivalence from an “apparently reluctant French.”¹¹⁴ This was partially a problem of U.S. making. The port in Djibouti had long been recognized as potentially “very advantageous... from a geo-political point of view as a means of blocking Soviet access.” In an early debate, Secretary of the Treasury Robert Anderson advocated directing U.S. assistance there in exchange for access, but Eisenhower preferred to keep it as a French responsibility for as long as possible.¹¹⁵ The solution, which remained the private U.S. position from Eisenhower to Jimmy Carter, was to get the French to stay in Djibouti at the least cost possible.

The United States considered options to keep France in Djibouti, including offering “closer cooperation with the French elsewhere in Africa... in exchange for French commitments to go the course in the FTAI.”¹¹⁶ Concern peaked in the 1970s, with the U.S.-Ethiopia split increasing the perceived need to keep Djibouti in friendly hands. The intelligence community produced multiple assessments on the consequences of Djiboutian independence, predicting that if the

¹¹² The Soviet Union became Ethiopia’s main sponsor, providing aid and deploying military advisors along with thousands of Cuban troops. See Raymond W. Copson, *The Horn of Africa and the United States* (Issue Brief No. IB78019, Washington, D.C.: Congressional Research Service, 1982).

¹¹³ Kenya was considered the most stable of the countries in the region, but its physical position made it less desirable for access to the Persian Gulf; Mombasa, where the United States had port access, was nearly twice the distance from the nearest Gulf shore as Berbera in Somalia. *Ibid.*, p. 13.

¹¹⁴ Briefing Memorandum from the Director of Policy Planning (Lord) to the Under Secretary of State for Political Affairs (Sisco), January 24, 1975, *FRUS 1969–1976*, Vol. E-6: Documents on Africa, 1973–1976 (Washington, DC: GPO, 2006), p. 7.

¹¹⁵ Memorandum of Discussion at the 397th Meeting of the National Security Council, February 26, 1959, *FRUS 1958–1960*, Vol. 14, pp. 599–609.

¹¹⁶ This option entailed “active” involvement. Minimal involvement would reduce U.S. commitment, but could invite Somali adventurism and “make the French feel all alone.” Study Prepared by the Ad Hoc Inter-Departmental Group for Africa, May 27, 1976, *FRUS 1969–1976*, Vol. E-6, pp. 21–23.

French left, war between Somalia and Ethiopia would ensue.¹¹⁷ Secretary of State Henry Kissinger in particular urged French Minister of Foreign Affairs Louis de Guiringaud to stay: “My personal view is you should keep a base there. It would give everybody an excuse not to act.”¹¹⁸ President Gerald Ford interceded as well, asking French President Valery Giscard if Djibouti could survive on its own. Giscard’s preference was, with U.S. support, “to give them the kind of government they want and just hold on to the naval base there.”¹¹⁹ In the end, France chose to stay, signing a defense pact with Djibouti in 1977 and stationing around 5,000 troops in the port.¹²⁰

Throughout this period, Djibouti had maximal need for a great power sponsor. It was clear that while Ethiopia and Somalia were content to live with French rule in Djibouti, they would fight to prevent the other from gaining control of it. Djibouti’s reliance on France for survival as an independent state muted its ability to dictate terms of access to the French. Nor did Djibouti have much leverage with the United States. Although the Navy used Djibouti frequently for ship visits and P-3 landings, the United States feared that over-use would destabilize the French presence and that Djibouti “as a *quid pro quo*, might increase pressure for the provision of military supplies from the United States.”¹²¹ To avoid ratcheting costs, the United States pursued options elsewhere, but by 1979, it only had P-3 landing rights in Djibouti; the nearest alternative site was Oman.¹²² Still, the United States wanted to minimize Djiboutian *quid pro quo* and to “keep the French out front” as Djibouti’s security provider. The dilemma of how to avoid paying Djibouti for access

¹¹⁷ Study Prepared by the Ad Hoc Inter-Departmental Group for Africa, May 27, 1976, *FRUS 1969-1976*, Vol. E-6, p. 7.

¹¹⁸ Memorandum of Conversation, December 10, 1976, 8:20-9:30 A.M., *FRUS 1969-1976*, Vol. E-6, p. 5.

¹¹⁹ Memorandum of Conversation, May 18, 1976, 10:15-11:49 A.M., *FRUS 1969-1976*, Vol. E-15, Part 2: Documents on Western Europe, 1973-1976 (Washington, DC: GPO, 2014), pp. 1039-1040.

¹²⁰ National Intelligence Estimate 75/76-72, October 4, 1972, *FRUS 1969-1976*, Vol. E-5, Part 1, Doc. 332.

¹²¹ Memorandum From Paul B. Henze of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski), August 1, 1979, *FRUS 1977-1980*, Vol. 17, p. 882.

¹²² Secretary of Defense Harold Brown wrote to Brzezinski proposing that to reduce reliance on Djibouti, the United States increase use of Somali facilities on a trial basis. Memorandum From Secretary of Defense Brown to the President’s Assistant for National Security Affairs (Brzezinski), August 14, 1979, *FRUS 1977-1980*, Vol. 17, pp. 895-899.

while avoiding “political entanglement with Siad [Barre]”¹²³ continued until 1980, when the United States signed an arms-for-access agreement with Somalia.¹²⁴

Our theory predicts that these circumstances are a buyer’s ideal in the market for access; *quid pro quo* should be minimal. An examination of foreign assistance to the Horn of Africa supports our predictions.¹²⁵ From its independence in 1977 through 1989, the United States gave Djibouti a total of \$66 million in economic aid and just \$6.9 million in military aid. In contrast, it gave Ethiopia a total of \$2.2 billion in economic aid and \$1.2 billion in military aid, in addition to base rent and benefits to the local economy by the presence of Americans at Kagnew Station.¹²⁶ Somalia received \$1.5 billion in economic aid and \$178 million in military aid during Siad Barre’s rule, despite NSC staffer Paul Henze’s dim view that Barre was a destructive “authoritarian leader who sells himself first to the Soviets and then to any other bidder.”¹²⁷

“NO PLANS FOR A PERMANENT BASE”: ACCESS AFTER THE COLD WAR

The end of the Cold War brought a rapid end to U.S.-Soviet rivalry in Africa and, with it, rapid declines in *quid pro quo* to hosts in the Horn of Africa. Testifying on African security issues in 1992, Deputy Assistant Secretary for International Security Affairs Jim Woods explained, “The end of the Cold War has dramatically changed one aspect of previous national security policy: it has

¹²³ Memorandum From Paul B. Henze of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski), May 2, 1979, *FRUS 1977-1980*, Vol. 17, pp. 864-865.

¹²⁴ Somalia renounced its treaty of cooperation with the Soviet Union, threw the Soviet advisors out, and terminated Soviet use of its naval bases. The United States was initially reluctant to provide arms to Somalia, but by 1980 had signed an agreement that exchanged U.S. access to Somali air and sea ports for military sales credits. Copson, *The Horn of Africa*.

¹²⁵ All of the foreign assistance data in this section are from the USAID Greenbook, which can be found at <https://www.usaid.gov/developer/greenbookapi> (accessed June 20, 2017).

¹²⁶ Memorandum From Fernando Rondon of the National Security Council Staff to the President’s Assistant for National Security Affairs (Kissinger), April 11, 1973, *FRUS 1969-1976*, Vol. E-6, Doc. 84.

¹²⁷ Memorandum From Paul B. Henze of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski), June 3, 1980, *FRUS 1977-1980*, Vol. 17, p. 949.

ended bipolar competition for access and influence.”¹²⁸ The precipitous decline in U.S. and Soviet need for access and attendant military assistance—which had peaked in the early 1980s—corresponded to rapidly worsening instability in their former hosts. This had a compounding effect on prospects for access, as the U.S. Central Command commander reported in 1992: “Political upheavals in Djibouti, Ethiopia, and Somalia... have reduced our influence in this volatile region.”¹²⁹

Although the official DoD position was that it had “no plans for a permanent base anywhere in Africa,”¹³⁰ the U.S. military perceived a regional need for access in the wake of the First Gulf War and watched developments in the region with some apprehension. Secretary of Defense Richard Cheney reported in 1992 that access to facilities in sub-Saharan Africa had proven important to Operation Desert Storm, but the countries with which the United States had access arrangements—including Djibouti, Somalia, Kenya, the Gambia, Liberia, Senegal, and Seychelles—faced “enormous problems.” In Cheney’s view, “Failure of the Western nations to promote stability in Africa... could reduce access to facilities important to regional contingencies.”¹³¹ Although the military consistently touted the importance of access in the Horn of Africa, along with plugs for more security assistance, there was a sense of ambivalence over how important it was in light of the region’s rapid destabilization. Moreover, its modest requirements for access could, in the Department’s view, be satisfied with what was already in place or with regional alternatives.

For its part, Congressional focus was fixed on the unfolding humanitarian crises in Ethiopia

¹²⁸ James L. Wood, Letter to Hon. Paul Simon, August 7 1992, submitted for the record in “U.S. Security Issues in Africa,” *Hearing Before the Subcommittee on African Affairs of the Committee on Foreign Relations*, United States Senate (Washington, DC: GPO, 1992), p. 11.

¹²⁹ Prepared Statement of Gen. Joseph P. Hoar, “Regional Threats and Defense Options for the 1990s,” *Hearings before the Defense Policy Panel and the Department of Energy Defense Nuclear Facilities Panel of the Committee on Armed Services*, House of Representatives (Washington, DC: GPO, 1993), p. 67.

¹³⁰ Wood, “U.S. Security Issues in Africa,” p. 17.

¹³¹ Richard Cheney, *Annual Report to the President and Congress* (Washington, D.C.: Department of Defense, 1992), p. 16.

and Somalia. As military assistance plummeted, economic assistance took its place, along with an urgency to deliver it that culminated in the deaths of 18 U.S. service members in Mogadishu in 1993. Through the crises of the 1990s, Djibouti remained comparatively stable but did not escape unscathed. By 1991, worried observers judged it to be changing from the “eye of the cyclone” to a “boiling cauldron.”¹³² Movements of arms and people across its borders with Ethiopia and Somalia facilitated the outbreak of civil war between its two primary ethnic groups—the majority Afar population and the minority Issas who monopolized power. The French, however, were still there and within a year had interposed their troops between the warring factions, applying (primarily pro-regime) pressure until a negotiated settlement was reached.

Insomuch as a market for access existed as the Horn of Africa descended into chaos, our theoretical predictions are mixed. The United States had minimal needs for continuous access, but faced a war-torn region with few options. Djibouti, a country with virtually no natural resources, agriculture, or industry to fall back on, found itself at the mercy of the French as Afar rebel forces seized most of northern Djibouti.¹³³ Thus they faced high need with few prospective suppliers. Although neither party had viable options, the United States had lower need than Djibouti. This leads us to expect low transfers of *quid pro quo*, a prediction that is supported by the evidence. Between 1990 and 2000, the United States gave Djibouti \$26 million in economic aid and just \$6.8 million in military aid. By comparison, U.S. economic aid to Ethiopia and Somalia in the same period totaled \$1.5 billion and \$339 million respectively. This aid was, however, explicitly linked to the humanitarian crises in each country. The limited interest in access was reflected in significantly reduced military aid—\$18 million to Ethiopia and \$9.8 million to Somalia.

¹³² Prepared Statement of Peter J. Schraeder, “The Horn of Africa: Changing Realities and U.S. Response,” *Hearing before the Subcommittee on African Affairs of the Committee on Foreign Relations*, United States Senate (Washington, DC: GPO, 1992), pp. 23-37.

¹³³ The Djiboutian regime invoked its 1977 defense pact with the French, sparking a debate over whether the civil war constituted an “external” threat against which support was guaranteed. See *Ibid.*, p. 34.

“TAKE DEFINITIVE STEPS”: ACCESS AFTER SEPTEMBER 11

The metaphor of Djibouti as the “eye of the cyclone”—the one stable country in the region—took on new relevance after the terrorist attacks of September 11, 2001. Humanitarian crises and political instability continued to roil the region, reducing local options for military access, while the United States found itself with urgent needs for power projection into Africa and the Middle East. As counterterrorism operations drew the United States and its partners into the region, other actors with interests in the region emerged as potential consumers of access, turning Djibouti into an “unlikely epicenter of 21st century geopolitics.”¹³⁴ Djibouti came to possess high levels of asset specificity—a stable, relatively democratic country at the intersection of Africa and the Arabian Peninsula, with developed air and sea ports—and a rapid increase in actors interested in its assets. Conversely, the United States had high levels of need but an unprecedented dearth of options in the region. Under these conditions, our theory predicts maximal costs of access. We expect to find competitive bidding and increasing demands for *quid pro quo* that are met by hard-pressed buyers. Given the extreme values of need and competition, these effects should be marked.

After September 11, the Horn of Africa became a focal point for U.S. foreign policy, primarily oriented around counterterrorism operations in the region and in the Middle East. Djibouti’s location, 500 miles from al-Shabaab terrorist strongholds in Somalia and less than 25 miles from Yemen across the Bab el-Mandeb strait, coupled with its comparative stability, made it a desirable host. The United States found few alternative options. The Ethiopian regime was implicated in human rights abuses and had just ended its third war with Eritrea; the U.S.-Eritrean relationship was faltering; and Somalia was a failed state. When Secretary of Defense Donald

¹³⁴ Monte Reel, “Djibouti is Hot: How a Forgotten Sandlot of a Country Became a Hub of International Power Games,” *Bloomberg Businessweek*, March 23, 2016, accessed June 20, 2017, <https://www.bloomberg.com/features/2016-djibouti/>.

Rumsfeld visited the region in 2002, only Djibouti emerged as a viable candidate.¹³⁵ The first U.S. military personnel arrived to Camp Lemonnier in June, a French camp that had been returned to Djiboutian control. It had been abandoned to scavengers, stripped of pipes and wiring, and was being used to raise goats.¹³⁶ By 2015, the base had become the only enduring U.S. forward operating site in Africa, housing approximately 4,500 military personnel and serving as a launch spot for drone missions and a central logistics hub for military operations in East Africa and the Arabian Peninsula.¹³⁷

While the United States' primary purpose was counterterrorism operations, others saw its utility for protecting economic interests in the sea-lanes connecting the Mediterranean Sea to the Indian Ocean. As a growing number of external actors sought access, this geostrategic location became known as Djibouti's "unusual resource curse."¹³⁸ Djibouti's infrastructure added appeal; over the past two decades, it has undergone major expansions to its ports, fuel processing terminals, and railway. Some of these investments were endogenous to access arrangements, while others followed exogenous shocks such as the 1998 Ethiopia-Eritrean war that rerouted significant volumes of trade through Djibouti.¹³⁹ Meanwhile, Djibouti's civil war ended in 2001 with a settlement that restored political stability and reduced internal vulnerability. Its external

¹³⁵ Marc Lacey, "Rumsfeld Seeking New Allies To Oppose Al Qaeda and Iraq," *The New York Times*, December 11, 2002, accessed June 20, 2017, <http://www.nytimes.com/2002/12/11/world/threats-responses-africa-rumsfeld-seeking-new-allies-oppose-al-qaeda-iraq.html>.

¹³⁶ Jim Garamond, "Building a Presence in Djibouti," *American Forces Press Service*, December 11, 2002, accessed June 20, 2017, <http://archive.defense.gov/news/newsarticle.aspx?id=42401>.

¹³⁷ Roughly half of Ambouli's flights are U.S. military or government—around 17,000 of 30,000 takeoffs and landings in 2014. See Craig Whitlock, "Chaos in Tower, Danger in Skies at Base in Africa," *The Washington Post*, April 30, 2015, accessed June 20, 2017, https://www.washingtonpost.com/world/national-security/miscues-at-us-counterterrorism-base-put-aircraft-in-danger-documents-show/2015/04/30/39038d5a-e9bb-11e4-9a6a-c1ab95a0600b_story.html?utm_term=.5f516c07620d.

¹³⁸ Jennifer N. Brass, "Djibouti's Unusual Resource Curse," *The Journal of Modern African Studies*, Vol. 46, No. 4 (2008), pp. 523–545.

¹³⁹ For example, the 2004–2005 construction of the Horizon Oil Terminal in Doraleh that handles fuel import for the French, Americans, and other military forces in the country. See David Stylian, "Djibouti: Changing Influence in the Horn's Strategic Hub," (AFP BP 2013/01, Africa Programme, London, U.K.: The Royal Institute of International Affairs, 2013).

vulnerability decreased with Somalia’s collapse and Ethiopia’s preoccupation with Eritrea, while the presence of other foreign militaries reduced its dependence on the French. The Djiboutian economy was extremely weak—its vision of becoming the “‘Switzerland’ or ‘Hong Kong’ of Africa” had not materialized¹⁴⁰—but it survived with income from its port, the railway, and foreign military *quid pro quo*.¹⁴¹

After the U.S. military, the most significant presence remains France, which has maintained its security guarantee to Djibouti. Japan opened a base in 2011, its first overseas base since 1945; Germany, Spain, and Italy maintain a military presence; and Djibouti’s port also serves as an operational base for the European Union’s counter-piracy mission, EUNAVFOR Atalanta.¹⁴² In 2015, Djibouti “blindsided” the United States by announcing an agreement to lease a naval base to China, roughly four miles from Camp Lemonnier.¹⁴³ The naval base, which China refers to as a logistics support base, is its first overseas military base; construction began in April 2016 and its lease extends through 2026, authorizing a presence of up to 10,000 soldiers.¹⁴⁴ The installation puts Djibouti in the “unprecedented position” of being the first country to host both U.S. and Chinese bases.¹⁴⁵ Other interested actors have included Iran, which constructed a new parliament building for Djibouti; the United Arab Emirates, which is heavily invested in Djibouti’s port and airport; and Saudi Arabia, which announced in 2016 that it would establish its first foreign base in Djibouti.¹⁴⁶

¹⁴⁰ Schraeder, “The Horn of Africa,” p. 26.

¹⁴¹ Djibouti’s GDP was just under \$1.2 billion in 2014. Two-thirds of the population lives in relative poverty and a quarter lives in extreme poverty. See “Djibouti,” accessed June 20, 2017, retrieved from <https://www.cia.gov/library/publications/the-world-factbook/geos/dj.html>.

¹⁴² Styan, “Djibouti”; and Tom Kelly, “Good Things Come in Small Packages: The US-Djiboutian Security Partnership,” *The Ambassador’s REVIEW* (Fall 2015), pp. 14–18.

¹⁴³ Andrew Jacobs and Jane Perlez, “U.S. Wary of Its New Neighbor in Djibouti: A Chinese Naval Base,” *The New York Times*, February 25, 2017, accessed June 20, 2017, <https://nyti.ms/2lHemYf>.

¹⁴⁴ Francois Dube, “China’s Experiment in Djibouti,” *The Diplomat*, October 5, 2016, accessed June 20, 2017, <http://thediplomat.com/2016/10/chinas-experiment-in-djibouti/>.

¹⁴⁵ Kelly, “Good Things Come in Small Packages.”

¹⁴⁶ Reel, “Djibouti is Hot.”

Our theory predicts that these conditions form an ideal seller’s market; *quid pro quo* should be maximal. Indeed, Djibouti has succeeded in extracting increasingly huge sums of compensation. Economic aid to Djibouti skyrocketed to \$1.3 billion between 2001 and 2015; nearly double the amount of all previous U.S. aid to Djibouti. These aid packages were explicitly linked to Djiboutian performance as a “strategic ally” and access granted for the invasion of Iraq in 2003.¹⁴⁷ Similarly, military aid to Djibouti over this period amounted to \$61 million—a more than 400 percent increase over each of the preceding cases.¹⁴⁸ Conversely, assistance patterns in the rest of the region are similar to the post-Cold War period and are explicitly traceable to non-access needs. The human costs of the Ethiopia-Eritrean war, unrest in the Ogaden, and the ongoing crisis in Somalia drove U.S. economic assistance to those countries—\$6.9 billion to Ethiopia and \$1.5 billion to Somalia—while Ethiopia received just \$37 million in military aid. Somalia received no military aid whatsoever between 1994 and 2005, although aid resumed after 2005 as the United States launched support and training to AMISOM forces.

Yet even these skyrocketing levels of foreign assistance do not paint the full picture of exchanges for access. First, base rents add to the compensation story. Assured by private talks that the Americans were coming to Djibouti, President Guelleh had evicted the French from Camp Lemonnier. He leveraged the U.S. negotiations to secure a 10-year deal in which France would pay \$36 million a year to retain its other facilities and an additional \$36 million in military spending and

¹⁴⁷ Statement of Mr. Ted Dagne, “Horn of Africa: Current Conditions and U.S. Policy,” *Hearing before the Subcommittee on Africa and Global Health of the Committee on Foreign Affairs*, United States House of Representatives (Washington, DC: GPO, 2010), p. 13. For an explicit resolution linking aid to access, see House Concurrent Resolution 134, “Acknowledging the deepening relationship between the United States and the Republic of Djibouti and recognizing Djibouti’s role in combatting terrorism,” *Markup before the Subcommittee on Africa of the Committee on International Relations*, United States House of Representatives (Washington, DC: GPO, 2003), pp. 6-11.

¹⁴⁸ Nearly half of this is driven by two major obligations in 2003 and 2014—the years that the basing agreements for Camp Lemonnier were negotiated.

economic aid.¹⁴⁹ That same year, the United States signed its first deal with Djibouti—a five-year lease for Camp Lemonnier worth \$38 million a year, along its first large aid package.¹⁵⁰ In 2012, Russia began negotiating with Djibouti for military access; the U.S. national security advisor went to Djibouti in person to prevent the deal. Within two years, the United States signed a renegotiated 20-year lease that nearly doubled the annual rent to \$63 million, along with \$1 billion in facility upgrades.¹⁵¹ The 10-year Chinese lease deal, closed the following year, is reportedly worth \$100 million along with a large investment deal to upgrade Djibouti's ports.¹⁵²

An examination of commercial spending shows the most visible effects of competition. Base rents are only renegotiated intermittently and foreign assistance is difficult to compare directly. Between 2010 and 2013, Djibouti received ODA amounting to roughly 11 percent of its GDP—\$7.8 million from China, more than \$35 million from the United States, and more than \$410 million from other OECD donors. However, Chinese aid tends to take the form of commercially directed OOF. Including OOF raises Chinese aid to Djibouti to \$111 million for the same period—three times as much as American aid.¹⁵³ This spending contributes in part toward its numerous infrastructure projects in Djibouti, including port upgrades and the new Djibouti-Ethiopia railway. It also likely flows to the billions in Chinese loans to the Djiboutian government, which reportedly amount to 60 percent of its GDP.¹⁵⁴

¹⁴⁹ Amadee Bollee, "Djibouti: From French Outpost to US Base," *Review of African Political Economy*, Vol. 30, No. 97 (2003), pp. 481–484, at pp. 483–484.

¹⁵⁰ Brass, "Djibouti's Unusual Resource Curse," p. 526. Base rent data for all foreign actors are difficult to obtain, but Japan reportedly pays \$30 million a year in rents for its facility. See Styan, "Djibouti"; and Kelly, "Good Things Come in Small Packages."

¹⁵¹ Jacobs and Perlez, "U.S. Wary of Its New Neighbor."

¹⁵² Chinese state-owned enterprises purchased stakes in the Port of Djibouti worth \$185 million and offered to develop additional port facilities. See John Lee, "China Comes to Djibouti: Why Washington Should be Worried," *Foreign Affairs* snapshot, April 23, 2015, accessed June 20, 2017, <https://www.foreignaffairs.com/articles/east-africa/2015-04-23/china-comes-djibouti>.

¹⁵³ U.S. and OECD aid figures are from OECD, accessed June 20, 2017, <http://stats.oecd.org/qwid/>; China aid figures come from AidData, accessed June 20, 2017, <http://china.aiddata.org/>.

¹⁵⁴ The United States fears Djibouti's heavy indebtedness will increase Chinese leverage. Jacobs and Perlez, "U.S. Wary of Its New Neighbor."

The United States does not have an equivalent to China’s OOF or state-controlled enterprises, but it does have the power of its procurement market, which it uses to distribute benefits to the local population. The United States is reportedly the third largest employer in Djibouti, with local Djiboutian hires at Camp Lemonnier and the U.S. Embassy.¹⁵⁵ According to our data, the United States spent an annual average of nearly \$81 million in contracts with a place of performance in Djibouti between 2002 and 2007. The annual average has risen to over \$220 million since 2008, nearly 90 percent of which is DoD spending. These efforts have been fraught with their own problems. For one thing, the U.S. practice of awarding contracts to American companies who then hire Djiboutian sub-contractors puts responsibility for implementing governmental objectives into private sector channels over which it has limited control. This created a crisis in 2013—at the time of basing renegotiations—when a new American firm won the base support contract for Camp Lemonnier and laid off the Djiboutian labor.¹⁵⁶ Subsequent efforts to improve the government’s ability to direct its procurement culminated in the “Djibouti First” legislation signed in 2015, granting the DoD authority to contract directly with Djiboutian companies in support of base operations. The justification, as the legislation noted, was that the “United States should take definitive steps to maintain its basing access.”¹⁵⁷

SUMMARY

During the Cold War, the United States had persistent access needs in the Horn of Africa but it also had many options. Conversely, Djibouti was dependent on external support to survive and it had few options outside of France. Because U.S. need was low and it had alternative options on which to

¹⁵⁵ Kelly, “Good Things Come in Small Packages.”

¹⁵⁶ John Vandiver, “Workers Protesting Work Force Cuts at US Base in Africa,” *Stars and Stripes*, July 10, 2013, accessed on June 20, 2017, <https://www.stripes.com/news/africa/workers-protesting-work-force-cuts-at-us-base-in-africa-1.229711>.

¹⁵⁷ National Defense Authorization Act for Fiscal Year 2015, Title XII, Subtitle E, Sec. 1263, 296-297.

draw, its costs for intermittent access in Djibouti remained low for decades. After the Cold War, U.S. options in the region disappeared—but so did its need for access with the end of Soviet competition. As crises consumed the region, Djibouti emerged as a relatively attractive option; however, the absence of demand precluded emergence of a competitive market for access. With the turn of the century, conditions changed dramatically. U.S. need for access increased rapidly even as other interested consumers entered the market. Djibouti found itself with reduced need, a coveted good, and multiple bidders; as our theory predicts, costs of access skyrocketed.

There is little evidence in support of alternative arguments that stress domestic politics as a determinant of access. If anything, basing appears to have played a stabilizing effect via economic benefits. From a regional perspective, the U.S. loss of basing access in Ethiopia is the most likely case for domestic-level explanations. Yet even then, U.S. relations with Ethiopia deteriorated as a result of the new government's ideology and embrace of Soviets as a sponsor rather than as a direct result of prior U.S. support for Selassie. A final, somewhat surprising finding is that France's security guarantee proved unable to resist market dynamics. As Djibouti's market position improved it successfully extracted escalating compensation from France, previous dependence notwithstanding.

Conclusion

Bargaining for access occurs in potentially competitive markets. This article shows that the material costs of access are a function of each side's level of need for the deal as well as the presence of alternative suppliers or buyers of access. In contrast to studies that privilege domestic political pressures as the source of exit threats, we find that structural factors are a significant determinant of the costs of access. We evaluate the conditional effects of need and outside options on access in

Africa—a contested region outside of any great power’s backyard. Newly released primary sources provide empirical support for our theory, which we trace across time with a case study of access in Djibouti. Cross-national evidence from Africa shows that the more the United States needs access, and the fewer nearby options it has, the more compensation it provides. Conversely, the more hosts need U.S. presence, and the fewer alternatives they have for support, the less compensation they receive.

This study makes both theoretical and empirical contributions. First, we add to the literature on power projection by treating military access as the product of multi-actor interaction that follows a market logic of competition. More broadly, this suggests the costs of maintaining primacy are influenced by third-party competition—even in an era where the United States is the sole superpower—and by the availability of viable access points. Whether these costs jeopardize U.S. primacy thus depends on what it is willing to pay relative to its competitors. Finally, we present a novel data set that sheds light on an important but neglected tool of economic statecraft. This data source should be of interest not only to scholars studying military access, but also to those studying foreign aid, development, and other forms of economic inducements. U.S. government contract spending in Africa alone totaled more than \$20 billion between 2000 and 2015—funds that, to our knowledge, were previously unmodeled in academic work.

This article suggests several promising directions for future research. First, future work could build on our findings by studying additional factors that shape bargains over access. In particular, a comparison between hosts that enjoy security guarantees and those that do not may shed light on the relative effectiveness of alliances and material rewards for obtaining access. Second, further work needs to be done to identify the conditions under which states obtain access in the first place. The conditions under which sending countries gain access may be different than those under which they

maintain it—a question that we have largely set aside in this article in favor of studying the determinants of compensation. Third, future research should consider broader issues involving government spending to (literally) buy compliance. Our theory and data suggest that the United States uses its procurement power strategically to achieve a range of foreign policy objectives, just one of which is military access. Targeted spending has been used in the last 16 years for multiple purposes, including access, stabilization, and counterinsurgency operations. Opportunities await to develop and test new theories of economic statecraft, using the rich data on government spending.

The argument has important practical implications for U.S. policy toward its infrastructure of command as well. Since the end of the Cold War, U.S. military forces have operated primarily outside of the theaters in Europe and northeast Asia where large garrisons accommodate forward-based troops. Since the 2004 Global Defense Posture Review, evolving power projection demands have led the United States to “seek flexible arrangements, both legal and logistical, to maximize the usability and effectiveness of our forces.”¹⁵⁸ This flexible approach involves a light footprint and use of material compensation rather than security guarantees. Among the purported benefits of transactional approaches that allow the United States to keep its options open is increased leverage vis-à-vis hosts.¹⁵⁹ Our theory suggests that flexible access is not an unmitigated good. Short-term access creates conditions for frequent renegotiation and encourages hosts to keep their own options open.

Djibouti is the first place where both the United States and China have sought military access, but it is unlikely to be the last. As China’s overseas interests grow, so does the pressure to protect those interests. In May 2017, the DoD released its annual report on military and security

¹⁵⁸ DoD, “Strengthening U.S. Global Defense Posture,” p. 2.

¹⁵⁹ Pettyjohn, *U.S. Global Defense Posture*, pp. 87-93.

developments involving China; its growing demand for military access abroad was a major theme. The report concludes, “China most likely will seek to establish additional military bases in countries with which it has a longstanding friendly relationship and similar strategic interests, such as Pakistan, and in which there is a precedent for hosting foreign militaries.” However, it goes on to note, “China’s overseas military basing may be constrained by the willingness of countries to support a [People’s Liberation Army] presence in one of their ports.”¹⁶⁰ As other great powers search for overseas access, U.S. costs will likely rise because of this increased demand. Costs may also rise if other powers provide economic deals, arms transfers, or similar incentives to target states in a bid to deny U.S. power projection capabilities. The United States may increasingly find itself facing situations such as Russia’s basing bid in Djibouti, which contributed to a doubling of U.S. base rents.

A final policy implication has to do with where the United States seeks access. We find that the effect of outside options on the price of access varies by the number of alternatives in the region. In practical terms, this means that the United States is more likely to reap the benefits of flexible access when it also has options in neighboring countries. The U.S. military continues to pursue a “hub and spoke” system of continent-wide access points to improve its theater distribution network.¹⁶¹ While these distribution capabilities are required to operate effectively, how the United States goes about building this network may significantly affect its costs. Pursuing regional clusters of facilities and access rights in neighboring countries may provide the best bargaining outcomes.

¹⁶⁰ Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China* (Washington, D.C.: Department of Defense, 2017), p. 5.

¹⁶¹ Thomas D. Waldhauser, *United States Africa Command 2017 Posture Statement*, Posture Statement presented to the 115th Cong., 1st Sess. (Washington, D.C.: Department of Defense, 2017), p. 24.

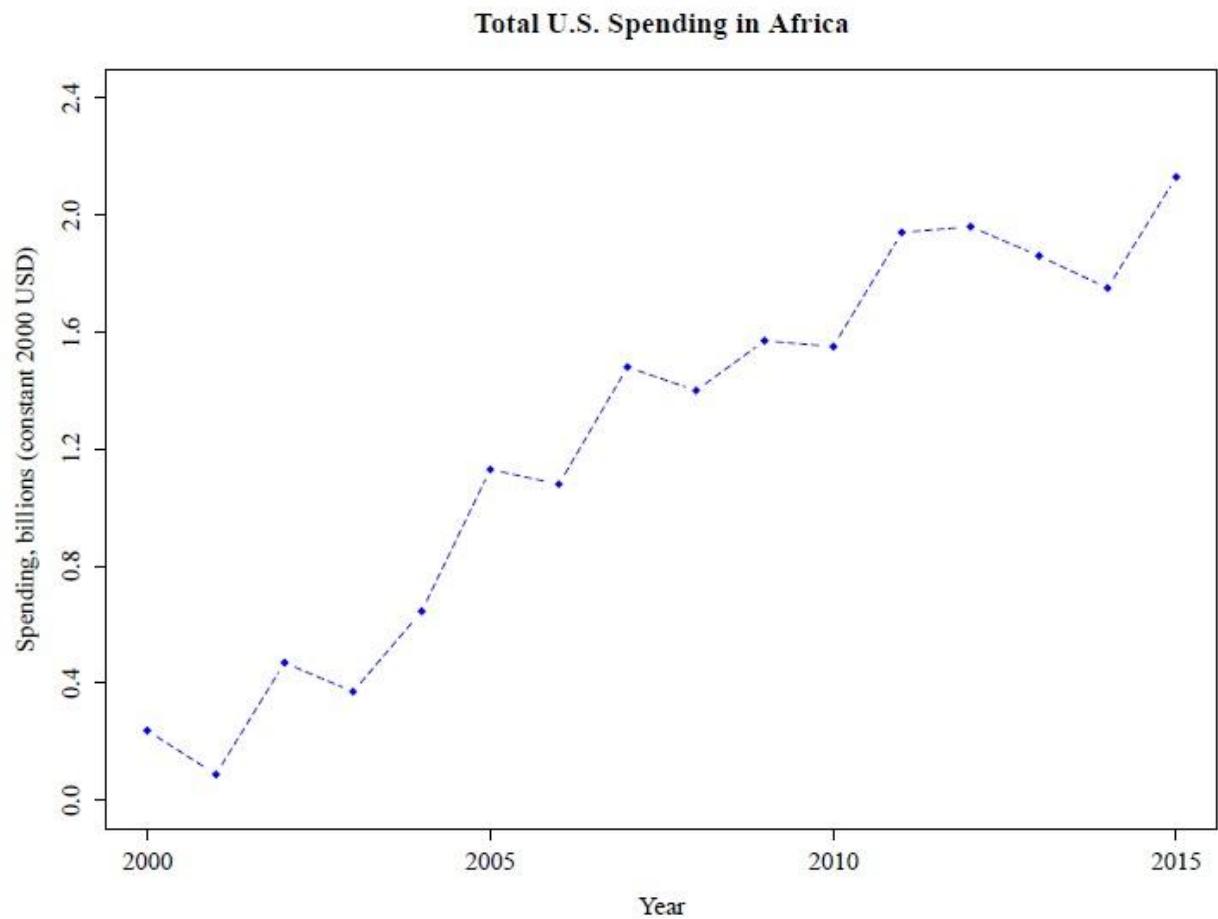
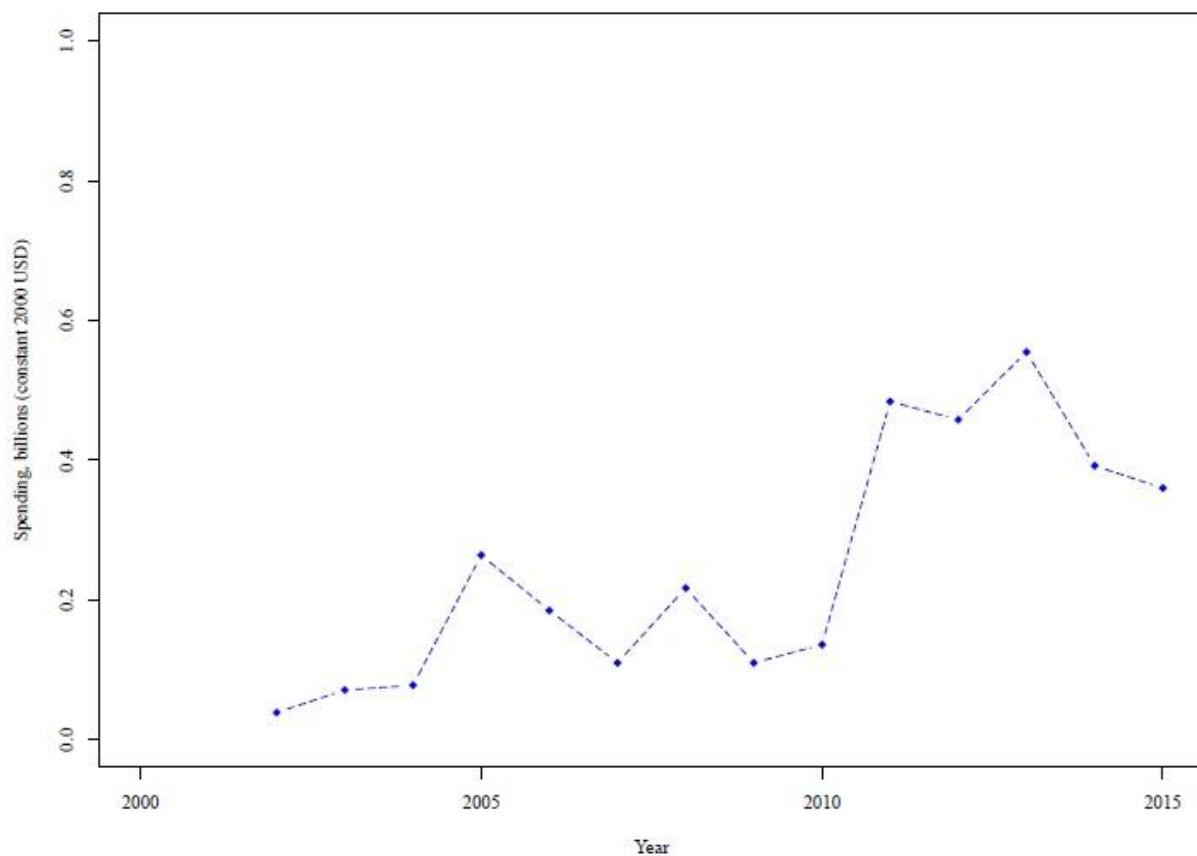


Figure 1: Total annual U.S. government contract spending in Africa, 2000-2015.

Total DoD Spending in Africa



Average U.S. Access in Africa, 2000–2015

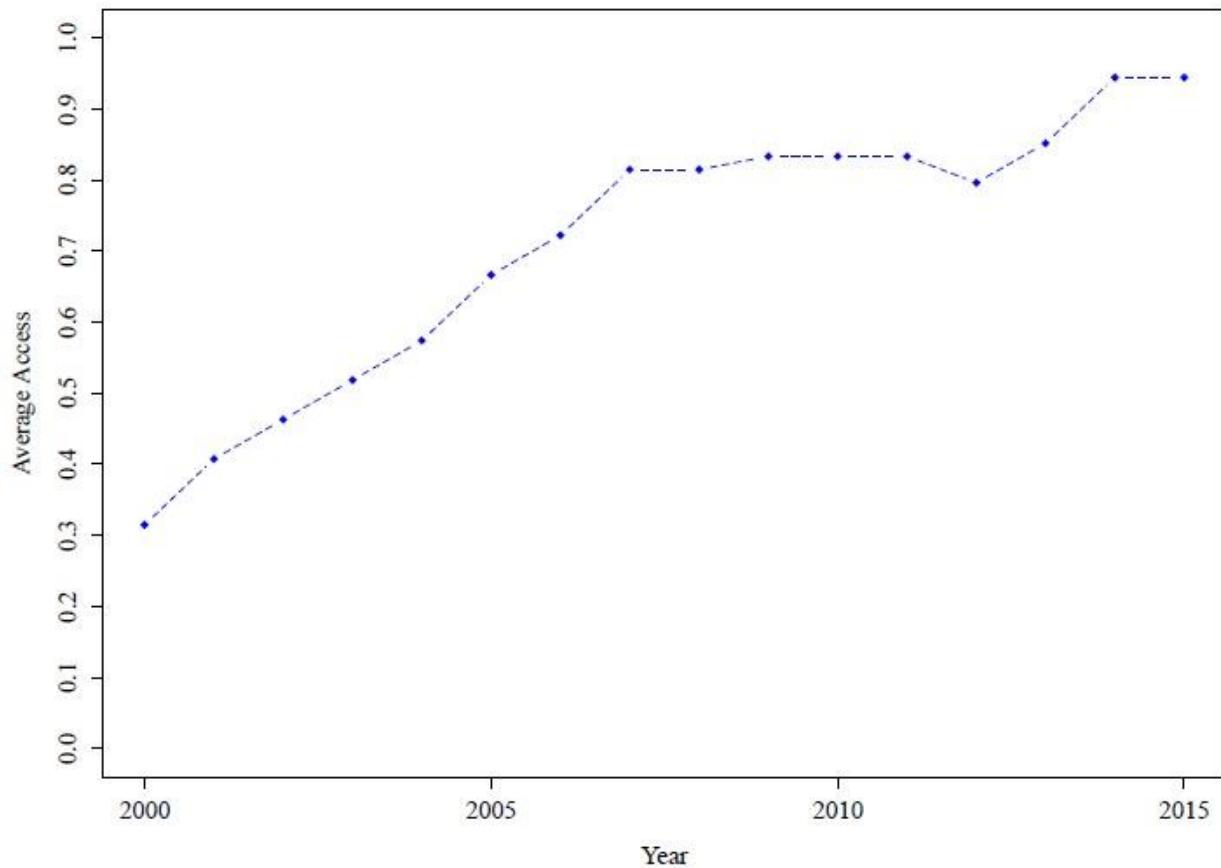
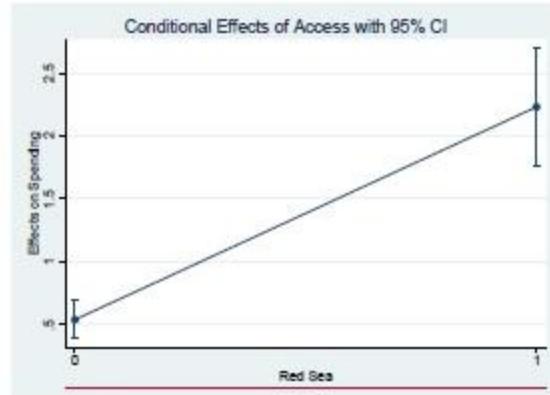
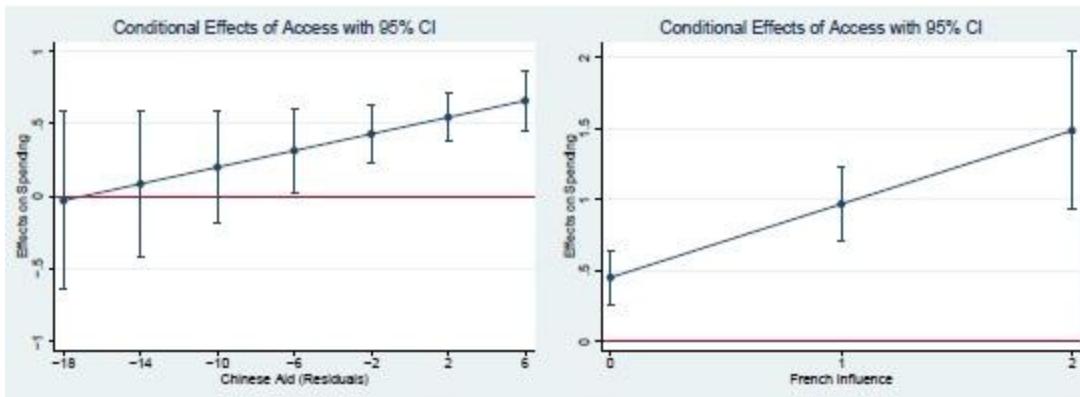


Figure 3: Average annual U.S. military access in Africa, 2000-2015.

Figure 4: Conditional Effects of Access on Spending, given levels of Competition

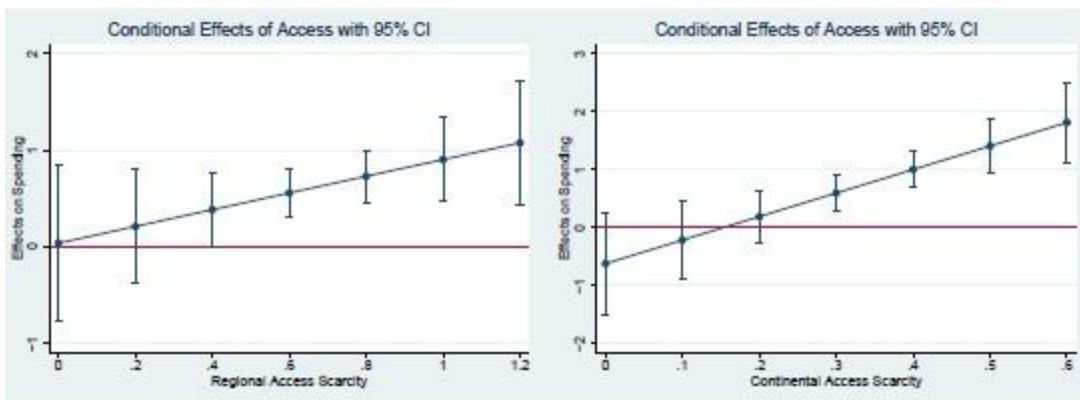


(a) Red Sea



(b) Chinese Aid

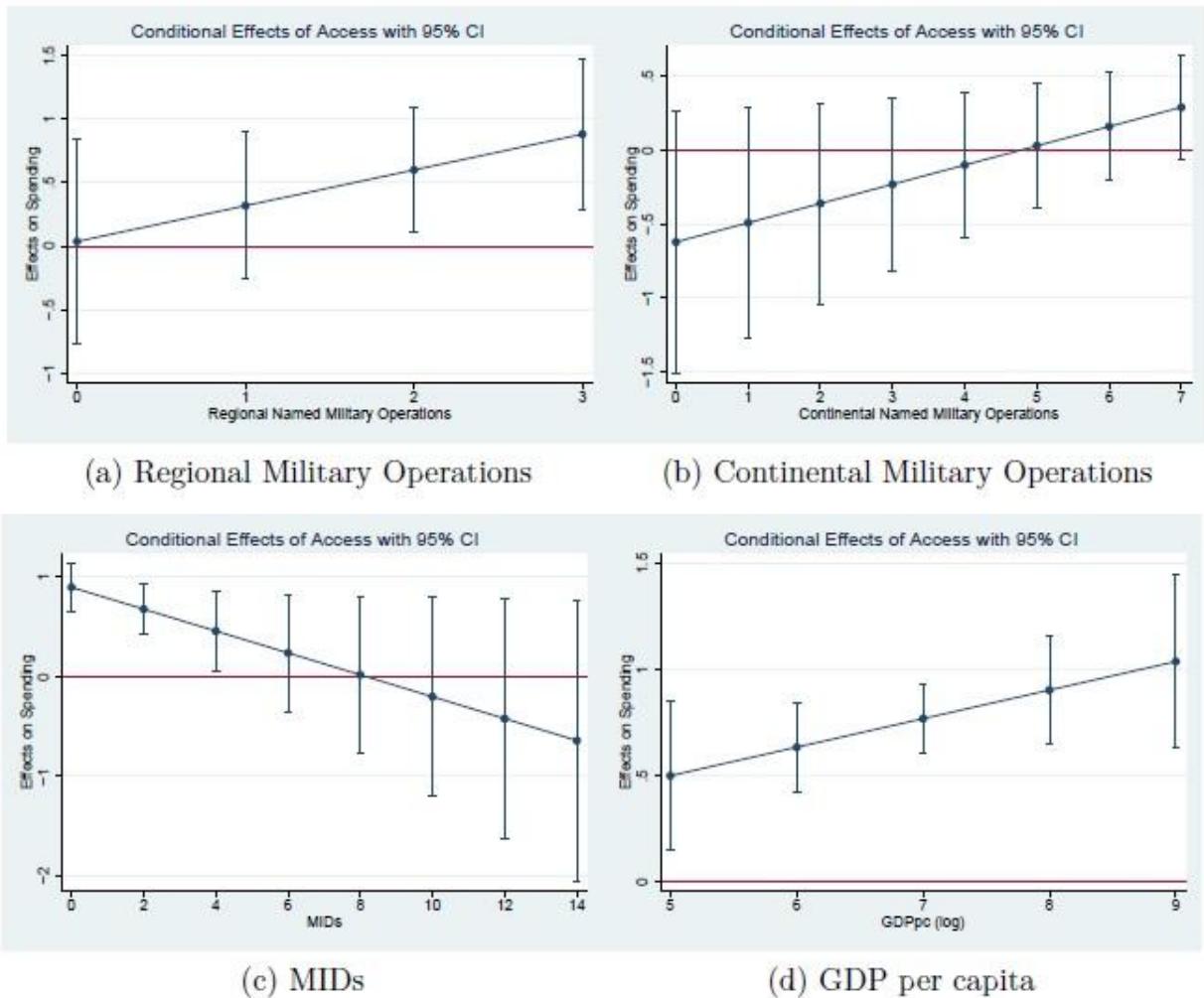
(c) French influence



(d) Regional Access Scarcity

(e) Continental Access Scarcity

Figure 5: Conditional Effects of Access on Spending, given levels of Need



	(1)	(2)
	Spend (log)	Spend (log)
Access	1.344*** (0.164)	1.001*** (0.152)
Year FE	No	Yes
N	804	804
R ²	0.070	0.175

⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Robust standard errors in parentheses.

Table 1: Bivariate relationship between access and spending.

	(1) Spend (log)	(2) Spend (log)	(3) Spend (log)	(4) Spend (log)	(5) Spend (log)
Access	0.539*** (0.077)	0.038 (0.411)	-0.623 (0.452)	0.900*** (0.121)	-0.176 (0.603)
Red Sea	-0.330 (0.438)	1.323*** (0.385)	1.262** (0.397)	1.401** (0.512)	1.344*** (0.402)
Region access scarcity	0.566 (0.418)	-0.120 (0.785)	0.644 (0.440)	0.089 (0.838)	0.608 (0.439)
U.S. operations (region)	0.120 (0.132)	-0.066 (0.213)	0.161 (0.142)	-0.208 (0.325)	0.175 (0.143)
GDPpc (log)	-0.172 (0.111)	-0.131 (0.113)	-0.171 (0.111)	-0.244 (0.161)	-0.228 (0.152)
Access * Red Sea	1.693*** (0.254)				
Access * Scarcity (region)		0.865 (0.585)			
Access * U.S. operations (region)		0.282+ (0.166)			
Access * Scarcity (continent)			4.054** (1.252)		
Access * U.S. operations (continent)			0.130* (0.060)		
MIDs				0.185+ (0.103)	
Access * MIDs				-0.110* (0.054)	
Access * GDPpc					0.135 (0.088)
Population (log)	0.906*** (0.098)	0.838*** (0.097)	0.794*** (0.093)	0.860*** (0.124)	0.833*** (0.096)
Democratization	0.116 (0.405)	0.154 (0.406)	0.057 (0.413)	0.036 (0.440)	0.155 (0.409)
Stability	0.459*** (0.132)	0.413** (0.132)	0.381** (0.130)	0.553** (0.178)	0.397** (0.133)
Year FE	Yes	Yes	Yes	Yes	Yes
N	684	684	684	486	684
R ²	0.436	0.419	0.428	0.406	0.418

⁺ $p < 0.10$, $*$ $p < 0.05$, $**p < 0.01$, $***p < 0.001$

Robust standard errors in parentheses.

Table 2: Baseline results.

	(1) Spend (log)	(2) Spend (log)
Access	0.514*** (0.085)	0.488*** (0.089)
Chinese aid (residuals, log)	0.036** (0.013)	0.014 (0.021)
Access * Chinese aid		0.029+ (0.015)
Region access scarcity	0.298 (0.516)	0.323 (0.520)
U.S. operations (region)	-0.106 (0.203)	-0.147 (0.208)
Red Sea	0.539 (0.621)	0.521 (0.624)
Population (log)	0.835*** (0.100)	0.843*** (0.100)
GDPpc (log)	-0.059 (0.085)	-0.068 (0.086)
Democratization	0.212 (0.421)	0.182 (0.426)
Stability	0.255* (0.113)	0.247* (0.112)
Year FE	Yes	Yes
N	353	353
R ²	0.397	0.402

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Robust standard errors in parentheses.

Chinese and DAC aid represent three-year moving averages of logarithmized residuals.

Table 3: Results for Chinese aid.

	(1) Spend (log)	(2) Spend (log)
Access	0.714*** (0.082)	0.451*** (0.095)
French influence	0.082 (0.172)	-0.474 (0.320)
Access * French influence		0.516** (0.167)
Region access scarcity	0.635 (0.438)	0.609 (0.437)
U.S. operations (region)	0.156 (0.143)	0.102 (0.139)
Red Sea	1.412*** (0.391)	1.071** (0.410)
Population (log)	0.839*** (0.103)	0.891*** (0.101)
GDPpc (log)	-0.144 (0.111)	-0.143 (0.112)
Democratization	0.193 (0.411)	0.118 (0.412)
Stability	0.423** (0.135)	0.402** (0.134)
Year FE	Yes	Yes
N	684	684
R ²	0.417	0.426

⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Robust standard errors in parentheses.

Table 4: Results for French influence.