Market for Access: Competition, Need, and the Prospects for Power Projection*

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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, or "sellers," 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 sellers or the seller has greater need for a deal, the buying 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 from 2000 to 2015. To trace the causal mechanisms, we conduct a case study of great power bargaining for access in Djibouti during the same period. Our findings have implications for scholarly understanding of how other 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.

Key words: power projection; bargaining; military base; Africa

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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. Typically conceptualized as 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: (1) broader than basing, (2) a scarce good, and (3) has costs that are highly sensitive to structural competition. Yet to date, empirical study of variation in these costs remains limited—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 from a twenty-first century theater of operations: Africa.

Scholars are divided on the value of hegemony. Some argue that it is cheap to maintain and rewarding to the dominant state,[2] while others argue that a strategy of primacy is expensive and offers few benefits.[3] Importantly, any strategy that calls for global engagement requires power projection capabilities to manage the international system.[4] The more difficulty that states 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

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[1] Posen 2003 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, global deployment and distribution capabilities, and the unified combatant commands.

[2] Brooks and Wohlforth 2008, 2015; Norrlof 2010; Beckley 2011; Brooks, Ikenberry, and Wohlforth 2012.

[3] Gholz, Press, and Sapolsky 1997; Walt 2005; MacDonald and Parent 2011; Drezner 2013; and Posen 2014.

[4] Art 2003, 223 notes that it is virtually impossible to exercise influence without a regional military presence.

trade autonomy for security.[5] This literature assumes that requisite forms of access—such as overseas military installations—are a secure part of the U.S. infrastructure of command. For its part, the literature on the politics of basing focuses on the role of domestic audiences in shaping bargains for access, where domestic opposition either threatens access or allows host leaders to exact higher compensation and restrict the terms of access.[6] Yet this story is incomplete—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. We conceptualize states as firms in a market for access; hosts that offer use of their territory are "sellers," while states that seek are "buyers." Access agreements are typically bilateral, but they are negotiated in the presence of other actors; bargaining occurs "in the shadow of the market."[7] We identify two factors—each state's need for a deal and the presence of competition in the form of outside options—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 gain 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.[8]

To test our propositions, we study a great power actor in an increasingly competitive market for access: the United States in Africa. Over the past 15 years, Africa has been targeted

[5] Morrow 1991; and Lake 2009.
[6] For domestic and transnational opposition explanations, see Calder 2007; Cooley 2008; Lutz 2009; and Yeo 2011.
[7] Chatterjee 2013, 2.
[8] 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. See Cooley and Spruyt 2009; and Cooley and Nexon 2013.

by outside powers seeking influence and access on the continent for 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 approximately $20 billion in previously unmodeled spending and provide a more robust measure of transactional exchanges when combined with traditional measures such as foreign aid. Second, we use novel measures of access, competition, and need. We find that 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 qualitative evidence from a case study of U.S. military access in Djibouti from 2001 to present.

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.[9] 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 highlight a previously overlooked means of economic statecraft; government procurement is a strategic tool toward foreign policy ends, yet it has remained virtually unmeasured as a source of international influence.[10]

Second, we argue that competition for access is an understudied means by which other actors can impose costs on dominant states.[11] Scholars have long studied how the costs of

[9] For example, see Wittkopf 1973; Lundborg 1998; Bueno de Mesquita and Smith 2007; and Carter and Stone 2015.
[10] Baldwin 1985 made this point over 30 years ago; it remains true today.
[11] On cost-imposing strategies by revisionist powers that fall short of balancing, see Schweller and Pu 2011.

international leadership can lead to hegemonic overextension and decline.[12] Persuading other states to provide access is inherently costly. As Robert Gilpin argues, the costs of buying off partner states "constitute[s] a drain on the economy of the dominant state."[13] 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.

Finally, our findings question the assumption that the United States will always be able to find access at acceptable cost. Because access relies on bargains with divergent underlying interests, and because these deals are 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, we find that other powers are able to impose costs on the United States by drawing on relational and economic power in ways that are distinct from military capabilities. 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.

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 serve as indicators to assign great power status.[14] Projecting power is logistically intensive and requires access to foreign territory from which military forces stationed or deployed abroad can be resupplied and

[12] Organski 1958; Gilpin 1981; and Kennedy 1987.
[13] Gilpin 1981, 157.
[14] For discussions of system polarity in terms of power projection capabilities, see Monteiro 2012; Monteiro 2014; Brooks and Wohlforth 2015; and Buzan 2004.

reinforced.[15] Studies show that distance makes it more difficult for states to fight each other and defend their allies,[16] challenges that are only magnified when moving forces across bodies of water.[17] Thus great powers seek to acquire and secure power projection capabilities.

Of the countries that maintain foreign military bases, the United States has the largest global network. The United States has faced challenges holding on to this network, however, and scholars are divided on the question of how secure its access is. On the one hand, some argue optimistically that the United States will have command of the commons for the foreseeable future. Posen credits this command in part to the Cold War basing legacy, noting that ally-supplied bases are "crucial stepping stones for U.S. power to transit the globe."[18] Stephen Brooks and William Wohlforth similarly argue that the United States will face no superpower competitor that can contest its network of bases in the near future.[19] Thus, while these scholars differ in their policy prescriptions, they are sanguine about the prospects for U.S. power projection—when the United States needs access it will find it.[20]

Other scholars are more pessimistic, suggesting that U.S. power projection is far from assured, and may in some cases be in jeopardy. These arguments crop up in analyses of the A2/AD capabilities with which U.S. adversaries can contest its ability to project power. These capabilities include air defense to destroy aircraft, ballistic missiles to attack bases, and submarines to destroy naval vessels.[21] Some argue that the United States faces political

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[15] See Martin Van Creveld 1977; and O'Hanlon 2009, ch. 3.
[16] On the challenges of distance for warfighting, see Boulding 1962; and Markowitz and Fariss 2013. On distance and alliance commitments, see Bak 2018.
[17] Mearsheimer 2001; and Levy and Thompson 2010.
[18] Posen 2003, 44.
[19] Brooks and Wohlforth 2015, 21.
[20] Compare, for example, Brooks, Ikenberry, and Wohlforth 2012; and Posen 2014.
[21] Montgomery 2014.

challenges to its access as well.[22] These studies often highlight U.S. efforts to gain access in regions where it lacks enduring alliances. Here, even "a great power is reduced to negotiating access with new non-treaty partners or friendly powers."[23] Moreover, bases are susceptible to politicization by host governments seeking to curry favor with domestic anti-base groups.[24]

Arguments about the role played by host domestic politics and anti-base movements dominate theoretical work on basing. Alexander 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.[25] Because these contracts are incomplete, 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.[26]

Although several studies discuss the role of outside options in putting U.S. access at risk, important questions remain unanswered.[27] First, the role of alternative partners remains under-theorized, particularly in terms of outside options for the access-seeker. Second, it remains unclear how varying levels of need interact with competition. Moreover, existing work is almost entirely qualitative and often descriptive;[28] while these case studies offer many insights, they largely focus on the role of host domestic politics. No study to date has identified the conditions under which the cost of access varies or systematically evaluated empirical data on costs. Indeed,

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22 Pettyjohn and Kavanagh 2016, 2-3, 20-38.
23 Krepinevich and Work, 2007, 13.
24 Cooley 2008.
25 Cooley and Spruyt 2009, ch. 4.
26 On domestic pressures, see Cooley 2008; Lutz 2009; Calder 2007. On asset specificity and global ratcheting, see Cooley and Spruyt 2009. On anti-basing movements, see Yeo 2011; and Cooley and Nexon 2013.
27 Cooley and Nexon 2013 discuss how outside options can put U.S. bases at risk, while Cooley and Spruyt 2009 argue that strategically valuable hosts can drive harder bargains.
28 Two exceptions are Brown 2014a and 2014b. These quantitative studies focus on the decision to reveal secret basing negotiations and emphasize the role of the external environment in bargaining between formal allies.

the scholars who reach optimistic conclusions largely treat the U.S. basing network as given—primarily considering arrangements with formal allies—while those reaching pessimistic conclusions tend to 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.

Military Access and Global Defense Posture

We define access as a state's ability to use foreign territory for the purpose of projecting power outside of its national borders. Access is multidimensional and varies in terms of duration and scale. Examples of short-term and minimal forms of access include overflight and transit rights; basing rights represent a long-term, maximal form of access.[29] 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.

Access is intertwined with global military posture, which comprises three elements: forces, facilities, and diplomatic agreements. The Department of Defense (DOD) defines its global posture 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."[30] Projecting power thus requires a military posture that is enabled by gaining and maintaining access. The United States has the

[29] Not all short-term (long-term) access is minimal (maximal) and vice versa. As we discuss below, the U.S. military has sought long-term access with a minimal footprint.
[30] DOD 2016, 23.

largest global defense posture and, by extension, the largest network of overseas military access.

The United States has the largest global defense posture and, by extension, the largest network of overseas bases, which was built up during and after World War II to deter and operate against adversaries far removed from its shores.[31] The network consists of enduring and contingency locations; the former are bases where the United States maintains a continuous presence, while the latter are short-term locations designed to support a specific operational need. Enduring locations persist during peacetime and are expected to remain under the sending state's control for long periods of time; accordingly, they receive the most strategic attention, legislative oversight, and resource investments.[32] The scale of U.S. access is unusual, as is the phenomenon of peacetime access itself.[33] As of 2015, the U.S. military reported 587 real property sites—locations owned or leased by the DOD—across 42 foreign countries.[34]

In exchange for access, great powers offer a range of benefits. In some cases, access-seeking states provide security.[35] In other cases, they offer *quid pro quo* in the form of base rents, economic or military aid, or other economic incentives to the local population. Asset specificity—the extent to which a location is difficult to replace—affects the value of its use rights.[36] Security guarantees and *quid pro quo* are not mutually exclusive and occasionally states parlay transactional exchanges into formal alliances, as Spain did with the United States in the 1960s.[37] Typically, however, relationships form on one basis or the other, with implications for

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31 For a history, see Pettyjohn 2012.
32 DOD 2016.
33 On the evolution of foreign military basing as a security practice, see Schmidt 2014.
34 DOD 2015, 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.
35 This is the exchange typically modeled in the alliance literature. See Morrow 1991.
36 Lake 1999, 54.
37 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 Kim 2011, 368–369; and Keohane 1971, 173–174.

bargaining outcomes. As we argue next, a broader conception of access coupled with a focus on transactional exchanges opens the range of potential bargains.

A Market Theory of Access

To explain variation in the costs of access over time, we synthesize observations from the alliance literature and sovereign contracting theories. The alliance literature emphasizes relative need in asymmetric alliances, where a dominant power provides security and a subordinate power provides sovereign assets (e.g., territory). Sovereign contracting theories, on the other hand, emphasize access-suppliers' disproportionate bargaining power due to residual rights of territory ownership.[38] Suppliers use the threat of domestic opposition to foreign basing to restrict access, demand higher *quid pro quo*, or terminate access altogether. Suppliers may also seek alternative contracting partners.[39]

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 seller alone. On the one hand, territorial access is "the resource which the nation-state alone controls,"[40] conferring a sovereign advantage to the access-supplier. On the other hand, the access-seeker is typically a great power, conferring a material power advantage to the buyer. 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

38 Cooley and Spruyt 2009, 101–105.
39 Cooley 2008; Cooley and Spruyt 2009; and Cooley and Nexon 2013.
40 Huntington 1973, 355.

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 provide or seek similar goods simultaneously, market conditions emerge. The need to gain access or influence—or something in exchange for it—draws states into the marketplace; the presence of outside options in the form of other buyers and sellers further shapes offers and payments.

Competition and Need

Our first independent variable is competition in the form of other buyers or sellers. When an actor has alternative ways to meet its needs, its bargaining leverage increases;[41] 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, unlike bargaining theories in international relations which typically depict the use of force as an outside option that can end the "game," perceptions of credibility matter less;[42] the mere presence of potential buyers (or sellers) in the market can affect prices.[43] Second, outside options are often endogenous to the bargaining process itself.[44] States who are seeking access typically search and bargain with multiple potential sellers simultaneously, using competing offers to improve their relative position. Similarly, states seeking to benefit from use of their territory will negotiate with potential buyers simultaneously, using each offer to extract higher levels of compensation.

Third, bargaining is both continuous and competitive. Access is rarely zero-sum, but it is

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[41] For example, see Chikte and Deshmukh 1987; Muthoo 1995; and Chatterjee and Lee 1998.
[42] Whether or not states gain leverage from the threat of force depends on its perceived credibility. Voeten 2001,845–858.
[43] Chatterjee and Lee 1998.
[44] Ibid.

a scarce good. The level of supply-side exclusivity is related to the type of access; minimal forms of access tend to be less exclusive than maximal ones. Countries can grant overflight to many states, but a seller will only offer so many bases. Geopolitical competition between buyers can also introduce scarcity; 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.[45]

Moreover, states seek to project power for non-security goals, adding 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.[46] Economic objectives have likewise influenced China's transition to an overseas military posture.[47] Nor is access solely a great-power pursuit; as second-tier powers rise, they are more likely to make bids for access.

Importantly, third parties do not have to seek military access to pose problems for a buyer. Because the buyer depends on its *quid pro quo*, any actor that provides a similar good devalues the buyer's leverage. This may be a security guarantee, as France provides for numerous African states[48], or economic inducements such as foreign aid.[49] In 2008, for example, Ecuador ejected the United States from Manta Air Base in no small part because economic assistance from Venezuela and Hong Kong reduced Ecuador's need for U.S. compensation.[50]

Additionally, influential third parties may pressure the seller into restricting the buyer's

[45] 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.
[46] Swisher 1947.
[47] Ministry of National Defense, *White Paper* (China: Ministry of National Defense, 2014), chap. 4.
[48] Vallin 2015.
[49] For this argument as it applies to Chinese aid, see Strange et al. 2017.
[50] *Washington Post*, 4 September 2008. Available at <http://www.washingtonpost.com/wp-dyn/content/article/2008/09/03/AR2008090303289.html>. Accessed 27 June 2018.

military access. China used its investments in the Marianas Islands as leverage in an attempt to restrict U.S. military access in 2015, for example.[51] Similarly, the United States succeeded in securing UN Security Council sanctions in 1996, requiring that states deny overflight, landing, and takeoff rights to Sudanese aircraft.[52] Other reasons that states may deny access include fear of external reprisals for enabling military operations from their territory. For example, West European dependence on Middle Eastern oil led allies 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.[53] Competing loyalties may also be in play; for example, Italy denied NATO forces overflight and transit rights during the 2011 air campaign against the Qaddafi regime due to a treaty with Libya.[54]

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

Hypothesis 1b (Seller 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. Buyers that do not have a pressing need for access can afford to reject unfavorable terms. Similarly, the less a seller needs the specific benefits of an exchange, the easier it is to turn down disadvantageous offers. Time is 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

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51 "US military plans present difficult balancing act for Marianas," *Radio New Zealand News*, 22 August 2016. Available at <https://www.radionz.co.nz/international/pacific-news/311582/us-military-plans-present-difficult-balancing-act-for-marianas>. Accessed 23 March 2018.

52 Voeten 2001, 851.

53 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.

54 Pettyjohn and Kavanagh 2016, 71–75.

sensitive to it; competition tends to make need more acute.

The access buyer's 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. The U.S. need for access in Central Asia to support operations in Afghanistan, for example, provided base hosts first in Uzbekistan and then in 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. 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. This has long been a source of bargaining weakness for the United States. As President Dwight Eisenhower remarked 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."[55]

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 access-seeking state.[56] Economically and militarily dependent states are also often eager to trade sovereign territorial rights in exchange for compensation. Indeed, some allies dependent on American protection provide the United States with funds to offset the costs of its presence.[57]

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[55] 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.
[56] Schelling [1966] 2008.
[57] Lostumbo et al. 2013, 156.

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

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

These hypotheses intentionally consider buyer and seller leverage separately, holding the other party's competition and need constant. Formulating our hypotheses this way lets us observe the conditional effects of an increase in competition or need. Although this 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 exist for a state to participate in the market. When need is low, buyers or sellers may simply opt out of the market, particularly when faced with increasing levels of competition. Second, when competition is low for either the buyer or the seller, the cost of access will tend to vary based on its need. A buyer with little competition but high need for access is still vulnerable to increasing costs—unless the seller also has high need. In these cases, we predict that costs will respond to each party's relative level of need.

Three final conditions affect when markets for access emerge. First, markets for access tend to form regionally since projecting power requires access close to the desired target, although these boundaries can be fluid (e.g., when pursuing transnational threats). Second, we expect markets for access to be more common when competition is more acute in the international system. Thus a system characterized by unipolarity poses a harder test for our theory: if we see market dynamics here, we expect to see it more under a bipolar or multipolar system. We again note that third parties do not have to seek the same thing; market conditions can emerge even when other actors pursue different goals such as political influence or economic access. These actors may consume space and resources, making supply scarce,[58] or may provide the seller with resources that lower its need for a deal. In either case, the seller has outside options that devalue the buyer's offer.

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 protection. 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. There are two other major forms of compensation: foreign aid and government procurement. The frequency of each form of payment varies across time and space. For example, arms transfers were dominant during the Cold War,[59] while procurement is more prevalent today. In the analyses that follow, we combine spending and aid data to produce a more robust measure of compensation.

The first form of compensation, U.S. government overseas contract spending, has long eluded scholarly attention. Government procurement is unique in its sheer volume—typically the

[58] Intentionally, if the third-party pursues an access-denial strategy, or unintentionally, if infrastructure is limited.
[59] Harkavy 1982.

single largest market in any economy[60]—and in its strategic nature. Governments frequently purchase goods and services "for other reasons than direct consumption."[61] Existing scholarship either ignores spending or assumes that governments have a strong home bias in their procurement, thus missing its utility as a foreign policy tool.[62] In practice, the U.S. government injects directed spending into foreign markets for different objectives, one of which is military access.[63] 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 diplomatic terms negotiated with the United States in 1951.[64]

Strategic procurement 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 illustrative: concerned that the United States needed to act to maintain access in Djibouti, the fiscal year 2015 National Defense Authorization Act (NDAA) granted the DOD authority to conduct limited-competition or preferential procurement for

60 In developed countries, government procurement averages about 15–20 percent of GDP. See Rickard and Kono 2013; and Audet 2003.

61 Baumol 1947, 2.

62 On home bias in government procurement see Muller 2008; Shingal 2015; and Rickard and Kono 2013. 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 2006; and Berger et al. 2013, 877–878.

63 Another objective is stabilization and pacification via job creation. "Host Nation First" policies authorizing preferential procurement in Iraq and Afghanistan allowed military commanders to contract directly with local vendors for goods and services. For a critical view of preferential procurement in Afghanistan, see SIGAR 2011.

64 The U.S. Air Force awarded the contract to an American firm in 2013, inadvertently triggering a diplomatic crisis. See "Denmark, Greenland in 'crisis' over US bases," *The Arctic Journal*, 18 November 2016. Available at <http://arcticjournal.com/politics/2707/denmark-greenland-crisis-over-us-bases>. Accessed 20 June 2017.

Djiboutian companies in support of base operations.[65] Two years later, increasing demand for access led to an unprecedented expansion of these special authorities 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."[66]

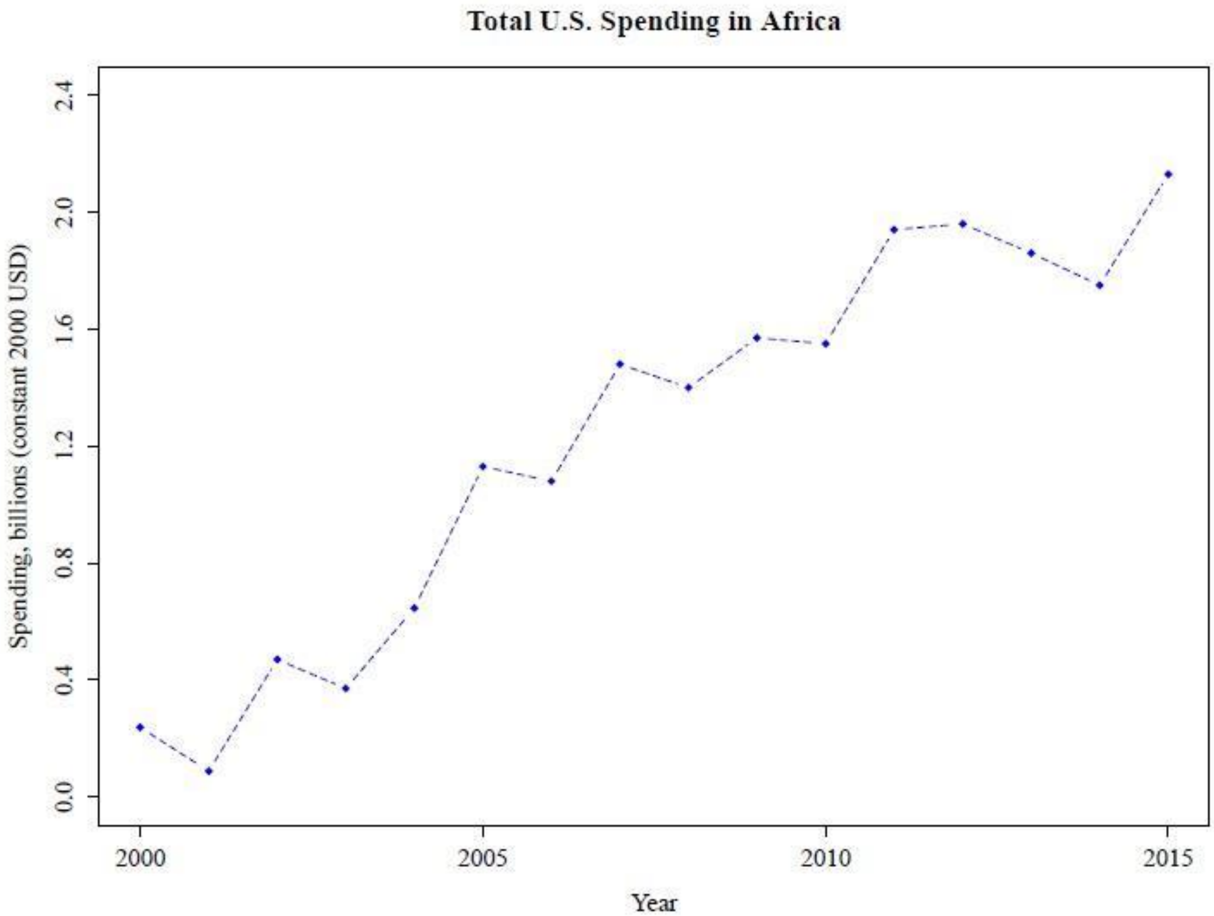

Figure 1: Total annual U.S. government contract spending in Africa, 2000-2015.

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

[65] National Defense Authorization Act for Fiscal Year 2015, Title XII, Subtitle E, Sec. 1263.
[66] National Defense Authorization Act for Fiscal Year 2017, Title X, Subtitle H, Sec. 899A.

African countries between 2000 and 2015.[67] 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.

The second form of compensation is foreign aid. Since the 1950s, the United States has explicitly offered economic and military aid to countries in exchange for basing rights. As a result of the official U.S. position against paying "rent" for bases—and the 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.[68] Despite the frequency with which aid has been used for "access-buying," it too is surprisingly understudied as an exchange for access.

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[67] By law, unclassified federal procurement data must be publicly available. Federal government agencies are required to report data to FPDS-NG on all contracts worth $3500 or more. "Contract Reporting," Title 48, *Code of Federal Regulations (CFR)*, Pt. 4, Subpt. 4.6, 2018 ed. The DOD has a (comparatively small) classified budget, generally reserved for acquiring sensitive programs and weapons systems, i.e., spending that would not be used for host-nation compensation. If disclosure of its needs would harm national security, DOD can use a "national security exception" to limit full and open competition. A report found that between 2007 and 2010 around $13 billion out of $1.5 trillion in DOD contract obligations fell under this category. See GAO 2012, 8.

[68] Clarke and O'Connor 1993, 441.

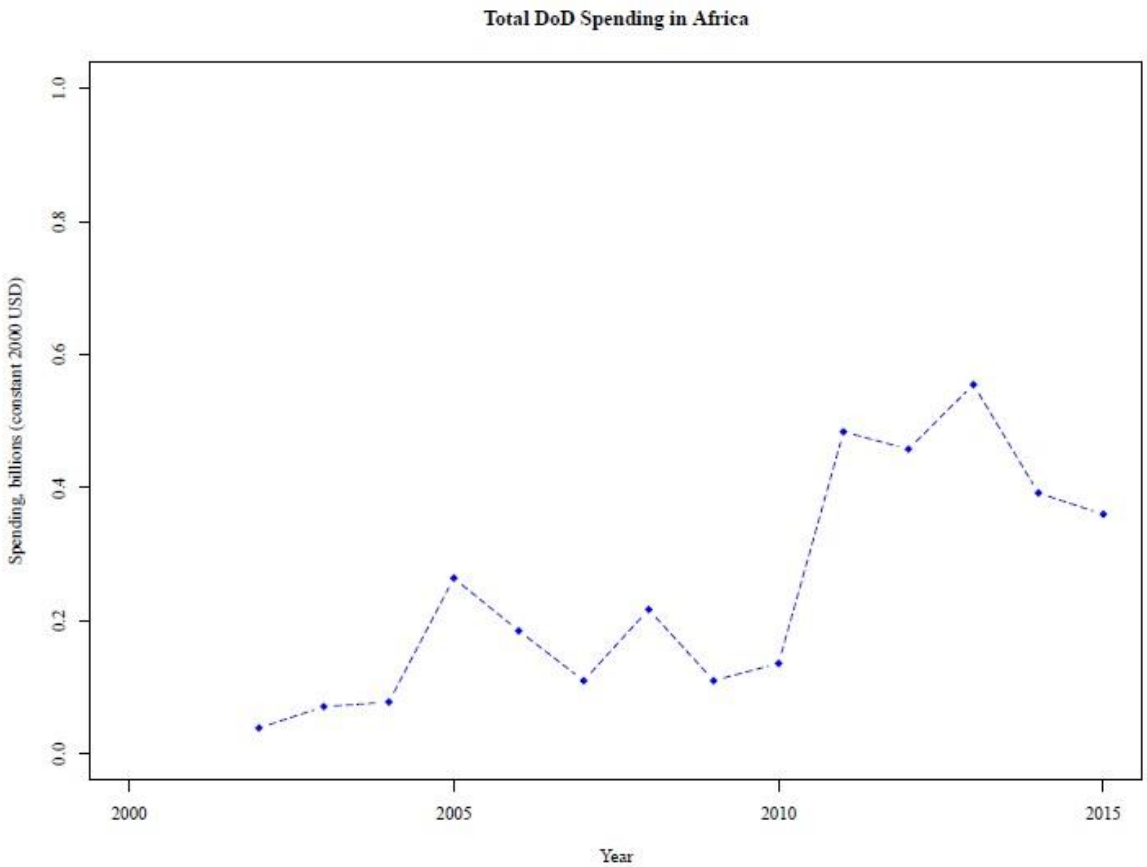

Figure 2: Total annual Department of Defense government contract spending in Africa, 2000-2015.

In short, foreign aid captures the other side of the coin as spending; while the latter constitutes 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.[69] Together these create a more complete picture of payment for access. Accordingly, we create a composite measure of spending and aid for our primary analyses. In robustness checks, we use alternative specifications that measure spending and aid separately.

Of course, these data are not without their limitations. Foreign aid is used for multiple

[69] See Cooley and Nexon 2013, 1044; and Nexon and Wright 2007, 253–271.

goals and separating out recipient need-based aid from donor motive-based aid is challenging.[70] Moreover, foreign aid is not easily comparable across countries outside of the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC). The contract data help to mitigate these problems in two ways. First, unlike foreign aid, which is also used for reasons stemming from recipient need, spending decisions are made based on *American* need. Second, commercial data are more comparable to other forms of non-concessional, commercially oriented aid such as China's Other Official Flows (OOF).

When it comes to procurement, however, it is 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 of facility use itself—for example, due to infrastructure improvements and maintenance or sustainment costs. On the other hand, sustainment contracts are often a vehicle for delivering compensation, as in Thule Air Base. In any case, if sustainment were all that mattered, we would only expect to see a bivariate relationship between access and spending. Our hypotheses, by contrast, emphasize the conditional effects of access on spending, using interaction terms.

Access

Our first approach to measuring access uses the number of access-related treaties and agreements that the United States has with a given country.[71] The empirical record suggests that this measure is conceptually valid for several reasons. First, U.S. policy calls for legal arrangements in order to station troops abroad or use host-nation facilities. Even where access begins with ad hoc or handshake agreements, agreements must codify the presence as a

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[70] Lai 2003.
[71] Studies that use a similar approach include Cooley and Spruyt 2009; Cooley 2008; and Cooley and Nexon 2013.

prerequisite for investments in infrastructure or facilities.[72] Second, 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."[73] This means that they are not "real property" and thus not included in DOD Base Structure Reports.[74] This is particularly important in markets where access is less persistent.

We operationalize the measure using three types of agreements as indicators, which we code to create an index variable that ranges from 0 to 3.[75] 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 acquisition and cross-servicing agreements (ACSAs), which allow the United States and partners to exchange military logistics support, supplies, and services.[76] The primary limitation to this measure is that agreements tend to be slow-moving and ambiguous as to the nature of access sought. Agreements could enter into force without access materializing or remain in force after access is withdrawn, leading to false positives.

To mitigate this concern, we use a second, more direct measure of access: actual military facilities. Prior attempts to identify the locations of U.S. facilities in Africa have been plagued by a dearth of confirmed information on facility locations, resulting in lists that are not only incomplete, but also give little sense of start and end dates.[77] To provide a systematic and time-

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72 Pettyjohn and Kavanagh 2016, 27.
73 DOD 2016, 22.
74 On qualifications for inclusion in the reports, see DOD 2015, 2.
75 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 Kavanagh 2014. 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.
76 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.
77 For examples, see Vine 2015; Moore and Walker 2016.

varying coding of facilities, we use our dataset of U.S. contracts, which includes descriptions of each contract action. Through an initial content analysis of two years (2014-2015), we identified 46 keywords and eight product or service codes associated with military facility-related contracts. We then coded all DOD contracts in Africa as facility-related if they: (1) contained one or more keywords, and (2) fell under one of the product or service codes. Next, we created a country-year dummy variable which takes the value of 1 if the state hosted a U.S. military facility and 0 otherwise. Finally, to reduce the chances of picking up false positives, we only code countries as hosting military facilities if we were able to find at least one official source or two separate media sources to confirm.[78]

Testing the Market for Access

To test our hypotheses on variation in the cost of access, 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 actors seeking to gain access and influence. Since September 11, the United States has sought increased military access in Africa for multiple purposes.[79] Although the initial impetus was to project power from the Horn of Africa into the Middle East, its focus expanded with the spread of transnational threats across the Sahel and the creation of a combatant command dedicated to military activities in Africa.[80] The size and austerity of the continent poses serious logistical problems; U.S. bases in Spain, Italy, and Greece are too far to reach inland (e.g., for crisis response) without additional access points.[81] Reliance on drones and special operations forces to conduct missions across the

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78 See Appendix A for more details on how the facilities variable was coded.
79 Figure 3 shows a significant increase in U.S. access in Africa since 2000.
80 U.S. Africa Command was established in 2007. Previously, responsibility was assigned to U.S. European Command.
81 *Stars and Stripes*, 8 May 2015. Available at <https://www.stripes.com/news/africa/staging-sites-enable-africom-

continent magnifies the need for multiple local points of access. By 2018, the U.S. military acknowledged 15 enduring and 31 contingency locations in Africa supporting over 7,000 personnel.[82] At the same time, China's economic and military presence in Africa has grown significantly. France maintains a military presence in several African countries; other access-seekers in the last decade include Japan, Russia, Saudi Arabia and Turkey.

Second, U.S. relationships with African countries are primarily transactional. The lack of enduring relationships 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 tend to be more shared interests and the good provided in exchange is primarily protection, not economic incentives. The resulting dataset includes 53 countries in Africa for a total of 804 country-year observations before including control variables.[83]

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to-reach-hot-spots-within-4-hours-leader-says-1.345120>. Accessed 27 June 2018.

[82] On number of locations, see "US troops lack support despite expanding mission in Africa," *Military Times*, 19 November 2017. Available at <https://www.militarytimes.com/flashpoints/2017/11/19/us-troops-lack-support-despite-expanding-mission-in-africa/>. Accessed 12 June 2018. On number of personnel, see U.S. Senate 2018.

[83] We exclude Egypt for two reasons. First, the U.S. military assigns Egypt to U.S. Central Command, whereas 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.

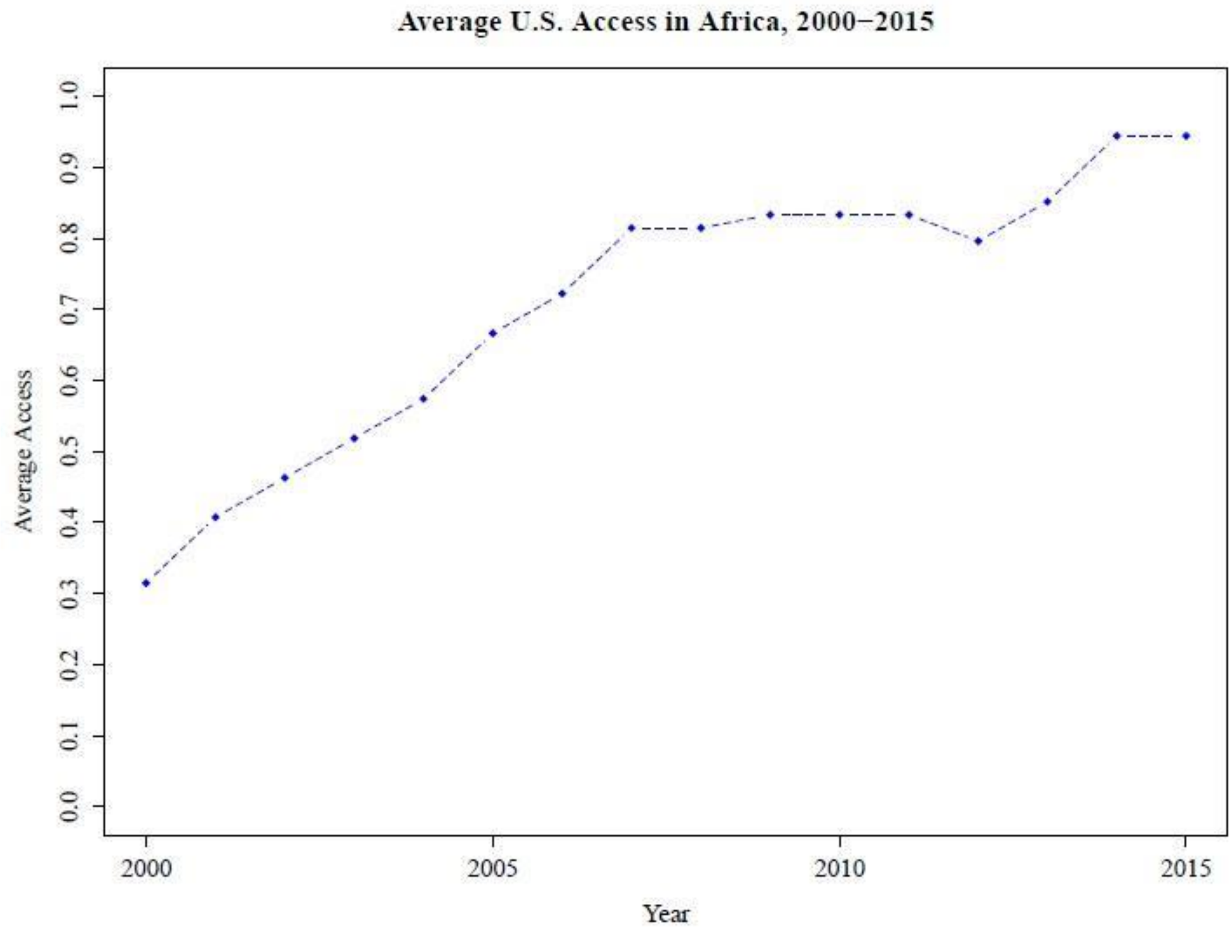

Figure 3: Average annual U.S. military access in Africa, 2000-2015.

Dependent Variable

Our dependent variable is a composite measure of U.S. foreign aid and government procurement in each country in a given year. As described above, our procurement data come from FPDS-NG. While we would like to know the precise distribution of benefits, the Federal Acquisition Regulations limit the government's ability to stipulate how prime contractors subcontract for the goods or services they provide.[84] The government can request informally that prime contractors use local vendors, but subcontractor information is not captured in FPDS-

[84] "Postaward Orientation," Title 48, *CFR*, Pt. 42, Subpt. 42.5 (2018).

NG.[85] Thus we use the contract place of performance as a rough but acceptable proxy. 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.[86] Our data on U.S. foreign aid include both economic and military assistance—almost $65 billion in total between 2000 and 2015—and come from the Security Assistance Monitor.[87] We sum the total value of U.S. spending and aid (in constant 2000 U.S. dollars) by country-year and take the natural logarithm to create our composite measure of compensation.

Independent Variables

Because we want to measure the conditional effects of access on spending—as opposed to the relationship between access and spending itself—we interact our measures of access with our competition and need variables.[88]

To evaluate how costs change with the introduction of demand-side competition (H1a), we create an ordinal variable to capture the influence of France, which has since the end of the Cold War played the most active military role in Africa of any great power.[89] France maintains 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 French colony, and 0 otherwise.[90]

Next, to test the effects of supply-side competition (H1b), we use two measures of U.S. outside options. The first is the average quality of airport infrastructure in each country's

85 This means that the data could show a US firm as contract recipient when in reality the spending is going into the local economy.
86 Defense spending more than tripled from 2007 to 2015, increasing from $110 million to $360 million.
87 Security Assistance Monitor. Available at <http://securityassistance.org/>. Accessed 11 February 2016.
88 All covariates are lagged by one year unless otherwise specified.
89 Vallin 2015.
90 For additional details on how we code this variable, see Appendix A.

surrounding region.[91] Finding hosts with the capacity to support strategic and intra-theater lift is often crucial for military operations, and thus greater airport quality in nearby countries means that there are other viable options. Data on airport capacity come from the World Development Indicators' measure of annual air freight traffic through each country's airports.[92] Second, we use a variable that captures the average level of political stability in each country's surrounding region. By a similar logic as airport capacity, the United States is likely to value having access in politically stable countries, where its presence is unlikely to be subject to violent attacks or drastic change in regime. We measure political stability using data from the World Governance Indicators.

To test how the buyer's level of need affects the cost of access (H2a), we use four different measures of demand. First, we use the number of U.S. military operations in the region. 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. Second, we use the quality of each country's airport infrastructure. Third, we use each country's level of political stability. Fourth, we include a dummy variable that is coded as 1 for countries bordering the Red Sea or on the Horn of Africa: Djibouti, Eritrea, Somalia, and Sudan. These countries are historically valuable due to their proximity to the major shipping lanes connecting the Mediterranean Sea to the Indian Ocean. More recently, this region is also a focal point for U.S. counterterrorism and counter-piracy operations.

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

[92] Data availability for this variable is quite spotty. Data are widely available for about 80% of African countries only in the years 2000-2001 and 2011-2014, and are not available at all in 2002-2004. Data are available for roughly 50% of country-years between 2005-2010. Moreover, this measure could be endogenous both to U.S. access and to U.S. spending, as a U.S. military presence and an influx of American spending could lead to increases in air traffic. As such, we only use each country's measure of air freight in 2000—the beginning of our dataset, and a year in which we have data on most African countries' air traffic. Within countries, air freight traffic is fairly consistent over time; regressing each country's 2014 value on its 2000 value yields an R-squared of 0.42 and a coefficient of 0.905.

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

Finally, we use two measures of seller need (H2b). The first is logarithmized GDP per capita.[94] Since the United States uses economic compensation for access, we expect that wealthier suppliers will have less need for economic inducements and thus be able to drive a harder bargain. The second is whether the country is a major oil producer.[95] We would expect countries that can rely on oil exports to have less need for revenue in the form of U.S. compensation.

Control Variables

We include a number of economic and political control variables in all of our models in order to mitigate the potential for omitted variable bias. The first variables are population and GDP per capita (both logarithmized), in order to account for both market size and economic development. Second, we include two political variables: the composite Polity score, which captures states' regime type, as well as political stability, defined as the likelihood of violence or instability.[96] (Note that GDP per capita and political stability, when interacted with access, are also independent variables of interest.) Finally, 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.

Results

The bivariate relationship between access and spending is presented in Table 1 below. As

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[94] GDP per capita data are in 2000 constant U.S. dollars and come from the World Development Indicators.
[95] Ross 2012.
[96] On the Polity score, see Monty G. Marshall and Keith Jaggers, *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 Jaggers, "POLITY IV PROJECT: Political Regime Characteristics and Transitions, 1800-2015: Dataset Users' Manual," (Center for Systemic Peace, 2016).

the table shows, there is a strong, positive relationship between access and spending—hosting a U.S. military facility correlates to a 624 percent increase in compensation without any control variables. However, our primary interest is not in the relationship between access and spending; rather, we want to see how this relationship varies at given levels of competition and need. We present our main results, including interaction terms and control variables, in Tables 2 and 3.[97]

	(1) Compensation (log)	(2) Compensation (log)	(3) Compensation (log)
Base	1.979***	1.088***	0.817***
	(0.189)	(0.163)	(0.183)
Year FE	No	No	Yes
N	806	686	686
R^2	0.050	0.376	0.418

$^{+}p < 0.10$, $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$
Robust standard errors in parentheses.

Table 1: Bivariate relationship between military facilities and compensation. Note that controls and year fixed effects are omitted from Models 2 and 3.

Effects of Competition on the Cost of Access

First, we test the effects of outside options on compensation. Models 1-2 of Table 2 includes our regional airport capacity and regional stability interaction terms, respectively, as proxies for U.S. outside options. The coefficients on the interaction are negative, indicating that the United States compensates sellers more when it has fewer viable alternative suppliers—though the interaction term does not quite reach statistical significance for regional airport capacity. Model 3, in turn, shows that buyer competition drives up the price of access. Specifically, the United States compensates suppliers with ties to France a great deal more.

97 Summary statistics are in Table A3 and a correlation matrix between our independent variables is in Table A4 in Appendix B.

	(1) Compensation (log)	(2) Compensation (log)	(3) Compensation (log)
Base	0.856	4.322***	0.240
	(0.821)	(0.879)	(0.193)
Population (log)	0.766***	0.981***	0.993***
	(0.062)	(0.074)	(0.079)
GDPpc (log)	-0.350***	-0.204*	-0.217*
	(0.092)	(0.093)	(0.095)
Polity	0.071***	0.089***	0.073***
	(0.018)	(0.018)	(0.016)
Stability	-0.009	0.190*	0.132
	(0.098)	(0.087)	(0.087)
Regional air capacity (log)	-0.162		
	(0.272)		
Base * Regional air capacity (log)	-0.498		
	(0.445)		
Regional stability		-0.340+	
		(0.179)	
Base * Regional stability		-1.497***	
		(0.332)	
French influence			-0.285+
			(0.168)
Base * French influence			0.880***
			(0.245)
Constant	6.114***	1.619	0.897
	(1.548)	(1.643)	(1.609)
Year FE	Yes	Yes	Yes
N	487	686	686
R^2	0.466	0.433	0.426

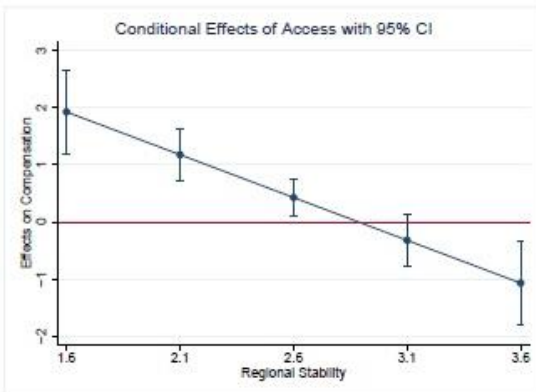
$^{+}p < 0.10$, $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$
Robust standard errors in parentheses.

Table 2: Results showing the relationship between buyer and seller competition and compensation.

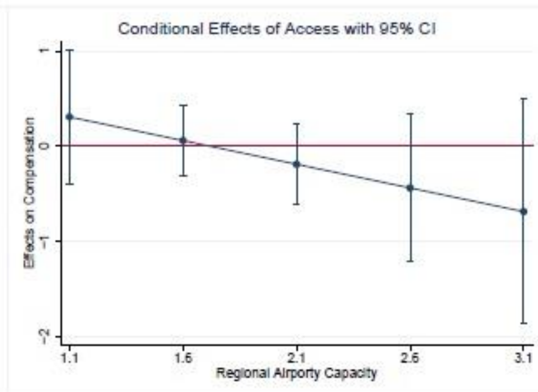
Although the interaction terms in Table 2 allow us to see the direction of the effects, interpreting the magnitude of effects using continuous interaction terms is difficult. As a result, in Figure 4 we report the marginal effects for our interactions, which tell us how the cost of access changes at different levels of our other independent variables.[98] These effects show that the presence of a U.S. military facility has a stronger and substantively larger effect on compensation when regional stability is lower and French influence is higher, while the effect is statistically insignificant and around zero at low levels of French influence and high levels of

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

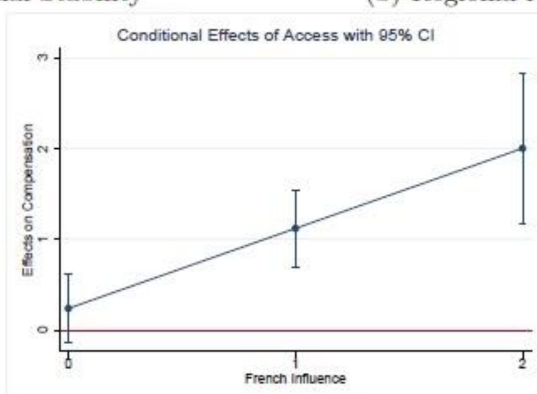
regional stability. Similarly, although the confidence intervals overlap when regional airport capacity is the moderating variable, the direction of the trend is consistent with our expectations, with lower levels of regional airport capacity—and thus fewer viable alternative options—being associated with more compensation.



(a) Regional Stability



(b) Regional Airport Capacity



(c) French influence

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

Effects of Need on the Cost of Access

Second, we investigate the effects of buyer and seller need (H2a and H2b) in Table 3. Models 1-4 focus on buyer need, while Models 5 and 6 focus on seller need. The findings provide support for H2a and H2b, which are robust to alternative ways of measuring both U.S.

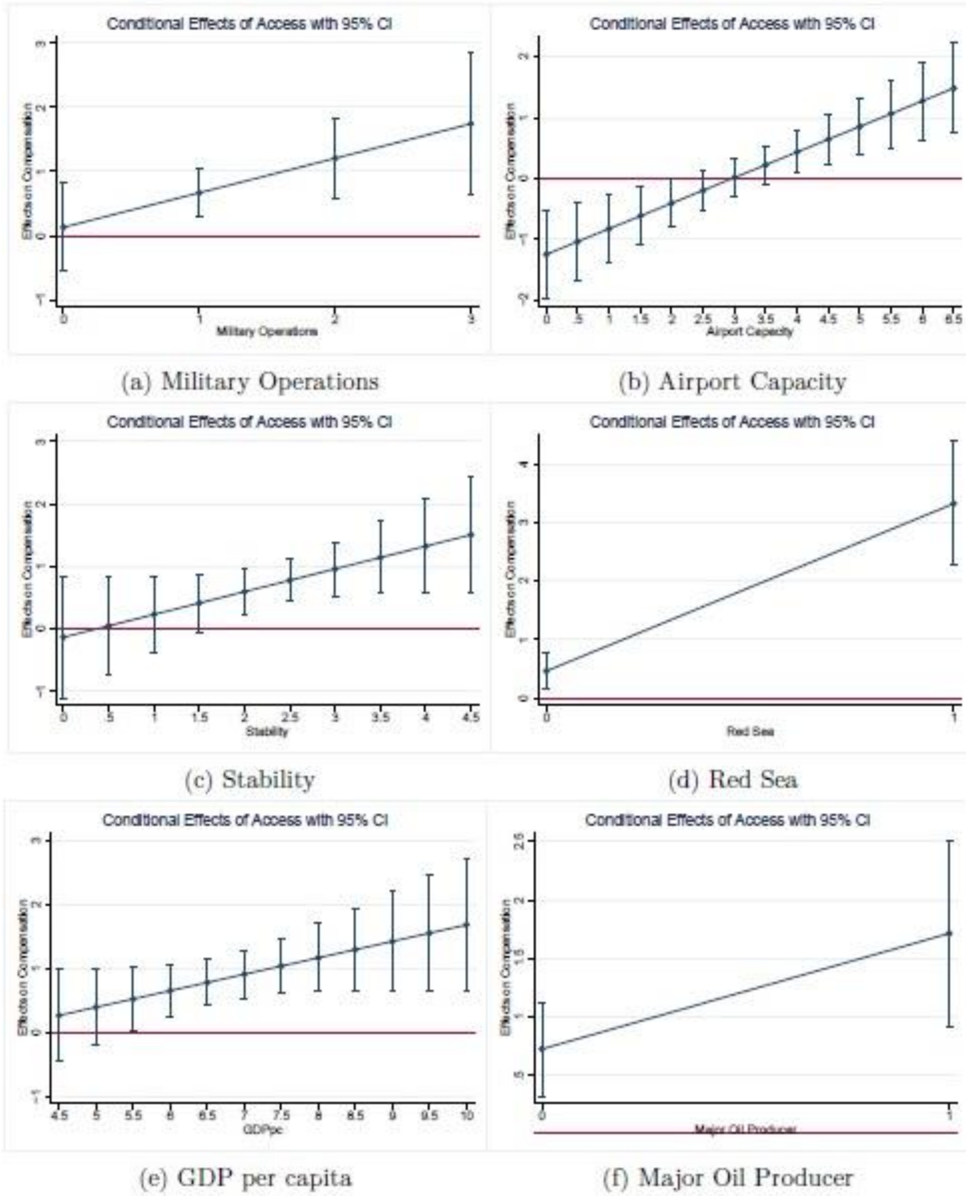
and seller need. The United States provides more compensation to suppliers that are politically stable, have high levels of airport capacity, are on the Red Sea, or are in regions where it conducts more military operations. The United States also provides more compensation to suppliers which can more easily forego its compensation; namely, it spends more and provides more aid to base hosts that are wealthier (measured in GDP per capita) or are major oil producers. Notably, these are the opposite effects that one might expect if the United States was providing aid or spending purely based on recipient need. If that were the case, we might expect to see wealthier and oil-producing hosts receive less compensation—and indeed, the coefficients on the single terms are negative, suggesting that the United States does provide less aid and spending to such countries *unless it has a base there*. Likewise, if the United States only directed its spending for the purposes of sustaining and building up its facilities, rather than for the purposes of compensating sellers, we would expect to see less investment in countries where the airports already have high capacity.

	(1) Compensation (log)	(2) Compensation (log)	(3) Compensation (log)	(4) Compensation (log)	(5) Compensation (log)	(6) Compensation (log)
Base	0.130	-1.253***	0.460**	-0.131	-0.898	0.724***
	(0.349)	(0.371)	(0.152)	(0.494)	(1.007)	(0.205)
Population (log)	0.968***	0.733***	1.062***	0.983***	0.972***	1.020***
	(0.076)	(0.082)	(0.076)	(0.077)	(0.076)	(0.074)
GDPpc (log)	-0.209*	-0.391**	-0.196*	-0.212*	-0.240*	-0.021
	(0.094)	(0.130)	(0.094)	(0.094)	(0.103)	(0.093)
Polity	0.070***	0.074***	0.079***	0.071***	0.070***	0.061***
	(0.017)	(0.017)	(0.016)	(0.016)	(0.016)	(0.015)
Stability	0.160+	-0.047	0.194*	0.126	0.160+	0.062
	(0.087)	(0.097)	(0.090)	(0.090)	(0.088)	(0.093)
US operations	0.034					
	(0.143)					
Base * US operations	0.539+					
	(0.278)					
Air freight (log)		0.039				
		(0.081)				
Base * Air freight (log)		0.421***				
		(0.104)				
Red Sea			0.803			
			(0.489)			
Base * Red Sea			2.873***			
			(0.562)			
Base * Stability				0.364+		
				(0.201)		
Base * GDPpc (log)					0.257+	
					(0.149)	
Major oil producer						-1.297***
						(0.356)
Base * Major oil producer						0.990*
						(0.464)
Constant	1.037	6.605***	-0.659	0.910	1.168	-0.529
	(1.541)	(1.724)	(1.548)	(1.551)	(1.562)	(1.469)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	686	487	686	686	686	686
R^2	0.421	0.469	0.446	0.420	0.419	0.436

$^{+} p < 0.10$, $^{*} p < 0.05$, $^{**} p < 0.01$, $^{***} p < 0.001$
Robust standard errors in parentheses.

Table 3: Results showing the relationship between buyer and seller need and compensation.

We present marginal effects for buyer and seller need in Figure 5. The results here strongly support H2a and H2b. Higher levels of U.S. need—whether measured as the number of military operations, the seller's airport capacity or political stability, or whether the seller is on the Red Sea—are associated with greater compensation. At the same time, higher levels of host need are associated with lower compensation.



(a) Military Operations (b) Airport Capacity

(c) Stability (d) Red Sea

(e) GDP per capita (f) Major Oil Producer

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

Robustness Checks

We subject our main results to numerous robustness checks. First, we limit our analysis to a sample of country-years that only includes the 2005-2015 period. The Global Defense Posture Review that shifted U.S. basing priorities away from large, permanent bases and toward a flexible basing approach focused on smaller contingency locations, and which preceded a massive expansion of U.S. presence in Africa and the creation of AFRICOM, only occurred in 2004. Thus we would expect the market logic described by our theory to most readily apply to this period. 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.

Finally, we add control variables to the baseline models to account for alternative explanations: namely, postwar stabilization and democratic transitions. As discussed above, promoting reconstruction and development, especially after violent conflict, is an historically common goal of U.S. spending and aid. We already control for economic development, but as a further robustness check we also include a dummy variable indicating if the seller emerged from a civil war in the previous five years.[99] Additionally, domestic-level theories of base politics argue that states undergoing democratic transitions can more easily leverage the threat of eviction to extract increased compensation. Thus, we add to our models both a dummy variable indicating whether the state underwent a democratic transition in the previous five years[100] as well as an interaction between this dummy variable and our measure of U.S. access. The results, reported in Appendix C, show that our findings hold up when subjected to these tests.

Treaties as the Measure of Access

Our primary measure of access is a measure of U.S. facilities, created by coding the contents of U.S. contract descriptions. As a further check on the robustness of our results, however, we replicate the main results from Tables 2 and 3 by using access-related treaties as

99 Civil war data are obtained from the UCDP/PRIO Armed Conflict Dataset. See Gleditsch et al. 2002 and Themnér and Wallensteen 2014.

100 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.

our measure for access rather than facilities. We present the results in Appendix D. The coefficients on the interactions with military operations, airport capacity, and stability no longer quite reach statistical significance, but in all other cases the direction and statistical significance of the effects remain consistent with those of our primary results.

Case Study: The Market for Access in Djibouti

To complement our statistical findings, we process-trace the hypothesized mechanisms within a case study of U.S. bargaining for military access in Djibouti from 2001 to present.[101] We select Djibouti because it is characterized by extreme values on many of our explanatory variables—U.S. need, limited outside options, and plentiful buyer competition—during the period of analysis, which helps to highlight the mechanisms at work.[102]

Djibouti is an ideal-type location for a market to emerge. 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. Less than 25 miles from Yemen across the Bab el-Mandeb strait, Djibouti's geostrategic location provides a vantage point for launching military operations as well as protecting trade flows through the Red Sea. When counterterrorism operations in the aftermath of September 11 drew the United States into the region seeking access, it had no enduring relationships on which to draw. Crises and instability in the Horn of Africa reduced options for access, even as the United States found itself urgently needing it.

In short, Djibouti had high asset specificity—a strategically located, stable country with recently developed air and sea ports[103]—and a growing number of interested buyers, some

[101] On process tracing, see Bennett and Checkel 2015.
[102] See George and Bennett 2005, 28–32, on selecting cases with "extreme" values on the independent variables.
[103] Over the past two decades, Djibouti has undergone major expansions to its ports, fuel processing terminals, and

seeking military access, others seeking economic and political influence. Once dubbed the "eye of the cyclone" for its status as the only stable country in the region,[104] Djibouti quickly emerged as an "unlikely epicenter of 21st century geopolitics."[105] Under such conditions, our theory predicts competitive bidding and high costs of access. Below, we examine evidence from the bargaining process in Djibouti in two distinct phases: (1) initial negotiation, when competition was lower, and (2) renegotiation, when competition was higher.

Initial Search and Bargaining

United States defense officials arrived in the Horn of Africa soon after September 11, seeking a location from which to project power into the Middle East and nearby sanctuaries for terrorist groups.[106] Their need was high, but options were limited. The Ethiopian regime, implicated in human rights abuses, had just ended a war with Eritrea; the U.S.-Eritrean relationship was disintegrating; and Somalia was a failed state. Defense officials initially saw Eritrea's Dahlak Islands as an ideal location, but interagency disagreement and diplomatic tension with Ethiopia foreclosed the option;[107] only Djibouti emerged as a viable candidate. Despite historical reluctance to share access,[108] France, which provides Djibouti with a security guarantee and has troops there, was accommodating in the post-September 11 environment.[109]

The first U.S. troops arrived to Camp Lemonnier, a French camp returned to Djiboutian

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railway. See Styan 2013.

104 U.S. Senate 1992, 23-37.

105 "Djibouti is Hot: How a Forgotten Sandlot of a Country Became a Hub of International Power Games," *Bloomberg Businessweek*, 23 March 2016. Available at <https://www.bloomberg.com/features/2016-djibouti/>. Accessed 20 June 2017.

106 Interview by author with former DoD official, Washington, D.C., 27 June 2017.

107 Ibid.

108 For example, see 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), 7.

109 Interview by author with former DOD official, Washington, D.C., 27 June 2017, and interview by authors with State Department official, 12 October 2017.

control, in June 2003. Abandoned and looted, it was being used to raise goats.[110] By 2015, Lemonnier would house around 4,500 U.S. military personnel and serve as a central logistics hub for operations in East Africa and the Arabian Peninsula. Nearby, Chebelley Airfield would serve as a launch point for intelligence, reconnaissance, and surveillance missions. In exchange for access, the United States negotiated its first deal with Djibouti in 2003—a five-year lease worth $38 million a year and a large aid package.[111]

What factors determined where the initial price was set? On the buyer's side, U.S. need was high and its outside options limited, making it vulnerable to seller demands. Still, it did not yet face much competition from other actors. On the seller's side, Djibouti faced few security threats—a 2001 power-sharing settlement had ended its civil war and Somalia's collapse had decreased its external vulnerability. But Djibouti had dire economic needs and President Ismail Guelleh was leery of French intentions towards his regime.[112] This mix of high buyer need and low seller outside options yields mixed predictions for bargaining outcomes. In the end, Guelleh made the fewest missteps and secured a better deal than he had initially even requested.[113]

Competition and Renegotiation

As multiple buyers began to seek military access and influence, a competitive market emerged in Djibouti. Other consumers of military access included France, which has around

[110] *American Forces Press Service*, 11 December 2002.
Available at <http://archive.defense.gov/news/newsarticle.aspx?id=42401>. Accessed 20 June 2017.
[111] Brass 2008, 526.
[112] Djibouti's GDP was just $3.6 billion in 2017. The estimated unemployment rate of 60% is one of the highest in the world and a quarter of the population lives in extreme poverty. See the CIA World Factbook, "Djibouti," available at <https://www.cia.gov/library/publications/the-world-factbook/geos/dj.html>. Accessed 17 June 2018.
[113] The U.S. negotiating team failed to coordinate effectively with the French and declined an offer to purchase Camp Lemonnier outright, instead offering a lease at a *higher* price than Guelleh had requested. Interview by author with former DoD official, Washington, D.C., 27 June 2017; interview by authors with State Department official, Washington, D.C., 12 October 2017. In the meantime, Guelleh reportedly 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 economic aid. See Bollee 2003, 483–484.

1,400 troops there, and Japan, which in 2011 opened its first overseas base since 1945.[114] Germany, Spain, and Italy had a military presence there and Djibouti's port served as an operational base for the European Union's counter-piracy mission, EUNAVOR Atalanta.[115] In 2016, Saudi Arabia announced plans to establish its first foreign base in Djibouti.[116]

In 2015, Djibouti "blindsided" the United States by announcing an agreement to lease a naval base to China, roughly four miles from Camp Lemonnier.[117] Construction began in April 2016 and the base formally opened in August 2017 on the day commemorating the 90th birthday of the People's Liberation Army.[118] The 10-year lease deal, worth $100 million,[119] made Djibouti the first country to host both U.S. and Chinese bases. Russia has sought its own base in Djibouti and, more recently, to share the Chinese facility.[120] When Russia began negotiating with Djibouti for military access in 2012, the U.S. national security advisor went to Djibouti in person to prevent the deal.

Our theory predicts that these conditions form an ideal seller's market. Buyer need remained high, but now the United States also faced competition in the form of other buyers funneling cash and lucrative investment deals into Djibouti. Indeed, Djibouti extracted huge sums of compensation. 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

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114 Japan has paid $30 million a year in rents for its facility. See Styan 2013 and Kelly 2015.
115 Styan 2013.
116 *Bloomberg Businessweek*, 23 March 2016.
117 *The New York Times*, 25 February 2017. Available at <https://nyti.ms/2lHemYf>. Accessed 20 June 2017.
118 "Xi urges troops at China's first overseas base to help promote peace and boost country's image," *South China Morning Post*, 4 November 2017. Available at <http://www.scmp.com/news/china/diplomacy-defence/article/2118400/xi-urges-troops-chinas-first-overseas-base-help-promote>. Accessed 14 June 2018.
119 *The New York Times*, 25 February 2017.
120 "Russia's Inroads in Africa," *NPR Weekend Edition Saturday,* 7 April 2018. Available at <https://www.npr.org/2018/04/07/600482806/russias-inroads-in-africa>. Accessed 14 June 2018.

upgrades.[121]Economic aid to Djibouti shot to $1.3 billion between 2001 and 2015, nearly double the amount of all previous U.S. aid; military aid over this period amounted to $61 million—a more than 400 percent increase over Cold War and post-Cold War aid.[122] Patterns of commercial spending likewise show the effects of competition. Chinese aid in the form of commercially directed OOF is much higher than American aid—$111 million versus $35 million between 2010 and 2013.[123] China has invested in numerous development projects, including a natural gas project and building a free-trade zone,[124] while billions in Chinese loans to the Djiboutian government reportedly amount to 60 percent of its GDP.[125] While the United States does not have a direct equivalent to China's OOF, it also has leveraged its procurement power to distribute economic benefits to the local population. According to our data, the United States—the third largest employer in Djibouti[126]—has spent an annual average of over $220 million in contracts with a place of performance in Djibouti since 2008. In 2015, concerned that the "United States should take definitive steps to maintain its basing access,"[127] Congress passed legislation granting the DOD authority to contract directly with Djiboutian companies in support of base operations.[128]

Alternative Arguments

[121] *The New York Times*, 25 February 2017.

[122] 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.

[123] U.S. and OECD aid figures are from OECD, available at <http://stats.oecd.org/qwids/>, accessed 20 June 2017. China aid are from AidData.

[124] *South China Morning Post*, 21 November 2017. Available at <http://www.scmp.com/news/china/diplomacy-defence/article/2120713/rail-and-airports-its-first-overseas-naval-base-china>. Accessed 14 June 2018.

[125] *The New York Times*, 25 February 2017.

[126] Kelly 2015.

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

[128] This solved a problem created by a US firm that had fired the local Djiboutian workforce in 2013 at the time of basing renegotiations, jeopardizing the deal. See *Stars and Stripes*, 10 July 2013. Available at <https://www.stripes.com/news/africa/workers-protesting-work-force-cuts-at-us-base-in-africa-1.229711>. Accessed 20 June 2017.

There is little evidence in support of alternative arguments that stress domestic politics as a determinant of access. The nature of the regime in Djibouti did not change, and Guelleh remained firmly in power. If anything, basing appears to have played a stabilizing effect by providing economic benefits. By 2015, Guelleh had the best of both worlds: private base rents paid directly to his Chase Manhattan bank account[129] and economic aid and jobs programs to keep an impoverished population quiescent. The shift in leverage to Djibouti with the increase in outside options is compatible with Cooley and Spruyt's argument about leverage accruing to the host over time, suggesting a complementary, but reversible, mechanism. Had U.S. need for Djibouti declined, or its options proliferated, our theory predicts that leverage would have shifted to the United States instead.

Conclusion

Bargaining for access occurs in potentially competitive markets. This article demonstrates that the material costs of access are a function of each side's need for the deal as well as the presence of alternative buyers or sellers. 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 competition on access in Africa—a contested region outside of any great power's backyard. Cross-national evidence shows that the more the United States needs access, and the fewer nearby options it has, the more compensation it provides. Conversely, the more sellers need U.S. presence, and the fewer alternatives they have for support, the less compensation they receive. Qualitative evidence from the Djibouti case provides further support for the hypothesized mechanisms.

[129] Interview by authors with State Department official, Washington, D.C., 12 October 2017.

This study adds to the literature on power projection by treating military access as the product of bargaining that follows a market logic of competition. More broadly, this suggests that the costs of maintaining primacy are influenced by third-party competition—even in a unipolar international system—and by the availability of viable access points. Whether these costs jeopardize U.S. primacy depends on what it is willing to pay relative to its competitors. Finally, we use a novel data set that sheds light on an important but neglected tool of economic statecraft: government procurement. These data should be of interest not only to scholars studying military access, but also to those studying foreign aid and other economic inducements.

Future work could build on our findings by examining additional factors that shape bargains over access. In particular, comparing access-suppliers that enjoy security guarantees with those that do not may shed light on the relative effectiveness of alliances and material rewards for obtaining access.Further research also could identify the conditions under which states obtain access in the first place. The conditions under which buyers gain access may be different than those under which they maintain it—a question that we have largely set aside here in favor of studying the determinants of compensation.

Finally, our argument has important implications for policy. Since the Cold War, U.S. military forces have operated primarily outside of theaters in Europe and northeast Asia where large garrisons accommodate forward-based troops. Since 2001, 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."[130] This flexible approach involves a light footprint and use of material compensation rather than security guarantees. Among the purported

130 DOD, "Strengthening U.S. Global Defense Posture," p. 2.

benefits of this approach is increased leverage vis-à-vis sellers,[131] but our theory suggests that flexible access is not an unmitigated good. Short-term access creates conditions for frequent renegotiation and encourages sellers to keep their own options open. Importantly, we find that the effect of outside options on the price of access varies by the number of alternatives in the region. This means that the United States is more likely to reap the benefits of flexible access when it also has viable options in neighboring countries.

Djibouti is the first place where both the United States and China have sought military access, but it is not the last. A 2017 DOD report concluded, “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.”[132] As other great powers search for overseas access, U.S. costs may rise due to increased demand. Costs may also rise if other powers provide economic or military incentives to target states in a bid to deny U.S. power projection capabilities.

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131 Pettyjohn 2012, 87-93.
132 DOD 2017, 5.

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