

CHAPTER EIGHT

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# American Business Leaders' Opposition to the Vietnam War

## SURVEY EVIDENCE

Why did businesses support or oppose war in more recent conflicts? Are the economic effects of conflict the only important factors in determining business war preferences? Or are there other important causes? Most of the evidence presented in this dissertation has focused on historically distant conflicts, namely World War I. Although there are good reasons for investigating historically distant wars, in particular to set a historical baseline which more recent conflicts can be compared against, it is also important to consider whether the underlying factors determining business war preferences have changed over time.<sup>1</sup> As well, it is important to consider whether additional factors besides the economic effects of conflict might also help determine business war preferences.

In this chapter I therefore re-examine survey data from a 1973 poll of American businessmen to see whether the economic effects of conflict that I identified as driving business war preferences in World War I were still relevant during the Vietnam War. This survey data is important in so far as it measures the war preferences of business leaders in a more modern context. It also captures business leaders' opinions about a range of other domestic policy issues, which the earlier survey data I analyzed did not. This allows me to test whether or not domestic political ideology also matters for determining business war preferences above and beyond the potential economic effects of conflict.

I find that a business's trade orientation remains a statistically significant predictor of business leaders' war preferences even after controlling for their domestic policy preferences. These results point to the enduring importance of economic factors like a business' trade orientation in determining business war preferences in modern interstate conflicts. I also find that

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<sup>1</sup> Stephen G. Brooks, "Economic Actors' Lobbying Influence on the Prospects for War and Peace." *International Organization* 67, no. 4 (2013): 863–88.

a business leader's domestic policy preferences are a statistically significant predictor of their war preferences, although the theoretical basis for this relationship requires further investigation.

Before further describing the data, research design, and my findings, though, I first provide a motivation for why it is important to consider domestic policy preferences as an alternate explanation for business war preferences above and beyond economic explanations such as trade orientation or conflict relevance. I also motivate looking at a more recent case of interstate conflict by discussing the potential for the causes of business war preferences to vary over time

### **8.1 Business Leaders' Domestic Policy Preferences: An Alternate Explanation**

It would be foolish to argue that a business' trade orientation and conflict relevance are the only factors that might determine their war preferences. The assumptions and assertions underpinning my additive theory of business war preferences are admittedly and intentionally quite simple. They therefore inevitably downplay or leave out entirely a number of other theoretically plausible alternate explanations for business war preferences. It's important to note, however, that my additive theory of business war preference isn't alone in this regard. All social science theories rely on simplified assumptions and assertions in order to help scholars make sense of the world. As Seva Gunitsky argues, this "instrumental approach" to parsimonious theory building "highlights certain features of the world in order to make sense of it."<sup>2</sup>

One clear alternate explanation for business war preferences that my additive theory of business war preferences excludes are a business leader's domestic policy preferences. Two of my four assumptions about businesses as political actors rule these out as being a theoretically relevant factor in my additive theory. First, my assumption that businesses are unitary actors implies that war preferences are inherent to a business as a whole, and therefore not driven by characteristics of an individual business leader like an owner or chief executive officer. Although I measured business war preferences in part based on business leaders' opinions, most explicitly in the previous chapter using a survey of American business leaders during World War I, these measurements were assumed to reflect the views of the business as a unitary actor, not the views of the individual leader themselves. Second, my assumption that businesses are primarily motivated by profit focused my additive theory of business war preferences on economic or material causes of business war preferences rather than normative or ideational causes like domestic policy preferences.

There are a number of clear theoretical reasons, however, for thinking that a business leader's domestic policy preferences might partially determine their war preferences. Namely, scholars studying foreign policy public opinion in the United States politics have long argued that individuals' foreign policy opinions are correlated with their domestic policy opinions.<sup>3</sup> Why this

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<sup>2</sup> Seva Gunitsky, "Rival Visions of Parsimony." *International Studies Quarterly* 63, no. 3 (2019): 710.

<sup>3</sup> E.g. Jon Hurwitz and Mark Peffley, "How Are Foreign Policy Attitudes Structured? A Hierarchical Model." *American Political Science Review* 81, no. 4 (December 1987): 1099–1120; Ole R. Holsti and James N. Rosenau, "The Domestic and Foreign Policy Beliefs of American Leaders." *Journal of Conflict Resolution* 32, no. 2 (June 1988): 248–94; Brian C. Rathbun, "Hierarchy and Community at Home and Abroad: Evidence of a Common Structure

correlation occurs is still contested, namely over whether an individual's domestic policy opinions directly lead to their foreign policy opinions, or whether both opinions are driven by the same underlying moral values, personal values, or other common cause.<sup>4</sup> Nevertheless, this research strongly suggests that it is important to consider individuals' domestic and foreign policy opinions simultaneously rather than in isolation.

This public opinion research also parallels two other important scholarly literatures regarding the beliefs and characteristics of leaders. First, an impressive literature in international relations argues that the characteristics of political leaders and elites matter for explaining variation in political outcomes.<sup>5</sup> Importantly, this literature argues that political leaders' policy ideas and other beliefs can play an important causal role in determining political outcomes in addition to their personal experiences and other biographical facts.<sup>6</sup> Second, there is a parallel literature in the strategic management literature which explains business and organizational behavior based on the beliefs and characteristics of individual business leaders.<sup>7</sup> Both of these literatures imply that it is important to differentiate between leaders and the organizations that they are in charge of, whether businesses or governments, when assessing the determinants of organizational behavior.

In this chapter I don't aim to advance a particular theory of why, how, or which domestic policy preferences might affect a business leaders' war preferences. Instead, I test a simple hypothesis that a business leader's domestic policy preferences "matter" for understanding—that is they are a statistically significant predictor of—a leader's war preferences.

**H7:** A business leader's domestic policy preferences will be a statistically significant predictor of their war preferences.

I note in the conclusion of this chapter, however, how the results of testing this hypothesis might lead towards new theories about the relationship between domestic policy preferences and foreign security policy preferences.

## 8.2 The Vietnam War and Temporal Validity

Why, though, might it be important to analyze American business leaders' war preferences in the Vietnam War? In the first place, the Vietnam War had underappreciated yet crucial economic effects on both American businesses, the long-term trajectory of American economic growth, and

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of Domestic and Foreign Policy Beliefs in American Elites." *Journal of Conflict Resolution* 51, no. 3 (June 2007): 379–407.

<sup>4</sup> Holsti and Rosenau, "The Domestic and Foreign Policy Beliefs of American Leaders"; Joshua D. Kertzer, Kathleen E. Powers, Brian C. Rathbun, and Ravi Iyer, "Moral Support: How Moral Values Shape Foreign Policy Attitudes." *Journal of Politics* 76, no. 3 (July 2014): 825–40; Brian C. Rathbun, Joshua D. Kertzer, Jason Reifler, Paul Goren, and Thomas J. Scotto, "Taking Foreign Policy Personally: Personal Values and Foreign Policy Attitudes." *International Studies Quarterly* 60, no. 1 (February 2016): 124–37.

<sup>5</sup> Daniel Krmaric, Stephen C. Nelson, and Andrew Roberts, "Studying Leaders and Elites: The Personal Biography Approach," *Annual Review of Political Science* 23 (2020): 133–151.

<sup>6</sup> James Ashley Morrison, "Shocking Intellectual Austerity: The Role of Ideas in the Demise of the Gold Standard in Britain." *International Organization* 70, no. 1 (Winter 2016): 175–207.

<sup>7</sup> e.g. Marianne Bertrand and Antoinette Schoar. "Managing with Style: The Effect of Managers on Firm Policies." *The Quarterly Journal of Economics* 118, no. 4 (November 1, 2003): 1169–1208; Ulrike Malmendier and Geoffrey Tate, "Behavioral CEOs: The Role of Managerial Overconfidence." *Journal of Economic Perspectives* 29, no. 4 (Fall 2015): 37–60.

the structure of the international monetary system. In particular, financial historians and political economy scholars generally acknowledge that heightened American defense spending due to the Vietnam War was a key factor that caused the United States to suspend the convertibility of U.S. dollars into gold in 1971, which destroyed the international monetary system based on the “gold-exchange standard” that had existed since the Bretton Woods conference in 1944.<sup>8</sup> This currency crisis in turn laid the foundation for the “stagflation” era of high unemployment, high inflation, and low economic growth in the United States throughout the 1970s.<sup>9</sup>

Beyond its historical importance, analyzing business war preferences during the Vietnam War can also help demonstrate the temporal validity, or lack thereof, of the empirical findings from my comparative case studies and survey analysis of American businesses during World War I. Even if those empirical findings are internally valid—that is they accurately identify which American businesses, and why, supported/opposed World War I—they might not matter much for our understanding of contemporary conflicts if we believe that modern shifts in the conduct of war, or domestic and international economies, mean that business war preferences are determined by factors other than a business’ trade orientation and conflict relevance in contemporary circumstances. Although a lack of temporal validity cannot falsify either trade preference theory or my additive theory of business war preferences, their usefulness decreases if the theories are only operative in a narrow set of historical circumstances.

We can assess the potential temporal validity of the empirical findings from my comparative case studies and survey analysis of American businesses during World War I two ways. First, we can think theoretically about temporal changes since World War I that might have diminished or eliminated the role of trade orientation and conflict relevance in determining business war preferences. Second, we can empirically test trade preference theory and my additive theory of business war preferences in more contemporary conflicts and see whether we observe a similar pattern of business war preferences as we did in the United States during World War I.

Stephen Brooks has adopted the first line of attack, criticizing trade preference theory’s temporal validity in contemporary interstate conflicts due to the changing nature of war and international trade. Specifically, Brooks argues that “At least among the advanced states... there are no longer any economic actors who will be favorable toward war and who will lobby the government with this preference.”<sup>10</sup> Directly challenging the logic of trade preference theory, which holds that domestic oriented businesses will support wars because wars protect them from foreign imports, Brooks notes that “war may not slow imports, especially for large states and/or states that fight limited wars.” Moreover, “there are also many other mechanisms for limiting

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<sup>8</sup> Barry Eichengreen, *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System*. New York: Oxford University Press, 2011.

<sup>9</sup> Leonard Dudley and Peter Passell, “The War in Vietnam and the United States Balance of Payments.” *The Review of Economics and Statistics* 50, no. 4 (1968): 437–42; Douglas R. Bohi, “War in Vietnam and United States Balance of Payments.” *The Review of Economics and Statistics* 51, no. 4 (1969): 471–74; Harold van B. Cleveland and Thomas F. Huertas, “Stagflation: How We Got into It, How to Get Out,” *Foreign Affairs* 58, No. 1 (Fall 1979): 103–120; Thomas Oatley, *The Political Economy of American Hegemony: Buildups, Booms, and Busts*. New York: Cambridge University Press, 2015.

<sup>10</sup> Brooks, “Economic Actors’ Lobbying Influence on the Prospects for War and Peace,” 867.

imports that are less costly, more likely to be effective, and face fewer political barriers to enact” than interstate wars.<sup>11</sup>

We can also imagine a number of other temporal shifts that might have altered the relationship that trade preference theory and my additive theory of business war preferences posit between trade orientation, conflict relevance, and business war preferences. In terms of economic shifts, the financialization of both the international and domestic economies, whereby businesses are more attuned to the availability of credit and financial flows than shocks to international shipping, may diminish the importance of trade orientation.<sup>12</sup> Similarly, the rise of the international services trade as opposed to the trade in goods has rearranged contemporary patterns of businesses’ trade policy preferences, which in turn may impact patterns of business war preferences.<sup>13</sup> Contemporary globalized supply chains, particularly those utilized by “superstar exporters,” have also caused intra-industry splits in trade policy preferences, calling into question whether it is appropriate to assume that all businesses in an industry share the same war preferences.<sup>14</sup>

The dynamics of contemporary interstate wars have furthermore changed in a number of important ways from “total wars” like World War I that might also limit the temporal validity of empirical findings from that particular conflict. First, there has arguably been a decrease in the number of interstate wars in recent decades, and those wars that do occur may not be large enough to sufficiently disrupt international trade, raise governmental demand, or decrease consumer demand so that businesses form preferences about them.<sup>15</sup> Lower-level interstate wars are explicitly outside of the scope of both trade preference theory and my additive theory of business war preferences, so if large-scale great power conflicts are unlikely to occur in the future then these theories will be only of historical interest.<sup>16</sup> Second, the way wars are conducted has changed, due in large part to the rise of precision strike and surveillance capabilities that allow for the accurate

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<sup>11</sup> Brooks, “Economic Actors’ Lobbying Influence on the Prospects for War and Peace,” 873.

<sup>12</sup> On the history of financialization see Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance*. Cambridge, MA: Harvard University Press, 2011; Samuel Knafo and Sahil Jai Dutta. “The Myth of the Shareholder Revolution and the Financialization of the Firm.” *Review of International Political Economy* 27, no. 3 (May 3, 2020): 476–99.

<sup>13</sup> William J. Drake and Kalypso Nicolaïdis, “Ideas, Interests, and Institutionalization: ‘Trade in Services’ and the Uruguay Round.” *International Organization* 46, no. 1 (1992): 37–100; Kerry A. Chase, “Moving Hollywood Abroad: Divided Labor Markets and the New Politics of Trade in Services.” *International Organization* 62, no. 4 (October 2008): 653–87; Erica Owen and Noel P. Johnston. “Occupation and the Political Economy of Trade: Job Routineness, Offshorability, and Protectionist Sentiment.” *International Organization* 71, no. 4 (Fall 2017): 665–99.

<sup>14</sup> Iain Osgood, “Globalizing the Supply Chain: Firm and Industrial Support for US Trade Agreements.” *International Organization* 72, no. 2 (2018): 455–84; In Song Kim and Iain Osgood, “Firms in Trade and Trade Politics.” *Annual Review of Political Science* 22, no. 1 (2019): 399–417.

<sup>15</sup> This argument was popularized by Stephen Pinker, *The Better Angels of Our Nature: Why Violence Has Declined*. New York: Viking Books, 2011; and Joshua S. Goldstein, *Winning the War on War: The Decline of Armed Conflict Worldwide*. New York: Dutton, 2011. It has been heavily criticized in recent years, however, by political scientists. See Tanisha M. Faizal, “Dead Wrong? Battle Deaths, Military Medicine, and Exaggerated Reports of War’s Demise.” *International Security* 38, no. 1 (2014): 95–125; Bear F. Braumoeller, *Only the Dead: The Persistence of War in the Modern Age*. New York: Oxford University Press, 2019.

<sup>16</sup> A potential war between the United States and China seems, at the moment, the case most likely to falsify the prediction that great power conflicts are a thing of the past.

targeting and destruction of large unit formations.<sup>17</sup> Importantly, however, although these changes might mean different businesses have conflict relevance in a modern context versus those in the World War I-era they don't imply that the link between conflict relevance and business war preferences has diminished or shifted.

Although the preceding theoretical assertions about potential temporal shifts may profitably yield alternative theories of business war preferences, and testable hypotheses, they unfortunately remain untheorized. As such, empirical tests remain a better initial assessment of the temporal validity of trade preference theory and my additive theory of business war preferences. The following sections therefore lay out an approach for replicating the empirical findings of my World War I-era comparative case studies and survey analysis using survey data from the Vietnam War and a series of non-linear and linear regressions.

### 8.3 Data

As American involvement in the Vietnam War was winding down in the spring of 1973, Bruce Russett and Elizabeth Hanson of Yale University decided to survey American business leaders' policy opinions.<sup>18</sup> This survey comprised a series of questions about business leaders' foreign and domestic policy views, and was mailed to a random sample of vice presidents at Fortune 500 corporations and leading firms in the financial industry ( $n = 1059$ ). Russett and Hanson received 567 completed survey responses, for a response rate of 54%. Although they went to great lengths to anonymize the survey respondents, Russett and Hanson did include questions asking whether the respondent's business currently conducted or planned on conducting substantial international business. This helps with distinguishing respondents based on the trade orientation of their businesses even though they cannot be linked to individual firms or industries. Regrettably, although Russett and Hanson captured additional information on the firm that respondents belonged to, including whether the firm did substantial business with the U.S. Department of Defense, this documentation has been lost.<sup>19</sup> This means that I am unfortunately limited to only testing  $H_1$  from trade preference theory and  $H_7$  and cannot test the hypotheses from my additive theory of business war preferences ( $H_2 - H_5$ ). This is less of an issue, however, than it might seem given that most of the challenges to the temporal validity of existing theories of

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<sup>17</sup> Thomas G. Mahnken, "Weapons: The Growth & Spread of the Precision-Strike Regime." *Daedalus* 140, no. 3 (Summer 2011): 45–57; Massimiliano Gaetano Onorato, Kenneth Scheve, and David Stasavage, "Technology and the Era of the Mass Army." *The Journal of Economic History* 74, no. 2 (2014): 449–81; Olivier Schmitt, "Wartime Paradigms and the Future of Western Military Power." *International Affairs* 96, no. 2 (March 1, 2020): 401–18.

<sup>18</sup> For the complete survey documentation see Bruce M. Russett and Elizabeth C. Hanson, *Interest and Ideology: The Foreign Policy Beliefs of American Businessmen*. San Francisco, CA: W. H. Freeman and Company, 1975; the survey data is available online from the Inter-university Consortium for Political and Social Research (ICPSR), "Foreign Affairs Perspectives of United States Business and Military Elites, 1973" (ICPSR 7491), <https://www.icpsr.umich.edu/web/ICPSR/studies/7491>

<sup>19</sup> Russett and Hanson note that they "divided the firms into four subcategories"--"defense related" firms that made 10% or more of their sales through Department of Defense contracts, all other Fortune 500 businesses, banks, and other financial institutions--which was "coded on each questionnaire," Russett and Hanson, *Interest and Ideology*, 61. The only known data available from this effort is the data deposited at ICPSR, which doesn't contain these respondent-level classifications.

business war preferences center on trade orientation versus conflict relevance.<sup>20</sup> Should trade preference theory remain temporally valid in the Vietnam War-era, therefore, it raises the probability that my additive theory of business war preference is also temporally valid. As a reminder, **H<sub>1</sub>** from trade preference theory predicts that:

**H<sub>1</sub>**: Internationalist businesses will be more likely to oppose war than domestic-oriented businesses.

Importantly, although Russett and Hanson analyzed the foreign policy views of the business leaders in their sample, they didn't test specific hypotheses on the relationship between business leaders' domestic policy preferences, trade orientation, and war preferences. The closest that they come is analyzing the bivariate correlation between respondents' views on individual domestic policies and various foreign policy opinions. Here, however, they average together the correlation coefficients between an individual domestic policy and three separate foreign policy opinions: on the level of U.S defense spending, the effect of cut in defense spending on U.S. security, and the Vietnam War.<sup>21</sup> This approach not only makes it impossible to analyze a respondent's war preferences separately from their military spending preferences, but it also doesn't control for other demographic factors or domestic policy preferences that might partially determine a respondent's war preferences.

Russett and Hanson also conducted a number of regression analyses that predict respondents' foreign policy views based on a mixture of domestic policy opinions and measures of political ideology.<sup>22</sup> There are issues with this approach, however, that also make it inappropriate for testing the hypotheses I propose. First, it is unclear what model specifications Russett and Hanson estimated. They note that they introduced variables "into the regression equations with foreign policy preference as the dependent variables in each instance, using the technique of stepwise multiple regression," but do not provide a list of which independent variables were introduced and in what order. Second, they only report the regression coefficients and standard errors for independent variables that "made a statistically significant contribution to explaining a particular dependent variable."<sup>23</sup> It is impossible to conduct credible hypotheses tests without an understanding of what other variables are in these empirical models.

#### 8.4 Design

There are two main requirements for empirically testing these competing hypotheses. First, we need a method to assess potential differences in war preferences between various business leaders. Second, we need to measure a business leader's domestic policy preferences/political ideology in a comprehensive manner. Similar to the analysis in the preceding chapter, I utilize regression analysis and item response theory (IRT) scaling to fulfil these two requirements.

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<sup>20</sup> E.g. Brooks, "Economic Actors' Lobbying Influence on the Prospects for War and Peace."

<sup>21</sup> See Table 4.6 in Russett and Hanson, *Interest and Ideology*, 129.

<sup>22</sup> See Table 4.2 in Russett and Hanson, *Interest and Ideology*, 111-115.

<sup>23</sup> Russett and Hanson, *Interest and Ideology*, 110-111.

Specifically, I utilize a simple model specification to test the above hypotheses regarding the source of business war preferences. Namely, I predict business leader  $i$ 's opposition to war ( $Y_i$ ) as a function of whether they lead an internationalist business ( $X_{internationalist(i)}$ ) and their domestic policy preferences/ideology ( $X_{domesticpolicy(i)}$ ) and assessing the direction and statistical significance of the coefficient on international trade ( $\beta_1$ ) and political ideology ( $\beta_2$ ). The specification also includes a vector of additional control variables and their associated coefficients ( $\gamma_{(i)}$ ), and intercept ( $\beta_0$ ) and stochastic error ( $\varepsilon_i$ ) terms. The above hypotheses align to this model specification in the following way.  $H_1$  implies that  $\beta_1$  should be positive and statistically significant while  $H_7$  implies simply that  $\beta_2$  should be statistically significant.

$$(1) \quad Y_i = \beta_0 + \beta_1 X_{internationalist(i)} + \beta_2 X_{domesticpolicy(i)} + \gamma_{(i)} + \varepsilon_i$$

Credibly testing  $H_7$  adds an additional empirical wrinkle to this model specification. Namely, how should we comprehensively measure a business leader's domestic policy preferences? One approach would be to measure business leaders' preferences regarding a number of individual policies and including these as a vector of individual responses. Although certainly justifiable, this measurement approach aligns somewhat poorly to the predictions of  $H_7$ , which focuses on a business leader's holistic, rather than individual, policy preferences. Viewed in this light a business leader's domestic policy preferences or ideology are a single, latent continuous variable that can be more accurately measured based on the correlated responses to multiple individual policies rather than the considering these policy responses individually.

Political scientists increasingly use IRT scaling to measure these sorts of latent concepts across a number of issue areas, including the political orientation of states,<sup>24</sup> the strength of peace agreements,<sup>25</sup> and populism,<sup>26</sup> amongst many other areas. I discuss in the following section how I use a graded response IRT model in order to holistically measure a business leader's domestic policy preferences with the survey data I use to estimate my model specifications. I also discuss how I measure other key variables in my model.

### 8.5 Measurement of Key Variables and Results from IRT Model

Using the Russett and Hanson data, I measure a respondent's war preferences based on their answer to the question of whether they "personally think it was correct for the United States to send ground combat troops to Vietnam." I code a respondent as opposing the war (coded as 1) if they answer "no" and as supporting the war (coded as 0) if they answer "yes." For my initial

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<sup>24</sup> Shawn Treier and Simon Jackman, "Democracy as a Latent Variable." *American Journal of Political Science* 52, no. 1 (January 2008): 201–17.

<sup>25</sup> Rob Williams, Daniel J. Gustafson, Stephen E. Gent, and Mark J. C. Crescenzi, "A Latent Variable Approach to Measuring and Explaining Peace Agreement Strength." *Political Science Research and Methods* 9, no. 1 (2021): 89–105.

<sup>26</sup> Steven M. Van Hauwaert, Christian H Schimpf, and Flavio Azevedo. "The Measurement of Populist Attitudes: Testing Cross-National Scales Using Item Response Theory." *Politics* 40, no. 1 (February 1, 2020): 3–21.

models I drop all respondents that answer “don’t know,” but as I demonstrate in Appendix C my findings are robust to coding these individuals as either opposing or not opposing the war.

As a measure of trade orientation I code a respondent as being in an internationalist industry (coded as 1) if foreign business, excluding Canada, accounted for more than 25% of the respondent’s firm’s sales (or assets, if more appropriate). Otherwise I coded them as being in a domestic oriented business (coded as 0). In Appendix C, I note that my results are robust to an ordinal measure of trade orientation that differentiates between firms where foreign business accounts for more than 25%, between 10% and 25%, and less than 10% of sales or assets. I include all possible control variables captured in the survey, including a respondent’s age (a categorical variable with five categories), whether the respondent served in the armed forces (coded as 1) or not (coded as 0), and whether the respondent saw wartime service (coded as 1) or not (coded as 0). Table 8.1 reports descriptive statistics on these variables.

**Table 8.1: Descriptive Statistics on Russett and Hanson Survey Sample**

<u>Variable</u>	<u>Description</u>	<u>Type</u>	<u>Mean</u>	<u>Minimum</u>	<u>Maximum</u>
Opposition	War Preference (Opposition)	Binary	.587	0	1
Internationalist	Trade Orientation (Internationalist)	Binary	.175	0	1
Trade Orientation	Trade Orientation (Ordinal)	Ordinal	1.56	1	3
Age	Age	Ordinal	3.72	1	5
Veteran	Veteran	Binary	.735	0	1
Wartime Service	Wartime Service	Binary	.846	0	1

In order to test  $H_7$  I first construct a scaled measure of a respondent’s domestic policy preferences using an IRT model. I constructed this scale using responses from eight survey questions that asked respondents about their domestic policy preferences regarding civil rights and liberties, for instance their views on the legalization of marijuana, beliefs about communism, and support for police. An IRT model is an appropriate method for scaling these survey responses because it allows me to construct a composite measure of domestic policy preferences that accounts for the varying proportions of respondents that agree/disagree with various policy positions.<sup>27</sup>

<sup>27</sup> For more on the benefits of IRT models versus other scaling techniques see Li Cai, Kilchan Choi, Mark Hansen, and Lauren Harrell, “Item Response Theory.” *Annual Review of Statistics and Its Application* 3 (2016): 297–321.

I utilize an IRT model as opposed to a simple summated rating scale since summated rating scales implicitly assume that responses to scale items are independent from each other and should be weighted equally.<sup>28</sup> Neither of these assumptions seems justified when measuring political ideology. Not only will some scale items better correspond to a respondent's political ideology than others, implying different weights, but responses will likely correlate across different types of items. An IRT model, in contrast to a summated rating scale, calculates a business leader's ideology as a weighted average that accounts for variation between respondents and between individual questions. The question wordings and potential responses are reported in Table 8.2, with responses re-coded so that a higher response value indicates a more restrictive view of civil liberties.

**Table 8.2: Domestic Policy Preferences Scale Items**

<u>Question #</u>	<u>Question Wording</u>	<u>Response Coding</u>	<u>Mean Response</u>
7b	Do you think the internal threat of communism to United States security have increased, decreased, or remained the same over the last decade?	<ul style="list-style-type: none"> <li>● Decreased (1)</li> <li>● Remain the same (2)</li> <li>● Increased (3)</li> </ul>	1.73
15	Do you think poverty in the United States is now mainly due to cultural and psychological problems of the poor?	<ul style="list-style-type: none"> <li>● Disagree strongly (1)</li> <li>● Disagree with qualifications (2)</li> <li>● Agree with qualifications (3)</li> <li>● Agree strongly (4)</li> </ul>	3.08
16	Do you think differences in income between people in this country should be reduced?	<ul style="list-style-type: none"> <li>● Disagree strongly (4)</li> <li>● Disagree with qualifications (3)</li> <li>● Agree with qualifications (2)</li> <li>● Agree strongly (1)</li> </ul>	2.83
17	Do you think marijuana should be legalized?	<ul style="list-style-type: none"> <li>● Disagree strongly (4)</li> <li>● Disagree with qualifications (3)</li> </ul>	3.12

<sup>28</sup> Paul E. Spector, *Summated Rating Scale Construction*. Thousand Oaks, CA: Sage Publications, Inc., 1992.

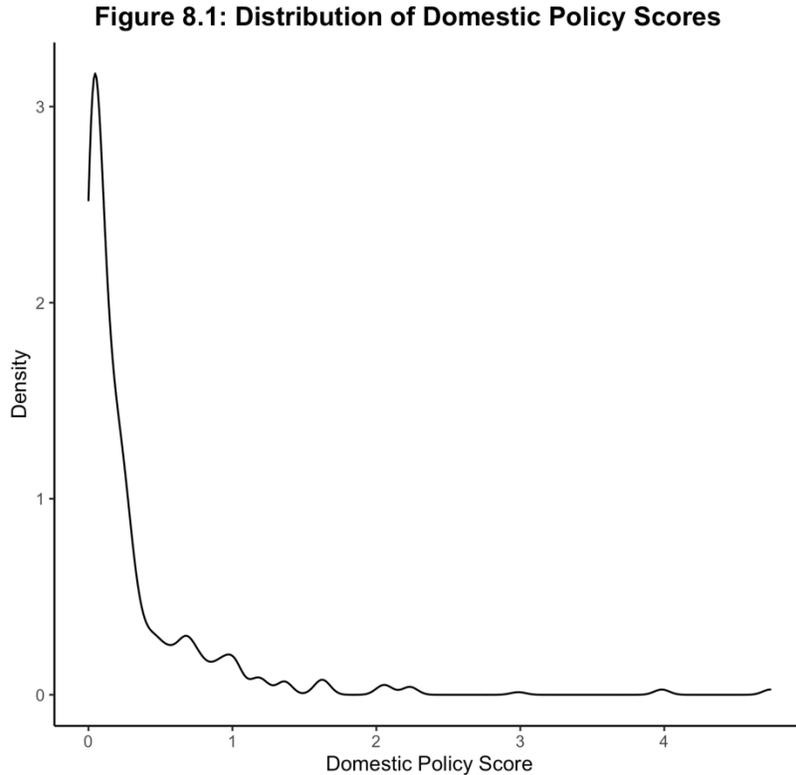
		<ul style="list-style-type: none"> <li>● Agree with qualifications (2)</li> <li>● Agree strongly (1)</li> </ul>	
18	Do you think Supreme Court decisions of the 1960's have imposed excessive restrictions on the police?	<ul style="list-style-type: none"> <li>● Disagree strongly (1)</li> <li>● Disagree with qualifications (2)</li> <li>● Agree with qualifications (3)</li> <li>● Agree strongly (4)</li> </ul>	3.32
19	Do you think the practices of the FBI and military intelligence in recent years pose a threat to civil liberties?	<ul style="list-style-type: none"> <li>● Disagree strongly (4)</li> <li>● Disagree with qualifications (3)</li> <li>● Agree with qualifications (2)</li> <li>● Agree strongly (1)</li> </ul>	2.89
20	Do you think the main cause of Negro riots in the cities is white racism?	<ul style="list-style-type: none"> <li>● Disagree strongly (4)</li> <li>● Disagree with qualifications (3)</li> <li>● Agree with qualifications (2)</li> <li>● Agree strongly (1)</li> </ul>	3.16
21	Do you think racial integration in the schools is proceeding too rapidly?	<ul style="list-style-type: none"> <li>● Disagree strongly (1)</li> <li>● Disagree with qualifications (2)</li> <li>● Agree with qualifications (3)</li> <li>● Agree strongly (4)</li> </ul>	2.45

I constructed my scaled measure of domestic policy preferences by fitting a graded response model (GRM) to these survey responses. I used a GRM as opposed to other types of IRT models since these survey questions are ordinal responses rather than dichotomous responses.<sup>29</sup> I then used the fitted model to generate factor scores that align to each unique pattern of responses to the eight questions comprising the scale. These factor scores represent the domestic policy preferences of an ideal type respondent with a particular pattern of responses. I then included

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<sup>29</sup> For a formal discussion of the graded response model see Cai et. al., “Item Response Theory.”

survey respondents' factor score as an additional predictor in my regression analysis. Figure 8.1 depicts the distribution of factor scores from the IRT model. The results of Kendall and Spearman tests indicate that the IRT model fits the underlying survey response data well. I present the results of these tests, as well as individual Item Response Category Characteristic Curves (IRCCCs), in Appendix C.



## 8.6 Results

I present the results from my regression analysis below in Table 8.3. I estimated my model specifications using both Ordinary Least Squares (OLS), which implies a linear probability model, and logistic regression.<sup>30</sup> I interpret the substantive results of the models using the OLS model and present the marginal effects of the logistic regression model in Appendix C. The positive and statistically significant coefficient ( $p < .05$ ) for trade orientation ( $\beta_1$ ) provides strong evidence for **H<sub>1</sub>**. Respondents with an internationalist trade orientation are 14.6% more likely to oppose the war than respondents in a domestic oriented industry. The coefficient on my scaled measure of domestic political ideology ( $\beta_2$ ) is negative and statistically significant, indicating that respondents who scored higher on the scale—that is had a more restrictive view of civil liberties—are less likely to oppose the war than respondents that had a less restrictive view of civil liberties. These results therefore also provide strong evidence for **H<sub>7</sub>**. Business leaders with a one standard

<sup>30</sup> Joshua D. Angrist and Jörn-Steffen Pischke, *Mostly Harmless Econometrics*. Princeton, NJ: Princeton University Press, 2009.

deviation more restrictive view of domestic civil rights and liberties were 6.2% less likely to oppose the Vietnam War. The theoretical basis of this association, however, requires further research.

**Table 8.3: Results**

	Opposition to War	
	<i>logistic</i>	<i>OLS</i>
	(1)	(2)
Internationalist	0.654** (0.043, 1.265)	0.146** (0.011, 0.281)
Domestic Policy	-0.525** (-0.970, -0.079)	-0.117** (-0.209, -0.025)
Age	-0.204 (-0.503, 0.095)	-0.048 (-0.119, 0.023)
Veteran	14.604 (-1,034.783, 1,063.991)	0.738 (-0.225, 1.701)
Wartime Service	0.441 (-0.169, 1.050)	0.104 (-0.041, 0.250)
CONSTANT	-13.824 (-1,063.212, 1,035.563)	-0.054 (-1.056, 0.949)
AIC	487.86	
McFadden	0.032	
<i>Observations</i>	362	362
<i>R-squared</i>		0.042
<i>Adjusted R-squared</i>		0.028
<i>Residual standard error</i>		0.487 (df = 356)

*Notes:*

\*\*\*p < .01; \*\*p < .05; \*p < .1

I report the results of a number of robustness checks in Appendix C, including models estimated without control variables, alternate coding of the dependent variable that includes participants who respond “don’t know” as opposing and not opposing the war, dropping respondents with outlier domestic policy preferences, and alternate coding of my independent variables including a three part ordinal-measure of trade orientation, a summated rating scale of domestic policy preferences, the survey responses from individual scale items, and dropping ideological outliers. The results of these robustness checks are either identical or consistent with the results presented in Table 8.3.

## 8.7 Discussion

Beyond providing important contextual evidence about American business leaders’ support and opposition to the Vietnam war, the empirical results in this article have broader significance for understanding business war preferences. First, they indicate that a business’s

economic circumstances, namely their trade orientation, remains an important factor for determining their business war preferences in modern interstate conflicts. Second, they demonstrate that business leaders' war preferences are not wholly separate from the preferences of the business itself.

The most important aspect of these findings for our understanding of business war preferences is the fact that a business's trade orientation still appears to be an important determinant of a business leader's war preferences in a more modern and less intense conflict than World War I. The positive, statistically coefficient for increasing trade orientation across the regression results cuts against existing theoretical critiques of the economic consequences perspective that hold few businesses will support, or not oppose, modern conflicts based on their trade orientation.<sup>31</sup> At the same time, however, it is important to not over-claim on the basis of these results. Not only do these model specifications lack a credible causal identification strategy, these results also provide no evidence for the hypothesized mechanism linking trade orientation and opposition to war: the prospect of disrupted international trade.<sup>32</sup>

These results also demonstrate that, although the characteristics of individual business leaders certainly matter for predicting their war preferences, the economic situation of their business also remains important. Ever since the early twentieth century research of Adolf Berle and Gardiner Means on the differing preferences of owners and managers, management scholars have pushed back against the notion that businesses can be treated as unitary actors.<sup>33</sup> As a result, however, boards of directors and owners have worked incredibly hard to minimize the gap between business leaders' preferences and that of the organization, primarily through the structure of leader compensation.<sup>34</sup> Based on the evidence presented above, as well as these theoretical insights, it would seem that treating businesses as unitary actors will yield an acceptable, if necessarily imperfect, understanding of business war preferences. The theoretical and empirical divergence between a business's war preferences and business leader's war preferences, though, nevertheless seems like a potentially important area for future research. In the following section I demonstrate how conceptualizing a business as a unitary or disaggregated actor can serve as a key starting point for a structured, forward-looking research agenda on business war preferences.

Finally, these results point the way towards a number of additional theoretical and empirical research areas beyond just the question of the differing war preferences of businesses and business leaders. First, and most importantly, the empirical finding that there is a statistically significant relationship between a business leader's domestic policy preferences and war preferences begs for a theoretical explanation. In addition to the theorizing the relationship between a business leader's preferences about the restriction of civil liberties and their war

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<sup>31</sup> Brooks, "Economic Actors' Lobbying Influence on the Prospects for War and Peace."

<sup>32</sup> Matthew Blackwell and Adam N. Glynn, "How to Make Causal Inferences with Time-Series Cross-Sectional Data under Selection on Observables." *American Political Science Review* 112, no. 4 (2018): 1067–82.

<sup>33</sup> Adolf A. Berle and Gardiner C. Means, *The Modern Corporation and Private Property*. New York: Macmillan, 1932.

<sup>34</sup> Alex Edmans and Xavier Gabaix, "Executive Compensation: A Modern Primer." *Journal of Economic Literature* 54, no. 4 (December 2016): 1232–87.

preferences there may be other domestic policy preferences that may theoretically related to war preferences such as a business leader's preferences regarding government spending in general, or role in regulatory policy.

Second, there may be other demographic or ideational determinants of business leaders besides domestic policy preferences that matter for determining their war preferences. Any number of factors, including a business leader's strategic rationality,<sup>35</sup> overconfidence,<sup>36</sup> past life experiences,<sup>37</sup> family situation,<sup>38</sup> and thrill seeking behavior,<sup>39</sup> amongst others, might all credibly be related to a business leader's war preferences. Alternatively, looking beyond a single leader and to the advisors around them, it might be that the collective experiences and beliefs of leaders matter for a business's war preferences above and beyond any individual characteristics.<sup>40</sup>

Third, although these empirical tests point to the continued relevance of economic factors in determining business war preferences in contemporary conflicts, that doesn't mean that recent changes in domestic or international economies have had no impact on business war preferences. Only by more fully theorizing the potential effects of financialization, the rise of the international services trade, and global supply/value chains on business war preferences, and conducting empirical tests of these theories, can we understand whether these factors are orthogonal to or correlated with the relationship between a business's trade orientation and war preferences. Finally, new alternative hypotheses on contemporary economic mechanisms or a range of demographic and ideational leader characteristics driving business war preferences will require empirical testing across a range of spatial and temporal cases. The limits of individual explanations for business war preferences can only be known with extensive empirical tests.

## 8.8 Conclusion

A common criticism of trade preference theory is that the theory lacks validity in modern conflicts due to changes in the structure of the international economy. Although a business's trade policy preferences may have been a historical determinant of their war preferences, this linkage may no longer hold in the modern era.<sup>41</sup> This chapter tempers this criticism through empirically evaluating a rare historical survey of American business leaders' war preferences during the Vietnam war. A business's trade orientation does appear to partially determine business leaders'

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<sup>35</sup> Brian C. Rathbun, Joshua D. Kertzer, and Mark Paradis, "Homo Diplomaticus: Mixed-Method Evidence of Variation in Strategic Rationality." *International Organization* 71, no. S1 (2017): S33–60.

<sup>36</sup> Malmendier and Tate, "Behavioral CEOs."

<sup>37</sup> Gennaro Bernile, Vineet Bhagwat, and P. Raghavendra Rau. "What Doesn't Kill You Will Only Make You More Risk-Loving: Early-Life Disasters and CEO Behavior." *The Journal of Finance* 72, no. 1 (2017): 167–206.

<sup>38</sup> Nikolai Roussanov and Pavel Savor, "Marriage and Managers' Attitudes to Risk." *Management Science* 60, no. 10 (July 2014): 2496–2508; Henrik Cronqvist and Frank Yu, "Shaped by Their Daughters: Executives, Female Socialization, and Corporate Social Responsibility." *Journal of Financial Economics* 126, no. 3 (December 2017): 543–62.

<sup>39</sup> Stephen Brown, Yan Lu, Sugata Ray, and Melvyn Teo, "Sensation Seeking and Hedge Funds." *The Journal of Finance* 73, no. 6 (2018): 2871–2914.

<sup>40</sup> Elizabeth N. Saunders, "No Substitute for Experience: Presidents, Advisers, and Information in Group Decision Making." *International Organization* 71, no. 1 (April 2017): 219–47.

<sup>41</sup> Brooks, "Economic Actors' Lobbying Influence on the Prospects for War and Peace."

war preferences in this conflict, implying that trade preference theory can help explain business war preferences during the Vietnam War and similar conflicts. This chapter has also investigated a separate criticism: that other factors, like a business leader's domestic policy preferences may also partially determine their war preferences, either alongside of or in place of their trade policy preferences.<sup>42</sup> It has demonstrated that a business leader's domestic policy preferences are also an important determinant of their war preferences, although this doesn't supplant the importance of a business's trade orientation. Both of these factors, however—the temporal validity of trade preference theory and alternate determinants of business war preferences—are worthy of further investigation, which I discuss further in the subsequent, concluding chapter of this dissertation.

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<sup>42</sup> David E. Broockman, Gregory Ferenstein, and Neil Malhotra, "Predispositions and the Political Behavior of American Economic Elites: Evidence from Technology Entrepreneurs." *American Journal of Political Science* 63, no. 1 (2019): 212–33.