6 Territory and war: state size and patterns of interstate conflict

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The average size of states within the international system expanded steadily during the nineteenth century, nearly doubling between 1816 and 1876, and then contracted over the twentieth century. In previous work, we found that two key characteristics of globalization, increasing economies of scale and economic openness, as well as regime type, were important explanations for this trend in average state size (Lake and O'Mahony 2004). The rise in territorial size during the nineteenth century was, in part, the product of a growing number of large, federal democracies made possible by increasing economies of scale, while economic liberalism allowed small, unitary democracies to prosper in the twentieth century.

In this chapter, we analyze how this trend in average state size affects interstate conflict. We predict that as average state size increased in the nineteenth century, larger national territories will become more valuable, leading to more interstate territorial disputes. Conversely, as average state size declined in the twentieth century, we expect interstate conflict to decline. Testing this hypothesis at both the systemic and the regional level, we find relatively strong support for this expectation in the pattern of interstate wars and in the issues underlying those conflicts.

We first summarize our earlier investigation into the patterns and causes of average state size since 1815. The second section section develops our theory of average state size and conflict, and the third section reviews the empirical evidence. In the fourth section, we examine changes in the issues that led to interstate war. In the Conclusion, we reflect on how our findings support a recurrent theme in this volume, specifically, that states and individuals have only an instrumental attachment to territory.

State size

As Figure 6.1 demonstrates, the average size of states increased dramatically over the nineteenth century, reached a plateau between 1876 and

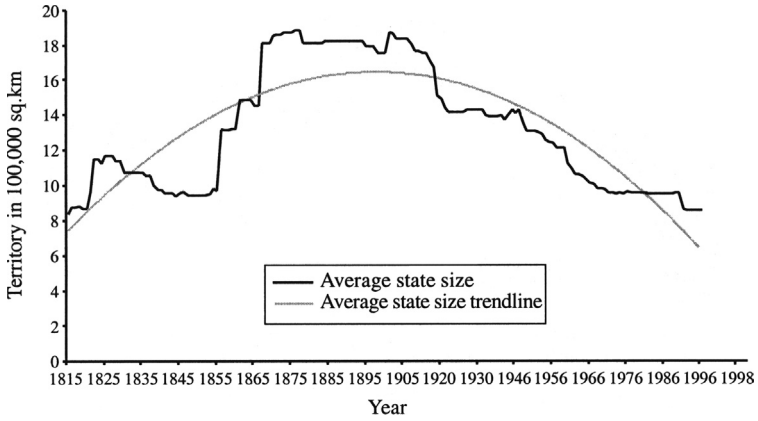

Figure 6.1. Average state size, 1815–1998.

1901, and then began an equally dramatic decline over the twentieth century. Over the course of two centuries, the average state grew from 832,000 square kilometers to 1.9 million sq. kilometers, and then shrank back to 854,000 sq. kilometers. Moreover, state size has retained the same log-normal distribution around this evolving mean over time. The trend toward greater size in the nineteenth century and then smaller size in the twentieth century was broadly based. Elsewhere, we document that this trend is not just an artifact of data availability or states entering the system as new members (Lake and O'Mahony 2004). We are confident that the rise and then decline in average state size over the last two centuries is a real, if heretofore unappreciated, "fact."

There is no simple explanation for this trend. State size is, most likely, a product of many factors, subject to contingency and chance, and path dependent. Our focus in this chapter is on the consequences of this trend in average state size for interstate conflict. Nonetheless, our previous research suggests that economies of scale in governance, economic openness, and regime type combine in subtle ways to explain, at least in part, this trend. We briefly summarize our earlier results here.

Expansion

Over the nineteenth century, technology evolved rapidly in ways that greatly expanded the ability of governments to project coercive force and to provide services to citizens over distance. Steam power allowed both military and commercial shipping to travel faster over greater expanses

without regard for wind and enabled railroads to open up continental interiors, encouraging new areas of settlement while bringing goods to market at lower cost. The telegraph dramatically cut the time and expense of long-distance communication. These innovations, and many other less-celebrated improvements, not only led to the rise of nationally and, to a lesser extent, globally integrated markets and unprecedented levels of migration (O'Rourke and Williamson 2000), but they also allowed governments to exert power, enforce laws, and provide services at greater distances from their national capitals than ever before.

Governments responded to these new opportunities, especially in the latter half of the nineteenth century, in several ways. In one pattern, for which the United States and Russia are exemplars, states pursued continental expansion. Using the new technologies combined with the efficiencies of modern centralized administrative structures, they subjugated indigenous peoples and built massive but relatively integrated political units. On a smaller scale, perhaps because they faced other modern states on their peripheries rather than less developed and organized societies, Germany, Italy, and other powers unified their regions into national-states during this same period.

In a second pattern, states that faced very high costs of continental expansion, most notably Great Britain, built vast overseas empires. Our data on state size does not include colonial territories, but the history of Europe's overseas empires suggests a similar trend in territorial size, perhaps peaking a decade or two later. The mode of imperial expansion differed considerably by European state and peripheral region, but by the end of the nineteenth century nearly three-quarters of the globe was governed directly or indirectly by European countries – including several latecomers, famously Germany, that began to expand overseas only after they had consolidated their newly enlarged continental states. Both continental and imperial expansion appear to have a common root in the technological innovations that allowed states to reach further, faster, and deeper into more distant societies than at any time in the past.

Complementing but analytically distinct from the consequences of technological innovation was the spread of democratic and federal forms of government and the larger states they permitted. As we shall explain more fully in the theoretical section below, democracies are normally predicted to be and are, *ceteris paribus*, smaller than autocracies (Alesina and Spolaore 1997 and 2004). At the same time, democracies are also more likely to form federations than autocracies. Because they can allocate the provision of public services more efficiently across multiple levels of government, federal states will tend to be larger than unitary states. Where unitary democracies are small, federal democracies are

ceteris paribus among the very largest states in the system (Hiscox and Lake 2000).

In a third pattern of territorial enlargement common to the late nineteenth century, otherwise independent and smaller democracies voluntarily pursued federation (Rector 2003). This pattern is distinct from the technological changes noted above, as suggested by the early creation of the United States from thirteen independent colonies. At the same time, however, technological innovation appears to have been required for the larger pattern to take hold. Several early nineteenth-century attempts in Central or South America to emulate the federal model of the United States failed (Gran Colombia, 1819–30, and United Provinces of Central America, 1823–38). Only after the middle of the nineteenth century, once the costs of transport and communication began to fall more rapidly, did federations survive in significant numbers. Indeed, nearly all of the democratic federal states that endure today were formed in this period, including Switzerland (adopting its modern federal constitution in 1848), Canada (1867), Australia (de facto independent since the 1850s, federated only in 1901), and others. Although there is some variance in the size of federal democracies, as the case of Switzerland suggests, they are all larger than their constituent units (by definition) and, on average, large relative to other types of states in the international system.

Interestingly, trade does not appear to have played a major role in influencing state size in the nineteenth century. Theory suggests that economic openness and international exchange should lead to smaller states. As the importance of protected national markets declines, and that of open international markets expands, smaller political units can more readily prosper and, thus, are expected to secede and form new sovereign states comprised of more homogeneous populations (Alesina and Spolaore 1997 and 2004). This effect, however, is not manifested in the trend in average state size. When the first period of globalization "took off" after 1870, state size was near its zenith and no contraction occurred for three decades. Although globalization was, in part, a consequence of the same technological innovations that permitted continental and imperial expansion, it is possible that the effects of economic openness were simply overwhelmed by the larger and perhaps more direct impact of technology on the costs to states of projecting power. It is also possible that economic openness restrained further growth in average state size after 1870, but this is a counterfactual that is difficult to evaluate given the unique and complex causal relationships found in the late nineteenth century.

Contraction

In the twentieth century, technological innovation continued, further lowering the costs of projecting state power over distance. The costs of transoceanic shipping continued to decline with the advent of containerization in the 1960s and 1970s. Similarly, air transport of both people and goods dramatically increased in quantity and decreased in price, especially after World War II. Telephony and, later, the internet, combined to produce virtually instantaneous communications at close to zero cost (Hufbauer 1991). Yet, where technological innovations led to larger states in the nineteenth century, they do not appear to have had a similar effect in the twentieth. Just as trade's effects were apparently muted in the previous century, technology's impact on state size appears muffled today, with perhaps the exception of the growth of the European Union, similar to the rise of the large, democratic, and federal states of the late nineteenth century (Rector 2003). Rather, the decline in average state size over the last 100 years seems best explained as a function of idiosyncratic factors in the immediate aftermath of World War I, increasing international economic exchange, and an increasing number of (unitary) democracies.

V. I. Lenin (1939) famously described World War I as a competition between the most advanced – and capitalist – states for territory in the periphery of the world economy. Although capitalism, a relative constant, was undoubtedly not the cause of this conflagration, there is an element of truth to Lenin's characterization of the war as the culmination of a process of territorial competition – a competition that was reprised twenty years later. The net effect of the war, for our topic here, was to reallocate the territory of the decaying imperial states of the ancient regime, most notably the Austro-Hungarian and Ottoman Empires. Out of these imperial ashes rose a set of new and smaller states in the Balkans and Eastern Europe. Just as the war itself was one of the two last great gasps of the old system of continental and imperial expansion, the new states created after the war may have been the progenitors of the new system of smaller states. These new states may have been premised on expectations of renewed economic openness following the war – expectations that were, of course, quickly dashed by increased protectionism in all the major powers. They may also have been a product of President Woodrow Wilson's call for national self-determination, or a sign of the presence of many smaller and sometimes antagonistic ethnic groups in the region. The early cases in this turn in average state size are hard to explain. Yet, this new trend was not

limited to Europe. States everywhere had already started to become smaller on average after 1900; the trend merely accelerated after the war.

Over the twentieth century, two motors appear to have driven the move to smaller states. First, the world economy began a steady movement toward greater international economic openness after World War II. By the 1960s, levels of trade and overall economic interdependence, migration excepted, had returned to their pre-1913 highs and soon surpassed those levels in a new era of globalization. Theory predicts, and the evidence from the postwar period appears to support the hypothesis, that a world of increasing openness is more hospitable to smaller states. No longer dependent on their national markets, groups and regions are more willing to strike out "on their own" and assert their independence. This may be especially true for subnational regions in Europe that have been politically invigorated since the creation of the "single market" of the European Union.

Second, where the nineteenth century experienced growth in the number of federal democracies, which tend to be large, the twentieth century has seen several waves of progressive democratization in which the resulting unitary states tend to be relatively small. Indeed, the switch from federal to unitary democracies in the system is the only variable with sound theoretical foundations that actually correlates closely with actual state size over both the nineteenth and twentieth centuries. Technology explains the increase in state size in the nineteenth century, but not the decline in the twentieth; economic openness explains the contraction in state size in the twentieth century, but not the increase in the nineteenth. Regime type appears to be the best "proximate" explanation of state size. But just as federation may have emerged as a solution to increasing economies of scale in the first period, economic openness may interact with and, indeed, help sustain unitary democracies in a hostile international environment. Democracy helps promote the general interest in free trade over the particularistic interest in protection, and the prosperity engendered by economic openness may help bolster democracy. Regime type may be the best proximate cause, but it is itself a product of deeper causal forces.

In summary, our best estimate of the forces driving the amazing rise and decline in average state size over the last two centuries looks to be a combination of technological change and federation to explain the increase in territorial size in the nineteenth century, and a combination of economic openness and democratization in unitary states to explain the decrease in the twentieth century. We now turn to the question of the relationship between average state size and conflict.

State size and conflict

The theoretical literature on state size is small, but growing. The "state-of-the-art" model has been developed by Alberto Alesina and Enrico Spolaore (2004). We rely on this model above in our interpretation of territorial change. Here, we extend the model to conflict. Alesina and Spolaore posit a central tradeoff between economies of scale in governance, for which marginal cost is assumed to decrease monotonically with size, and preference heterogeneity, a cost that increases with size. Economies of scale derive both from producing public goods, such as national defense, at a fixed cost for a larger population, and from the division of labor within a larger domestic market. By themselves, economies of scale suggest there should be a single country that encompasses the globe. Preference heterogeneity is a cost borne by citizens for whom the policy preferred by the median voter is ever more distant from their preferred policy. As long as preferences and geography are correlated, and the policy enacted lies near the mid-point of any population, larger states mean that more and more citizens are increasingly dissatisfied with their government's policy. On this dimension, the optimal state has a mean of 1, with each person forming their own state reflecting exactly their own preferences. Actual state size, Alesina and Spolaore posit, is determined by the tradeoff between these two factors. Among their primary implications are:

- Reductions in the cost of or increases in the demand for public goods should lead, *ceteris paribus*, to larger states.
- Increased openness to trade, which reduces the relative benefits of national markets, should lead to smaller states.

Democracies will tend to form too many, overly small states. Since those near the periphery of the state receive the same public goods benefits as others, but suffer the costs of policies more distant from their ideal points, citizens will elect to secede and create more states than is optimal. By contrast, in autocracies, rulers earn rents from larger states and can more easily ignore the preferences of citizens at the periphery; as a result, they tend to form too few, overly large states. As discussed above, these expectations are generally borne out by the trend in average state size over the nineteenth and twentieth centuries, but not in a direct fashion.

Alesina and Spolaore offer only comparative static predictions of an equilibrium outcome. They do not posit a process of territorial change, and especially not a theory of war. To explain when territorial expansion or contraction will be peaceful, and when it will

be violent, we augment their theory of state size with insights from the rationalist theory of war.

We posit, on the basis of Alesina and Spolaore's model and our earlier work (Lake and O'Mahony 2004) that as economies of scale increase, defined broadly to include the gains from specialization within a larger domestic market, countries on average increase in size (albeit with some lag and considerable diversity). We focus on average territorial size here as the end product of this link between the benefits of greater size and size itself. This implies, in turn, that as states increase in size, territory is becoming more valuable to the state and its citizens. Since this is a system-wide trend, we assume that all countries are affected in similar ways, regardless of whether or not they actually succeed in acquiring more territory. Thus, as average state size expands and, we infer, territory becomes more valuable, we expect states to compete more intensely for and bargain harder over territory that is 1) under the control of their neighbors; 2) in some third party that they and their neighbors might agree to dismember; or 3) "unclaimed" by a sovereign state.

As states struggle over the division of territory, bargaining may fail and war may ensue for one or more reasons (Fearon 1995; Powell 1999). States may possess private information with incentives to misrepresent that information to others. They may not be able to commit credibly to a particular division of the territory. Or the territory itself may be indivisible (or lumpy), making settlements that reflect the precise distribution of capabilities impossible. These are the by now well-established tenets of the rationalist theory of war.

Most rationalist models assume that the issue in dispute, in our case territory, is "normalized" along an interval between 0 and 1, representing the good as a fixed value. As illustrated in Figure 6.2, the "dissatisfied" state (D), located at 0, covets all of the territory (summed to 1) and the "satisfied" state (S), located at 1, similarly desires all of the territory (summed at 0). D has an incentive to challenge S when the status quo division of territory (q) is less than its expected probability of victory (p). Powell (1999) describes this as a case where the existing distribution of benefits in the system does not reflect the distribution of capabilities. Since war is always costly to both sides, there always exists a bargaining range centered around p defined by the costs of fighting to the two states (represented here as d and s, respectively). Within this bargaining range, the two states would prefer any division of territory rather than fight. S will offer D a distribution of territory at $p - d$, and D, if it has the opportunity to make the first offer, will offer S a division of the territory at $p + s$, but in full information either offer will generally be accepted.[1] In turn, states are typically modeled as being uncertain of each other's

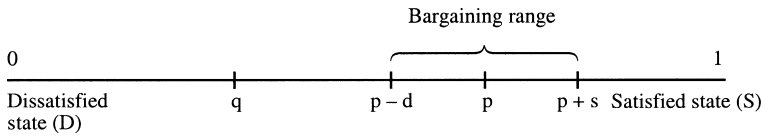

Figure 6.2. The costs of war and efficient bargaining.
Source: Adapted from Powell (1999, 92, Fig. 3.3).

costs of fighting (states have a prior belief about the distribution of their opponent's costs of fighting, but do not know their precise costs). As Powell explains most clearly, since concessions are also costly, each state makes an offer to the other likely to satisfy the "expected" type of opponent, but not necessarily every opponent. When the offer is "too small," bargaining breaks down. This generates a risk–return calculus that produces war when the one or the other state believes its opponent has a high cost of fighting when, in fact, it has a low cost.

To incorporate changes in the value of territory simply, we retain the assumption that the issue lies along a fixed zero-one interval but redefine the costs of fighting (s, d) relative to the value of territory (v), or $s' = s/v$ and $d' = d/v$.[2] Thus, in this amendment, an increase in the value of territory is the same as a reduction in the relative cost of fighting. Given this shorthand, the standard predictions of rationalist theories of war carry through. Most important, Powell demonstrates that decreases in the costs of fighting shrink the bargaining range and increase the probability of war for all distributions of capability (except those close to the status quo). In turn, as territory increases in value, the relative cost of fighting declines and, it follows, war becomes more likely. As territory decreases in value, the relative cost of fighting increases and war becomes less likely. This is illustrated in Figure 6.3. This produces our primary hypothesis: as states increase in size, war is more likely and should, all else being constant, be more frequent; as states decrease in size, war is less likely and, therefore, should be less frequent. The null hypothesis, by contrast, is that there is no systematic relationship between the average territorial size of states and interstate conflict.

We are emphatically not predicting that particular territorial disputes are likely to result in war, or that states that repeatedly engage in war necessarily place greater value on territory. Rather, we predict only that the same sources that lead states on average to expand their territories are likely to produce greater conflict throughout the system as states try to accommodate themselves to their evolving environment. Areas with acute and persistent interstate conflict may contain states trying to expand unsuccessfully to seize the benefits of larger territories; the

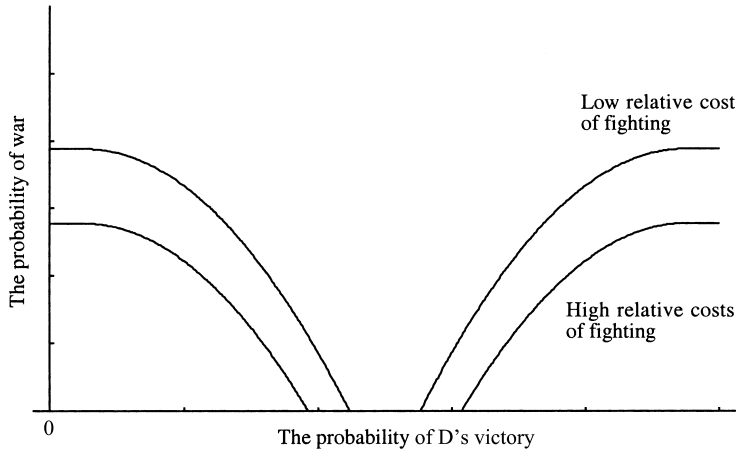

Figure 6.3. The effects of an increase in the relative cost of fighting
Source: Adapted from Powell (1999, 112, Fig. 3.8).

absence of particular territorial changes does not count against our predictions about the incentives of states. Conversely, areas with lots of territorial changes may not experience unusual levels of interstate conflict; weaker parties may simply foresee inevitable defeat and concede. Yet we expect that, on average, as economies of scale increase and states respond by attempting to acquire more territory, they will produce on average more interstate conflict. Conversely, as economies of scale contract and states become willing to shed territory, we predict a smaller number of interstate wars. Thus, we predict specifically that levels of interstate war will be higher in the nineteenth than in the twentieth century. In offering this prediction, we recognize that the process of state change is slow and episodic, and that in a noisy environment states may have difficulty in drawing conclusions about trends in the value of territory. Thus, we allow for states to update their expectations slowly, suggesting that changes in territorial size will be reflected in trends in interstate war only with some lag.

Patterns of state size and conflict

Our principal research strategy is really quite simple, which is to examine levels and changes in average territorial size and interstate wars over time. This is a variant of an interrupted time series design (Cook and Campbell 1979, 207–32).[3] The narrower the "treatment window" around an event, of course, the more confidence we can have in our

estimate of the relationship between territory and conflict. We allow for a substantial (but somewhat arbitrary) lag of up to twenty-five years between changes in the average size of states and conflict levels. Although this limits confidence in our inferences, it seems appropriate, as noted above, given the ambiguous and slowly evolving nature of the environment to which states are responding. Since both territorial change and conflict are relatively rare events, in all the figures below we fit a third-degree polynomial to the decade average data to highlight better the long-term trends in average state size and conflict.

Although economies of scale are often universal, and we treat them as such throughout the analysis above, they may nonetheless vary by region. Investments in technology differ widely, with railroads spreading across the several continents at very different times and to very different degrees. Similarly, openness to trade is a political decision that, although it may cluster by region, is nonetheless reached at different times by different countries. Although regime type also appears to cluster spatially and temporally (K. S. Gleditsch 2002b), this too is a national decision that will exhibit substantial regional variation. Thus, there may be important regional variations in state size and, in turn, conflict propensities. In addition to testing the above hypothesis at the system level, we also examine it at the regional level in those areas where a sufficient percentage of the territory is incorporated into states such that a) we can get a robust measure of average state size and b) states have an opportunity to come into conflict with one another. In Africa, Asia, and the Middle East, most of the territory for most of the period covered in this study is either held by colonial powers or "uncounted" in our census of sovereign states. With in some cases only one or two states considered sovereign in the region, we hesitate to infer anything about the "average" states in these areas. In practice, we thus restrict our regional sample to Europe and the Western hemisphere.

Data

We have recently reconstructed the standard data sets on state size to create more accurate estimates of home territory for the period 1815 to the present. As we began to work with the existing data, we quickly realized that they were deeply flawed, requiring that we rebuild them from "scratch."[4] The data set we have constructed identifies all sovereign states during this period, applying an essentially juridical definition of sovereignty that focuses on recognition by other states.[5] Territory is defined as home or national land mass, generally a contiguous area governed as a single political unit (as noted, thereby excluding colonial

territories), and is measured in square kilometers. Our system begins in 1815 with 35 states, and grows to 46 states in 1890, 63 in 1920, and 154 in 1998. There is, of course, a substantial amount of missing data here. There are currently 191 members of the United Nations, for instance, but we possess territorial data for their complete histories on only 80 percent of them.

We measure interstate war using the Correlates of War Project's data on militarized interstate disputes, examining the 102 cases occurring between 1822 and 1992 that the Correlates of War Project codes as wars. To test our hypotheses, we must transform these data into a "count" measure that captures the number of conflicts that occur in each period. The simplest measure is the number of new wars begun in any year divided by the number of countries in the system. We then aggregate this measure by decade to reduce the noise created by an annual measure. As the number of states grows rather dramatically over the last two centuries, it is important to adjust for this change: 5 wars in a system of 15 states represents a very different level of conflict than 5 wars in the system of 150 states. We refer to this indicator as interstate war onset. Our regional measures are created in an identical fashion, simply replacing the total number of wars in the system with the number of wars in each region and the total number of countries in the system with the number of countries in the region. Our second measure is the number of war years per decade divided by the number of countries in the system at the end of that decade. This captures in an intuitive way not only the number of wars occurring within a given decade but the intensity or magnitude of conflict as well. Wars that last longer, creating a larger number of war years, are more difficult to resolve (almost by definition) and, more importantly, reflect more intense preferences over goals by the belligerents. We refer to this second measure as ongoing wars or war years. We find that war onset and war years track one another quite well, with the latter simply exacerbating swings in the trend.

Results

At the system-wide level, there is a strong correlation between state size and the pattern of interstate war (see Figure 6.4). As state size increases over the nineteenth century, levels of interstate conflict also grow, with a particularly noteworthy spike in wars during the period of most rapid state expansion between 1850 and 1870. Once state size begins to decline after 1900, interstate conflict also decreases – although World Wars I and II form dramatic conflict peaks well after the system-wide trend in size has turned. At the system-wide level, the long-term trend

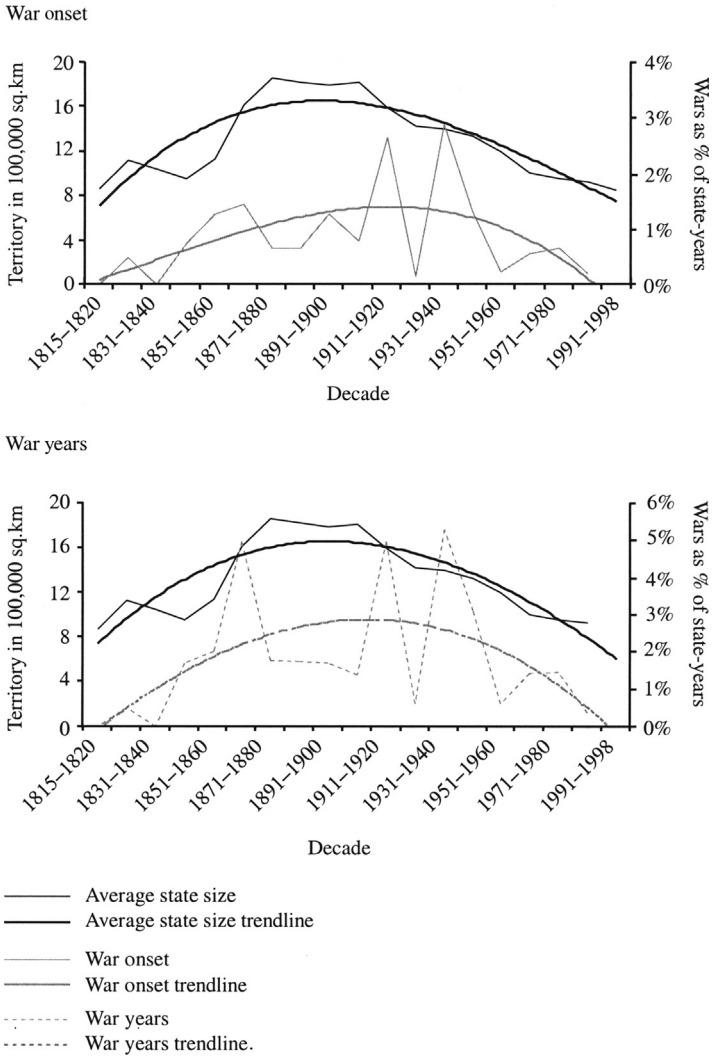

Figure 6.4. State size and conflict.

in both size and conflict, represented by the third-degree polynomial trendlines, form inverted Us, with the peak level of war years lagging the peak in territorial size by two decades. While closely mirroring the trend in war years, the peak in war onset occurs twenty-five years after the peak in territorial size, pushing the outer edge of our treatment window. We attribute this difference to the large number of individual

disputes that comprised the two world wars, to which the war onset variable is particularly sensitive. Overall, our expectations about territorial size and interstate conflict are generally confirmed at the system-wide level.

There is more variance in the relationship at the regional level, of course, where the numbers of states, territorial changes, and wars are smaller and more episodic. In both sets of regional graphs, we present average state size in the region and the level of interstate conflict in the region by decade. With the largest number of countries and wars, Europe closely mirrors the system-wide trends already described above, providing support for our hypothesis (see Figure 6.5). Throughout almost the entire period, Europe's states were relatively small compared to those in other regions, but otherwise the pattern over time is the same. State size increases until approximately 1900, and then begins to decline thereafter – although the decrease is less dramatic in Europe than in the system as a whole. Levels of conflict, as measured by both war onset and war years, also peak around the time of World War I, lagging state size by about one decade.

The Western hemisphere is a slightly more complicated case. States in North and South America start the nineteenth century considerably larger than those elsewhere, largely Europe during this period (see Figure 6.6). They decline in size, then rebound, closely tracking the system-wide average at its peak. Although average size falls slightly after 1900, states in the Western hemisphere remain well above the system mean thereafter. In turn, the greatest period of conflict in the Western hemisphere is in the 1860s, when state size is once again growing from its historic lows in the 1840s. Once state size stabilizes after 1870, the level of interstate conflict drops and then oscillates around a mean of 1.8 percent for war years and 0.6 percent for war onset for the period 1880 to the present. The slight uptick in the polynomial in the final decades of the twentieth century is, in our view, largely an artifact of the fitting method. Despite the relative lack of change in average state size since 1870, the Western hemisphere still largely confirms our expectations.

In general, the relationship between state size and interstate conflict confirms our expectations both at the system-wide and regional levels. As states become larger on average interstate conflict increases, and as states become smaller on average interstate conflict decreases.

Conflict issues

In this section, we examine patterns in the issues that led to interstate war between 1815 and 1989. Following the rationalist model of war

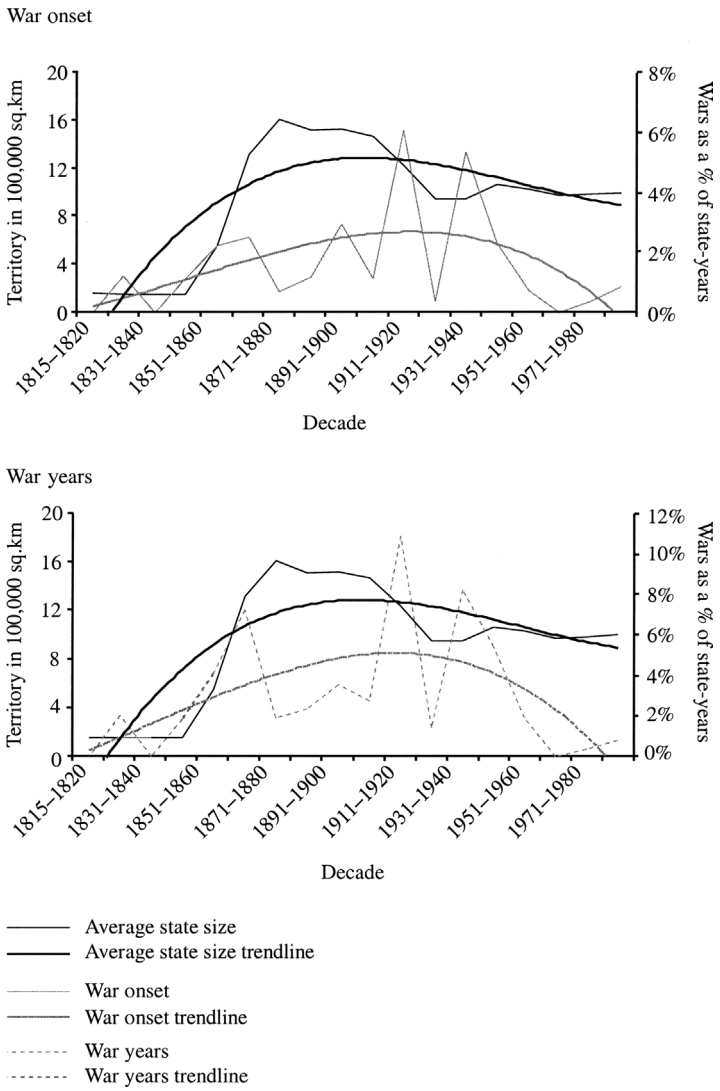

Figure 6.5. Europe: State size and conflict.

discussed above, we do not posit that these issues led directly to war. Rather, we claim only that these issues were central to the disputes that eventually led to larger bargaining failures. Nonetheless, tracking the distribution of issues over time can help reveal the salience of territory to

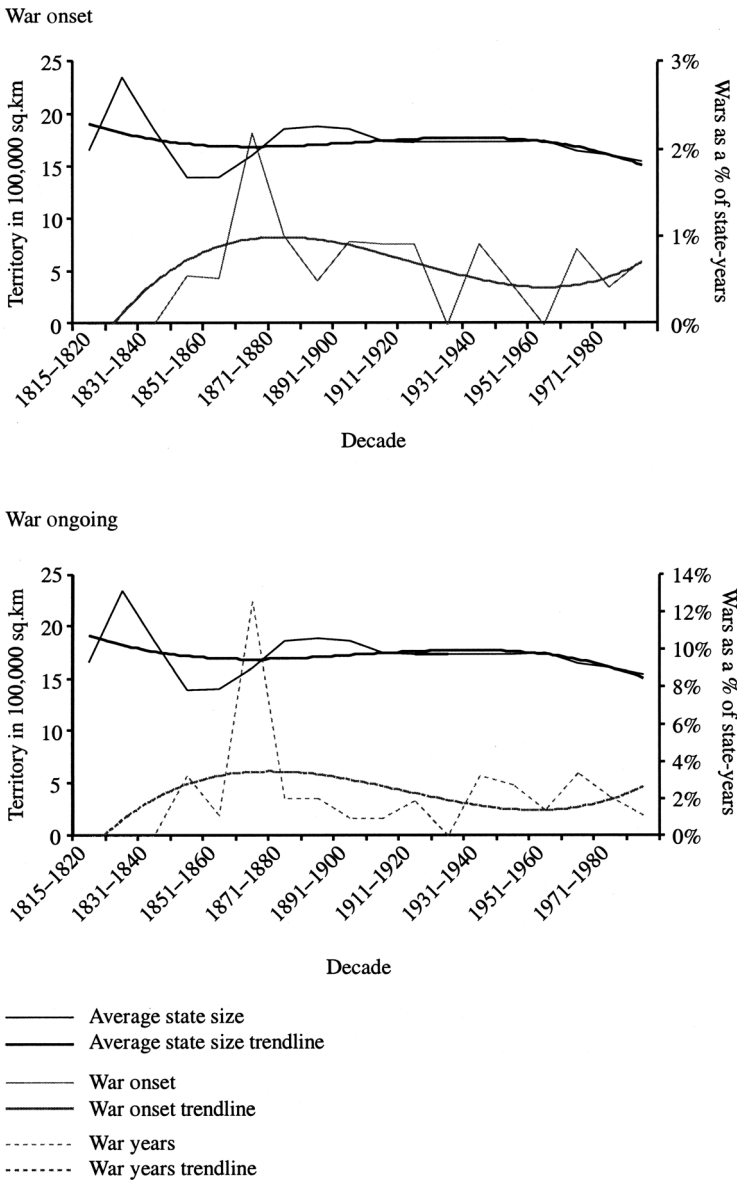

Figure 6.6. Western hemisphere: state size and conflict.

interstate wars. Our primary hypothesis here is that issues of territory were more frequent in disputes that led to interstate war during the period of expansion in average state size, and that territorial issues have been less frequent in disputes that led to war during the period of decline in average state size. Specifically, we expect the salience of territory to decline after approximately 1900.

We employ a "pattern-matching" non-equivalent dependent variables research design in this test (Trochim 2001, 231–34). The power of a NEDV design comes from the predicted effects of a treatment on some outcome variables but not others. The other outcomes serve as controls for alternative causes. Thus, we predict that the rise and then decline in average state size will affect the frequency of territory as an issue in disputes, but will not be correlated with the frequency of other types of issues that led to war. Although not commonly employed in political science, NEDV designs have strong internal validity.

Holsti (1991) has coded all interstate wars in this period for the issues that were salient for the original combatants. His method is inductive, building from what diplomats of the period and subsequent scholars have identified as the key issues in the dispute. Unfortunately, Holsti does not define his issues very completely. Rather, he creates inductively broad common categories that are left purposely open-ended. Lacking formal definitions for the various issues he identifies, before analyzing the data we each separately coded Holsti's issues into four broad categories: territory-related, foreign interests, economic interests, and realpolitik. We concurred on almost all coding, and then resolved the few differences through discussion. There is, no doubt, room for argument on some of our coding. Our classification of the issues is presented in Table 6.1, along with Holsti's findings on the distribution of issues that generated wars. Since there can be multiple issues involved in any war, the number of issues in any period is greater than the number of wars.

We aggregate the distribution of issues by category in Table 6.2. As we predict, the frequency of territory as an issue in interstate wars declined significantly between the nineteenth and twentieth centuries. Although Holsti's periods do not align exactly with ours, the trend nonetheless supports expectations. In the period 1815–1914, territory-related issues constituted 51 percent of all issues that led to war, declining to 43 percent between 1918 and 1941 and 38 percent between 1945 and 1989. Importantly for our NEDV design, there is no evident relationship between the trend in average state size and the frequency of other, non-territorial issues. This suggests, as we expect, that the trend in average state size is related to territorial issues but not others.

Table 6.1. *Distribution of issues that generated interstate wars, 1815–1989, as a percentage of all wars*

Issue	1815–1914	1918–1941	1945–1989
Territory-related			
Territory	42	47	24
Territory (border dispute)	—	—	7
Strategic territory	13	30	21
Empire creation	10	20	—
Colonial competition	3	—	—
National unification/consolidation	26	—	17
Maintain integrity of state/empire	55	30	28
Ethnic/religious unification/irredenta	6	17	12
Colonialism	—	—	7
Foreign interests			
National liberation/state creation	29	13	28
Secession/state creation	—	—	7
Ethnic liberation/state creation	—	—	—
Protect ethnic/religious confreres	26	7	9
Dynastic/succession claims	10	—	—
Government composition	13	17	28
Ideological liberation	10	10	14
Population protection/peacekeeping	—	—	9
Prevent population movement/refugees	—	—	5
Economic interests			
Commerce/resources	—	20	9
Compensation/reparation for incident	—	7	—
Protect nationals/commercial interests	3	17	9
Commerce/navigation	13	—	3
Realpolitik			
National security/immediate threat	—	—	7
Balance of power	3	1	—
Regime/state survival	6	37	21
Test of strength	3	—	—
Maintain regional dominance	10	7	5
Autonomy	6	7	7
National/crown honor	6	—	—
Defend/support ally	—	10	16
Revise treaty terms	—	10	—
Meet treaty obligations/enforce treaty terms	—	—	7
Preserve alliance unity	—	—	3
Enforce treaty terms	3	30	—

Source: Holsti 1991; Tables 7.2, 7.3, 9.2, 9.3, 11.2, and 11.3.

Table 6.2. *Distribution of issues that generated interstate wars, 1815–1989, as a percentage of all issues*

Issue categories	1815–1914	1918–1941	1945–1989
Territory-related	51	43	38
Foreign interests	28	14	32
Economic interests	5	13	9
Realpolitik	12	31	21
Total (varies due to rounding errors in Holsti)	96	101	100

Source: Compiled by categories defined in Table 6.1 and from Holsti 1991, Tables 7.2, 7.3, 9.2, 9.3, 11.2, and 11.3.

Table 6.3. *Percentage of all wars in which one or more "territory-related" issues were present, 1815–1989*

Period	Percentage of all wars in which territory was an issue
1815–1914	84
1918–1941	77
1945–1989	74

Source: Compiled by categories defined in Table 6.1 and from Holsti 1991, Tables 7.1, 9.1, 11.1.

By Holsti's construction, wars can involve more than one territory-related issue, thus the evidence in Table 6.1 contains "double-counting." In Table 6.3, we recalculate Holsti's war-by-war codings and present the percentage of all wars in which one or more territory-related issues were at stake. In 1815–1914, 84 percent of all wars involved at least one territory-related issue. Between 1945 and 1989, only 74 percent of all wars involved one or more such issues. As others have claimed, territory is still obviously an important issue in many wars indeed, it is the most frequent issue leading to war (Vasquez 1993 and 1995; Hensel 2000; Huth 2000). But as we expect, territory is less often an issue today than it was in the past.

The evidence here also supports expectations. The distribution of issues that led to war reinforces our earlier finding that the rise and decline in the average territorial size of states appears to be related in important ways to the level of interstate conflict in the international

system. As the average size of states in the system has declined, territory has become less salient as a cause of war.

This trend in recent decades is also evident in the empirical analyses undertaken in the Gartzke and Buhaug and Gleditsch contributions to this volume. Although both chapters focus on globalization rather than territorial size as an explanation for the declining importance of territorial issues in post-World War II interstate conflicts, both analyses suggest that territorial disputes now play a smaller role in interstate conflict than was the case in the nineteenth century. For Gartzke, while globalization in the post-World War II era has had little to no effect on the incidence of interstate conflict, he finds that globalization has led to a shift away from conflict over territorial issues. Similarly, Buhaug and Gleditsch's analysis of all militarized interstate disputes between 1875 and 1998 provides inconclusive but suggestive support for their hypothesis that globalization reduces the political value of territory, thereby reducing the likelihood that territorial disputes will result in interstate conflict. While both analyses point to increased economic interdependence to explain this trend, the fact that the high levels of economic interdependence that existed in the nineteenth century coincided with an increase rather than a decline in the percentage of territorially motivated interstate disputes suggests that while globalization may mute interstate conflict over territory, globalization by itself, is insufficient to explain the salience of territorial disputes as a cause of war.

Conclusion

The average territorial size of states and interstate conflict appear to be related, as we expected, at the macro-historical level. As state size on average increased and then decreased over the last two centuries, interstate conflict rose and fell as well. A similar pattern is found across Europe and the Western hemisphere. Moreover, territorial issues were more frequently associated with war during the period of state expansion and less frequently associated with war during the period of contraction. The evolution in state size is a slow, incremental process, but one that nonetheless appears to be associated with the overall pattern of interstate war.

The findings in this chapter support a recurrent theme in this volume, specifically, that states and individuals have only an instrumental attachment to territory. As Barbara Walter argues in the concluding chapter, "individuals will embrace a particular piece of land when it benefits them socially, economically, politically or defensively, and increasingly

disregard it when it does not. Thus, once this function disappears, so too should the attachments and the conflicts that may arise as a result."

While our analysis demonstrates at the macro-historical level that this appears to be true, a systemic-level analysis is insufficient to predict when and how the salience of territorial attachment will weaken in any particular state. One finding that shines through most of the chapters in this volume is that not all territory is equally likely to change hands. A compelling state-level explanation for territorial change would address how territorial attachments change as a function of the characteristics of the territory, broadly conceived – including, for example, the productive and symbolic value of the territory, and its importance as a domestic and international focal point.

Starting from societal or state-level analyses, other contributions in this volume provide a good foundation for undertaking such an analysis. Focusing on the informational role played by clearly delineated state control over territory, Goemans' exposition on the importance of focal points for creating a credible commitment between the ruler and the ruled, and Simmons' evidence that stable, uncontested borders greatly increase the value of interstate economic relations, suggest that states have a strong preference for managing changes in their territorial holdings that do not erode the domestic and international bargains that rest upon the state's unquestioned commitment to fight for its own territory.

Turning to the changing symbolic importance of territory, Newman and Robbins demonstrate how globalization can have radically different outcomes on groups' territorial attachments. With the decline in the productive importance of territory associated with globalization (Gartzke), the symbolic value of territory may increase, as in the case of Israeli–Palestinian conflict (Newman), or decline, as in the case of the Urapmin in Papua New Guinea (Robbins). Similarly, Lyons demonstrates that globalization also affects which groups mobilize around which pieces of territory. With the rise of politically oriented diaspora networks, the resources domestic groups can bring to bear with the support of their international compatriots in the defense of their territory has increased.

Long-term changes in the value of territory have contributed to levels of interstate conflict over the last two centuries. Even though we cannot, as yet, explain particular conflicts, the link between territory and conflict appears strong at the aggregate, macro-historical level. As Rosecrance (1986) has argued, the territorial state has given way to the trading state. However, this need not suggest a permanent change. Globalization has waxed and waned before, and it could certainly do so again in the future. Economies of scale can shift for exogenous reasons, openness to trade is

a political decision subject to the whims and vicissitudes of domestic politics, and the world has seen waves of democracy come and, unfortunately, go. Territory could, once again, become more valuable and an object of renewed struggle. Understanding territoriality and its relationship to conflict remains an important topic of continuing debate and research.

NOTES

1 In full information, war is seldom an equilibrium outcome. For exceptions to this rule, see Slantchev (2003).

2 Von Neumann-Morgenstern preferences are unique up to a linear transformation, which means the payoffs can be multiplied by any positive number or summed with any number without changing any results. In effect, this means we can simplify by setting two of the payoffs to convenient numbers. In the bargaining model, the payoff to controlling all of the territory is normally set equal to 1 and the payoff to controlling none of the territory is set equal to zero. Let the un-normalized payoffs to winning everything, losing everything, and the cost of fighting for the status quo state S be v, b, and s. (We can do the same normalization for the dissatisfied state.) The normalized payoffs are then given by subtracting b from everything and dividing by $v - b$. This gives normalized payoffs of $v' = 1$, $b' = 0$, and $s' = (s - b)/(v - b)$. The equilibria with un-normalized payoffs are identical to those with the normalized payoffs. We thank Robert Powell for his assistance and clarity on this point.

3 In an interrupted time series design, an exogenous change in the "treatment variable" is predicted to lead to a change in the outcome variable within some specified "treatment window." In our case, we expect changes in the trend in average state size will produce a change in the trend in interstate conflict. Thus, a change in the trend in average state size (that is, a change in the sign of the first derivative) is our "treatment," which is expected to have a directed impact on the trend in conflict within a 25-year period. Because it relies upon multiple observations of the outcome variable before and after the treatment, an interrupted time series design has high internal validity: in essence, past observations of the outcome variable serve as "control variables." In our analysis below, the system and each region form separate series, so we essentially perform the same test multiple times, providing us with additional opportunities for confirmation or disconfirmation of our hypotheses.

4 Territorial data in Banks (1976) and apparently used in the Correlates of War (Singer and Small 1994) and Polity IV (Marshall and Jaggers 2000) data sets do not capture all known territorial changes. We began with Banks (1976) and current World Bank (2001) territorial estimates as our starting point. We reconciled these two territorial size estimates using Goertz and Diehl's Territorial Change data set (see Goertz and Diehl 1992) to highlight the timing and magnitude of territorial changes, relying upon the *Statesman's Yearbook* to confirm and elaborate upon each entry in the Goertz and Diehl (1992) data set. Although there is undoubtedly some measurement error remaining in the data, we expect that it is essentially random; but since this is an ongoing series

we nonetheless face the risk that whatever errors do exist compound themselves over time. However, this is, we believe, the most complete and accurate series on territorial size now available.

5 We compiled the list of sovereign states from Arthur S. Bank's Cross National Times Series data set, the Correlates of War project, the Polity IV database, and K. S. Gleditsch and Ward (1999). Disagreements between "birth" and "death" dates for states were settled by reference to the *Statesman's Yearbook*, which provides concise explanations for the historical events in question. As to whether mergers of states created new entities (for example, Germany and Italy in the nineteenth century) or simply larger but continuing entities (for example, the Federal Republic of Germany after reunification), we followed the coding decisions used in the above sources. In using a juridical notion of sovereignty, we thereby include some "semi-sovereign" states, such as Canada or Australia, that might otherwise be excluded and some "divided states," such as China in the early twentieth century, that might be disaggregated.