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PROJECTING POWER AT HOME AND ABROAD: DOMESTIC STATE CAPACITY AND MILITARY CAPABILITY

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ABSTRACT. We examine the relationship between domestic state capacity and the projection of military power abroad during the nineteenth and twentieth centuries. Drawing on recent advances in the conceptualization and measurement of state capacity, we develop a theoretical framework that identifies fiscal, administrative, and informational components as core resources of the state that enable external power projection. We theorize two distinct channels through which domestic state capacity shapes power-projection capabilities: unconditionally, by enhancing the state's ability to pursue an effective foreign policy, and conditionally, by improving its capacity to mobilize material resources within its territory. We further argue that both channels are amplified when states face geopolitical competition from international rivals. We find evidence for both channels, as well as the amplifying effect of rivalries, not only among former and current great powers, but also in a broader sample of countries. These findings contribute a general and flexible framework for analyzing the domestic foundations of international power and have implications for core debates on the sources, conditions, and consequences of power projection.

Keywords: state capacity; military capability; power projection; great powers; international rivalries

In the winter of 1898, hostilities in the Caribbean drew the United States into war with Spain. U.S. economic interests in Cuba were at stake in the Cuban War of Independence, and in February the American battleship *Maine* was sunk in Havana harbor. President McKinley, at first reluctant to wage a war that might force the United States to annex Cuba, now turned to Congress. “I must have money to get ready,” he wrote to the chairman of the House Appropriations Committee. “I am doing everything possible to prevent war but it must come, and we are not prepared.” Congress immediately made available 50 million dollars in emergency military funds. The U.S. minister in Spain reported that this move stunned the government in Madrid. “To appropriate fifty millions out of money in the treasury, without borrowing a cent, demonstrates wealth and power,” he wrote (quoted in [Zakaria 1998](#), 157). The ensuing war was a complete victory for the United States. According to most historians, the year 1898 marked the rise of the U.S. to great-power status, defined by its ability to project military force across vast distances.

Power projection is a central concern in political science and international relations (IR). The scholarly literature suggests that power-projection capabilities equip states with a more expansive strategic repertoire for deterrence, reassurance, and other interventions, allowing them to interact more effectively—in cooperation or in conflict—with distant states ([Hulme and Gartzke 2021](#); [Huth and Russett 1984](#); [Markowitz and Fariss 2013](#); [Posen 2003](#)). Just like the war between the U.S. and Spain in 1898, many of the most significant foreign-policy campaigns of the last two hundred years have depended on the ability of states to project power abroad. This includes power projection in the service of military objectives, such as during the Crimean War (1853–56), the Korean War (1950–53), or the Second Iraq War (2003–2011). It also includes military power projection for non-military purposes, as illustrated by Britain’s efforts to suppress the Atlantic slave trade during the 1800s, implemented by the West Africa Squadron of the Royal Navy, or by contemporary anti-piracy efforts off the Horn of Africa, which depend on “blue-water” naval assets. More generally, whether a state has managed to acquire the material capabilities to project power beyond its home territory has shaped its role in international history.

But which states develop such capabilities in the first place—and what enables them to do so? One answer is provided by the United States minister in Spain quoted above. Wealth *and* power, he wrote. Wealth as such was not enough for the United States to project its military power abroad. As

Zakaria (1998) painstakingly demonstrates in his analysis of this episode, by the late nineteenth century, the United States had long counted among the wealthiest countries on Earth. But that wealth had not been converted into power projection. What the U.S. government accomplished in 1898 didn't just require vast economic resources—it also hinged on the capacity of the American state to access and mobilize those domestic resources, enabling it to respond to a changed external situation and achieve foreign-policy aims.

That wasn't unique to the American case. Drawing on cross-country time-series evidence covering a period of almost two centuries, we argue in this paper that high *domestic* state capacity tends to increase a country's ability to project military power *abroad* via naval and other capabilities. The literature on state capacity in comparative politics and political economy has made a lot of progress in the last decade, which has allowed scholars to develop new measures that are both more complex and more precise than the crude proxies scholars relied on in the past (see, for example, Hanson and Sigman 2021). Our approach combines these recent insights and methodological developments with insights from IR scholarship on geopolitical competition. Theoretically, we conceptualize domestic state capacity as the ability of the state to carry out the government's policies, which is itself a function of three core state resources: (1) fiscal capacity to collect revenue, (2) human capital in the central state administration, and (3) information about the state's territory and population. We propose three channels through which domestic state capacity might influence a state's power-projection capabilities abroad. First, we expect state capacity to influence power-projection capability *unconditionally* by improving the state's ability to pursue an effective foreign policy. Second, we expect state capacity to matter *conditionally* by enhancing the ability to translate underlying economic potential into external power-projection capabilities. Third, we expect that both the unconditional and conditional effects are *amplified* when states face competitive external environments in the form of international rivalries.

The paper tests these ideas in a panel of up to 57 countries observed between 1817 and the late 1990s. Since our theoretical arguments are most relevant for countries that have the ambition to project power abroad, we concentrate on countries that have or have had status as great powers (relying on the categorization proposed by Levy 1983). But we show that our results hold in a larger sample of countries as well. Recognizing the centrality of maritime capabilities for effective power projection (Gartzke and

Lindsay 2020), we proxy for power projection with data on the total tonnage of warships from Crisher and Souva (2014), but we also evaluate alternative indicators power-projection capacity in the Online Appendix. We operationalize domestic state capacity with the help of a new index of three basic state resources: an estimate of public revenue as a share of GDP, a measure of meritocratic recruitment, and a measure of “information capacity.” Controlling for potential confounders and including country- and year-fixed effects, our main specification relies on an error-correction model with 5-year lags to separate short- and long-run dynamics. We find positive effects of domestic state capacity, unconditionally and conditionally. We also find that both effects are stronger in a context of international rivalries.

Our approach and findings have several important implications for the literature. Most fundamentally, we develop a general and granular theoretical framework for how domestic state capacity enables military power projection. Previous studies in comparative politics (Olson 1993; Tilly 1992) and IR (Taliaferro 2006; Zakaria 1998) acknowledge links between domestic state capacity and power projection in broad terms. Our contribution is to move from such broad claims to a framework that specifies both unconditional and conditional pathways, distinguishes short- and long-term effects, and applies across extended historical periods. This framework enables flexible theorizing and yields analytical leverage on a range of problems in the study of international power and competition.

For instance, the framework helps address a central and persistent puzzle in IR concerning the conditions under which economic resources translate into military power. Although economic resources are widely viewed as foundational to international power (Mearsheimer 2001; Waltz et al. 1979), existing research has produced inconsistent findings. Some studies conclude that economic resources offer only a limited explanation (Fordham 2011), while others view them as primary drivers (Beckley 2010; Markowitz et al. 2019). Recent scholarship has pointed to potential conditional factors, such as technological capacity, regime type, nationalism, or crises (e.g., Biddle 2010; Borges et al. 2025; Brooks and Wohlforth 2008; Taliaferro 2006), but these contributions remain largely theoretical or case-based, and the broader puzzle has yet to be resolved. We contribute to this debate by demonstrating that both domestic state capacity—disaggregated into fiscal, administrative, and informational components—and external rivalries condition the extent to which economic resources are transformed into military capabilities.

Likewise, our framework have implications for how we should understand “opportunity” in IR: which states can interact with which states (Most and Starr 1989). By anchoring the analysis of power projection in domestic state capacity, our approach is causally upstream from those that define opportunity in terms of readily observable factors like military assets, contiguity, or alliance portfolios (e.g., Most and Starr 1989; Quackenbush 2024). Our study directs attention to what may be termed *latent* opportunity: the fiscal, bureaucratic, and informational capacities that shape how effectively states can convert domestic resources into *manifest* opportunity in the form of external power projection. This reconceptualization has important implications for how “relevant dyads” are identified in IR (e.g., Bremer 1992; Lemke and Reed 2001; Quackenbush 2024). If states with high latent opportunity can rapidly generate the means to compete militarily, then the set of dyads capable of strategic interaction—and therefore of conflict—may be wider and more dynamic than is typically assumed.

More broadly, by unpacking the domestic sources of power projection ability, our theoretical framework and findings are relevant for a number of long-standing academic debates that depend on the conceptualization and measurement of the sources of military power, including those on arms races (e.g., Glaser 2000; Rider 2009), balance of power (e.g., Paul et al. 2004), and polarity (e.g., Ikenberry et al. 2009). As such, they shed light on the ongoing shift to multipolarity, as the relative power of the U.S. and its Western allies decreases while populous, emerging economies grow more powerful (Lake et al. 2021). One implication of our findings is that the durability of any revisionist challenge of rising powers such as China or India, at least in the military sense, is conditional on their ability to transform their abundant societal economic resources into actual power projection via the conduit of domestic state capacity.

STATE CAPACITY AT HOME AND ABROAD

The first thing required to analyze the relationship between domestic state capacity and the projection of military power abroad is a definition of state capacity. We think of the state as an organization that implements specific policies, \mathbf{p} , to achieve specific outcomes, \mathbf{y} , and we define state capacity as the strength of the causal relationship between \mathbf{p} and \mathbf{y} . The idea is simple: when the government of a high-capacity state decides to adopt the policy p in order to achieve the outcome y , it is more likely to be successful than the government of a low-capacity state would be if it adopted the same policy.

This simple conceptualization is congruent with other definitions proposed by scholars of state capacity. For example, Mann (1984, 189) emphasizes “the capacity of the state . . . to implement logistically political decisions throughout the realm” and Geddes (1994, 14) concerns herself with “the capacity to implement state-initiated policies.”

Following Besley and Persson (2011), we think of domestic state capacity as a function of investment decisions by past governments. To be more precise, at any point in time, a country’s government can forego the pursuit of the more immediate policy aims \mathbf{y} by instead investing in resources that states can use to enhance the effect of \mathbf{p} on \mathbf{y} in the future. We denote those resources \mathbf{r} and we think of the most important state resources as being fiscal capacity (the ability to generate revenue), human capital (the quality of the state administration), and information (knowledge of the territory and the population).

Since implementing policies is costly, scholars often treat revenue, or fiscal capacity, as an especially important dimension of state capacity. As Levi (1988, 2) notes, “The greater the revenue of the state, the more possible it is to extend rule.” But revenue is not all. A state’s agents also need skills to perform their functions well. A high level of human capital in the state administration therefore enhances the effectiveness of most government policies, putting a premium on administrative institutions in which officials are selected on the basis of skills, education, and training and are rewarded for loyalty and effectiveness (Centeno et al. 2017; Dahlström and Lapuente 2017; Evans and Rauch 1999). Strong administrative institutions cannot be created instantaneously, which is why the second resource (human capital) cannot be reduced to the first (revenue). Finally, just as a firm depends on ideas and know-how, not only capital and labor, a state needs up-to-date information about the territory and the population it controls. Without such information, the state’s agents cannot determine how to use policy instruments effectively. This is why Scott (1998) emphasizes the importance of information-gathering institutions for the development of the modern state (see also Lee and Zhang 2016; D’Arcy and Nistotskaya 2017, and Brambor et al. 2020).

The rich and growing literature on state capacity in comparative politics has so far concentrated on explaining domestic outcomes such as economic development (Besley and Persson 2011) and civil conflict (Fearon and Laitin 2003). In other words, the elements of \mathbf{y} are outcomes within the territory

and among the population controlled by the state. We seek to extend the analysis to outcomes beyond the state’s borders.

In the international domain, the vector \mathbf{y} may include outcomes such as territorial conquest, the extraction of resources, deterrence of foreign rivals, or the protection of transcontinental shipping lanes. These are outcomes determined beyond the state’s own territory and in bargaining interactions with other states (Fearon 1995; Schelling 1960). In our model, international politics can thus be understood as a domain where states bargain to settle the elements of the vector \mathbf{y} in their favor, while rival states seek to attain alternative outcomes.

While both the desirability of and the methods for achieving different elements of \mathbf{y} vary, most accounts of power projection emphasize military capabilities. As Schelling (1966) noted, international bargaining is primarily shaped by “[t]he power to hurt,” and “the power to hurt has been, throughout history, a fundamental character of military force.” Because military capabilities award states a wider range of options to hurt, threaten pain, or impose material outcomes, they increase the likelihood that bargains will be settled on favorable terms (Fearon 1995; Schelling 1960). All else equal, states with abundant military capabilities are more likely to attain their preferred outcomes in bargaining over elements of \mathbf{y} than states with less abundant military capabilities.

If we understand power in terms of a state’s ability to influence elements of \mathbf{y} , the principal difference between domestic and international power projection is the distance over which \mathbf{y} is defined. Distance makes a considerable difference, however. Since it is costlier to seek to influence policy outcomes over great distances, the primary constraint on a government’s ability to project power is geographic: a government’s power is highest in its capital, declining as distance grows—a relationship known as the “loss-of-strength gradient” (Boulding 1962; Buhaug 2010; Hulme and Gartzke 2021).

Drawing on this notion we may, like Markowitz and Fariss (2013), formulate an understanding of power projection as defined by two factors: available capabilities and the degree to which their efficacy decay with distance. Where Markowitz and Fariss (2013) and other studies (Gartzke and Lindsay 2020; Hulme and Gartzke 2021) concentrate on the latter, typically viewing technological innovation as the principal way to overcome “the tyranny of distance,” we focus instead on the former, as we examine how domestic state resources are converted into military power-projection capabilities in the first place.

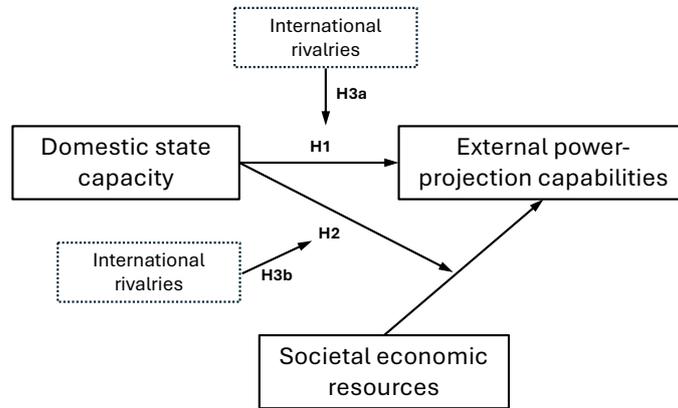


FIGURE 1. Theoretical Expectations

Building on the theoretical premises set out above, our argument focuses on states’ varying ability to control and mobilize domestic resources and turn them into tools of power projection.

Specifically, we expect improvements in domestic state capacity to increase a state’s power-projection capabilities in three ways (Figure 1): *unconditionally* by improving the likelihood of success when the government seeks to expand military capabilities, *conditionally* by enhancing the state’s ability to mobilize economic resources, and again *conditionally* in the presence of international rivalries, which motivate states to optimize fiscal extraction, bureaucratic administration, and intelligence gathering. In other words, domestic state capacity not only strengthens military capability in its own right but also amplifies the link between economic resources and external power projection, particularly in competitive geopolitical environments.

Formulating expectations regarding the nature and shape of the *short-run* form of the unconditional relationship requires us to consider countervailing effects. Given budget constraints, there is a potential trade-off between investing in capacities that can be deployed abroad and those that can be employed at home.

Markowitz and Fariss (2013, 125–126) develop the trade-off theoretically through an analogy between states and firms:

At each step of expansion, both firms and states make a calculation as to whether local investment or foreign investment will net a higher return. States, like firms, invest globally

(externally), when the expected gains per unit expended for external rents exceed the expected per unit benefit gained from internal rents. States project power at greater distances when the cost of obtaining additional rents internally is greater than the costs of extracting rents externally.

If there exists such a tradeoff, we might expect a short-run *negative* effect of investments in domestic state capacity on external power-projection capacity; that is, the two could be conceived as substitutes. However, they could also be conceived as complements. If domestic state resources (that make up state capacity) are fungible, so their accumulation translates into power-projection capabilities over any territory (or any population), there need not be a trade-off. This is most easily envisioned for revenue. Since military spending is the most direct mechanism through which states invest in military capabilities, investments in domestic revenue collection should translate into external power-projection capacity quite quickly. More spending obviously requires more revenue. Indirectly, this argument also applies to the other two resources we are studying, since higher human capital and more information should enable states to collect revenue at lower costs.

Taken together, these two countervailing mechanisms explain why it is hard to formulate general expectations about the short-run effect of investments in domestic state capacity. In the long run, however, there should be no trade-off, for the costs of an investment are incurred immediately, but the returns accrue in the future. If a state invests in domestic state capacity today, that may not lead to an immediate effect on external power-projection capacity, but it should lead to one in the long run. We thus arrive at our first theoretical expectation:

Hypothesis 1. *Investments in domestic state capacity increase a state's external power-projection capabilities in the long run.*

Hypothesis 1 relies on the assumption that domestic state resources are fungible. One might object that states are likely to need different types of physical, human, and informational capital in different spheres of influence. When exercising control over one's own territory, there is little need to invest in aircraft carriers, for example, and military intelligence is something very different from the information that can be gleaned from a population census. Power resources that states accumulate for domestic purposes are not necessarily useful for the projection of power internationally, at least not directly. However, there is also a second, more indirect channel through

which domestic state capacity may affect a state's power abroad, which does not depend on an assumption of resource fungibility.

According to conventional wisdom, states develop external military capability by mobilizing and employing domestic economic resources (Beckley 2010; Fordham 2011; Gilpin 1981; Mearsheimer 2001). In other words, the richer a country is in economic resources, the more powerful it is on the international scene. As was pointed out already by Lamborn (1983), however, states do not necessarily have ready access to all economic resources relevant to their policy goals even if those resources can be found within their own territories. Natural resources have to be extracted, taxes collected, soldiers conscripted, industrial production steered to the war effort, and so on.

Responding to that concern, Beckley (2018) proposes the use of net rather than gross societal economic resources, since such a specification is consistent with the idea that production, welfare, and security costs need to be deducted from "a nation's gross resources." Similarly, Anders et al. (2020) provide estimates of the "surplus domestic product," consisting of the share of GDP not needed for the population to survive.

But these improved measuring strategies only get at the societal economic resources that are *potentially* available to the state. Two societies having the same amount of gross, net, or surplus economic resources are not equally capable of projecting military power unless they also have equally capable states. Societies with weak domestic state capacity often struggle to effectively harness their economic resources due to inadequate fiscal systems, inefficient bureaucracies, and poor information management. They may face challenges such as tax evasion, corruption, and misallocation of resources. Conversely, societies with strong domestic state capacity, characterized by robust fiscal systems, meritocratic bureaucracies, and high information capacity, are better equipped to maximize their economic resources, allowing them to more effectively accumulate capabilities that can be used for power projection.

The overarching implication is that domestic state capacity serves as a catalyst when leveraging a society's economic resources for power projection. High domestic state capacity, stemming from efficient fiscal systems, a meritocratic bureaucracy, and superior information management, can act as a multiplier, enabling societies to extract maximum benefit from their economic resources. This understanding underpins our second theoretical expectation:

Hypothesis 2. *Investments in domestic state capacity increase the effect of societal economic resources on external power-projection capabilities.*

While state capacity always plays a role in mobilizing resources, its effect may also depend on external motivation. Specifically, we expect that the conditioning effect of state capacity is amplified when states face international rivals, as geopolitical competition not only compels governments to extract and allocate resources for military purposes but also to improve the efficiency of each of the three dimensions of state capacity theorized here. First, the necessity to respond to external rivals can strengthen the political legitimacy of taxation, allowing governments to introduce new fiscal instruments and expand their capacity to fund military capabilities (cf. [Borges et al. 2025](#); [Levi 1988](#)). Second, as suggested by the experience of the 20th century, international rivalries can incentivize states to construct bureaucratic structures that prioritize the transmission of economic resources into military power ([Brooks and Wohlforth 2000](#)). Third, external rivalries increase the demand for precise intelligence on population, industrial production, and military capacity, improving the ability of states to strategically allocate resources (cf. [Scott 1998](#)). In these ways, international rivalries act as an additional multiplier: they amplify the direct effect of state capacity by pushing governments to channel domestic capabilities into foreign policy ends, and they reinforce the conditional effect of state capacity by increasing the urgency and efficiency with which economic resources are transformed into external power projection.

We therefore expect that the effects theorized in H1 and H2 are each strengthened under conditions of geopolitical competition:

Hypothesis 3a. *International rivalries amplify the direct effect of domestic state capacity on power projection capabilities.*

Hypothesis 3b. *International rivalries amplify the conditional effect of domestic state capacity in converting societal economic resources into power projection capabilities.*

In sum, the first hypothesis is that there is a direct relationship between domestic state capacity and power-projection capabilities, and, as we explained earlier, in this case we expect a long-run equilibrium effect, while remaining agnostic about the short-term effect. The second hypothesis is that domestic state capacity strengthens the relationship between societal

economic resources and power-projection capabilities. The third hypothesis, formulated in two parts, holds that both of these relationships are stronger in situations of external rivalry. Since no trade-off between short-term investments in state resources present themselves, both the second and third hypotheses are expected to hold up in the short-run. In these cases, we are agnostic about the presence of a long-run equilibrium effect. As our introductory vignette about the Spanish-American war made clear, given earlier investments in state capacity, a country can sometimes respond quickly to an external competitor by exploiting its domestic economic resources for external military gain.

DATA AND MEASUREMENT

To test our theoretical expectations, we need a measure of domestic state capacity. Since we think of state capacity as a function of the institutional resources states rely on when they implement their policies, this means, more specifically, that we need measures of the fiscal capacity of states (revenue), the quality of their bureaucracies (human capital), and their information capacity. Fortunately, recent empirical work in historical political economy and comparative studies of political development have made data available on each of these variables.

First, we rely on novel data on total state revenue (except for borrowing) as a share of GDP for the nineteenth century from [Goenaga et al. \(2022\)](#), graciously shared by the authors, complemented with data on tax revenue as share of GDP for the twentieth century from [Cagé and Gadenne \(2018\)](#). Although total and tax revenue are not the same thing, the two measures correlate at .94 in the 484 overlapping country-year observations, and we are aware of no other publicly available, comprehensive dataset of total state revenue in the twentieth century. Since the latter is closer to what we want to measure, we rely on the total revenue estimate for the overlapping observations and then simply fill in the series with the estimate based on tax revenue. Second, to proxy for the human-capital stock of the bureaucracy, we rely on a measure of meritocratic recruitment that is based on expert assessments of the extent to which state administrators were recruited and promoted based on formal qualifications rather than political or clientelistic ties from the V-Dem Project ([Coppedge et al. 2020](#); [Knutsen et al. 2019](#); [Pemstein et al. 2020](#)). Finally, we rely on a measure of information capacity based on data on the introduction of the census, the establishment of

civil and population registers, statistical agencies, and the publication of statistical yearbooks in the years 1789–2015 (Brambor et al. 2020).

According to our theory, state capacity is something states *produce* by deploying resources. The proper way to analyze the relationship between resources and state capacity is therefore in the form of a production function: a function that describes the conversion of inputs into outputs. Production functions, going back to Cobb–Douglas (1928), are generally multiplicative. In other words, total production is not a function of the sum of the inputs, but of their product. If that is the right way to think about the production of state capacity, as we think it is, the most natural way of aggregating our three proxies for domestic state resources into one overall index of state capacity is to multiply them. We therefore normalize each of the three measures of state resources to range from 0–1 and then take their product. This aggregation function implies that a state cannot compensate very well for the lack of one crucial resource by investing in another. The overall index value, rescaled to range from 0 to 100, is only as strong as the weakest link in the political production chain.¹

To measure this study’s main outcome variable – the capacity to project military power abroad – our preferred measure is Crisher and Souva’s (2014) data on the aggregate tonnage of active naval ships. Specifically, we use Crisher and Souva’s (2014) measure of “tonnage proportion” (each state’s share of the global total of naval ships, ranging between 0 and 1). We use naval tonnage as our primary measure of military power-projection capability for three reasons. First, sea power has long been the most durable instrument of external reach and a defining marker of great-power status. As Modelski (1987, 10) observes, it has been central to global competition for over five centuries, and “to chart trends in the distribution of sea power is therefore to map the progress of competition for global status.” Second, maritime capabilities depend directly on the fiscal, administrative, and informational foundations that constitute domestic state capacity (Kennedy 2017). Third, since our measure of socioeconomic resources, described below, is from the Correlates of War (COW) data, we prefer the tonnage measure out of potential endogeneity concerns (other measures of power projection also draw on COW data).

¹In line with our expectation that the three state resources should be seen as a chain constrained by its weakest link, and hence be multiplied, we find much weaker support for our hypotheses (particularly H2) if we instead average them or introduce each one separately in our empirical tests below.

As witnessed by both military operational experience and the desire of aspiring great powers, naval capabilities remain relevant for contemporary power projection. Other instruments, in particular air and missile technologies, have become increasingly important, however. In analyses reported in the Online Appendix, we therefore complement the tonnage data with two measures of military power projection capabilities proposed by [Fordham \(2011\)](#). The first proxy, building on the COW National Material Capabilities data ([Singer 1987](#); [Singer et al. 1972](#)), is the share of the global total of military spending and military personnel. The second proxy more directly captures the capacity to project armed force abroad: [Fordham](#) takes each state’s share of military spending and divides it by its share of military personnel to measure the capital-intensity of its military forces. As [Fordham \(2011, 592\)](#) notes, “The index of capital intensity is then multiplied by the index of overall military power to produce a score that reflects both the overall size of the military force and the state’s ability to project this force over long distances.” States that invest more heavily in military technology that is modern and expensive for its day – be it dreadnoughts, aircraft carriers, strategic bombers, nuclear submarines, or sophisticated drones – will score higher on this measure.

We do not include separate measures of nuclear capabilities. Even if nuclear weapons can be used for coercion ([Schelling 1966](#)), they do not translate into an operational ability to project power in the conventional sense, such as transporting forces for expeditionary interventions. More generally, we observe that great powers have maintained both conventional and unconventional weaponry as elements of their strategic repertoire up through the present day, while typically relying on navies for conventional power projection.

On the explanatory side, we proxy societal economic resources with a measure from [Fordham \(2011\)](#), who takes the mean of total population, urban population, iron and steel production and energy consumption – again taken from COW data and again expressed as a share of the global total – to arrive at a state’s relative economic power. While each of these components have remained durable sources for military buildups, we admit that just as with regular GDP, they represent imperfect measures of the actual resources a state can devote to arming itself ([Knorr 1956](#)). Yet, as argued in the previous section, we wish to study the extent to which domestic state capacity conditions the effect of economic resources on power projection capability. For that purpose, [Fordham](#)’s basic measure should suffice.

We operationalize international rivalries using data from [Thompson and Dreyer \(2011\)](#), focusing on spatial and positional rivalries, which are characterized by sustained competition over territory or international status. A count variable records the number of such rivalries each state faces in a given year.

Our full estimation sample, covering between 37 and 57 countries from 1821 to 1997, is presented in the Online Appendix (note that landlocked countries are excluded from the analysis of naval tonnage). We will however begin by running the statistical models in a restricted set of states: the thirteen countries that at any time since the early modern period have been great powers, as defined by [Levy \(1983\)](#). Those states are Austria-Hungary (before 1918), China, France, Italy, Japan, the Netherlands, Prussia/Germany, Russia, Spain, Sweden, the Ottoman Empire, United Kingdom and the U.S. Note that there is no tautology involved in trying to explain the pursuit of great-power foreign policies among the great powers, as long as these policies are defined in relative and dynamic terms. To be clear, we are not trying to explain who becomes a great power and who does not; the outcome variables of interest instead corresponds to the relative success with which different states pursue policies that are typically pursued by the great powers – in this case, the development of military capabilities that enable projection of power over long distances. Once we have run the model for former or current great powers, we also run the model for all countries for which we have data.

DESCRIPTIVE EVIDENCE

Before we analyze the statistical models, we present some descriptive evidence to give the reader a feel for the data and to see how international rivalries, domestic state capacity, and power-projection capabilities have evolved over time. [Figure 2](#) describes the main trends in these variables in two of the axis powers in the Second World War (Italy and Japan), two medium-sized Western European countries with few international rivalries (the Netherlands and Sweden), and two large Western powers (the UK and the U.S.). The grey areas represent periods in which countries had one or more international rivalries. The dashed lines represent (relative) state capacity. The solid lines represent (relative) tonnage.

In this graph, we see several examples of how domestic state capacity and power-projection capacity—proxied for by tonnage—have co-evolved over the past century and a half. In the Italian and Japanese cases, we

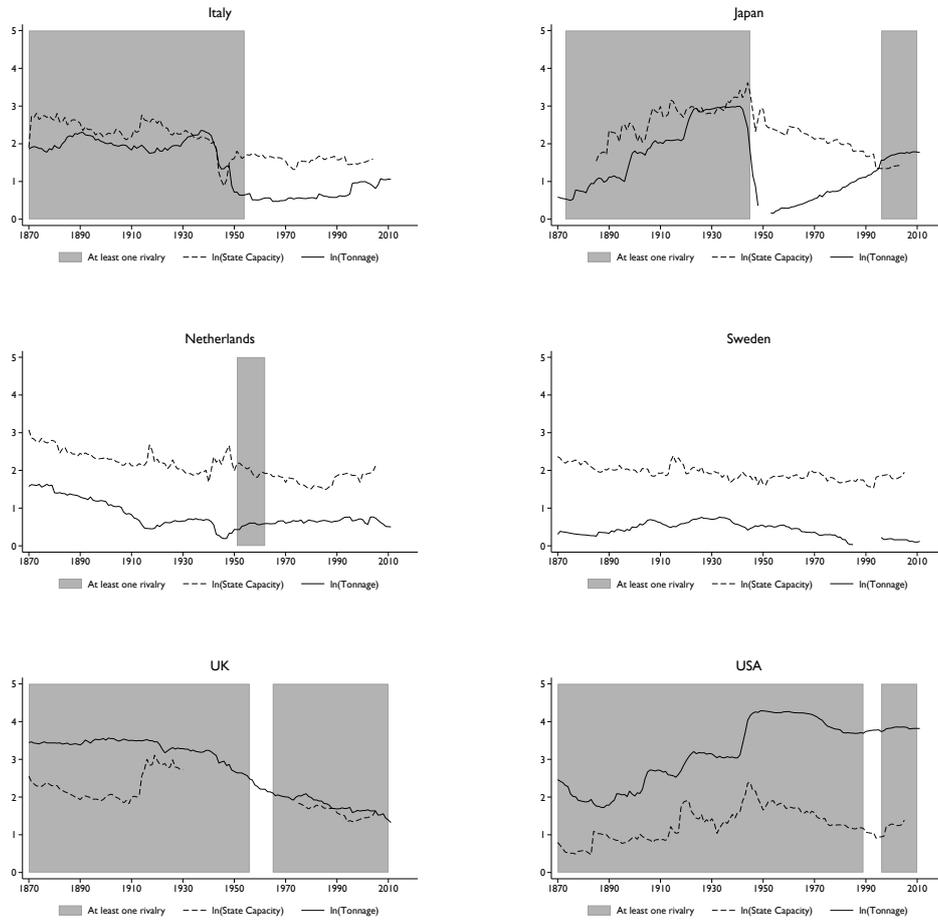


FIGURE 2. Rivalries, State Capacity, and Tonnage in Selected Countries

see examples of how state capacity and tonnage followed each other closely until the aftermath of the Second World War, when the position of these countries in the international system changes and their rivalries decreased to 0. Their share of the world's naval tonnage decreased to very low levels. In the Dutch and Swedish cases, we see examples of how two countries with no international rivalries (except for one brief period in the middle of the twentieth century in the Dutch case) consistently had a much lower share of the world's naval tonnage than one might otherwise have expected given their high levels of state capacity. In the British and U.S. cases, finally, we see that the curves for state capacity and naval tonnage have followed each

other relatively closely, with both countries controlling a large share of the world’s naval tonnage.²

What we can also infer from these graphs, however, is that it is difficult to draw robust conclusions from the raw, descriptive data, since the variables are trending and since there are clearly many other factors that influence the evolution of power-projection capabilities—for example, in both Italy and Japan, the end of the Second World War did not only represent the end of international rivalry but also the end of dictatorship, and one might well ask if this regime change explains the outcome. In the next section, we present statistical analyses that address these and other concerns regarding the data we rely on.

Descriptive graphs for all the countries in our great-power sample can be found in the online appendix. We also include graphs that describe the trends in the three main components of state capacity—revenue, bureaucratic quality, and information capacity. As those graphs show, the three components often move in tandem, but there are also many examples where one component increases or decreases but not the others.

STATISTICAL ANALYSIS

To take our theoretical expectations to the data in a more systematic way, we need a statistical estimator that is capable of distinguishing between short- and long-term effects. We therefore test our hypotheses in an error-correction framework, where we capture short-term effects by including *changes* in the explanatory variables on the right-hand side of the regression equation and where we capture long-term effects by including the *lagged levels* of the explanatory variables. By also controlling for the lagged dependent variable, we estimate the effects on changes in the outcome variable. For the purpose of this paper, we have relied on 5-year lags, which seems a reasonable approximation of the response time between investments in domestic state capacity and developments in the foreign policy domain.

For ease of interpretation, we estimate our models in the log-log format, which means that the coefficients can be interpreted as elasticities. Our statistical model is thus

$$\ln(y_{i,t}) = \alpha_i + \gamma \ln(y_{t-5}) + \beta_1 \Delta \mathbf{X} + \beta_2 \mathbf{X}_{t-5} + c_1 \Delta \mathbf{Z} + c_2 \mathbf{Z}_{t-5} + \varepsilon_{it},$$

²Note that state capacity data for the UK are missing for parts of the period due to unavailable revenue data in [Cagé and Gadenne \(2018\)](#).

where y is the outcome variable (naval tonnage in the main analyses), \mathbf{X} is the vector of main explanatory variables (the logs of our measures of economic resources and domestic state capacity, as well as their interactions), \mathbf{Z} is a vector of controls (also logged), α_i are country-specific intercepts (country fixed effects), and the errors are clustered on countries. With both a lagged dependent variable, country-specific effects, and country clustered errors, we do not worry about (serial) autocorrelation.

Although country dummies account for country characteristics that are constant over time, we also include in \mathbf{Z} measures of clearly identifiable time-varying confounders: war making and regime type, which may affect both a state’s incentive to invest in domestic state capacity and in military capabilities. Specifically, we distinguish between international wars and civil wars, controlling separately for the annual number of battle-related deaths a state suffered in each type of conflict, using COW data, as well as a proxy for external threats, using an indicator from [Leeds and Savun \(2007\)](#). We also include a dichotomous indicator for democratic regimes from [Boix et al. \(2013\)](#).

In testing for the interaction effect between economic resources and domestic state capacity implied by Hypothesis 2, we follow the most recent econometric advice proposed by [Warner \(2019\)](#). This means that we interact both the levels and first differences of each variable with each other for a total of 2×2 multiplicative interaction terms. As argued by [Warner \(2019\)](#), this specification implies no parameter restrictions, privileges information actually contained in the data over theoretical intuitions, and allows us to explore both short- and long-run dynamics. As discussed in the theory section, our expectation when it comes to the second hypothesis applies in the short run. What this means is that any of the two interaction effects including short-term investments in economic resources should be positive and significant.

In order to test the third hypothesis (in two parts), we simply split the estimation sample between country years when a state had no, and country years when a state had at least one, international rivalry.

Importantly, our \mathbf{X} -variables are measured in relative terms: as a share of the global total. We thus compute each state’s share of the total amount of domestic state capacity, or economic resources, in the world at each point in time. This follows directly from the assumption in the literature on great power rivalries that “so far as the international system is concerned, both wealth and power are always relative and should be seen as such” ([Kennedy](#)

TABLE 1. Main Results (Great Powers Only)

	Pooled Sample		Rivalries > 0		Rivalries = 0	
	Base (1)	Interactions (2)	Base (3)	Interactions (4)	Base (5)	Interactions (6)
Δ State Capacity	0.12** (0.05)	0.04 (0.09)	0.21** (0.08)	0.14 (0.13)	-0.04 (0.13)	0.14 (0.16)
State Capacity $_{t-5}$	0.16** (0.07)	0.13 (0.10)	0.29** (0.12)	0.28 (0.23)	0.06 (0.08)	0.37*** (0.08)
Δ Economic Resources	0.46*** (0.06)	-0.43 (0.43)	0.53*** (0.13)	-0.91 (0.57)	0.06 (0.14)	1.55*** (0.31)
E. Resources $_{t-5}$	0.16*** (0.03)	0.14 (0.14)	0.12*** (0.03)	0.12 (0.22)	0.09 (0.10)	0.78*** (0.18)
Δ E. Resources \times Δ S. Capacity		0.28 (0.75)		0.34 (0.65)		0.29 (1.35)
E. Resources $_{t-5}$ \times S. Capacity $_{t-5}$		0.02 (0.08)		0.01 (0.11)		-0.38*** (0.08)
Δ E. Resources \times S. Capacity $_{t-5}$		0.52* (0.26)		0.81** (0.34)		-0.75*** (0.21)
E. Resources $_{t-5}$ \times Δ S. Capacity		0.04 (0.06)		0.02 (0.08)		-0.17 (0.13)
Δ Interstate Battle Deaths	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.01** (0.00)	0.01*** (0.00)
Interstate Battle Deaths $_{t-5}$	-0.00 (0.01)	-0.01 (0.00)	-0.00 (0.01)	-0.00 (0.01)	0.00 (0.00)	0.00 (0.00)
Δ Civil Battle Deaths	0.01* (0.01)	0.01 (0.01)	0.02* (0.01)	0.02* (0.01)	-0.00 (0.01)	0.01** (0.00)
Civil Battle Deaths $_{t-5}$	0.01 (0.02)	0.01 (0.02)	0.00 (0.02)	0.01 (0.02)	0.01 (0.02)	0.02* (0.01)
Δ International Threat	0.00 (0.01)	0.00 (0.01)	0.03 (0.02)	0.02 (0.02)	-0.01 (0.01)	-0.01 (0.02)
International Threat $_{t-5}$	-0.03** (0.01)	-0.03* (0.02)	-0.03 (0.03)	-0.03 (0.03)	-0.02 (0.02)	-0.02 (0.02)
Δ Democratic regime	-0.07 (0.06)	-0.06 (0.05)	-0.12 (0.07)	-0.11 (0.08)	0.06 (0.10)	0.06 (0.09)
Democratic regime $_{t-5}$	-0.04 (0.04)	-0.05 (0.04)	-0.08 (0.10)	-0.09 (0.12)	-0.04 (0.04)	-0.03 (0.05)
Tonnage $_{t-5}$	0.89*** (0.02)	0.89*** (0.02)	0.86*** (0.04)	0.83*** (0.05)	0.84*** (0.06)	0.74*** (0.04)
Constant	-0.24 (0.16)	-0.19 (0.20)	-0.33* (0.16)	-0.25 (0.48)	0.01 (0.15)	-0.50** (0.20)
Observations	1081	1081	583	583	460	460

1988, xxv), and the bargaining theory of war, where the probability of winning a military contest is a function of relative power (Fearon 1995). This is also why we do not have to worry about common global trends when estimating equation (1) (or, put differently, why we have not included year-fixed effects): since our main variables are expressed as shares of the global total in each year, such trends have already been accounted for.

Table 1 presents our main findings, using tonnage as the main outcome variable and restricting the analysis to (former and current) great powers. Column (1) presents estimates from our baseline specification on the full sample, including time-varying controls and country fixed effects. Both economic resources and domestic state capacity are positively associated with the capability to project power abroad, and the effects of state capacity appear in both levels and first differences. In other words, the effects of increasing domestic state capacity on power projection do seem to accrue in the short run, but even more importantly – in line with Hypothesis 1 – they do so in the long run.

Since the variables are logged on both sides of the equation, and hence can be interpreted in terms of elasticities, the coefficient for Δ State Capacity in column (1) suggests that a one-percent increase in the (global) share of domestic state capacity over the course of a 5-year period translates into about a .12 percent increase in the share of naval tonnage. The long-run equilibrium effect – that is, the projected effect of a unit increase in state capacity as t goes to infinity – is similar in magnitude, suggesting that a one-percent increase in domestic state capacity amounts to about a .16 percent increase in tonnage over the long haul. In Figure 3, we plot these short-run and long-run effects, including a 95 percent confidence interval.³

In column (2), we test Hypothesis 2 by estimating the effect of socio-economic resources *conditional* on domestic state capacity. Since the interaction terms are not easy to interpret in and of themselves, we again turn to a graphical illustration. Figure 4 describes the marginal effect of a unit increase in economic resources, conditional on the level of domestic state capacity. Following Hainmueller et al. (2019), we have also included a histogram of domestic state capacity, the main conditioning variable, to show that there is common support in the data. As shown in the Figure, short-term increases in economic resources result in significant increases in a country’s share of naval tonnage among great powers, but the estimated effect only reaches statistical significance once countries have reached a level of around 1.5 in domestic state capacity. This amounts to around 5 on the original index (ranging, again, from 0–100), and corresponds to the level of state capacity in, for example, Austria-Hungary, Russia or the United Kingdom around 1900. This suggests that sudden economic expansions, or

³Following, e.g., De Boef and Keele (2008), the long-run effects are arrived at by dividing the coefficients for $\text{State Capacity}_{t-1}$ by the one for the (lagged) outcome variable. The standard errors are estimated with the delta method in Stata 16.1.

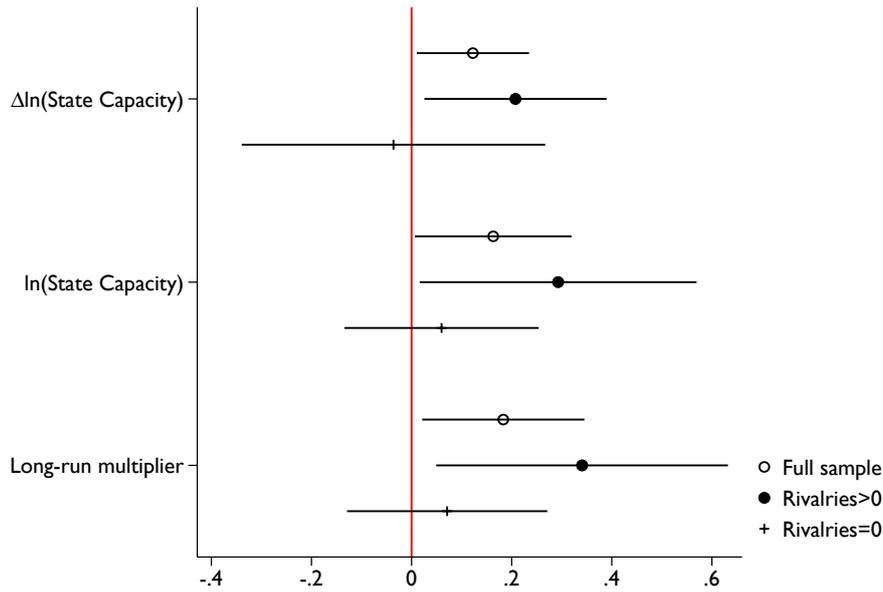


FIGURE 3. The Direct Effect of an Increase in State Capacity on Tonnage (Great Powers Only)

The figure plots the marginal effect, with 95% confidence intervals, of a unit change in $\ln(\text{state capacity})$ on tonnage. The figure is based on the estimates in columns (1), (3) and (5) in Table 1.

resource boosts, can only be converted promptly into military strength once a society has attained a certain level of domestic state capacity. Societies with weaker state capacity are typically not able to exploit increases in their economic resources in the short run. These results are again in line with our theoretical expectations (H2).

Columns (3) and (5) evaluate H3a by splitting the sample according to whether states are involved in international rivalries. The coefficients on state capacity are positive and statistically significant in the rivalry sample (column 3), but small and not statistically significant in the no-rivalry sample (column 5). This pattern is consistent with our conjecture that the effect of state capacity on power-projection capabilities is stronger under conditions of geopolitical competition. Figure 3 illustrates these marginal effects, highlighting the differences in short- and long-run estimates between the two subsamples.

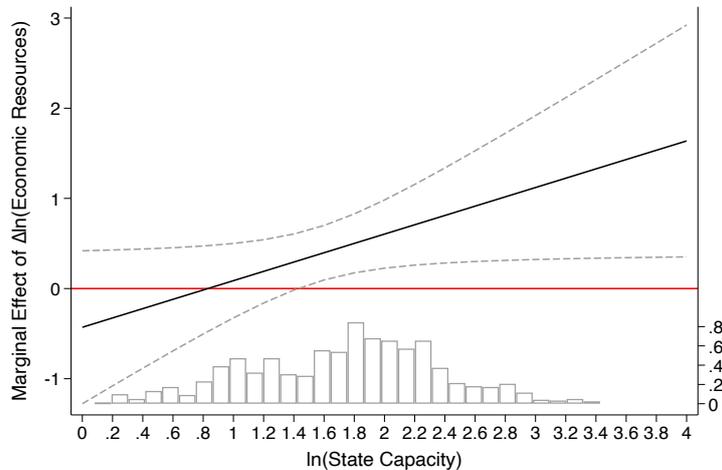


FIGURE 4. The Effect of Increasing Economic Resources on Tonnage is Conditional on the Level of State Capacity (Great Powers Only)

Comments: The figure plots the marginal effect, with 95% confidence intervals, of a unit change in $\ln(\text{economic resources})$ on tonnage, conditional on $\ln(\text{state capacity})$. The figure is based on the estimates in column (2) in Table 1.

In columns (4) and (6), we evaluate H3b, again using a split-sample approach. For states involved in international rivalries (column 4), there is a strong, positive, and statistically significant interaction between state capacity and short-term increases in economic resources. This aligns with our expectation that states with robust domestic institutions facing geopolitical competition are particularly effective at rapidly mobilizing increases in economic resources for military power projection. In contrast, for states not engaged in rivalries (column 6), the interaction term is negative. While our theory anticipates a dampened effect in the absence of rivalry, it does not predict a reversal in sign. One possible interpretation is that high-capacity states often defer military investment in non-rivalrous contexts, relying on their latent state capacity to rearm rapidly if needed, whereas low-capacity states have no such safeguards and therefore maintain higher baseline levels of military preparedness. Figure 5 visualizes these divergent marginal effects, showing how geopolitical rivalries impact the relationship between changes in economic resources and tonnage, conditional on state capacity.

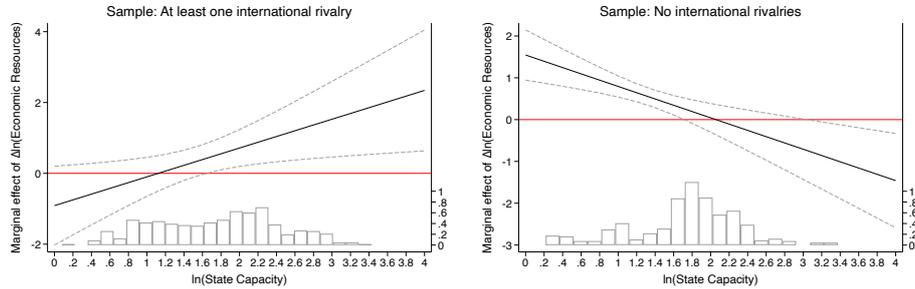


FIGURE 5. Marginal Effect of Increasing Economic Resources, Conditional on State Capacity and International Rivalries (Great powers only)

Comments: The figures plot the marginal effect, with 95% confidence intervals, of a unit change in $\ln(\text{economic resources})$ on tonnage, conditional on $\ln(\text{state capacity})$. The figures are based on the estimates in columns (4) and (6) in Table 1.

In Table 2, we perform the same sorts of analyses for *all* countries in the sample. The main results hold in this larger sample as well, both when it comes to the stand-alone effect of domestic state capacity (H1), the conditional relationship between economic resources and domestic state capacity (H2), and the conditional effect of international rivalries (H3a, H3b). The magnitudes of the effect sizes are somewhat smaller, which suggests that our theoretical argument is especially relevant for the behavior of countries that strive for, or seek to maintain, great-power status.

In the Online Appendix, we present analyses using two alternative outcome variables. When power projection is measured as share of military resources (Table 3) results are broadly similar. We still observe that state capacity is linked to tonnage (H1) and that both the unconditional and conditional effects of state capacity are stronger in the rivalry sample (H3a, H3b). The major difference is that the conditional effect of economic resources (H2) is mainly visible in *changes* of state capacity, and that this interaction effect does not reach conventional levels of statistical significance. When power projection is proxied by [Fordham](#)'s index for power projection capability (Table 4), coefficients are estimated with somewhat lower precision in many cases. The main deviation is that shifts in economic resources have a stronger, positive effect on [Fordham](#)'s index, but this effect is not conditioned by state capacity in the same direction as in the main results (column 4). One possible explanation is that, compared with [Crisher](#)

TABLE 2. Main Results (Full Sample)

	Pooled Sample		Rivalries > 0		Rivalries = 0	
	Base (1)	Interactions (2)	Base (3)	Interactions (4)	Base (5)	Interactions (6)
Δ State Capacity	0.10** (0.04)	0.05 (0.05)	0.15*** (0.05)	0.08 (0.06)	-0.03 (0.05)	0.06* (0.03)
State Capacity $_{t-5}$	0.12** (0.05)	0.08* (0.05)	0.18** (0.08)	0.05 (0.09)	0.05 (0.04)	0.20*** (0.05)
Δ Economic Resources	0.41*** (0.06)	-0.26 (0.36)	0.42*** (0.12)	-0.69 (0.46)	0.22 (0.17)	1.48*** (0.30)
E. Resources $_{t-5}$	0.16*** (0.03)	0.10 (0.09)	0.16*** (0.02)	0.02 (0.11)	0.10 (0.07)	0.46*** (0.11)
Δ E. Resources \times Δ S. Capacity		0.27 (0.70)		0.21 (0.68)		0.17 (0.91)
E. Resources $_{t-5}$ \times S. Capacity $_{t-5}$		0.03 (0.06)		0.09 (0.06)		-0.24*** (0.07)
Δ E. Resources \times S. Capacity $_{t-5}$		0.43* (0.23)		0.71** (0.31)		-0.71*** (0.15)
E. Resources $_{t-5}$ \times Δ S. Capacity		0.04 (0.04)		0.04 (0.04)		-0.14 (0.09)
Δ Interstate Battle Deaths	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.01** (0.00)	0.01** (0.00)
Interstate Battle Deaths $_{t-5}$	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.01)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Δ Civil Battle Deaths	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.01 (0.00)	-0.00 (0.01)	0.01 (0.00)
Civil Battle Deaths $_{t-5}$	0.00 (0.01)	0.00 (0.01)	0.00 (0.01)	0.00 (0.01)	0.00 (0.01)	0.01 (0.01)
Δ International Threat	0.00 (0.01)	0.00 (0.01)	0.02 (0.02)	0.02 (0.02)	-0.01* (0.01)	-0.01 (0.01)
International Threat $_{t-5}$	-0.03** (0.01)	-0.03** (0.01)	-0.03 (0.02)	-0.03 (0.02)	-0.02 (0.01)	-0.01 (0.01)
Δ Democratic regime	-0.06** (0.03)	-0.05** (0.03)	-0.07** (0.03)	-0.07* (0.03)	0.03 (0.05)	0.02 (0.05)
Democratic regime $_{t-5}$	-0.04* (0.02)	-0.04* (0.02)	-0.05 (0.04)	-0.05 (0.04)	-0.02 (0.02)	-0.04 (0.03)
Tonnage $_{t-5}$	0.88*** (0.02)	0.88*** (0.02)	0.86*** (0.03)	0.82*** (0.04)	0.85*** (0.04)	0.79*** (0.03)
Constant	-0.15 (0.09)	-0.07 (0.07)	-0.18 (0.11)	0.05 (0.15)	-0.03 (0.07)	-0.22** (0.08)
Observations	2232	2232	1276	1276	918	918

and Souva's tonnage measure, Fordham's index is constructed in a way that gives higher scores to countries with highly modernized, capital-intensive armed forces and smaller navies (such as Sweden or the Netherlands) and lower scores to large countries with less capital-intensive militaries and larger navies (such as Russia). Despite the somewhat weaker support for H2 and

H3b with these alternative outcome measures, we still think they lend some confidence to the generality of our argument.⁴

CONCLUSIONS

In this paper, we have used data on national power-projection capabilities, socioeconomic resources, and state institutions to study the relationship between domestic state capacity and the ability of states to project military power abroad. Since our theoretical arguments are most relevant for countries that aspire to the status of great powers, our main analyses are concerned with a sample of former and current great powers, which we follow over a period of almost two centuries. But we also demonstrate that the results hold in a larger sample of countries. Our findings suggest that domestic state capacity matters for the power-projection capabilities of states both unconditionally, by improving the effectiveness of a country’s foreign policies, and conditionally, by enhancing the effects of a country’s underlying socioeconomic strength. We also found that these effects were amplified in the context of geopolitical competition.

The findings presented in this paper carry significant implications. First, they demonstrate the value of applying granular, recently developed conceptualizations and measures of domestic state capacity from comparative politics and political economy to IR scholarship. Second, they demonstrate how such granular theorizing can be used to address important puzzles, including debates about the relationship between economic resources and military power (e.g., [Fordham 2011](#), [Beckley 2010](#), [Markowitz et al. 2019](#)). Third, they suggest that the set of states that can feasibly interact with each other may be wider than is typically assumed in debates about “opportunity” or “relevant dyads” (e.g., [Bremer 1992](#), [Lemke and Reed 2001](#), [Quackenbush 2024](#))

More broadly, these results are a reminder that military strength does not only depend on a country’s size and economic resources: it also depends on the organization of a state itself. Investments in domestic state capacity,

⁴In Online Appendix tables 5-6, we also present results with absolute tonnage as the outcome variable. These models may be of interest to readers who believe that the relative measure is too sensitive to investments in projection capabilities of other states (in effect, the relative measure may change even if a state makes no changes in their absolute level of tonnage). Although we retain the proportional tonnage measure as the principal dependent variable, since our theory is about how domestic state capacity shapes the power projection capabilities that a state possesses *in the international system*, our main results remain largely robust with the use of an absolute measure.

relative to other states, can increase a state’s power-projection capabilities abroad, and a state with high domestic state capacity can mobilize socioeconomic resources more effectively than states can without such institutional advantages. A relatively small country may thus be able to compensate for its size by building an effective state, while a large country can fail to realize its potential in the international domain by having weak domestic institutions. Historical contrasts underscore this point: nineteenth-century Britain, despite its modest population, built the fiscal and administrative capacity to sustain global dominance, while far more populous empires such as Qing China failed to translate their size into comparable power projection.

These contrasts highlight how differences in domestic state capacity shaped the international hierarchy over the long nineteenth century and set the stage for broader transformations in world politics. In particular, our framework helps to explain the “global transformation” of the 1800s, which laid the foundations for modern international society and created the “great divergence” between the West and other parts of the world (Buzan and Lawson 2013). By emphasizing the role of domestic state capacity, our model provides a systematic way to understand the relative decline of many non-Western powers during this period, and the conditions under which they might reclaim greater influence in the future. States with large populations and significant economic potential will only realize their global ambitions if they also invest in the institutional foundations needed to convert their underlying resources.

Finally, the analyses in this paper suggest that the literature on state capacity in comparative politics and political economy would benefit from taking into account the importance of state institutions and state capacity for foreign policy and for the geopolitical competition among states. Scholars of the state have long argued that the emergence of modern bureaucratic states was at least in part a consequence of military rivalry in the early-modern period (Tilly 1992). Our findings provide a disaggregated and nuanced perspective on how domestic state capacity has continued to influence the geopolitical relationships among states in the nineteenth and twentieth centuries – a fact that theories of the origins and evolution of states and state capacity need to consider.

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ONLINE APPENDIX

POWER PROJECTION GRAPHS BY COUNTRY

In this section, we present descriptive graphs for all great powers, complementing the selected graphs that are presented in the main text.

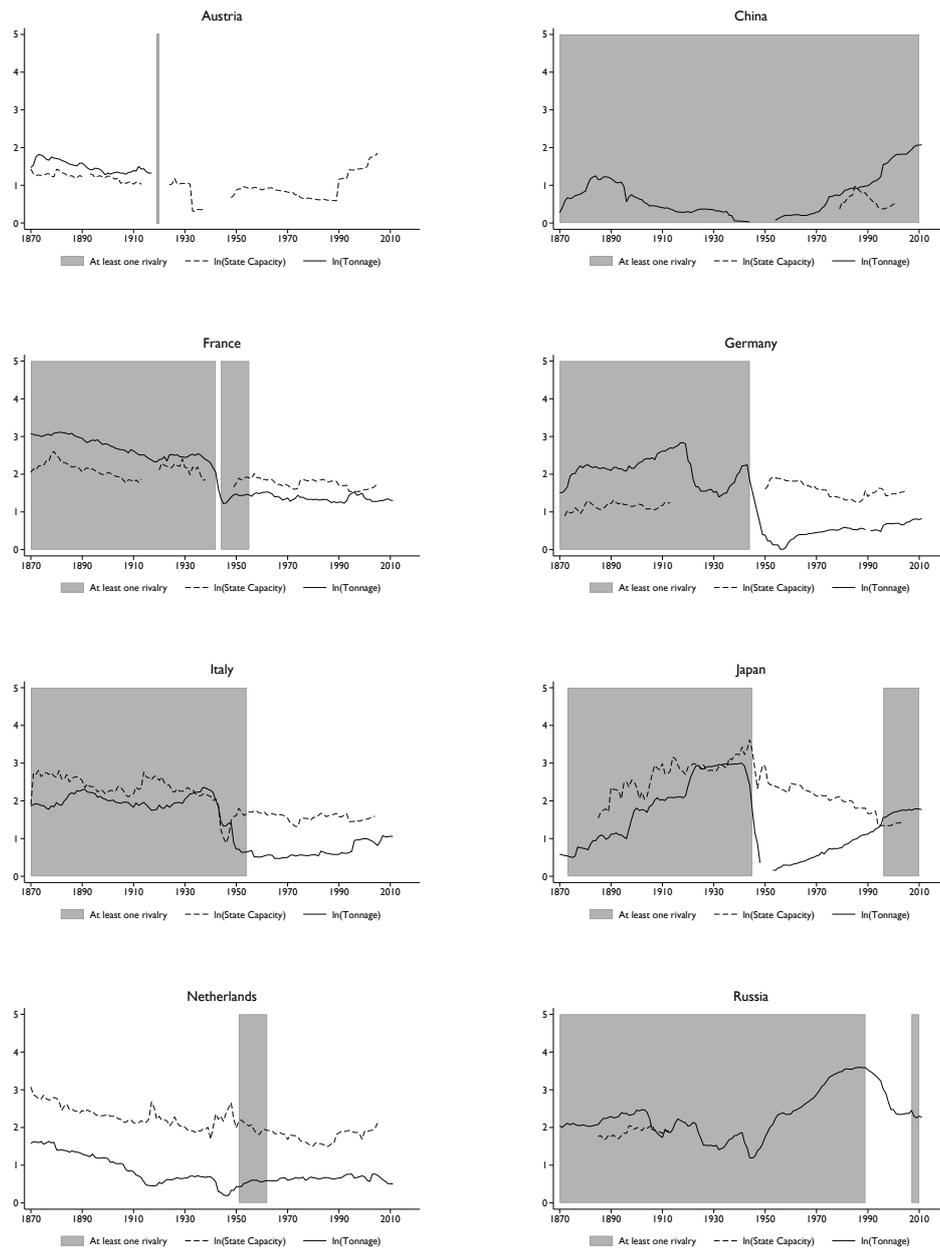


FIGURE 6. Rivalries, State Capacity, and Tonnage among the Great Powers (1)

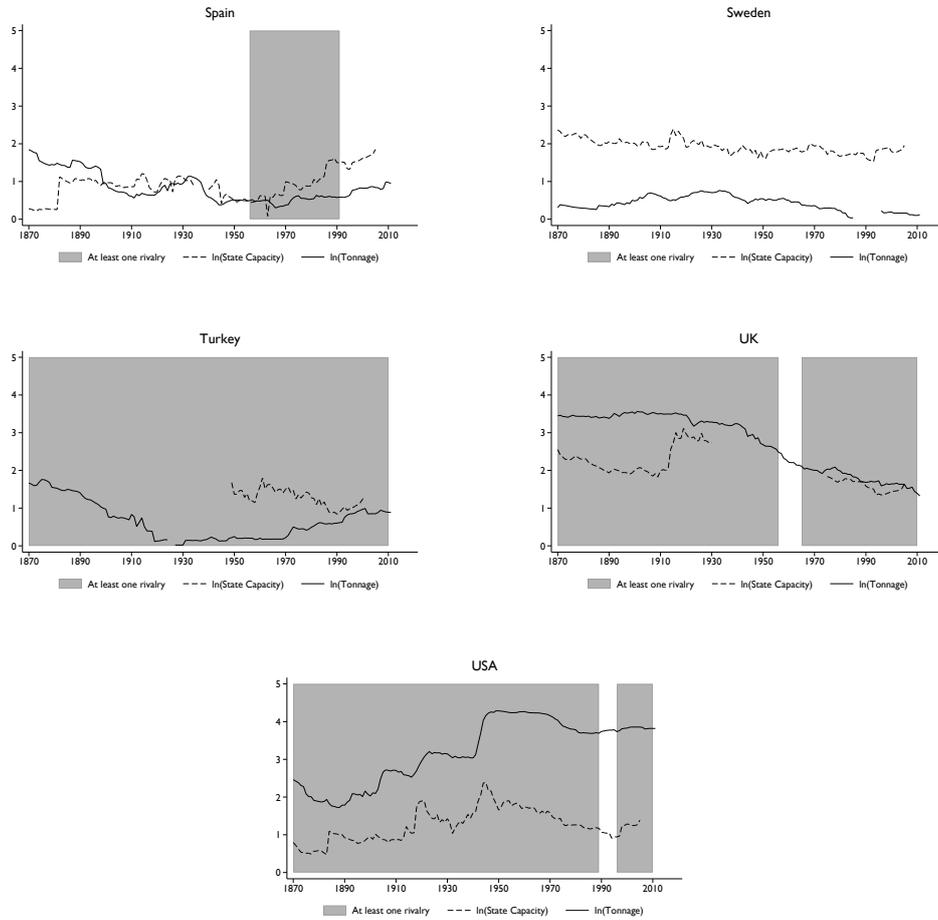


FIGURE 7. Rivalries, State Capacity, and Tonnage among the Great Powers (2)

STATE CAPACITY GRAPHS BY COUNTRY (DISAGGREGATED MEASURES)

Next, we present descriptive graphs for all great powers, disaggregating state capacity into its three constituent components and showing their absolute values over time.

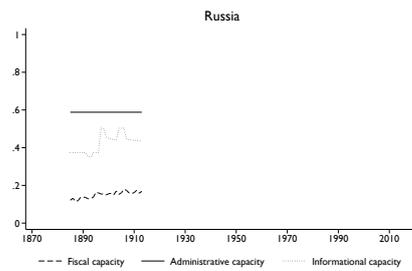
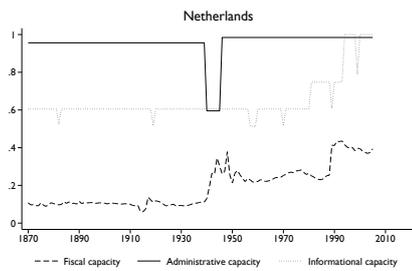
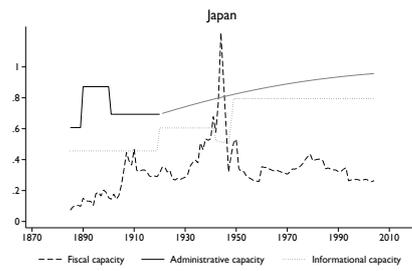
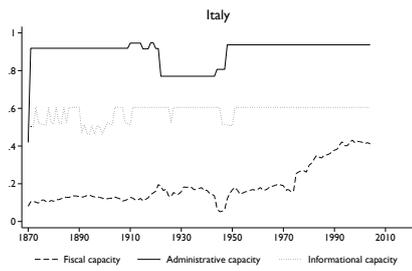
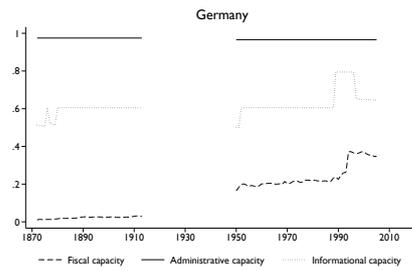
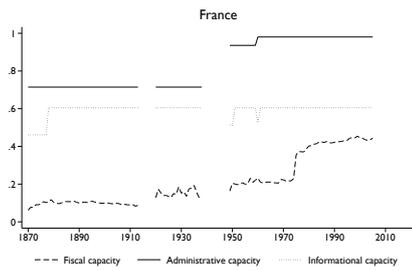
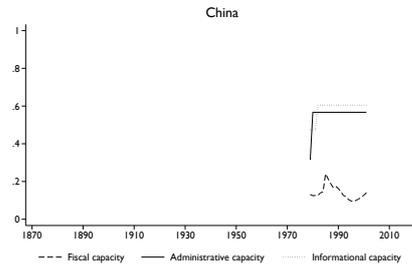
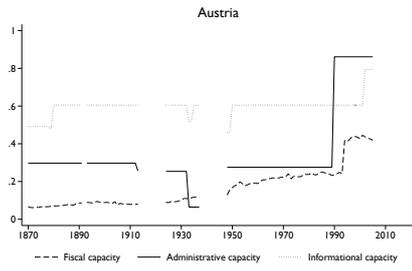


FIGURE 8. Disaggregated State Capacity, Great Powers (1)

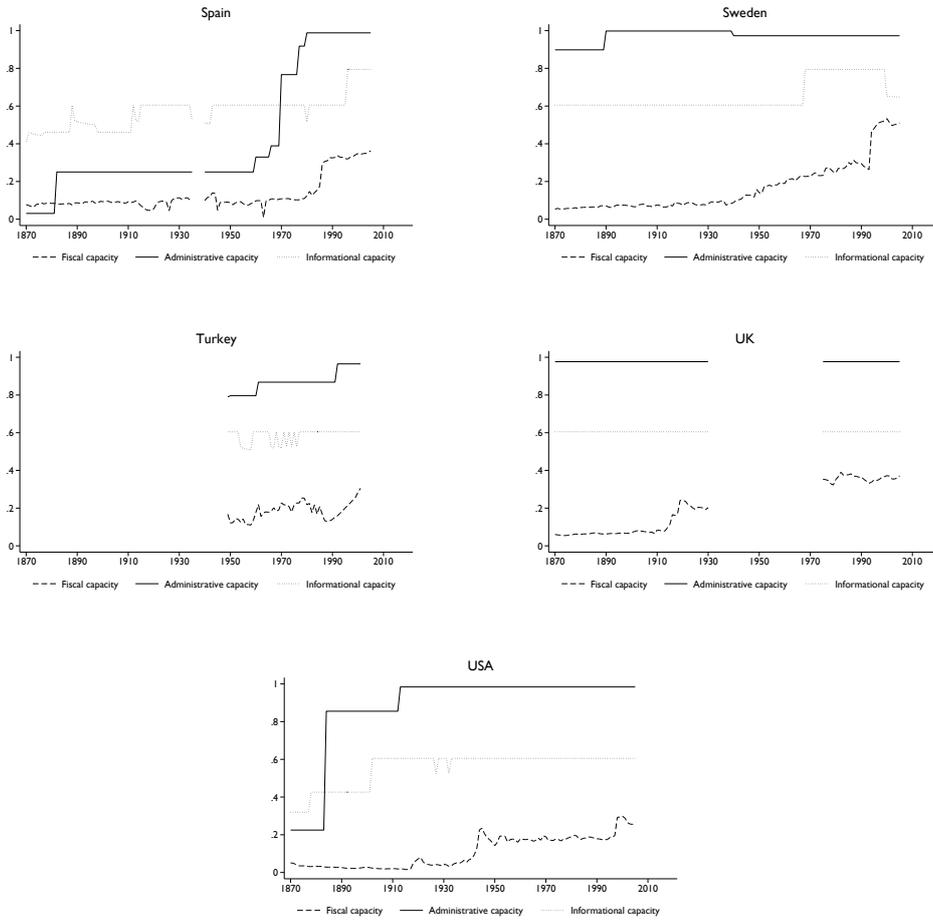


FIGURE 9. Disaggregated State Capacity, Great Powers (2)

ADDITIONAL TABLES AND GRAPHS

We proceed, first, by presenting statistical findings concerning the two other outcome variables we discussed in the paper: each state's share of the global total of military spending and military personnel and [Fordham \(2011\)](#)'s index of power-projection capacity, which takes into account the capital intensity of each state's military forces. The findings for the great powers are reported in Tables 3 and 4.⁵ Figure 10 presents the estimated marginal effects, including the long-run multiplier. Second, we present in tables 5-6 the results with absolute tonnage

⁵Since the results are so similar, we do not present the tables (or figure) for the full sample. They are available upon request.

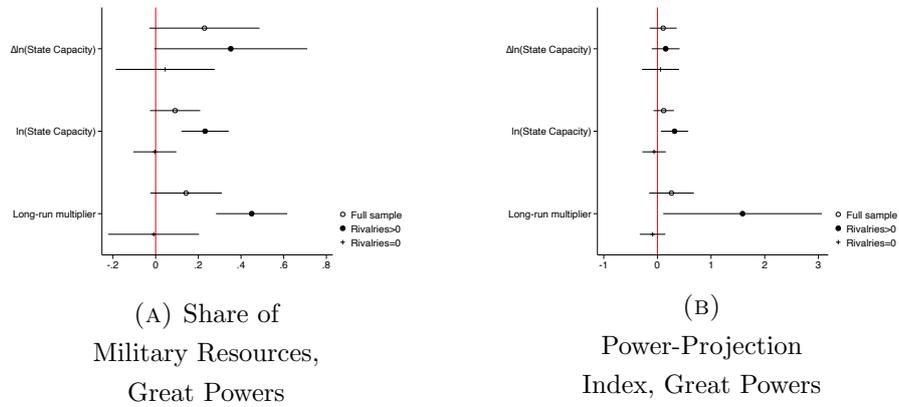


FIGURE 10. The Direct Effect of an Increase in State Capacity on the Two Alternative Outcome Variables

The figure plots the marginal effect, with 95% confidence intervals, of a unit change in $\ln(\text{state capacity})$.

os the outcome variable. In these models, also state capacity is measured in absolute terms. In order to control for correlated time, trends, these tables also include year-fixed effects.

TABLE 3. Military Resources as Outcome (Great Powers Only)

	Pooled Sample		Rivalries > 0		Rivalries = 0	
	Base (1)	Interactions (2)	Base (3)	Interactions (4)	Base (5)	Interactions (6)
Δ State Capacity	0.23 [*] (0.12)	-0.03 (0.16)	0.35 [*] (0.16)	-0.00 (0.40)	0.04 (0.10)	0.11 (0.13)
State Capacity _{t-5}	0.09 (0.05)	0.01 (0.12)	0.23 ^{***} (0.05)	0.00 (0.39)	-0.00 (0.04)	0.07 (0.08)
Δ Economic Resources	0.05 (0.15)	0.23 (0.29)	-0.01 (0.13)	-0.76 [*] (0.36)	-0.17 (0.11)	1.09 ^{**} (0.42)
E. Resources _{t-5}	0.18 ^{***} (0.04)	0.09 (0.15)	0.17 ^{***} (0.05)	0.00 (0.28)	0.20 ^{**} (0.07)	0.51 [*] (0.27)
Δ E. Resources \times Δ S. Capacity		1.29 (0.87)		1.67 (1.17)		0.68 [*] (0.30)
E. Resources _{t-5} \times S. Capacity _{t-5}		0.04 (0.07)		0.09 (0.15)		-0.11 (0.10)
Δ E. Resources \times S. Capacity _{t-5}		-0.06 (0.11)		0.43 (0.24)		-0.39 ^{**} (0.15)
E. Resources _{t-5} \times Δ S. Capacity		0.14 (0.11)		0.14 (0.17)		-0.07 (0.16)
Δ Interstate Battle Deaths	0.02 ^{**} (0.01)	0.02 ^{***} (0.00)	0.03 ^{**} (0.01)	0.02 ^{***} (0.01)	0.02 ^{**} (0.01)	0.02 ^{**} (0.01)
Interstate Battle Deaths _{t-5}	0.01 (0.01)	0.01 [*] (0.01)	0.02 [*] (0.01)	0.01 ^{**} (0.01)	0.02 ^{***} (0.00)	0.02 ^{***} (0.00)
Δ Civil Battle Deaths	0.08 ^{**} (0.03)	0.08 ^{**} (0.04)	0.10 ^{**} (0.04)	0.09 ^{**} (0.04)	0.03 ^{**} (0.01)	0.03 ^{***} (0.01)
Civil Battle Deaths _{t-5}	0.04 ^{**} (0.02)	0.03 [*] (0.01)	0.05 [*] (0.02)	0.05 ^{**} (0.02)	0.04 [*] (0.02)	0.04 [*] (0.02)
Δ International Threat	-0.02 (0.02)	-0.01 (0.02)	0.02 (0.02)	0.02 (0.01)	-0.05 ^{**} (0.02)	-0.05 ^{**} (0.02)
International Threat _{t-5}	0.00 (0.02)	-0.00 (0.02)	0.05 ^{**} (0.02)	0.04 [*] (0.02)	-0.04 ^{**} (0.01)	-0.04 ^{**} (0.01)
Δ Democratic regime	-0.05 (0.05)	-0.04 (0.05)	0.02 (0.04)	0.03 (0.03)	-0.12 ^{**} (0.04)	-0.12 ^{**} (0.04)
Democratic regime _{t-5}	-0.10 [*] (0.05)	-0.11 ^{**} (0.05)	0.00 (0.05)	0.02 (0.06)	-0.25 ^{***} (0.04)	-0.24 ^{***} (0.04)
ln(Military Capability)	0.64 ^{***} (0.03)	0.67 ^{***} (0.04)	0.51 ^{***} (0.08)	0.52 ^{***} (0.09)	0.39 ^{***} (0.11)	0.38 ^{***} (0.10)
Constant	0.13 (0.14)	0.28 (0.26)	0.06 (0.14)	0.49 (0.60)	0.53 ^{***} (0.08)	0.32 (0.21)
Observations	1336	1336	725	725	574	574

TABLE 4. Power Projection as Outcome (Great Powers Only)

	Pooled Sample		Rivalries > 0		Rivalries = 0	
	Base (1)	Interactions (2)	Base (3)	Interactions (4)	Base (5)	Interactions (6)
Δ State Capacity	0.11 (0.12)	-0.06 (0.19)	0.15 (0.12)	0.07 (0.35)	0.06 (0.15)	0.07 (0.26)
State Capacity _{t-5}	0.12 (0.09)	0.01 (0.18)	0.32** (0.11)	0.30 (0.56)	-0.06 (0.09)	-0.02 (0.11)
Δ Economic Resources	0.07 (0.41)	1.09** (0.38)	0.41 (0.32)	0.84 (0.64)	-0.69*** (0.16)	1.64** (0.63)
E. Resources _{t-5}	0.28*** (0.08)	0.17 (0.23)	0.26*** (0.05)	0.24 (0.39)	0.02 (0.15)	0.36 (0.51)
Δ E. Resources \times Δ S. Capacity		1.25 (0.99)		0.95 (1.78)		1.11** (0.45)
E. Resources _{t-5} \times S. Capacity _{t-5}		0.05 (0.10)		0.01 (0.20)		-0.12 (0.17)
Δ E. Resources \times S. Capacity _{t-5}		-0.41*** (0.10)		-0.26 (0.41)		-0.74*** (0.22)
E. Resources _{t-5} \times Δ S. Capacity		0.08 (0.10)		0.03 (0.14)		-0.00 (0.35)
Δ Interstate Battle Deaths	0.02 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.03* (0.02)	0.04** (0.01)
Interstate Battle Deaths _{t-5}	0.02 (0.02)	0.01 (0.01)	0.01 (0.02)	0.01 (0.01)	0.04*** (0.01)	0.04*** (0.01)
Δ Civil Battle Deaths	0.08*** (0.02)	0.09*** (0.02)	0.09*** (0.02)	0.09*** (0.03)	0.08*** (0.02)	0.09*** (0.02)
Civil Battle Deaths _{t-5}	0.09*** (0.03)	0.08** (0.03)	0.12*** (0.04)	0.11*** (0.03)	0.03 (0.04)	0.02 (0.04)
Δ International Threat	-0.05* (0.03)	-0.05 (0.03)	0.04** (0.02)	0.04** (0.02)	-0.12*** (0.02)	-0.13*** (0.01)
International Threat _{t-5}	-0.02 (0.04)	-0.02 (0.05)	0.10* (0.05)	0.10** (0.04)	-0.09*** (0.02)	-0.09*** (0.02)
Δ Democratic regime	-0.06 (0.07)	-0.06 (0.08)	-0.01 (0.06)	-0.03 (0.07)	-0.23* (0.12)	-0.25* (0.13)
Democratic regime _{t-5}	-0.15* (0.07)	-0.16** (0.07)	-0.09 (0.10)	-0.10 (0.11)	-0.21** (0.07)	-0.21** (0.07)
ln(Power Projection Capacity)	0.44*** (0.06)	0.46*** (0.05)	0.20** (0.07)	0.21** (0.09)	0.69*** (0.13)	0.69*** (0.11)
Constant	0.42* (0.20)	0.62 (0.40)	0.64* (0.33)	0.68 (0.92)	0.63*** (0.18)	0.48 (0.41)
Observations	1336	1336	725	725	574	574

TABLE 5. Absolute Tonnage as Outcome (Great Powers Only)

	Pooled Sample		Rivalries > 0		Rivalries = 0	
	Base (1)	Interactions (2)	Base (3)	Interactions (4)	Base (5)	Interactions (6)
Δ State Capacity	0.17 [*] (0.09)	-0.11 (0.09)	0.30 ^{***} (0.09)	-0.22 [*] (0.13)	0.18 (0.21)	-0.03 (0.45)
State Capacity _{t-5}	0.21 ^{**} (0.09)	0.05 (0.06)	0.31 ^{**} (0.11)	-0.04 (0.06)	0.09 (0.07)	-0.55 [*] (0.32)
Δ Economic Resources	0.50 (0.29)	1.00 (0.71)	0.92 ^{**} (0.32)	2.49 ^{***} (0.84)	-0.29 (0.57)	-1.87 (1.26)
E. Resources _{t-5}	0.22 ^{**} (0.08)	0.51 ^{***} (0.14)	0.26 ^{***} (0.05)	0.81 ^{***} (0.15)	0.83 [*] (0.36)	1.90 ^{***} (0.72)
Δ E. Resources \times Δ S. Capacity		0.36 (0.58)		1.17 ^{**} (0.57)		-2.49 (2.47)
E. Resources _{t-5} \times S. Capacity _{t-5}		0.09 ^{***} (0.03)		0.17 ^{***} (0.03)		0.67 ^{**} (0.34)
Δ E. Resources \times S. Capacity _{t-5}		0.10 (0.15)		0.50 ^{**} (0.20)		-0.50 (0.37)
E. Resources _{t-5} \times Δ S. Capacity		0.16 ^{***} (0.04)		0.21 ^{***} (0.05)		0.21 (0.79)
Δ Interstate Battle Deaths	0.01 ^{**} (0.00)	0.01 [*] (0.00)	0.00 (0.00)	0.01 (0.01)	0.02 ^{**} (0.01)	0.03 ^{***} (0.01)
Interstate Battle Deaths _{t-5}	0.01 (0.01)	0.00 (0.01)	-0.00 (0.01)	0.01 (0.01)	0.02 (0.02)	0.04 [*] (0.02)
Δ Civil Battle Deaths	0.03 [*] (0.01)	0.02 (0.01)	0.02 (0.01)	0.01 (0.01)	-0.00 (0.01)	0.05 ^{***} (0.02)
Civil Battle Deaths _{t-5}	0.04 [*] (0.02)	0.03 (0.02)	0.01 (0.02)	0.00 (0.03)	0.05 (0.05)	0.08 (0.05)
Δ International Threat	0.05 (0.03)	0.04 (0.04)	0.00 (0.03)	0.00 (0.03)	-0.04 (0.04)	-0.05 (0.06)
International Threat _{t-5}	0.01 (0.04)	-0.01 (0.05)	-0.15 ^{***} (0.04)	-0.15 ^{***} (0.04)	-0.01 (0.04)	-0.01 (0.05)
Δ Democratic regime	-0.16 [*] (0.08)	-0.13 (0.09)	-0.13 (0.11)	-0.07 (0.08)	0.19 (0.21)	0.23 (0.18)
Democratic regime _{t-5}	-0.14 (0.11)	-0.13 (0.12)	-0.15 (0.15)	-0.02 (0.11)	-0.04 (0.26)	0.09 (0.29)
Absolute tonnage _{t-5}	0.78 ^{***} (0.06)	0.77 ^{***} (0.06)	0.90 ^{***} (0.05)	0.77 ^{***} (0.07)	0.68 ^{**} (0.20)	0.62 ^{***} (0.20)
Constant	3.29 ^{***} (0.77)	0.00 (.)	2.54 ^{**} (0.95)	2.71 ^{***} (0.64)	3.38 [*] (1.71)	0.00 (.)
Observations	1081	1081	583	583	460	460

TABLE 6. Absolute Tonnage as Outcome (Full Sample)

	Pooled Sample		Rivalries > 0		Rivalries = 0	
	Base (1)	Interactions (2)	Base (3)	Interactions (4)	Base (5)	Interactions (6)
Δ State Capacity	0.23 ^{***} (0.08)	0.14 (0.10)	0.32 ^{***} (0.09)	0.16 (0.11)	0.06 (0.12)	-0.04 (0.16)
State Capacity _{t-5}	0.20 ^{***} (0.06)	0.15 ^{**} (0.07)	0.25 ^{***} (0.08)	0.08 (0.06)	0.17 ^{**} (0.07)	0.13 (0.09)
Δ Economic Resources	0.35 ^{**} (0.17)	0.98 ^{**} (0.47)	0.26 (0.31)	1.82 ^{**} (0.88)	1.09 [*] (0.52)	-0.92 (0.62)
E. Resources _{t-5}	0.26 ^{***} (0.07)	0.39 ^{**} (0.16)	0.30 ^{***} (0.09)	0.77 ^{***} (0.14)	1.10 ^{***} (0.24)	1.28 ^{***} (0.44)
Δ E. Resources \times Δ S. Capacity		1.07 ^{**} (0.46)		1.00 ^{**} (0.46)		-2.03 (2.47)
E. Resources _{t-5} \times S. Capacity _{t-5}		0.04 (0.04)		0.11 ^{***} (0.03)		0.06 (0.14)
Δ E. Resources \times S. Capacity _{t-5}		0.16 (0.11)		0.40 (0.27)		-0.81 ^{***} (0.28)
E. Resources _{t-5} \times Δ S. Capacity		0.07 (0.06)		0.08 (0.06)		0.21 (0.29)
Δ Interstate Battle Deaths	0.01 ^{**} (0.00)	0.01 (0.00)	0.01 (0.01)	0.00 (0.01)	0.02 ^{**} (0.01)	0.02 ^{***} (0.01)
Interstate Battle Deaths _{t-5}	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.02 (0.01)	0.02 [*] (0.01)
Δ Civil Battle Deaths	0.00 (0.01)	0.00 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.05 ^{***} (0.02)
Civil Battle Deaths _{t-5}	0.01 (0.02)	0.00 (0.02)	-0.00 (0.01)	0.00 (0.01)	0.07 [*] (0.04)	0.10 ^{**} (0.04)
Δ International Threat	0.04 (0.03)	0.03 (0.03)	0.02 (0.04)	0.01 (0.04)	0.04 (0.04)	0.04 (0.04)
International Threat _{t-5}	0.04 (0.03)	0.03 (0.03)	0.02 (0.05)	-0.02 (0.04)	0.08 ^{**} (0.04)	0.09 ^{**} (0.04)
Δ Democratic regime	-0.14 ^{**} (0.06)	-0.13 ^{**} (0.06)	-0.15 ^{**} (0.07)	-0.11 [*] (0.07)	0.08 (0.08)	0.08 (0.06)
Democratic regime _{t-5}	-0.19 ^{**} (0.07)	-0.18 ^{**} (0.08)	-0.17 [*] (0.10)	-0.10 (0.09)	-0.09 (0.08)	-0.07 (0.07)
Absolute tonnage _{t-5}	0.72 ^{***} (0.04)	0.72 ^{***} (0.04)	0.66 ^{***} (0.06)	0.60 ^{***} (0.05)	0.74 ^{***} (0.09)	0.74 ^{***} (0.08)
Constant	3.63 ^{***} (0.42)	2.98 ^{***} (0.39)	4.38 ^{***} (0.50)	0.00 (.)	2.66 ^{***} (0.82)	2.10 ^{***} (0.68)
Observations	2232	2232	1276	1276	918	918

We end by providing a list of all the countries that are included in our empirical analyses, and the periods during which they are included. See Table 7.

Table 7. The Composition of the Sample

<i>Country</i>	<i>Tonnage</i>		<i>Military capability</i>		<i>Power projection capacity</i>	
	<i>Start</i>	<i>End</i>	<i>Start</i>	<i>End</i>	<i>Start</i>	<i>End</i>
Argentina	1874	1997	1849	1997	1849	1997
Australia	1965	1997	1965	1997	1965	1997
Austria	1870	1913	1870	1997	1870	1997
Belgium	1996	1997	1835	1997	1835	1997
Bolivia			1893	1997	1893	1997
Brazil	1865	1997	1832	1997	1832	1997
Bulgaria	1992	1997	1924	1997	1924	1997
Burma/Myanmar	1975	1979	1975	1997	1975	1997
Canada	1948	1997	1926	1997	1926	1997
Chile	1865	1997	1853	1997	1853	1997
China	1979	1997	1979	1997	1979	1997
Colombia	1956	1997	1843	1997	1843	1997
Costa Rica			1978	1997	1978	1997
Denmark	1865	1997	1841	1997	1841	1997
Dominican Rep.			1975	1997	1975	1997
Ecuador	1973	1997	1973	1991	1973	1991
Egypt	1975	1997	1975	1997	1975	1997
El Salvador			1972	1997	1972	1997
Ethiopia			1978	1997	1978	1997
Finland	1945	1947	1919	1997	1919	1997
France	1865	1997	1817	1997	1817	1997
Germany	1872	1997	1872	1997	1872	1997
Greece	1928	1997	1928	1997	1928	1997
Guatemala			1972	1997	1972	1997
Haiti			1979	1997	1979	1987
Honduras			1975	1997	1975	1997
Hungary			1927	1997	1927	1997
India	1953	1997	1948	1997	1948	1997
Indonesia	1956	1997	1951	1997	1951	1997
Iran	1959	1997	1959	1997	1959	1997
Italy	1865	1997	1862	1997	1862	1997
Japan	1885	1997	1885	1997	1885	1997
Madagascar			1978	1997	1978	1997
Mexico	1947	1993	1895	1993	1895	1993
Morocco	1982	1997	1975	1997	1975	1997
Nepal			1975	1997	1975	1997
Netherlands	1865	1997	1817	1997	1817	1997
New Zealand	1948	1997	1931	1997	1931	1997
Nicaragua			1991	1997	1991	1997
Norway	1906	1997	1906	1997	1906	1997
Paraguay			1975	1997	1975	1997
Peru	1865	1997	1850	1997	1850	1997
Poland	1994	1997	1994	1997	1994	1997
Portugal	1876	1997	1837	1997	1837	1997
Romania	1990	1997	1882	1997	1882	1997
Russia	1885	1913	1885	1908	1885	1908
South Korea	1958	1997	1958	1997	1958	1997

Spain	1865	1997	1850	1997	1850	1997
Sweden	1865	1997	1844	1997	1844	1997
Switzerland			1853	1997	1853	1997
Thailand	1946	1997	1946	1997	1946	1997
Tunisia			1990	1997	1990	1997
Turkey	1949	1997	1949	1997	1949	1997
United Kingdom	1865	1997	1817	1997	1817	1997
United States	1865	1997	1817	1997	1817	1997
Uruguay	1996	1997	1884	1997	1884	1997
Venezuela	1952	1997	1867	1997	1867	1997
Yemen			1991	1997	1991	1997

Note: Entries are start and end years for the time series per country with non-missing on each dependent variable, the state capacity index *and* the measure of economic resources. Entries in bold italics are great powers.