

Territory

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- ① Territory
- ② Walter (2003)
 - Class Presentation
 - Discussion
- ③ Simmons (2005)
 - Class Presentation
 - Discussion

- Territory has historically been the most common source of war
- Study of 155 wars over last three centuries found that 83 involved conflicts over territory (Holsti 1991)
- States come into conflict if more than one wants the same piece of territory
 - Why do states want a particular piece of territory?
 - Why is it so difficult to negotiate a peaceful settlement?

- What makes territory worth fighting over?
 - Territory can have economic value
 - Territory can have strategic value
 - Territory can be valuable for ethnic, cultural, or historical reasons

- Why is it so difficult to negotiate a peaceful settlement?
 - Conflict over territory as a zero-sum game

Marzia to present on Walter (2003), "Explaining the Intractability of Territorial Conflict"

- Why do governments so often refuse to negotiate over territory?
- Under what conditions will they agree to negotiate and make some accommodation for greater autonomy or independence?

Walter (2003): “Explaining the Intractability of Territorial Conflict”

Explanations in the Existing Literature

- War is more likely if territory holds natural resources
 - But: governments are often willing to part with resource-rich territory, and they often fight over territory with little economic value

Walter (2003): “Explaining the Intractability of Territorial Conflict”

Explanations in the Existing Literature

- War is more likely if territory is important for security
 - But: governments are only 6% less likely to settle dispute if territory is strategically important (Huth 1996)

Walter (2003): “Explaining the Intractability of Territorial Conflict”

Explanations in the Existing Literature

- War is more likely if territory is important for identity
 - But: governments sometimes relinquish territory important to their national identity and other times not

Walter (2003): “Explaining the Intractability of Territorial Conflict”

Walter’s Explanation

- State has limited amount of territory
- Case 1: country with one potential challenger
 - Potential challenger can decide whether to seek self-determination
 - Government can decide whether to acquiesce (lose territory) or fight (retain control over territory and pay costs of fighting)
 - If potential challenger believes that government’s response is to acquiesce, it will seek self-determination

- Case 2: country with multiple potential challengers
 - Game can be repeated as many times as there are potential challengers
 - Start with a potential challenger deciding whether to seek self-determination
 - Government again can decide whether to acquiesce or fight
 - Now, however, all other potential challengers can observe behavior of government and use this information to update beliefs about how government will behave if they themselves seek self-determination
 - If government acquiesces to first challenger, other groups believe that they will also be granted self-determination
 - If government fights first challenger, other groups believe that they will also not be granted self-determination

Walter (2003): “Explaining the Intractability of Territorial Conflict”

Walter’s Explanation

- Therefore, war is a means to transfer information about government’s toughness to other potential challengers
- Fighting early challengers allows government to develop reputation for toughness, which decreases probability of further territorial conflicts in the future

- 1 Government’s willingness to accommodate demands for territorial autonomy or independence is inversely related to the number of additional challengers it expects to encounter in the future

Walter (2003): “Explaining the Intractability of Territorial Conflict” Hypotheses Derived From Alternative Explanations

- ② Government is less likely to acquiesce as the economic value of the disputed territory increases
- ③ Government is less likely to acquiesce as the strategic value of the disputed territory increases
- ④ Government is less likely to acquiesce as the symbolic value of the disputed territory increases
- ⑤ The stronger the government is relative to a challenger, the less likely the government is to acquiesce

Walter (2003): “Explaining the Intractability of Territorial Conflict” Empirical Analysis

- Data: self-determination movements, mainly from CIDCM's global survey of self-determination movements (1956-2000) and the Minorities at Risk data project (1940-1999)
- CIDCM defines self-determination movement as any attempt launched by a territorially concentrated ethnic group for autonomy or independence from the central government

Walter (2003): "Explaining the Intractability of Territorial Conflict" Empirical Analysis

- Dependent variable: ordinal variable measuring accommodation (0 = no accommodation, 1 = some accommodation but not over territory, 2 = territorial autonomy, 3 = full independence)

Walter (2003): “Explaining the Intractability of Territorial Conflict”

Empirical Analysis

- Independent variables:
 - Number of potential separatist challengers
 - Number of marketable resources in disputed territory
 - Number of strategic resources in disputed territory
 - Variable measuring time a challenger had resided on a territory; dummy variable measuring whether a challenger had been autonomous from the government at any point prior to the conflict
 - Two indicators measuring strength of challenger (challenger is part of an ethnic group that extends beyond country's borders; percent of total population the challenging group represents); two indicators measuring the strength of government (military expenditures during conflict; number of military personnel during conflict)
 - Set of control variables

Walter (2003): “Explaining the Intractability of Territorial Conflict”

Findings

TABLE 1. Ordered Probit Analysis of Government’s Decision to Accommodate Demands for Self-Determination

Independent Variables	Coefficient	Standard Error
Number of Ethnopolitical Groups	-.23**	.05
Economic Value	.06	.06
Strategic Value	-.06	.17
Psychological Value:		
Length of Residence	.18	.31
History of Autonomy	-.07	.10
Democracy	.06*	.02
Balance of Power:		
Neighboring Ethnic Group	-.18	.13
Group’s Proportion of Population	-2.63	1.52
Government Military Expenditures	3.85e**	1.18e
Violent Conflict	.07	.32
Duration	.00	.01
Constant 1	-.04	.98
Constant 2	.38	.98
Constant 3	2.27	1.02
Pseudo R2	.19	
χ^2	40.61**	
N	106	

Heteroscedastic-consistent standard errors clustered by country; * $p < .05$, ** $p < .01$.

Walter (2003): “Explaining the Intractability of Territorial Conflict” Findings

- Reputation matters: the greater the number of potential challengers, the less likely government is to accommodate
- Democracy matters: more democratic countries are more likely to accommodate than less democratic countries
- Military expenditures matter (although not as expected): governments with higher expenditures are more likely to accommodate
- Governments are not more or less likely to accommodate if territory has high economic, strategic, or symbolic value

Walter (2003): "Explaining the Intractability of Territorial Conflict"

Findings

TABLE 2. Predicted Probability That Governments Will Accommodate

	Probability of No Accommodation	Probability of Reform	Probability of Increased Territorial Autonomy	Probability of Independence
Number of Groups				
Low (1)	16	12	60	12
High (28)	99	0	0	0
Percent Difference	83**	-12**	-60**	-12**
Level of Democracy				
Low (-10)	87	7	7	0
High (+10)	48	16	34	2
Percent Difference	-39**	9	27*	2
Government Military Expenditures				
Low (333)	79	10	11	0
High (142,000,000)	0	0	9	90
Percent Difference	-79**	-10*	-2	90**

Probabilities are derived from the ordered probit analysis presented in Table 1; * $p < .05$, ** $p < .01$.

Nicholas to present on Simmons (2005), “Rules over Real Estate: Trade, Territorial Conflict, and International Borders as Institution”

How should we think about international borders?

- States value territory for economic and security reasons
- Borders are territorial divisions and dispute over territory is a zero-sum competition
- But: if control over territory is zero sum and closely connected to national security, why has territory so often been transferred peacefully?

Simmons (2005): “Rules over Real Estate”

The Globalization View on International Borders

- In today's global era, international borders are declining in significance
- But: international borders continue to have significant influences on international economic relations (“home bias” in investment; trade within countries is greater than trade between countries; price differences between cities in different countries are greater than between cities in the same country)

Simmons (2005): “Rules over Real Estate”

Simmons' View: International Borders as Institutions

- International borders are institutions that provide mutual benefits for states¹
- These benefits arise because mutually accepted border order national and transnational economic and social life
- Consequently, conflict over borders creates opportunity costs

¹Institutions are sets of rules, procedures, and norms designed to constrain behavior (North 1981)

Simmons (2005): “Rules over Real Estate”

Simmons' View: International Borders as Institutions

- Opportunity costs arise from two sources
 - Jurisdictional uncertainty: uncertainty over which states' rules apply in disputed territory
 - Policy uncertainty: territorial disputes can cause abrupt policy changes, which leads to additional uncertainty
- Private economic actors face costs and risks when their governments are disputing territory, which leads to less bilateral trade
- Therefore, border disputes are costly

- Territorial settlement avoids opportunity costs associated with jurisdictional and policy uncertainty
- Why is this the case? Border settlement is a costly signal from government to economic actors: government signals its willingness to bear domestic political costs (e.g., opposition from nationalist groups) in order to establish better bilateral relationship with its neighbor
- Border settlement leads economic actors to believe that property rights will not be subject to sudden policy shifts or jurisdictional controversies

Simmons (2005): “Rules over Real Estate” Hypothesis

If two states have a border dispute, then bilateral trade between the countries decreases

Simmons (2005): "Rules over Real Estate"

Empirical Analysis

- Gravity model of bilateral trade
- Data: 557 contiguous country pairs (1950-1995)
- Dependent variable: bilateral trade between two countries (logged)
- Independent variables:
 - Indicator variable for border disputes (= 1 if there is a dispute, 0 otherwise)
 - Combined economic size of the two countries (logged)
 - Distance between the capitals of the two countries (logged)
 - Set of control variables

Simmons (2005): "Rules over Real Estate"

Findings

TABLE 1
Effect of Territorial Disputes on Bilateral Trade:
Result of a Country Fixed-Effects Gravity Model

<i>Explanatory Variables</i>	<i>Model 1</i>	<i>Model 2 (Lagged DV)</i>
Lagged log trade	—	0.713*** (0.015)
Log of combined gross domestic product	1.548*** (0.260)	0.474*** (0.087)
Log of combined population	-0.341 (0.4405)	-0.169 (0.124)
Log of distance between capitals	-0.389 (0.375)	-0.121 (0.110)
Territorial dispute	-1.410*** (0.4505)	-0.314** (0.139)
Military dispute	-1.045*** (0.306)	-0.624*** (0.138)
Alliance	-0.440*** (0.111)	-0.106*** (0.033)
Policy affinity	0.816*** (0.311)	0.174 (0.115)
Joint democracy	0.021* (0.012)	0.006* (0.004)
General trade openness	0.922*** (0.105)	0.273*** (0.041)
Year	-0.111*** (0.025)	-0.036*** (0.008)
Number of observations	14,779	14,362
R^2	0.692	0.856

NOTE: Coefficients (robust standard errors, country pair clusters) are presented.

*Significant at .10 level. **Significant at .05 level. ***Significant at .01 level.

- Existence of a territorial dispute decreases bilateral trade
- Effect of territorial dispute on trade persists when controlling for actual militarized disputes
- Effect is particularly pronounced in the Americas, but minimal in the Middle East and Africa

Simmons (2005): "Rules over Real Estate"

Findings

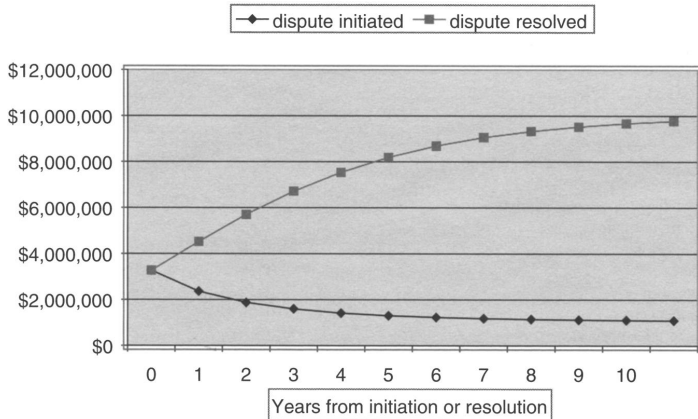


Figure 1: Effect of Disputing on Bilateral Trade over Time (Model 2)