

State Failure: Conceptualization and Determinants^s

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Abstract

There has been a growing academic interest in the determinants of state failure and an acute awareness across the international community of the need for dealing with issues of instability in states. The governments of states, non-governmental groups, and international organizations have been actively engaged in identifying fragile states. One example is the World Bank Group's LICUS (Low Income Countries Under Stress) initiative. However, these identification exercises have been incomplete in their conceptualization of "failed states," or "fragile states," or "state failure." This paper addresses conceptualization and measurement issues, and in so doing also addresses the factors or conditions that increase the probability that a state will "fail." Our analysis reveals that the risk of state failure is closely associated with states' regime type, armed conflict, domestic strife, and national income.

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INTRODUCTION

In the contemporary turbulent world of globalization—even sixteen years after Rosenau's 1990 book on *Turbulence in World Politics*—and ever-increasing interdependence across individuals, groups, international organizations and nation-states, the existence of weak/fragile/failed states is more and more seen as a significant concern. The media, states, and international organizations have seen such states as threats to order and stability in the international system. The March 5, 2005 issue of *The Economist* featured an article, “From Chaos, Order,” discussing “state failure.” The consideration given to “low-income countries under stress” (LICUS) by the World Bank, and by the British Government's Department for International Development (DFID) to “fragile states” had caught the attention of *The Economist*. This attention to state failure, however, is both older and far more widespread than this article.

In 1994 the U.S. Government established a State Failure Task Force to study the causes of state collapse; an equal amount of attention has been given to the issue by non-state actors. The July/August 2005 issue of *Foreign Policy* presents the results of a study by the Fund for Peace (under the Carnegie Endowment for International Peace), which provides rankings of states on a variety of indicators of instability. That study also cites the conclusion of the 2002 U.S. National Security Strategy that “America is now threatened less by conquering states than we are by failing ones,” as well as Kofi Annan's warning that “ignoring failed states creates problems that sometimes come back to bite us.” It also notes that Jacques Chirac spoke of “the threat failed states carry

for the world's equilibrium." John Mueller (2004) emphasizes the need for "policing the remnants of war" whereby developed states contribute/devote "disciplined police and military forces" to promote POGG ("peace, order and good government") in fragile/collapsed areas. Rotberg (2002) warns of the linkages between state failure and terrorism and stresses the importance of preventing state failure rather than reconstructing states after collapse.

Failed states are seen as being associated with a range of problems—economic, social, political, and military. And they are seen as having a wide range of negative consequences for their own people, their neighbors, their regions, and the global community. *The Economist* (2005, 45) notes that "The chief reason why the world should worry about state failure is that it is contagious." A key factor in understanding the global politics of the 21st century is the extent and effect of such "failure" in the state system. However, as we moved to develop a design to study diffusion and other effects of state failure, we encountered two fundamental problems. First, we found that there exist a variety of definitions that have been utilized as well as a range of indicators of "failure" or "fragility." Second, these identification exercises have been quite incomplete in their conceptualization of "failed states" or "fragile states" or "state failure." Not only have these treatments been incomplete, but they are highly problematic in that they have been essentially circular in their linking of concepts and measures, thereby creating considerable difficulties in research design. Thus, before we could move on to diffusion/contagion analyses, we found we had to address conceptualization and measurement issues. In so doing we also address the factors or conditions which increase the probability that a state will "fail."

DEFINITIONS AND MEASURES

As noted above, “[t]here is no agreed list of fragile states... People also disagree about what constitutes fragility and no state likes to be labeled as fragile by the international community.” (DFID 2005, 7). Below we outline a set of existing definitions—or, better, a set of characterizations—of the general phenomenon of state failure.

U.K. Department for International Development: A fragile state is one “...where the government cannot or will not deliver core functions to the majority of its people, including the poor. The most important functions of the state for poverty reduction are territorial control, safety and security, capacity to manage public resources, delivery of basic services, and the ability to protect and support the ways in which the poorest people sustain themselves.” Four broad categories of “indicative features of fragile states” were provided: state authority for safety and security; effective political power; economic management; administrative capacity to deliver services. Each was categorized in terms of “capacity” to provide them, and the “willingness” to provide them.

World Bank: The World Bank presents their LICUS countries as “fragile” countries which are “characterized by a debilitating combination of weak governance, policies and institutions, indicated by ranking among the lowest (<3.0) on the Country Policies and Institutional Performance Assessment

(CPIA).” The World Bank notes that “[a] definitive list of LICUS is impossible to draw up since LICUS-defining characteristics are a continuum... However, there is a consensus for analytic and operational purposes that some countries’ policies, institutions, and governance can be defined as exceptionally weak when judged against the criterion of poverty reduction, especially with respect to the management of economic policy, delivery of social services, and efficacy of government.” It was difficult to find an explicit presentation of the indicators used in CPIA or how the score was produced.

Fund for Peace: “A state is failing when its government is losing physical control of its territory or lacks a monopoly on the legitimate use of force. Other symptoms of state failure include the erosion of authority to make collective decisions, and inability to provide reasonable public services, and the loss of capacity to interact in formal relations with other states as a full member of the international community,” The Fund for Peace uses a list of twelve indicators to assess the stability level of states.^a

State Failure Task Force: “State failure’ refers to the complete or partial collapse of state authority... Failed states have governments with little political ability to impose the rule of law” (King and Zeng 2001, 623). The Task force collected data

^a The indicators used by the Fund for Peace to determine whether a state is failing include: demographic pressures, refugees and displaced persons, group grievance, human flight, uneven development, economic decline, delegitimization of state, public services, human rights, security apparatus, factionalized elites, and external intervention.

on 1,231 variables for 195 distinct countries between 1955-1998 (King and Zeng 2001, 655). According to the Task Force report (Esty 1998, 27-38) “state failure” included: revolutionary wars; genocides and politicides; adverse or disruptive regime transitions.

Note that there is a diversity of purpose across this sample of definitions. Some look at the loss of governmental control, others at the inability to deal with societal conditions, especially those of extreme poverty. There is also, in general, a more fundamental conceptual flaw, in that the analyses or reports use the results of the analyses (which are based on the independent variables used) to describe the concept under investigation– that is, the dependent variable. Following the arguments presented in Goertz’s extensive investigation of social science concepts (2005, 5-9), we find analysts focusing on indicators or data before dealing with the more important, and logically prior, levels of conceptualization. The “indicator/data” level of conceptualization should only come after scholars identify the “basic” level– a level which is “cognitively central” and identifies “the noun to which we attach adjectives” (Goertz 2005, 5; see also Collier and Levitsky 1997 and Adcock and Collier 2001). The next, “secondary” level of conceptualization, involves providing the “constitutive dimensions of the basic level... The secondary-level dimensions form much of the ontological analysis of

concepts” (Goertz 2005, 5). For example, looking at the study of the democratic peace, Goertz stresses that theory should drive concepts and methodology; (Most and Starr 1989, make the same argument in discussing the “research triad” of theory, logic, and research design). Instead, he argues that many scholars have jumped directly to indicators or measures and have ignored working from the first two levels. He argues that measures of democracy do not ultimately reflect the necessary and/or sufficient nature of their concepts (as they are presented or used) because the first two levels have not been more clearly developed before measures/indicators are selected.

Considering the definitions and characterizations presented, we believe that there is an analogously problematic conceptualization for “failed” states. In this paper we address some of these issues so that we can have a better idea of what we need to look at in subsequent studies investigating the diffusion of failure/fragility or the consequences of failure/fragility.

We avoid the problems noted above by turning to the POLITY IV data (Marshall and Jaggers 2004). POLITY IV provides three “standardized authority” codes which are used to indicate the status of a state actor which would be different from the normal legal status of a “sovereign” state, that is, when a government representing the state exercises control over a territory and the people living on that territory. Importantly, these codes were created for purposes quite different from those of this paper or the studies noted above. The POLITY “Interruption Period” (coded -66) indicates when a country is occupied by a foreign power during a period of war. A “Transition Period” (coded -88) indicates a period before the creation of a new polity, particularly for democratic or “quasi-democratic” areas which will move to full independence. The

category of interest to us in this project is “Interregnum Periods” (coded -77). According to the POLITY IV *Dataset Users’ Manual* (17-18), “A ‘-77’ code for the POLITY component variables indicates periods of ‘interregnum,’ during which there is a complete collapse of central political authority... Interregnum periods are equated with the collapse, or failure, of central state authority, whether or not that failure is followed by a radical transformation, or revolution, in the mode of governance.” These periods are distinct from periods of instability and/or war during which a state’s governing institutions remain in place.

OPERATIONALIZING STATE FAILURE

The POLITY data set thus indicates observations not attached to any specific model or approach to state “failure” or “fragility”– but is based on the disappearance of central political authority. It is not derived from a list of factors that are used as both explanatory factors and to characterize the phenomenon to be explained. Yet, the -77 category would clearly delineate a set of “failed” states, if not “fragile” ones. Thus, our dependent variable of “state failure” is represented by those countries coded as -77 in the POLITY data. Using the -77 code, we identify 19 states (constituting 73 country-years) in the 1970-2000 period, when we have more data on the variables of interest. Looking at the longer 1946-2000 period we have 25 states (with a total of 93 country-years).

A first cut at identifying these countries involved comparing them across several measures of failure or fragility (see Table 1). For each “failed” state (according to our

POLITY-based indicator), we assessed how they measured up on at least two of the definitions/characterizations noted above. We also added two additional indices for comparison. First, we used the scores generated by the Fund for Peace, where the higher the score of the Failed States Index, the worse off the state was. The data presented in July/August 2005, included the 60 states scoring highest on the index, with the Ivory Coast topping the list with a 105.0 index; the 60th ranking state was Gambia at 82.4. We also indicate the CPIA/LICUS index rating– which assigns each state a “grade” from A to F, with F standing for “failing.”

[Table 1 about here]

Two other indices are presented. Because at least some of the studies noted above are concerned with state capability and performance, especially in regard to poverty and quality of life, we have included the 2003 score on the World Bank’s Human Development Index (HDI); the lower the HDI scores the worse off are the countries. In 2003, the average for all countries was 0.71, while that for the lowest income countries was around 0.30. Finally, using Bueno de Mesquita et al. (2003), we present the 1997 scores of each state using the Hobbes Index (HI). This index was a measure of the social welfare of a country’s people, taking into account the dimensions of “misery” which represented Hobbes’ view that life was “short, nasty, solitary, poor, and brutish” (2003, 461). This index does include the annual experience of a state with civil war, revolution, and international war, as measures of “brutishness.” Demographic, health, social and political measures were used to capture the other four elements. The HI can

vary between zero to 100, with 100 the best scores. Bueno de Mesquita, et al. report that the average Hobbes Index for 1,865 country-years was 62.13 (2003, 463).

Interestingly, when we compare the 19 states coded as -77 during the 1970-2000 period (see Table 1), we see that some states fail more often than others and have differing periods of time since their last failure. The range on the Hobbes Index is quite wide, with Burundi at a low of 11.27 but with Lebanon at 77.17 or Nicaragua at 69.10 (and Bosnia at the average with 62.06). Five of the states listed receive an “F” on the CPIA/LICUS scale; another four receive “D’s”. However two states receive “A’s” and a third gets a “B.” The 13 states for which there are 1994 Fund for Peace scores all do quite poorly.

Most and Starr (1989) developed a “quick and dirty” short-cut approach to constructing simple experiments and hypothetical cases to see if a research design was on the right track. Using this strategy of “stylized facts” to compare how states rate on different schemes, on the face of it, it appears that these various indexes are measuring different things. The impact of internal or external war is greater in some measures (or “conceptualizations”) of failure/fragility, while poor economic performance is more important in others. Before returning to considerations of what “failure” or “fragility” means, we can mine these various inductive approaches for our own use. We have selected a short list of ten independent variables that are suggested by these studies and others. We can then see which factors have a positive or negative effect on the hazard of having a state failure.

DETERMINANTS OF STATE FAILURE

Our operationalization of failed states provides us with a dependent variable that can adequately be evaluated through empirical analysis. The superiority of this measure lies in its independence from any likely influences on the incidence of state failure. Unlike the indices of state failure described above, our measure does not by construction include any factors – such as national income – that may, in fact, be determinants of state collapse. We turn now to the question of what causes states to experience a complete collapse, and thus fail as viable states. We argue that among significant determinants of state failure are levels of democracy, incidence of civil and international armed conflict, domestic unrest and instability, and national income.

States that support stable democratic institutions enjoy higher levels of resilience to collapse. Democratic regimes, due to institutional strength as well as broad public support, are less fragile and vulnerable to failure than states that do not have strong democratic institutions.^b

However, highly autocratic regimes also have an established authority structure and a strong central government. Thus autocratic regimes may be able to maintain domestic stability through extremely repressive measures and effective centralized control. In both democracies and autocracies, the domestic political institutions are durable and

^b There is significant empirical evidence that reveals a negative relationship between democracy and dyadic conflict (e.g., Reiter and Stam 1998; Russett 1993) as well as civil wars (e.g., Hegre et al. 2001; Elbadawi and Sambanis 2002). Hence it may be expected that higher levels of democracy mitigate the influence of civil and interstate conflict on state failure. However, we evaluate the direct effect of regime type on state failure rather than the interactive effect through armed conflict.

powerful; hence a lower likelihood of state failure. States that are transitioning from one kind of regime type to another lack the institutional stability of either democracies or autocracies and are, therefore, more susceptible to collapse. The failure of a state entails collapse of its governing institutions, which is more likely in transitional or “mixed” regimes. Transition in either direction – towards or away from democracy – could render state institutions weak and prone to collapse. We thus expect a curvilinear relationship between democracy and the likelihood of state failure. States that are neither extremely repressive and autocratic nor established democracies are at the highest risk of collapse due to the lack of either stable democratic institutions or a strong central authority that is willing and able to repress any threats to the state.

The most significant threat to the existence of states remains violent conflict, either civil war or international conflict. In fact, civil wars are believed to be so closely associated with state collapse that some of the definitions of state failure discussed above use civil wars to measure state collapse. In addition to reflecting deep-seated divisions and propensity for violence within a state, civil wars take a drastic toll on a society through their effect on population, infrastructure, economy, and political institutions. Civil wars are particularly devastating for a state because the fighting is not limited to border areas and losses incurred by both sides have a detrimental effect on the country. Civil wars are generally aimed at either replacing a state’s government or bringing about significant change in the political institutions, which makes states involved in domestic violence very vulnerable to collapse. Moreover, a large number of

civil wars in the current international system are ethnic conflicts, with intense hatred and historical rivalries between the opposing sides; the conflicts, therefore, have the potential to be exceptionally bloody. Although civil wars are particularly associated with state failure, international conflict may also result in the collapse of a state due to high levels of death and destruction. Whereas a border dispute or an interstate conflict with limited aims is unlikely to cause a belligerent state to fail, war aims of a foreign rival may include rendering the political institutions of a state ineffective or large-scale devastation of a society. A high intensity international war may, in fact, lead to state collapse.

Wars are clearly associated with destabilization of state and societal institutions. However, a number of different phenomena pertaining to domestic political upheavals could have a destabilizing effect on a state and contribute to state failure. Indicators of political tumult range from minor instances of protest, such as anti-government demonstrations, to all-out civil war. In order adequately to assess the influences on state failure, it is important to take into account wars as well as other indicators of political upheavals that might undermine the durability of state institutions. Actions that don't result in war, but may nonetheless destabilize a state, include strikes, riots, revolutions, government crises, coups, and guerrilla warfare. All of these phenomena may contribute in varying degrees to state collapse.

Wealth, on the other hand, reduces the likelihood of state failure. Economic development is likely to have a strong negative relationship with state failure/collapse/fragility. Indeed, some investigations of the democratic peace have concluded that the democratic peace effects are most powerfully felt between

democracies with developed economies, and may even be limited to economically developed democracies (e.g. Mousseau 2000, 2003). This argument is based on democratic values not only being similar to, but arising from, “the norms of contract that are endemic in developed market economies” (Mousseau 2000, 472). Similarly, Fearon and Laitin (2003) argue that the risk for civil war is greatly diminished in economically developed countries, with wealth washing out the effects of ethnicity in weak states. Similar to the effects of economic development on incidence of civil war, higher levels of national income and stable economies make states resilient to collapse. Economic openness and higher levels of trade may also reduce the likelihood of state failure through an increase in prosperity as well as engagement in the international system. Finally, we believe that the likelihood of state failure has increased in the post-Cold War era. During the Cold War, superpower interference in the domestic institutions and international interactions of states within their respective spheres of influence had a negative effect on incidence of state failure. In the absence of the direct and indirect support that was offered by the Cold War superpowers to regimes in various world regions, the probability of state collapse has increased.

Our argument about the causes of state failure suggests that regime instability or transition, armed conflict, and various types of domestic political turmoil contribute to state failure; economic development and openness reduce the likelihood of state collapse. In the next section, we discuss the data we use in our empirical analysis and the duration model employed to assess the “fragility” of states and the hazard of state

failure.

DATA AND ANALYSIS

The dependent variable in the study is *state failure*, which is represented by the assignment of a POLITY code of -77 to a country in a given year. In any given year, if a country does not experience failure, it is given a zero; a value of 1 is given to country-years with a state failure. In our data, 25 out of 162 countries experienced a complete collapse at least once during the period under study (1946-2000). Some of these states failed multiple times; for instance, Laos experienced twelve failures and Lebanon failed fifteen times.

Among the covariates is regime type of states in each year. Regime type is operationalized as POLITY IV scores for country-years. POLITY scores range from -10 to 10, with -10 representing the lowest level of democracy and 10 the highest. We rescaled the POLITY score from zero to 20 for more interpretable results;^c states with a score of zero are the most autocratic, while 20 represents the highest level of democracy. For reasons given above, highly democratic states are less likely to fail, but extremely repressive states may also be able to maintain stability – and thus avoid failure – by depriving their populations of any opportunities to protest or rebel. This implies that both highly democratic and highly autocratic states are less prone to failure than states that are either “mixed” regimes or transitioning from one form of government to another. To test for a curvilinear relationship between democracy and state failure, we include a

^cPOLITY guidelines suggest converting the POLITY score country-years with -77 to 0. To avoid endogeneity due to the nature of our dependent variable, we linearly interpolate the POLITY score for these years.

quadratic term for democracy. Both democracy variables are lagged to reduce the likelihood of endogeneity.

We include two independent variables to evaluate the effect of armed conflict. We measure the presence of *civil war* in a country-year through a dichotomous variable: one if there is a civil war, zero otherwise. We also include a variable for the number of *external conflicts* in which a state is involved in a given year in our data. The number of interstate conflict in which states were involved in a year ranges from zero to six. The data for civil and international wars were acquired from the PRIO/Uppsala dataset on armed conflict (Strand et al. 2005). We expect both types of armed conflict to have a positive effect on state failure, although civil wars are likely to have a stronger positive relationship with state collapse due to their destabilizing effect on domestic governance.

To further assess the effect of domestic political tumult on a state's propensity to fail, we include two variables that measure phenomena of internal turmoil that are distinct from civil wars and interstate armed conflict. To devise measures of generalized political unrest and instability, we use a number of indicators compiled by Banks (1999) that measure domestic political dissent and strife. These indicators include strikes, riots, antigovernment demonstrations, revolutions, government crises, coups, and guerilla warfare. We conducted a principal-components factor analysis of these seven variables with orthogonal (varimax) rotation, which yielded two factors. The first factor was most clearly comprised of the variables for strikes, riots, and demonstrations; these are mainly less intense forms of

political dissent, which we refer to as political unrest. The second factor loaded on the indicators for more intense forms of political tumult: revolutions, coups, crises, and guerilla warfare. We termed this factor political instability. The factor scores for these categories of political strife for each country-year comprise our variables for *political unrest* and *political instability*. **We expect** both of these variables to be positively related to incidence of state failure.

To evaluate our hypotheses about the influence of economic factors on state collapse, we include variables for (logged) *GDP* and *economic openness*, the latter of which is measured as the sum of all imports and exports as a proportion of total national income. The data for these variables were acquired from the Penn World Table (Heston et al. 2002). We expect wealth, and to a lesser extent economic openness, to have a negative effect on the incidence of state failure. Wealthier states generate less dissent and may experience higher levels of stability than poorer countries. Last, we control for the Cold War; the variable is coded one for each year before 1990 and zero for 1990 onwards. Since we believe that the international political environment after the end of the Cold War was conducive to state collapse in some regions, we expect this variable to be negatively related to state failure. Summary statistics are provided in Table 2.

[Table 2 about here]

To assess the effect of the influences discussed above on the likelihood of state failure during the period 1946-2000, we use a Cox model with frailties. Similar to a

“random effects” model, a Cox model with frailties allows for country-specific effects. As a result, states with similar coefficient estimates for certain covariates may be more or less vulnerable to collapse given this “unobserved frailty.” The model is expressed as:

$$\eta_i(\tau) = \eta_0(\tau)\alpha_i \varepsilon \xi \pi(\Xi, \beta)$$

Using this estimation technique allows us not only to assess the influences on state failure, but also to estimate “frailty” levels of states after controlling for their performance on the covariates. “Frailty models...allow for individual heterogeneity in the form of a subject-specific term that captures that particular observation’s unobserved propensity toward the event of interest” (Box Steffensmeier et al. 2003). This model, therefore, provides an indication of which states are more prone to failing due to some underlying frailty that is not captured by the coefficient estimates for the independent variables.

[Table 3 about here]

The results for the Cox model with frailties are presented in Table 3, including hazard ratios for easier interpretation of the effect of the covariates on the risk of state failure. The coefficients for the democracy variables confirm the expectation of a curvilinear relationship between levels of democracy and the hazard for state failure. Although states’ risk of failing increases as democracy levels increase from zero, that

risk decreases at higher levels of democracy. States at the highest risk of failing have a POLITY score of 11 on the rescaled variable (one in the original POLITY data). Thus, states that are in the middle of the democracy-autocracy continuum are most vulnerable to collapse. These states may be transitional regimes that are either in the process of establishing democratic institutions or are, in fact, moving towards autocracy. One of the authors has discussed why we should be interested in such transitional or mid-range states (e.g. Starr 1995, 1997). By looking at “partially free” (PF) states in the Freedom House dataset (as opposed to “Free” or “Non-Free” states), for example, we can see how this condition can be conceptualized as a stopover, or way-station, to or from more fully democratic or authoritarian governmental systems. In this sense countries coded as PF are of particular interest because they are “ready” to go one way or the other. In the study of the diffusion of democracy, there were only a handful of cases in the Freedom House dataset, which was used to generate governmental transitions from 1973 to 1993, where countries moved directly from F to NF or from NF to F. Almost all of the transitions were movements into or away from the PF condition.

The most potent positive influence on the hazard of state failure is the incidence of civil war. Involvement in a civil war increases the risk of a state failing by 3.65 times (265 percent). This finding is intuitive since civil wars are the single most destabilizing event for a state. International conflict also increases the risk of state collapse, albeit to a much smaller extent than civil wars. Involvement in each additional external conflict in a year increased the risk that a state would collapse by 43 percent. Similarly, both our variables for domestic political strife – political unrest and instability – reveal a positive effect on the hazard of state collapse; unrest increases that hazard by 41 percent and

instability by 15 percent.

Although there is no statistically significant relationship between economic openness and state failure, national income exercises a significant and negative influence. As we expected, states with higher levels of wealth are more likely to experience internal stability and are less likely to experience a failure. Our expectations regarding the negative effect of the Cold War on incidence of state failure are also borne out in the analysis. The presence of the Cold War in a country-year decreased the hazard of a state failing by 76 percent. This reflects that changes in the global political environment after the end of the Cold War made states more prone to failing.

[Table 4 about here]

One possible process that explains this result is that during the Cold War the United States and its West European allies were both willing and able to provide the support to keep current or potential supporters stable. This argument is consistent with previous findings by Simon and Starr (1996, 2000). Developing a simulation that modeled state response to two-level internal and external threats to security, Simon and Starr (2000) demonstrated that “endangered democracies” which had neighbors who were already democratic could set the stage for the internal governmental extraction of resources which could then be devoted to societal development. That is, “endangered” democracies were able to recover security through attempts to “buy off” domestic threats rather than deter them, and by improving legitimacy with the allocation of

resources to society (resources that did not have to be devoted to external security). Simon and Starr (2000) thus also showed that ally support is crucial for new democracies facing internal threats. We are proposing an analogous effect for the Cold War and the hazard of state failure.

[Figure 1 about here]

Our analysis, therefore, provides several important insights into the causes of state failure as reflected by a complete collapse of central authority in a state. First, we find that states that are either “mixed” or transitioning from one form of regime to another – that is, with scores in the middle of the POLITY scale -- are more prone to failure than either extremely autocratic or highly democratic countries. Next, we find that instances of domestic political disturbances, ranging from unrest to civil war, are associated with state failure; civil wars being the most significant determinant of state collapse. Generally, wealthier states are better positioned to avoid failure. Therefore, poorer states without well-established political institutions and domestic strife call for special attention, particularly in the post-Cold War era. Table 4 lists the states in the data with the highest frailty rates, along with the number of times they failed during the period studied. Figure 1 displays the positive relationship between estimated frailty of states and incidence of state failure. Employing a dependent variable that avoids issues of endogeneity and identification of the “frailty” of states enables us to examine state fragility and failure in a more insightful and thorough manner than afforded by previous conceptualizations of state failure.

CONCLUSION

The results of our hazard analysis confirm some theoretical expectations, but are also contrary to a number of other expectations in the growing literature on state failure. The effect of democracy is not linear – the hazards of state failure are the least at the highest levels of democracy and at the lowest levels of democracy. While some studies see the impact of democracy as linear, that as democracy “increases” the hazard of failure decreases, this is not the case. In line with a number of other analyses, states are most vulnerable during some transitional phase, or in a condition which lacks either normative democratic constraints or non-democratic coercive constraints. It is also somewhat surprising that the positive effect of external armed conflict is not much greater than the combined effect of strikes, riots, and demonstrations. This implies that involvement in a war – if it is not fought entirely on one’s own territory among domestic factions – does not tremendously increase the risk that a state will collapse.

Given our concern with the problems of current conceptualizations of state failure and the logical problems with the connections between the concept and how it is measured, we believe that our findings have greater validity and reliability than extant analyses. As a first-cut at state failure, we have identified a small set of explanatory factors, rather than traits or features that are used for conceptual extension– telling us which observations or cases to throw into the box of “state failure.” With these in hand we now have a clearer idea of what to look for if state failure does produce diffusion/contagion effects.

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Table 1: Definitions/Indices of State Failure (most recent year is used)

State Name	Years since last failure	Fund For Peace (1994)	Hobbes Index (1997)	HDI (2003)	CPIA/LIC US Index
Afghanistan	9	99	.	.	.
Angola	12	87.3	16.75	0.44	F
Bosnia-Herzegovina	10	93.5	62.06	0.78	B
Burundi	9	94.3	11.27	0.37	F
Chad	21	100.9	42.93	0.34	D
Comoros	9	.	40.15	0.54	F
Congo DR	5	105.3	13.16	0.38	D
Ethiopia PDR	13	91.1	39.11	0.36	C
Guinea Bissau	6	.	37.02	0.34	F
Cambodia	29	.	19.02	0.57	D
Laos	32	91.5	39.75	0.54	F
Lebanon	15	88.9	77.17	0.75	.
Lesotho	6	.	44.73	0.49	C
Liberia	9	99.5	.	.	.
Nicaragua	24	.	69.10	0.69	A
Sierra Leone	3	102.1	19.71	0.29	D
Somalia	3	102.3	.	.	.*
Uganda	19	91.7	23.83	0.5	A
Zaire	3		13.16	.	

Table 2: Summary Statistics

Variables	Mean	Standard Deviation	Minimum	Maximum
Duration	23.34	13.33	1	52
Lagged POLITY score	9.38	165.61	0	1
Lagged POLTY score squared	146.84	0.41	0	400
Civil War	0.10	0.30	0	1
External Armed Conflict	0.42	0.10	0	6
Political Unrest	0.03	1.04	-1.67	20.11
Political Instability	0.01	1.02	-4.66	17.32
<i>ln</i> (GDP)	7.35	1.20	4.01	10.47
Economic openness	0.26	0.32	0	4.00
Cold War	0.82	0.39	0	1

N=5484

Table 3: A Cox Model of State Failure (1946–2000)

Variables	Coefficient estimates	Hazard ratios
Lagged POLITY score	0.62** (0.169)	1.86
Lagged POLTY score squared	-0.03** (0.008)	0.97
Civil War	1.30** (0.53)	3.65
External Armed Conflict	0.35* (0.16)	1.43
Unrest	0.35* (0.17)	1.41
Instability	0.14* (0.09)	1.15
<i>ln</i> (GDP)	-1.32** (0.36)	0.27
Economic Openness	0.64 (0.59)	1.89
Cold War	-1.42** (0.50)	0.24
Theta	16.37 (5.90)	16.37
<i>N</i>	5484	5484

Cell entries are coefficient estimates; numbers in parentheses are robust standard errors, clustered by nation. One asterisk indicates $p < .05$, two indicate $p < .01$ (one-tailed).

Table 4: States With Highest Frailty Levels

Country	No State Failure	State Failure	Total
Afghanistan	42	5	47
Angola	20	1	21
Burundi	27	3	30
Chad	31	5	36
Comoros	20	1	21
Cuba	46	1	47
Cyprus	17	5	22
Czechoslovakia	42	1	43
Dominican Republic	45	2	47
Laos	25	12	37
Nicaragua	45	2	47
Zaire	21	1	22

Figure 1: Lowess Plot of State Failure Incidence, by Estimated Frailty

QuickTime and a
TIFF (Uncompressed) decompressor
are needed to see this picture.