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Productive Pacifists: The Rise of Production-Oriented States and Decline of Profit-Motivated Conquest

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Scholarship suggests the profits from conquest have decreased over time. Given this, why were some states faster to abandon profit-motivated conquest, and why are some still seeking wealth from territorial control? We argue that land-rent dependence influences a regime's economic preference for territory. The more a state depends on rents extracted from land (i.e., the more land-oriented the economy), the greater its willingness to invest in securing control of territory. We develop a novel measure of land orientation, with 200 years of data, to evaluate the linkages between land orientation and military competition over territory. Across 160 regression models, we find robust evidence that land orientation predicts territorial competition. These results hold in both democracies and autocracies. The global reduction in land-oriented states offers a plausible explanation for the decline in the number of large-scale territorial conquests. Our findings also explain why some states retain strong economic motivations for conquest.

Introduction

Historically, states were economically motivated to attempt large-scale profit-motivated territorial conquest (Lake 1992; Olson 1993). Today, states still attempt to engage in small-scale conquest, but the prevalence of large-scale conquest has dramatically declined (Holsti 1991; Altman 2020). What explains this decline, and why do most powerful states no longer engage in large-scale profit-motivated conquest? According to existing research, the profitability of conquest has declined because nationalism and norms have increased the cost of conquest while globalization and open markets have decreased the benefits.[1] Yet some states abandoned profit-motivated conquest faster than other states, and some states today have a stronger interest in seeking wealth from territory than other states.

We develop a theory of why states vary in their economic preference for territory, which in turn conditions the probability that states engage in territorial conflict, and conflict over economically valuable territory in particular. We argue that a state's economic preference for territory, defined as its preference for the profits associated with territorial control, is driven in large part by the degree to which the regime's governing coalition depends on land rents (i.e., income extracted from the control of territory). Land rents include income from both agriculture and natural resources, including mining and oil production. The governing coalition's dependence on land rents is, in turn, a function of the economic rent structure of the state. The more the economy is structured to extract income from land—the more land-oriented a state's economy—the more the governing coalition depends economically on land rents. Our core claim is that the more land-oriented a state's economy, the stronger its economic preference for territory and the more it will invest in military competition over territory.

We develop a new measure of economic rent structure, *land orientation*, that quantifies states' dependence on territory over time, capturing their dependence on both

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[1] For examples, see van Evera (1990) on nationalism, Hathaway and Shapiro (2017) and Fazal (2007) on norms, Rosecrance (1986) on markets, and Brooks (2005) and Gartzke (2007) on globalization more broadly. For a review, see Poast (2019).

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agriculture and natural resources, including oil.[2] These data cover most countries in the world from 1816 to 2015. Thus, they begin in a period when all states were land-oriented—organized to extract rents from agrarian surplus—and extend to more recent years in which about half of states are *production-oriented*—organized to profit from producing goods and services. Because production-oriented states can generate higher profits from producing goods and services than they can from extracting land rents, they have a much weaker preference for territory and conquest. Figure 1 shows the decline over time in the proportion of the world's states that are land-oriented.[3]

Economic rent structure is correlated with, but theoretically and empirically distinct from, economic development, which scholars usually measure as gross domestic product (GDP) per capita. Our theory implies that some developed states stopped taking territory long before others because they became dramatically less economically dependent on territory and thus less interested in securing its control. In contrast, some states, including some developed states, are still interested in taking territory for economic gain because they remain economically dependent on extracting income from land. These states are either still agrarian or have shifted to extracting natural resources. Critically, these states cannot quickly reap returns from investing in producing goods and services. As we argue in detail below, economic rent structure is sticky, and investments in production take time to pay off. As a result, today's land-oriented states still have a strong preference for territory and are more willing than their production-oriented peers to invest in conquest. Saddam Hussein's Iraq and Vladimir Putin's Russia are recent examples of states that are highly economically dependent on extracting income from land and have been willing to invest in conquering territory. For these states, securing control over territory still sometimes represents the best investment opportunity for securing control over additional wealth.

We test our theory empirically by using economic rent structure to predict whether states make territorial claims and engage in militarized interstate disputes (MIDs) over territory, and over economically valuable territory in particular. In these analyses, we control for the level of economic development and regime type. In some models, we estimate the results of economic rent structure in subsamples of democracies only and autocracies only, allowing us to show the effects of economic rent structure obtained in both democracies and autocracies.

Based on the estimation of 160 model specifications, we find strong evidence that economic rent structure influences the likelihood that states will compete militarily over territory. Regardless of how one measures military competition over territory, economic rent structure, or which control variables are used, we consistently find statistically significant and substantively large effects of economic rent structure on territorial conflict.

Our theory, data, and findings generate four contributions. First, although revisionist states and the issue of territory have been identified as some of the key drivers of conflict (Huth 1996; Vasquez and Henehan 2001; Carter 2010), the field lacks a comprehensive theory that can explain why some states have a stronger economic preference for territory than others. Scholars of international political economy have developed a large body of research on how states' domestic economic interests influence the foreign policy goals they choose to pursue with respect to trade policy and economic openness, but there is far less work in the realm of international security on why states pursue foreign policy objectives beyond their own security and survival.[4] As James Fearon (2018, 538) writes, "There has been little analysis in IR of the determinants of states' intrinsic value for controlling additional territory, whether by critics of realism or realist critics of Waltz's and offensive realists' skepticism." We fill this gap by developing a theory of how states' domestic political economy influences their preference for territory.

Second, our work challenges the conventional wisdom that increased development and trade necessarily decrease a state's interest in conquest (e.g., Rosecrance 1986; Boehmer and Sobek 2005; Brooks 2005; Gartzke and Rohner 2011; Mousseau 2013). We advance beyond this work, distinguishing the economic rent structure of the conqueror from its level of economic development. Economic rent structure captures the source of wealth for a country and the country's dependence on that source, while economic development captures the accumulation of wealth or increases in productivity. Our theory suggests that the degree to which trade and development reduce a state's interest in conquest hinges on the source of that trade and development. If development is driven by extracting and exporting primary commodities (i.e., agricultural products and natural resources), then increased development and trade may result in states having greater, rather than less, interest in securing control over territory. Critically, our theory suggests that, so long as states derive their income primarily from extracting commodities from land, they will continue to have a stronger preference to seek territory, even if they are economically developed and trade-oriented.

The divergence between wealth and economic rent structure is significant. Some states reach high levels of development without shifting to a production-oriented economy, such as Equatorial Guinea, whose per-capita GDP peaked at $40,000 in 2008 [using constant 2011purchasing power parity (PPP) dollars], despite the majority of the population being employed in agriculture and much of the state's economic output being derived from natural resources. In contrast, Bangladesh transitioned to a production-oriented economy with a GDP per capita of less than $3,000 (2011 PPP dollars) (World Bank 2018). These illustrations are consistent with previous research showing that industrialization occurs at widely varying levels of economic development (Bentzen, Kaarsen, and Wingender 2013, 15). Empirically, we show that states that remain economically dependent on territory are more likely to seek its control, even when we control for economic development, trade, and other factors.

Third, we extend explanations for the relationship between resource dependence and interstate conflict (for recent examples, see Koubi et al. 2014; Kelanic 2016; Meierding 2016; Hendrix 2017; Lind and Press 2018). Most prominently, Colgan (2013) suggests that petro-states governed by revolutionary leaders have a stronger preference for aggression and thus engage in more violent interstate competition. We advance beyond this work in two ways. First, we propose an alternative logic through which economic dependence on resource extraction can influence the willingness of states to employ aggression. Our theory

[2] The concept of land versus production orientation is introduced in Markowitz, Fariss, and McMahon (2019), though the authors fail to measure land or production orientation directly and instead proxy for economic rent structure using data on energy consumption.

[3] See figure A5 in the online appendix for a version of figure 1 that displays the same information using alternative thresholds for land orientation.

[4] For some important exceptions, see Frieden (1991), Fordham (2019, 5), and Holsti (1991).

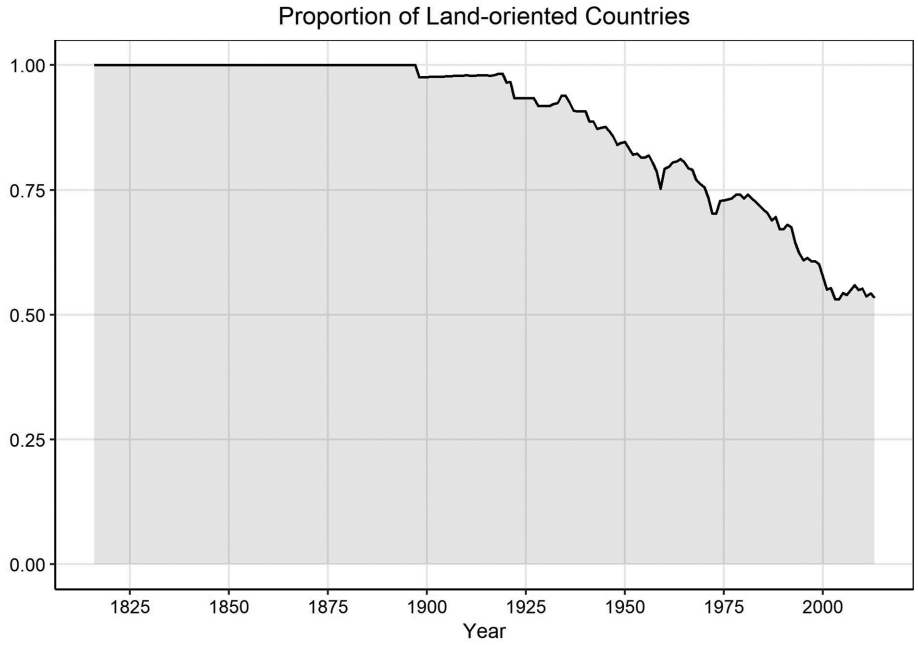

Figure 1. Decline in the proportion of land-oriented countries over time.

generalizes to states that are economically dependent on other sources of income tied to territory, such as agriculture. Colgan focuses on how oil reduces constraints on leaders, enabling them to employ aggression more freely. In contrast, we treat aggression as a means, not an end. We focus on how all income tied to territory (including oil) influences the regime's preference for territory and its willingness to employ aggression toward this end. Second, Colgan suggests that petro-states should only be more aggressive if they are governed by revolutionary leaders. In contrast, our theory explains why some states' revisionist interests endure even after changes in the leadership of the state. Our theory suggests that unless states are able to break their economic dependence on territory, they will have an enduring interest in securing its control.

Fourth, our new measure of economic rent structure generates a variety of new avenues for research on the political economy of conflict and related questions. Much existing scholarship predicts conflict occurrence by focusing on the economic attributes of the *target* state's economy (e.g., Rosecrance 1986; Liberman 1996; Brooks 2005) or the economic value of the territory in the *target* state (e.g., Huth 1996; Frederick, Hensel, and Macaulay 2017). Our data complement this research agenda by allowing us to examine the economic rent structure of the *conqueror*. With this new dataset, scholars can evaluate how economic attributes of both the conqueror and target affect the frequency and intensity of territorial conflict. Our data also improve significantly on existing measures of resource dependence as they also capture the role of agricultural rents. Spanning a 200-year period, our data capture the transformative effects of the move away from agricultural dependence.

The remainder of this article proceeds in three parts. First, we discuss existing scholarship and our contribution to this research agenda. Second, we develop our theory and research design. Third, we test our theoretical propositions and explain the implications of our findings.

Theoretical Scope and Fit within the Existing Literature

Theoretical Goals and Scope

While profit from conquest is an important motive for territorial expansion, it is not the only motive. Similarly, while much international conflict is over territory, competition for territorial control is not the only cause of war. Our goal is not to explain all war and peace, or even all cases of territorial conflict and conquest. Instead, our goal is to develop a parsimonious theory of why some states have a stronger preference for the profits associated with territory, and we apply this theory to explain why some states are more willing to invest in capturing the economic gains from conquest than others. Our outcome of interest is states' willingness to compete militarily over territory, not whether war occurs more generally. Thus, we seek to develop a theory that complements, rather than substitutes for, existing explanations for patterns of conflict, such as the democratic or commercial peace.

Additionally, our goal is not to offer a monocausal explanation for the decline in territorial conquest. Prior scholarship identifies numerous factors that have increased the cost of conquest over time, including nationalism, the diffusion of military technology (van Evera 1990), and the presence of an American hegemon and international community willing to enforce norms against territorial aggrandizement (Fazal 2007; Hathaway and Shapiro 2017). Simultaneously, the benefits of conquest have fallen. Much of the world's wealth has become harder to extract because it is based on human capital. For most states, conquest is no longer necessary to gain access to foreign markets or engage in foreign direct investment (Rosecrance 1986; Brooks 2005). We do not claim that these previously suggested factors do not influence the gains associated with conquest. However, we argue that these factors have not driven the profitability of conquest to zero. Empirically, we see that some states do still engage in territorial expansion (Altman 2020; Altman and Lee 2019). Liberman (1996, 4) argues that states can still profit from conquest and occupation if

the conqueror is sufficiently ruthless. Coe and Markowitz (2020) find that conquest can still pay if the conquered territory is sufficiently valuable and the conquering state has a low level of domestic economic productivity.

While the factors identified in the existing literature have decreased the profitability of conquest, they are insufficient to explain why some states have a stronger preference than others to capture what profits are left. Our goal is to develop such a theory. We do so by focusing on the attributes of potential conquerors that shape their willingness to compete militarily over territory.

Fit within Existing Debates

Our theory and findings are especially relevant to three distinct debates in the literature on states' declining interest in conquest. First, our work speaks to debates over the specific pathway through which global economic shifts have shaped the economic incentives for conquest. Most prior work has emphasized economic attributes of the *international system*, such as the rise of globalization and the existence of an open economic order (Rosecrance 1986; Brooks 2005), or economic attributes of potential *target states*, such as whether a target is economically developed (Liberman 1996, 5, 18–19), economically advanced (Rosecrance 1986; Brooks 2005), or possesses economically valuable natural resources (Huth 1996, 74).

In contrast, we focus on the economic attributes of the *conquering state*, specifically its economic rent structure. The economic rent structure of the world's most powerful states has changed radically over time, altering their interest in engaging in conquest. Yet, with a handful of notable exceptions discussed below, relatively little prior scholarship investigates how changes in the economies of potential conquerors have altered their preference for territory. We theorize how the economic rent structure of potential conquerors influences their propensity to engage in conquest and employ novel data measuring economic rent structure with extensive temporal and cross-national coverage.

The second debate is over *how* a potential conqueror's economic structure shapes its incentives to engage in conquest. This debate has generally occurred within the literature on the commercial peace, with scholars emphasizing a potential conqueror's openness to trade (Rosecrance 1986), level of development (Gartzke 2007; Francis 2009, 172; Hegre 2000), contract intensity (Mousseau 2013), and treatment of private property (McDonald 2009).[5] In contrast, we offer a novel way of conceptualizing a state's domestic economic structure—the degree to which the state is economically dependent on land rents.

We argue that a state's economic preference for territory depends not only on a state's level of trade and development, but also critically on *how* the state develops and *what* it trades. Past work systematically fails to consider the many different paths of development that two states may take to achieve the same level of wealth and the same volume of trade. Thus, we differ from Rosecrance (1986) by focusing on what states trade, not just whether states trade. We differ from Gartzke (2007) and Francis (2009) by examining how states develop, not just whether states develop. We theorize that states that develop by extracting and exporting primary-sector commodities will have a stronger economic preference for territory than states that develop by producing and trading goods and services. Our findings reveal that economic rent structure affects the willingness of the state to invest in taking territory even when controlling for the level of economic development and trade.

Finally, our findings speak to the debate between scholars writing within the commercial and democratic peace literatures over the relative importance of domestic political institutions and economic factors in shaping states' preferences for territorial expansion (e.g., Huth and Allee 2002; Gartzke and Rohner 2011; Graham, Gartzke, and Fariss 2017). In "Powerful Pacifists," Lake (1992) argues that the decline in territorial conflict can be explained by the spread of democratic institutions because democracy enhances the ability of citizens to punish leaders for engaging in rent seeking at their expense. Lake's argument hinges on the assumption that states seek rents in order to maximize revenue and attempt to conquer territory as a source of rents. However, Lake's theory does not account for alternative sources of profits of equal or greater value. If such an alternative exists (e.g., investment in industrialization), then, under Lake's theory, autocracies should not have a stronger preference for territorial expansion than democracies. Over the last thirty-five years, autocratic China has acquired wealth at a faster rate than any other state in history, and it has done so without engaging in large-scale territorial conquest (Lind 2011). This suggests that an alternative source of profit does indeed exist.

We propose an alternative explanation for why some states have a stronger preference for seeking rents from territorial expansion. Over time, states have become more powerful and pacifist because they have become production-oriented. The more production-oriented states' economies become, the greater their capacity to generate higher profits from producing goods, making them both wealthier and less interested in territorial expansion. We introduce a new and powerful variable to explain a regime's preference for territory—the economic rent structure of the state. However, we also take seriously the role of democracy, which we expect is causally related to both economic rent structure and territorial conflict. Indeed, the role of economic rent structure that we theorize implies a new, alternative logic through which regime type influences a regime's preference for territory.

First, states that have structured their economies to extract rents from land cannot easily restructure their economies to generate income from producing goods. Second, the stronger a regime's value for the political benefits associated with land rents, the more willing they will be to forgo the potentially larger profits from production and invest instead in a source of income that is easier to monitor, control, and deny to the political opposition. Thus, unlike Lake's logic, our theory is able to explain why autocratic states might prefer to extract income from territory even if larger profits could be realized from producing goods.

Additionally, unlike Lake, our theory is able to explain why democracies in the nineteenth and early twentieth centuries did not move decisively away from seeking rents from territorial expansion until their economies became more production-oriented. Our argument implies that the larger the profits regimes can earn by producing goods, the weaker their interest in seeking rents through territorial expansion. While we estimate that democracies (probably) make fewer territorial claims and engage in less territorial conflict, the same models show an even stronger and more robust relationship between economic rent structure and these outcomes.

[5] Note that Mousseau (2013) and McDonald (2009) both seek to explain the occurrence of war generally, not conquest or territorial conflict in particular.

Theory

Our outcome of interest is the extent to which states compete militarily over territory, which is conditioned by the regime's preference for territory. A regime's preference for territory is shaped by its economic rent structure. Our core proposition is that *the more economically dependent a state is on extracting income from land, the stronger its economic preference for territory, and the more it will invest in military competition over territory.* This claim is derived from three core assumptions: (1) States are governed by regimes who seek to remain in power and thus seek income to provide goods to maintain the support of their governing coalition. (2) There are two sources of income for a regime and its governing coalition: first, profits from producing goods and services, and second, land rents extracted from territory. (3) Economic rent structure is sticky; i.e., it is not easy for a state to simply switch its source of income from land to producing goods. This stickiness is generated by both simple path dependency and entrenched interests in the governing coalition that resist changes that threaten their source of income. These dynamics are explained in greater detail below.

Economic rent structure is defined by the degree to which the state's economy is organized to generate income from land or from production. For theoretical simplicity, we classify a state's economic rent structure as one of two ideal types: land-oriented or production-oriented (though we also measure this variation continuously). Land-oriented economies are those structured to extract income directly from the control of territory and exploitation of its resources, i.e., the primary sector. Production-oriented economies are those structured to generate income from the sale of services and manufactured goods, i.e., the secondary, tertiary, and quaternary sectors. Within land-oriented states, we further distinguish between extraction-oriented states, which rely on mineral and petroleum wealth, and agriculture-oriented states, which rely on farming, ranching, and forestry.

We argue that the economic rent structure of the state influences the preference of the state for territory through two causal pathways, illustrated in figure 2. First, path dependency affects the national rate of return associated with investing in land relative to production. Second, economic rent structure influences the degree to which the governing coalition is comprised of individuals whose economic interests are tied to land. Each pathway is explained in greater detail below.

Causal Pathway 1: Path Dependence and the Expected Returns from Territory

Economic rent structure conditions the state's source of income and the rate of return for investing in securing resources versus producing goods and services. Prior to industrialization, nearly all states were highly economically dependent on agriculture, and thus territory (Rosecrance 1986). However, as the technology of industrialization diffused, some states proceeded down an alternative, production-oriented path of development that restructured their economies to generate income primarily from manufacturing (and later services) rather than agriculture. As industrialization and mechanization drove global demand for oil in particular, other states shifted from agriculture into extractive industries related to petroleum and mineral wealth. These states proceeded down a path of economic development that made them more, rather than less, economically dependent on territory.

Resource rents tend to have a larger impact on state preferences than agricultural rents because the profits states derive from them tend to be much larger. As much of the research on the resource curse has demonstrated, the high value of resource rents makes it more difficult for a state to transition to a production-oriented economy once its economy is structured to extract resource rents and the governing coalition is dependent on this income stream (Ross 1999; Hendrix 2019).

Over time, states whose income is derived from a particular sector will invest in becoming more efficient producers in that sector. For example, agrarian states may invest in agricultural extension programs, extraction-oriented states in oil wells and pipelines, and production-oriented states in public education, physical infrastructure to support manufacturing, and a civil judiciary capable of efficiently enforcing complex contracts. These investments deepen states' comparative advantage in their dominant sector and raise the cost of transitioning away from that sector, especially in the short term.

To give a firm-level example, even though the profits from the tech sector have been enormous over the past several years, and low energy prices have devastated the profits of energy firms, it would make little sense for Exxon to invest in reinventing itself as a tech firm. Exxon has sunk investment into a set of assets that are site-specific (e.g., oil and gas leases), sector-specific (e.g., exploration and drilling technology and expertise), and/or illiquid (e.g., refineries). These investments have dramatically lowered the marginal or variable cost of extracting resources. Once the fixed costs of oil exploration and infrastructure construction have been paid, the variable costs of extracting each additional barrel of oil are much lower. However, the investments Exxon made to develop these assets are hard to reallocate to other sectors. Thus, Exxon might hypothetically have been able to generate higher returns had they diversified away from energy extraction before making these investments, but once the energy path was chosen, their best strategy for generating revenue was to continue investing in extracting energy resources.

Similarly, states that have structured their economy to grow crops or extract resources cannot easily restructure their economy to specialize in other sectors. Both the state's factor endowments and its prior investment choices determine the structure of the economy, its current comparative advantage, and the opportunity costs the state faces for shifting investment to a new sector. Rulers face a constant need to generate income in order to remain in power, but the returns that can be reaped by substituting investment to production-oriented sectors may be decades away. As evidence, one needs to look no further than Russia's recent difficulties in building its own Silicon Valley (Economist 2012). Having spent years underinvesting in education and basic research and development, Russian companies cannot simply flip a switch and begin creating wealth from innovation in science and technology. Thus, even if a land-oriented state might benefit in the long run from shifting to a production orientation, doing so means accepting lower, and perhaps dramatically lower, economic output in the near term.

The lower the short-term returns to investing in production, the greater the attractiveness of investing in seeking land rents. States striving to increase returns from land can invest either at the intensive margin, by pairing more labor and capital with land they already possess, or at the extensive margin, by acquiring more land. We expect land-oriented states to pursue both strategies. Thus, all else equal, the

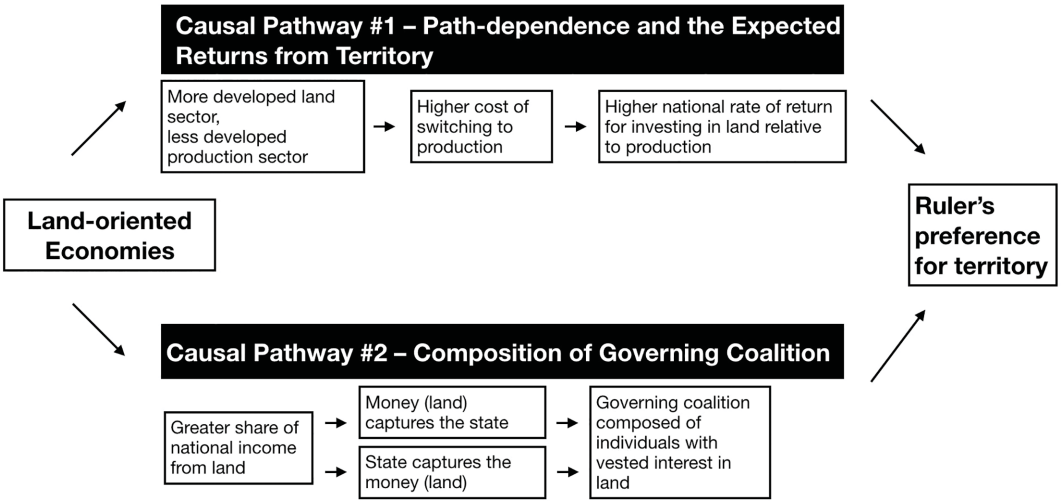

Figure 2. Causal pathways.

more land-oriented the economy, the stronger the state's preferences for additional territory.

Causal Pathway 2: Composition of the Governing Coalition

The structure of the economy both shifts the preferences of the individuals in the governing coalition directly and changes the degree to which a given sector's interests are represented in the state's governing coalition. Put another way, the state captures the money or money captures the state.

The state captures the money when those who govern the state choose to tax, appropriate, or nationalize a given sector of the economy. The bigger the sector's income, the greater the payoff to taxing or appropriating the sector and the greater the state's interest in pursuing policies that increase the sector's pre-tax profits. This creates a positive feedback loop by which the more states rely on income from a given sector, the more they invest in restructuring the economy to improve the productivity of that sector, enhancing the path-dependent effects described above.

In contrast, money captures the state when a given sector invests its income in securing greater political representation within the state's governing coalition. The larger the sector's share of the state's income, the more funds it can invest in activities such as lobbying, campaign donations, or bribery that allow it to capture the state or, at a minimum, to influence policy (e.g., Olson 1993; Sokoloff and Engerman 2000).[6]

Money capturing the state alters the preferences of the regime to secure territory in two ways. First, capturing the state allows the dominant sector to bend policy to restructure the economy further to the benefit of their sector, which enhances the path-dependent effects discussed earlier. Second, if the state is captured by the land-oriented sector, then the regime may have a stronger preference for securing territory even if the next best investment generates higher returns for the economy overall.

Both of these causal mechanisms point toward the same empirical relationship between land orientation and profit-motivated territorial conquest.

[6]Note that we do not assume that the groups capturing the state are necessarily narrow or that they will use their influence to pursue policies at society's expense, although both outcomes are possible.

Land Orientation Hypothesis: *Land-oriented states are more likely than production-oriented states to compete militarily over territory.*

The Relationship between Economic Rent Structure and Regime Type

The most important control variable in our analysis is regime type. Our theory implies, and the existing literature generally agrees, that economic rent structure and domestic political institutions are causally related to one another. We also expect that both of these variables are causally related to territorial conflict. While the core empirical focus of this paper is on the relationship between economic rent structure and conflict, understanding the complex relationship between land orientation and regime type helps situate our claims and results in relation to the existing literature on natural resources, regime type, and conflict.

Scholars of the resource curse claim that oil income is detrimental to democracy (Ross 1999; Hendrix 2018). Others have argued for the opposite causal relationship: rather than resource wealth fostering autocracy, autocracies have a stronger preference for pursuing resource wealth (Menaldo 2016). If it is true that autocratic rulers are more likely to restructure the economy to extract income from territory, then autocratic political institutions may cause states to adopt a more land-oriented economic rent structure.

Land rents generate certain *political* benefits that make them more valuable to regimes than profits of similar magnitude derived from other sectors (Karl 1999). These benefits are valued by all regimes, but autocratic regimes may have an especially strong value for these benefits because territory and land rents are sources of income that can be militarily controlled and forcibly extracted. The income from these sectors is less elastic in that it declines less in response to the assertion of state control. Small-scale, subsistence agriculture is labor-intensive to tax, but, like mining and oil, it is relatively difficult to hide agricultural production and the physical location of production is fixed. Thus, these assets are easier for the ruler to expropriate and to deny to the political opposition, providing a more secure stock of assets capable of generating the income rulers need to remain in power. Monopolizing control over the country's source of wealth helps a regime to monopolize its hold on power.

Production-oriented economic activities in general, and services and higher end manufacturing in particular, are more challenging to monopolize and extract wealth from. The more complex the task, the harder it is to coerce someone into executing it and the harder it is to predict and monitor output. While an autocrat can coerce individuals to farm and estimate how much grain each acre will yield, it is hard to force someone to be innovative (Rosecrance 1986; Brooks 2005).

Though investments in restructuring the economy to produce goods might generate larger profits for all of society in the long run, doing so may make it harder for the regime to capture these profits for themselves and deny them to the political opposition. Worse, it may require granting political rights that enable and embolden the political opposition to threaten the regime's hold on power. Thus, shifting the economy away from extracting land rents and toward production can both empower regime opponents and loosen the regime's control of the economy more generally.

While incumbent rulers in democracies likely also value these benefits, autocratic rulers should value them more for several reasons. First, autocratic governments are often only in power because they restrict their citizens' political freedom. Thus, they face far greater uncertainty about whether they will be able to maintain power if they relax these restrictions. Second, autocratic leaders likely have a stronger preference for maintaining political power. The benefits of holding office tend to be greater for autocrats because autocratic institutions allow rulers to concentrate the benefits from holding office among themselves and the members of their narrow governing coalition. In contrast, democratic leaders are accountable to large governing coalitions and thus must broadly distribute these benefits to their citizens. The cost of being removed from power is also higher for autocrats because it generally involves losing access to these benefits and entails a greater risk of violent punishment for the ruler and his/her coalition. In contrast, democratic rulers have less to lose if they are removed from power, and they and their families are less likely to suffer violent punishment.

In sum, autocratic rulers may have a stronger preference for the political benefits of land rents, giving them incentives to pursue control of territory as a source of additional land rents. If autocrats' stronger preferences for the political benefits of land rents make them more likely to pursue control of territory, this same dynamic would also make autocrats more likely to channel investment toward expansion of the land-oriented sector in the domestic economy, at the expense of investments in production, leading to an increase in land orientation over time. Similarly, in countries where the land-oriented sector captures the state, it will bend policy to favor that sector, retarding or even reversing the transition to a production-oriented economy and weakening the prospects for democratization.

In the empirical section of this paper, we examine the effect of economic rent structure on territory-seeking behaviors while controlling for regime type. These models allow us both to test our core hypothesis and to compare the estimated effects of economic rent structure to the estimated effect of regime type. This comparison is useful given the prominent role that regime type plays in the existing literature on the determinants of territorial conflict. Notably, the positive effect on territory-seeking behaviors that we estimate for economic rent structure is both larger and more robust than the estimated effect of regime type. We also split the sample by regime type to show the effect of economic rent structure on territorial claims and conflict obtained in both democracies and autocracies.

Empirical Strategy

To evaluate the relationship between state characteristics and military competition over territory, we draw on new estimates of economic rent structure and several different measures of military competition. In our primary empirical specifications, we test whether land-oriented states are more likely than other states to initiate revisionist territorial claims and engage in MIDs over territory. There exist multiple reasonable ways to measure both our independent and dependent variables. Therefore, we present the results of our primary specifications in table form (table 1), and then proceed to test the robustness of these results to the use of alternative control variables, as well as alternative measures of land orientation, territorial conflict, and regime type. We summarize the results of 160 specifications graphically in figures 3 and 4, and present additional robustness tests in tables 2 and 3 as well as the online appendix.

Military Competition over Territory

The outcome of interest in our analysis is a state's decision to compete militarily over territory. We measure military competition over territory in two ways: when states initiate resource-based claims against other states' territories and when states engage in MIDs over territory with valuable resources.[7]

Territorial Claims

The Issue Correlates of War (ICOW) project covers territorial claims globally from 1816 to 2001 (Frederick, Hensel, and Macaulay 2017). ICOW defines a territorial claim as an "explicit contention between two or more nation-states claiming sovereignty over a specific piece of territory" (Hensel 2018, 3). Each territorial claim is initiated by a challenger state against a target state that owns or administers the territory. ICOW includes information on whether the specific territory involved in the claim was known or believed by either party to contain economically valuable natural resources. When states initiate claims over this kind of territory, we call it a resource-based territorial claim. We construct both a binary measure and a count measure of new resource-based territorial claims initiated in a given year.

Militarized Disputes

The ICOW project matches its territorial claims data with MID data from the Correlates of War project to determine whether a specific resource-based territorial claim escalated to a militarized dispute. We operationalize militarized disputes in two ways: a binary measure of whether a state is involved in at least one militarized dispute over a resource-based territorial claim it initiated and a count measure of how many such disputes it had ongoing that year.

Measuring Economic Rent Structure

Land-oriented states are economically dependent on income from either agrarian surplus or natural resource rents (e.g., minerals, fossil fuels). The more land-oriented a state is, the less production-oriented it is and vice versa. The most direct measure of land orientation takes a state's economic

[7] Among the 160 models whose results are summarized graphically, we use both a binary and a count version of each of five different dependent variables: resource-based territorial claims, territorial claims, resource-based territorial MIDs, territorial MIDs, and territorial rivalries. For details, see Section 3 in the online appendix.

Table 1. Land orientation and military competition over territory (1816–2001)

	Resource-based territorial claim (binary)		*Resource-based territorial MID (binary)*	
	(1)	*(2)*	*(3)*	*(4)*
Land orientation (binary)	1.760***		0.472***	
	(0.341)		(0.183)	
Land orientation (continuous)		0.238***		0.161***
		(0.040)		(0.034)
Autocracy (binary)	0.197	0.345*	0.121	0.002
	(0.184)	(0.208)	(0.136)	(0.137)
Military personnel, log	0.406***	0.457***	0.301***	0.375***
	(0.079)	(0.106)	(0.064)	(0.075)
Military expenditures, log	−0.067*	−0.086	−0.008	−0.090**
	(0.040)	(0.069)	(0.039)	(0.042)
GDP per capita, log	0.170*	0.274***	−0.053	0.037
	(0.094)	(0.101)	(0.053)	(0.059)
Population, log	−0.007	−0.015	0.138**	0.141**
	(0.089)	(0.102)	(0.064)	(0.068)
Neighbors	0.031***	0.023***	−0.011	−0.012
	(0.008)	(0.007)	(0.009)	(0.009)
Island (dummy)	0.484	0.537	0.543***	0.697***
	(0.327)	(0.378)	(0.205)	(0.213)
Time count	−29.521***	−24.875***	−14.455**	−18.773***
	(7.327)	(8.366)	(6.484)	(6.664)
Time count^2	15.596***	13.217***	7.718**	9.991***
	(3.828)	(4.370)	(3.364)	(3.458)
Time count^3	−0.275***	−0.234***	−0.137**	−0.177***
	(0.067)	(0.076)	(0.058)	(0.060)
Constant	18,612.960***	15,591.600***	9,005.792**	11,740.140***
	(4,672.598)	(5,336.997)	(4,164.923)	(4,278.633)
Observations	11,393	10,341	11,393	10,341
Significance levels		*$p < .1$; **$p < .05$; ***$p < .01$		

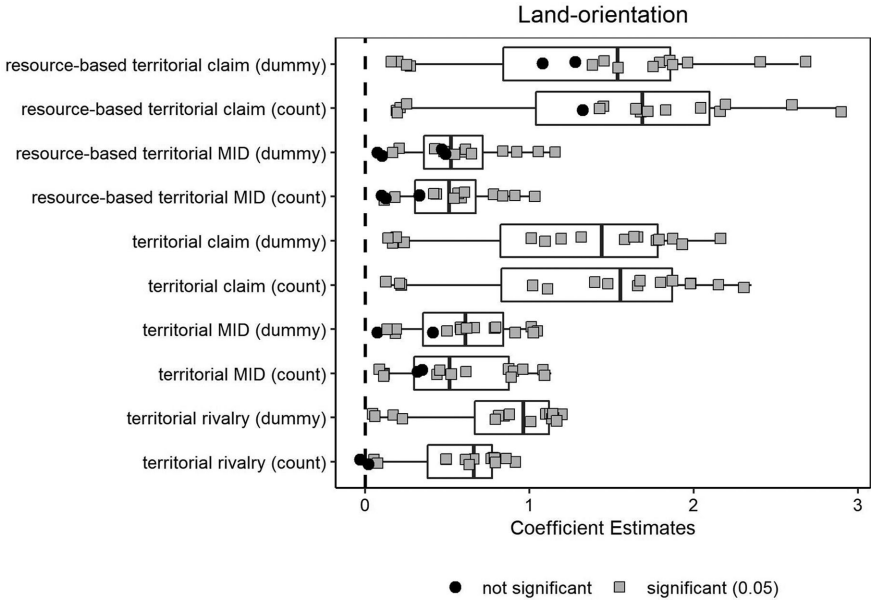

Figure 3. Land orientation and conquest: coefficient estimates from 160 models.

output from the agriculture and natural resource sectors and divides by the state's GDP. We measure agricultural dependence based on several sources, beginning with data from the World Bank on a country's agriculture value-added as a percentage of GDP. These data offer coverage back to 1960. This indicator includes forestry, hunting, fishing, and cultivation of crops and livestock production. We fill in data on agricultural dependence prior to 1960 using estimates compiled by Our World in Data, which covers 43 countries from 1800 to 2016.[8]

[8] These estimates are based, in turn, on work by Herrendorf, Rogerson, and Valentinyi (2014) and the Groningen Growth and Development Center. See Section 2 in the online appendix for details.

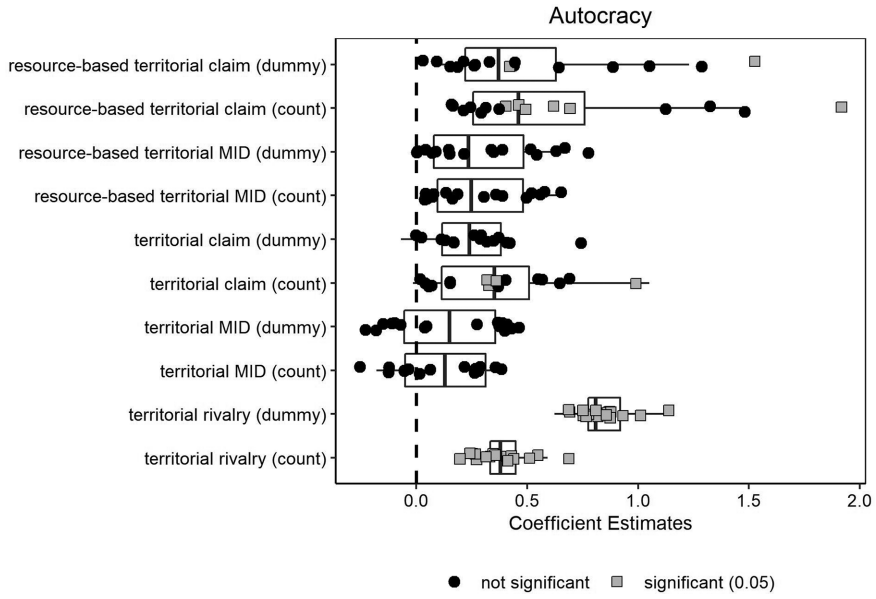

Figure 4. Regime type and conquest: coefficient estimates from 160 models.

Table 2. Land orientation and military competition over territory, autocracies, and democracies (1816–2001)

	Resource-based territorial claim (binary)		*Resource-based territorial MID (binary)*	
	Autocracies (1)	*Democracies (2)*	*Autocracies (3)*	*Democracies (4)*
Land orientation (binary)	1.432**	1.299**	0.278	0.602*
	(0.602)	(0.511)	(0.280)	(0.322)
Military personnel, log	0.308***	0.763***	0.253***	0.615***
	(0.093)	(0.185)	(0.086)	(0.126)
Military expenditures, log	−0.078*	0.013	0.060	−0.173***
	(0.040)	(0.169)	(0.056)	(0.057)
GDP per capita, log	0.224*	−0.318	−0.072	0.084
	(0.119)	(0.354)	(0.055)	(0.202)
Population, log	0.090	−0.440**	0.078	0.119
	(0.108)	(0.205)	(0.081)	(0.129)
Neighbors	0.043**	0.022**	−0.010	−0.010
	(0.019)	(0.010)	(0.020)	(0.012)
Island (dummy)	0.437	1.406**	−0.624	1.476***
	(0.417)	(0.582)	(0.436)	(0.267)
Time count	−31.755***	−26.271*	−11.219	−31.245***
	(8.950)	(13.682)	(8.683)	(10.703)
Time count^2	16.797***	13.713*	6.117	16.239***
	(4.674)	(7.156)	(4.505)	(5.556)
Time count^3	−0.296***	−0.239*	−0.111	−0.281***
	(0.081)	(0.125)	(0.078)	(0.096)
Constant	19,992.990***	16,781.160*	6,831.373	20,028.780***
	(5,711.434)	(8,716.917)	(5,577.246)	(6,868.938)
Observations	7,109	4,284	7,109	4,284
Significance levels		*$p < .1$; **$p < .05$; ***$p < .01$		

We measure a country's reliance on rents from natural resources by using data from the World Bank on total natural resource rents as a percentage of GDP. This indicator is a sum of oil, natural gas, coal, mineral, and forest rents divided by a country's GDP. The World Bank defines economic rents as the revenue above the cost of extraction. Data for this measure is available back to 1970. However, given the historical relevance of our theory, we need a measure for land orientation that dates back to 1816. This requires additional estimation.

HISTORICAL ESTIMATES OF ECONOMIC RENT STRUCTURE

We use separate strategies to evaluate agricultural dependence and natural resource dependence and then combine these measures to assess overall land orientation from 1816 to 2015. To estimate agricultural dependence prior to 1960, we use Honaker, King, and Blackwell's (2011) Amelia II software to impute missing values by combining historical data on agriculture value-added as a share of GDP, agricultural employment, energy consumption, GDP per capita, and urban population into a multiple imputation model. These

Table 3. Agricultural dependence, natural resource dependence, and military competition over territory (1816–2001)

	Resource-based territorial claim (binary)			*Resource-based territorial MID (binary)*		
	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Agricultural dependence (binary)	1.160***		1.219***	0.537***		0.540***
	(0.281)		(0.292)	(0.179)		(0.183)
Resource rent dependence (binary)		1.275***	1.177***		0.390**	0.353**
		(0.261)	(0.266)		(0.173)	(0.174)
Autocracy (binary)	0.268	0.315	0.123	0.103	0.153	0.054
	(0.185)	(0.192)	(0.195)	(0.134)	(0.136)	(0.139)
Military personnel, log	0.403***	0.429***	0.420***	0.311***	0.301***	0.305***
	(0.078)	(0.084)	(0.084)	(0.064)	(0.065)	(0.066)
Military expenditures, log	−0.069*	−0.071	−0.043	−0.003	−0.048	−0.021
	(0.039)	(0.046)	(0.053)	(0.039)	(0.037)	(0.042)
GDP per capita, log	0.167*	0.088	0.215*	−0.038	−0.070	−0.012
	(0.095)	(0.084)	(0.112)	(0.056)	(0.053)	(0.063)
Population, log	−0.006	−0.003	−0.037	0.115*	0.169***	0.133**
	(0.088)	(0.093)	(0.096)	(0.064)	(0.065)	(0.067)
Neighbors	0.025***	0.019***	0.025***	−0.013	−0.012	−0.012
	(0.007)	(0.007)	(0.008)	(0.009)	(0.009)	(0.009)
Island (dummy)	0.389	0.553*	0.662**	0.518**	0.552***	0.591***
	(0.326)	(0.329)	(0.330)	(0.204)	(0.206)	(0.206)
Time count	−27.031***	−29.329***	−28.617***	−13.865**	−15.248**	−15.194**
	(7.330)	(7.734)	(7.748)	(6.495)	(6.495)	(6.469)
Time count^2	14.289***	15.571***	15.160***	7.404**	8.143**	8.095**
	(3.829)	(4.044)	(4.052)	(3.370)	(3.370)	(3.358)
Time count^3	−0.252***	−0.275***	−0.268***	−0.132**	−0.145**	−0.144**
	(0.067)	(0.070)	(0.071)	(0.058)	(0.058)	(0.058)
Constant	17,031.730***	18,403.700***	17,993.090***	8,636.124**	9,500.510**	9,489.143**
	(4,674.853)	(4,928.282)	(4,936.394)	(4,171.441)	(4,170.820)	(4,153.788)
Observations	11,442	11,196	11,196	11,442	11,196	11,196
Significance levels			*$p < .1$; **$p < .05$; ***$p < .01$			

variables are highly correlated with one another.[9] The final imputed measure is an estimate of agriculture value-added as a share of GDP, covering all countries from 1816 to 2016.[10]

To measure natural resource dependence prior to 1970, we use Ross and Mahdavi's data on the value of oil and natural gas production to calculate oil and gas revenues as a share of GDP (Ross and Mahdavi 2015).[11] This dataset covers most states in the international system from 1932 to 2014. Prior to 1932, oil and gas production was quite low globally, and we consider no state to be land-oriented due to petroleum dependence prior to 1932. We also consider the possibility of mining-dependent states in the pre-1970 period. Only one country (Chile) was mining-dependent but not agrarian. All other mining-dependent countries were also agriculture-dependent, meaning they were already coded as land-oriented. See Section 2 in the online appendix for a discussion of our coding for Chile.

A Binary Measure of Land Orientation

We consider a state land-oriented if it is either agriculture-dependent or natural-resource-dependent. To create a binary measure of agricultural dependence, we must choose a threshold. To accommodate the existence of multiple reasonable thresholds, we create three cutoffs (high, medium, and low) for agriculture value-added as a share of GDP. The medium cutoff is 15 percent of GDP and is our best estimate for when a state is no longer land-oriented. We also create two alternative binary measures based on a high threshold of 20 percent and a low threshold of 10 percent. To validate this choice of thresholds, we borrow from economic historians and development economists, who consider a state to have successfully industrialized when the percentage of the population employed in agriculture falls below 25 percent of the working population (Ayuda, Collantes, and Pinilla 2010). Agriculture value-added is highly correlated with agricultural employment, and the median value of agricultural value-added when agricultural employment falls below 25 percent is 13 percent of GDP, close to our 15 percent threshold.[12]

We consider a state resource-dependent if resource rents exceed 7.5 percent of GDP. A state is generally considered a petro-state if its gross revenue from net oil exports exceeds 10 percent of its GDP in a given year (Colgan 2013). For countries where oil exports exceed 10 percent of GDP, resource rents as a share of GDP fall above 7.5 percent for 92 percent of observations.[13] We also create two alternative binary measures for resource dependence based on thresholds of 5 and 10 percent. Prior to 1970, when values for natural resource rents as a share of GDP are missing, we use oil and gas revenues as a share of GDP with a threshold of 10 percent.

[9] See Section 2 in the online appendix.

[10] See Section 2 in the online appendix for a discussion of the input variables.

[11] We use GDP estimates from Anders, Fariss, and Markowitz (2020) for the denominator.

[12] Note that Bentzen, Kaarsen, and Wingender (2013) define a state as having industrialized when the percentage of the population employed in the agricultural sector falls below the percentage of the population employed in the industrial sector. We discuss both methods of validation in Section 2 in the online appendix.

[13] Data on oil exports are from Emma Ashford's oil exports data, sourced from Graham and Tucker (2019). See Section 2 in the online appendix for discussion.

A Continuous Measure of Land Orientation

As an alternative to the binary measure described above, we estimate a continuous measure of land orientation. We do not sum agriculture value-added with resource rents and divide by GDP because value-added and rents are not directly equivalent.[14] Thus, before summing the two variables to create a continuous measure, we scale each component by its threshold value as defined above to calculate a country's percent-to-threshold in a given year. This measure provides a continuous scale for how close a country is to reaching or surpassing the threshold for land orientation. We divide agriculture value-added as a percentage of GDP by the medium threshold for that dimension (15 percent), and we scale natural resource rents as a percentage of GDP by the medium threshold for that dimension (7.5 percent).[15] We then sum the two scaled values for each country-year to generate an overall land-dependence score. For example, in the United States in 2000, agriculture value-added was 1.16 percent of GDP, which is 7.7 percent of the agriculture threshold. Natural resource rents were 0.82 percent of GDP, which is 10.9 percent of the natural resource rents threshold. Thus, the United States in 2000 receives a combined score of $0.077 + 0.11 = 0.187$—or 18.7 percent of the land orientation threshold—which is a low level of land orientation. The United States in 2000 sits at the third percentile of the distribution, meaning that 97 percent of the country-years in our sample have higher levels of land orientation.

Control Variables

In our primary specifications, we control for regime type, GDP per capita, population, military expenditures, military personnel, number of neighbors, and a binary variable for whether or not a state shares any borders with another state. We control for these factors because each may potentially affect both economic rent structure and conflict behavior.

GDP per capita is a particularly important control variable because it allows us to show that economic rent structure has an effect on conquest that is independent from the effect of wealth more generally. In contrast to prior work on wealth and conflict (e.g., Boehmer and Sobek 2005; Gartzke and Rohner 2011), our theory suggests that, so long as states derive their income primarily from extracting commodities from land, they will continue to have a stronger preference to seek territory, even if they are economically developed. There is significant divergence empirically between wealth and economic rent structure: many states, like Jordan, become wealthy through land-oriented means, while others, like Bangladesh, become production-oriented while still quite poor. Controlling for wealth allows us to show that it matters *how* states develop, not just *whether* they develop. Data for GDP per capita come from Anders, Fariss, and Markowitz (2020) who create latent estimates of historical GDP and population.

We also take seriously the potentially confounding effect of regime type, which is related to both economic rent structure and territorial conquest. In line with the existing literature, we expect that the more autocratic the state's domestic political institutions, the higher the regime's value for the political benefits associated with land rents. If true, then autocratic rulers may be more likely to both restructure the economy to extract income from territory and pursue control of territory. We control for the possible confounding effect of regime type by including Boix, Miller, and Rosato's (2013) dichotomous measure of democracy. Given our contrasting expectations with respect to democracies versus non-democracies, we employ a binary measure in our primary specifications, which focuses on whether countries reach sufficient levels of electoral competition and participation at the executive level. As a robustness check, we also include a dichotomous version of polity2, Polity IV's measure for democracy.

Data for military expenditures and military personnel come from COW's National Material Capabilities Dataset Version 5.0. We measure the number of neighbors with which a state shares a contiguous land border using COW's Direct Contiguity (version 3.2) and Colonial/Dependency (version 3.1) datasets (Singer 1987; Stinnett et al. 2002). We create a dichotomous island measure using COW's contiguity datasets. Additionally, since both land orientation and military competition over territory have declined over time, we use polynomial time count variables to control for serial autocorrelation (Carter and Signorino 2010).

In our secondary specification, we add control variables for military capabilities, i.e., COW's Composite Index of National Capability (CINC) Score, trade as a share of GDP from the World Development Indicators (WDI), and the number of oil- and gas-producing neighbors with which a state shares a contiguous land border.[16] We opt for a country's CINC score in the alternative specifications in case it is a more robust measure of military capacity than simply measuring military expenditures and personnel. Controlling for trade allows us to account for the effects of economic interdependence; trade data begin in 1960, which means our secondary specifications use about half of the sample. Controlling for the number of oil- and gas-producing neighbors offers a more specific way to measure a state's geographic opportunity to seek territory as a source of rents. By doing so, we control for resource abundance in a potential target's territory.

Results

Our theory predicts that land-oriented states are more likely than other states to compete militarily over territory. Table 1 presents the full results of our four primary specifications. Table 2 presents versions of those models run on subsamples of the data: democracies only and autocracies only. Because there are multiple reasonable ways to measure the core variables in this analysis, we also probe the robustness of a wide range of alternative specifications. Figures 3 and 4 summarize the results of 160 models, including the full-sample models presented in table 1.

We take the initiation of resource-based territorial claims and participation in resource-based territorial MIDs to be the two most direct measures of our outcome of interest—military competition over territory. In table 1, we employ logistic regression to estimate the relationship between these binary dependent variables and the binary and continuous version of land orientation (using our medium threshold). We estimate the relationship between land orientation and resource-based territorial competition using the full sample (table 1) as well as by splitting the sample between autocracies (table 2, Models 1 and 3) and democracies (table 2, Models 2 and 4). All eight models control for regime type

[14] Recall that we do not have a direct measure of resource rents as a share of GDP until 1970. Prior to 1970, we use oil and gas revenues as a share of GDP.

[15] See Section 4 in the online appendix for a discussion of how our control variables are measured.

[16] See Section 1 in the online appendix for a discussion of additional robustness checks. We also drop the top 1 percent of observations for land orientation (extreme outliers, $n = 17$) and find that our results remain robust.

and the overall level of economic development, along with other factors.

The results in table 1 provide strong support for the land orientation hypothesis. The primary specifications in Models 1–4 show that land-oriented states are more likely to initiate resource-based territorial claims, and they are more likely to participate in MIDs over the resource-based claims they initiate. Holding all other variables constant, we estimate that the probability of a land-oriented state initiating a resource-based territorial claim is nearly six times higher than a state that is not land-oriented (Model 1). Similarly, the probability of a land-oriented state participating in a MID over a resource-based claim it initiated is approximately 1.6 times higher than a state that is not land-oriented (Model 3).

Notably, we also see that these results hold in samples of democracies only (table 2, Models 2 and 4) and autocracies only (table 2, Models 1 and 3), although the relationship does not reach statistical significance at conventional levels in Model 3. We include these models in the main table simply to demonstrate that our results are not driven by democracies or autocracies alone. The effect of land orientation on conflict obtains across regime types.

While we estimate a positive effect of autocracy on both resource-based territorial claims and associated MIDs, the estimated effect is not statistically significant in Model 1, 3, or 4 from table 1 (though it is statistically significant in some alternative specifications, see figure 4). Thus, the effect we estimate for regime type is consistent with the existing literature—autocracies are probably more likely than democracies to compete militarily over territory. However, this effect is notably less robust than the effect we estimate for land orientation.

Alternative Specifications

Figures 3 and 4 summarize the results from 160 alternative specifications, including the models from table 1. Figure 3 presents estimates of the effect of land orientation, while figure 4 presents estimates of the effect of regime type.

The models in these figures employ several different versions of the dependent variables and independent variables of interest and two different sets of control variables. We use both a binary and a count version of each of five different dependent variables: resource-based territorial claims, territorial claims, resource-based territorial MIDs, territorial MIDs, and territorial rivalries. Thus, for half of the models, we employ logistic regression, and for the other half, we employ Poisson regression. In addition to the binary and continuous measures of land orientation used in the primary specifications, we add two alternative binary measures based on a high and a low threshold. We also use a binary measure of regime type based on the Polity IV data as an alternative to the Boix, Miller, and Rosato measure, and we employ two different sets of control variables. For full details, see Sections 2–4 in the online appendix.

Figure 3 plots the coefficient estimates for land orientation from all 160 regressions. In all but two specifications, the estimated effect of land orientation is in the expected direction; 89 percent of these results are statistically significant ($p < .05$). The consistency of these results across specifications provides strong evidence that the support we find for our theory is not driven by idiosyncrasies in measurement or model specification. The relationship we observe between economic rent structure and territorial conflict is profoundly robust.

For comparison, figure 4 summarizes the estimated effect of autocracy from the same 160 regressions. Here, though the estimated effect of autocracy on territorial conflict is positive in 89 percent of models, only 28 percent of these models produce a statistically significant estimate. Thus, while our results are generally consistent with the expectation that autocracies are more likely to compete militarily over territory, this relationship is considerably less robust than our findings with respect to land orientation. A positive effect of autocracy on territorial conflict reflects fairly established conventional wisdom. It is striking that we find much stronger evidence with respect to economic rent structure.

Agriculture versus Natural Resources

Our measure of land orientation captures a state's economic dependence on both agriculture and natural resources. In contrast, most existing work linking economic rent structure to states' incentives for conquest focuses solely on resource-dependent states or some subset of those states (Colgan 2013; Hendrix 2018). If we are to claim that our theory explains important variation in territorial conflict that these past theories cannot, it is important that we establish the independent effect of agricultural dependence on conflict.

Table 3 presents the results of six models predicting territorial claims and territorial conflict. They are similar to our primary specifications in table 1. In these models, we estimate the effects of agricultural dependence and resource dependence separately, while controlling for both regime type and the overall level of economic development. Consistent with our theory, we estimate strong and independent positive effects of both agricultural dependence and natural resource dependence. Holding all other variables constant, we estimate that the probability of an agriculture-dependent state initiating a resource-based territorial claim is approximately 3.35 times higher than a state that is not agriculture-dependent. The probability of a natural resource-dependent state initiating such a claim is approximately 3.2 times higher than a state that is not dependent on natural resources (Model 3). Similarly, the probability of an agriculture-dependent state participating in an MID over a resource-based claim it initiated is approximately 1.7 times higher than a state that is not agriculture-dependent. The probability of a natural resource-dependent state participating in such a MID is approximately 1.4 times higher than a state that is not dependent on natural resources (Model 6). These results provide a critical piece of evidence for our theoretical claim that it is land orientation, and not just oil dependence, that leads states to seek territory.[17]

Implications and Limitations

Existing research suggests that economic development decreases the incentives for conquest. However, we find that, even when controlling for the level of development, states that are more economically dependent on land rents are more likely to compete over territory. The structure of the economy matters, not just the level of development. If states grow wealthier from extracting land rents from agriculture or natural resources, rather than the production of goods and services, our results suggest that economic development will make them more willing to compete over territory and resources, not less.

[17] For a review of the literature on the norm, and an interesting argument regarding its limits, see Altman (2020).

Similarly, while prior scholarship has found that economic forces associated with trade and globalization have decreased the gains associated with conquest (e.g., Brooks 2005), other work has demonstrated that conquest is not yet obsolete (Altman 2020). Our theory suggests that, as with economic development, the effect of globalization and trade is conditional on economic rent structure. Globalization and trade have helped some states break their economic dependence on territory by allowing them to earn income from the production and export of goods and services. However, globalization has also increased global demand for natural resources, leading some resource-abundant states to become more, rather than less, economically dependent on territory. For those states that have responded to globalization by deepening the land orientation of their economies, globalization has likely increased their economic incentives to seek territory.

Conventional wisdom suggests that resource scarcity drives states to conquer resources, but today open markets have rendered this type of conquest largely unnecessary as resource-scarce states can buy resources on open markets. However, the availability of resources for purchase in global markets reinforces this paper's core question: why are some states still interested in seizing resources by military force? Our theory provides an explanation. We treat resources primarily as a source of rents, rather than simply as inputs to economic growth or military power.

Viewed through the lens of rent seeking, conquest is a competition over *resource rents*—economic benefits derived from the control of territory—that can be controlled and extracted using military force. If states seek control over rents, rather than access to inputs, then open markets will not deliver sufficient benefits. Our theory casts resource competition as a struggle over the control of a future flow of revenue, not just a struggle over inputs. The motivation for conquest in our theory is not that a state has too few resources, but that their dependency on natural resources drives them to invest in seeking those resources, rather than pursuing other means of generating wealth. The logic applies to agrarian empires of the past as well as to the petrostates of the last fifty years. The challenge facing agrarian empires was not that they lacked land, but rather that their economy depended on extracting land rents, making conquest a more attractive means to secure more wealth.

At the outbreak of World War II in 1939, only five of the world's twenty-five largest economies were production-oriented. By 1960, fifteen were production-oriented, a majority of the world's most powerful states representing a supermajority of world GDP. Thus, the post–World War II norm against large-scale territorial aggrandizement, which scholars have argued began to be enforced after 1945 but did not reach full strength until after 1975,[18] became most effective just after a majority of the world's most powerful states became production-oriented. While multiple factors likely drove the strengthening of this norm, the timing is consistent with the view that a shift in states' material economic interests played a role in states choosing to adopt and enforce a norm against territorial aggrandizement. We believe this shift was driven in part by a change in states' economic rent structure and the source of their income.

It is also important to be clear about the scope and limitations of our findings. First, our theory is limited in scope in that we focus on developing a theory of state interests regarding one specific but important issue, territory, as a source of wealth and income. This issue is important because, historically, competition over the economic benefits associated with territory has played an important role in motivating much of international conflict. There are many other issues over which states have preferences besides territory, and states value territory for reasons other than the economic benefits associated with its control. Our specific theoretical claim is that, all else equal, the stronger a state's preference for the economic benefits associated with territory, the more willing they will be to invest in coercively bargaining over its control.

Second, our theory is not deterministic, and we recognize that when states make foreign policy decisions, they consider not only their interests, but also other factors that condition the nature of their strategic environment. There is little in international politics that can be explained with interests alone, but there is almost nothing that can be explained without considering state's interests and how these interests condition their foreign policy goals (Sullivan 2007).

Conclusion

Historically, territory and the rents associated with its control have been one of the key drivers of conflict. While large-scale conquest has declined, it has not disappeared, as some states still have a strong interest in seeking territory. This gives rise to the puzzle that motivates this paper: why do some countries have a stronger economic preference for territory than others? We argue that economic rent structure drives a regime's economic interest in territory. The more a regime depends on rents extracted from land (i.e., the more land-oriented the state's economy), the higher a regime's willingness to invest in territorial conquest.

Empirically, we evaluate a wide range of alternative specifications that probe the link between economic rent structure and conquest. We find robust evidence that land-oriented states are more likely to compete militarily over territory and economically valuable territory in particular. These results hold when controlling for regime type, level of economic development, and a range of other factors. While autocracies are, on average, more inclined to pursue economically motivated conquest than democracies, economic rent structure drives conflict behavior in both democracies and autocracies.

For most of history, all states were economically dependent on territory and had strong incentives to compete over its control. Our findings provide new and robust empirical support for some of the claims made by past work, specifically the claim that, as states have become less economically dependent on territory, their incentives to compete over its control have declined (Rosecrance 1986; Brooks 2005). Additionally, our theory resolves a puzzle left unexplained by this prior work: why, despite a decrease in the gains from conquest driven by economic development and globalization, do some states still have a stronger preference to seek territory than others? Our theory explains why: it is because many land-oriented states still retain a strong preference to seek territory as a source of rents and wealth.

Our paper takes the first step in a much broader research agenda on how economic rent structure influences states' foreign policy preferences and the goals they are willing to project power to pursue. We develop a novel measure of a state's economic rent structure that captures the degree to which states are economically dependent on territory, i.e., the extent to which their economy is land-oriented. Our measure offers global coverage for over 200 years, facilitating longer and broader cross-national comparisons that are

[18] For a review of the literature on the norm, and an interesting argument regarding its limits, see Altman (2020).

potentially useful for a variety of research questions beyond the scope of this paper. With respect to territorial conflict in particular, our data complement existing datasets that code the economic value of territory in the target state (Huth 1996; Frederick, Hensel, and Macaulay 2017). We expect that economic rent structure also has important effects on states' trade policy preferences and their vulnerability to sanctions and other tools of coercive economic statecraft. In the domestic sphere, we expect that economic rent structure conditions regimes' incentives to invest in higher education and contract enforcement, as well as their incentives to repress or extend rights to their own populations.

Additional work could examine whether some states have a stronger interest in seeking to realize profit by securing other objectives such as penetrating markets or excluding others from accessing them. Future research could consider not only differences between land- and production-oriented states, but also the differences between various types of land- and production-oriented states. For example, how do production-oriented states that rely primarily on manufacturing goods, such as China, differ in terms of their foreign policy objectives from those that rely primarily on producing services, like the United States? Finally, scholars could examine whether states with less globally competitive economies, such as India and Brazil, have incentives to project military force for different foreign policy goals than states with more globally competitive economies, such as China and the United States.

Our theory and findings offer both good and bad news for the future of international conflict. The good news is that as states continue to develop economically, most are becoming more production-oriented and should, therefore, be less interested in territory than in the past. The bad news is that there are still a large number of land-oriented states. Even in 2017, four of the world's twenty-five largest economies were still land-oriented—eight of the largest twenty-five if we use PPP GDP for our definition of largest economies.

The largest concentrations of land-oriented states are in the Middle East and Africa, where states are, on average, much more economically dependent on resource rents than in the rest of the world. Fortunately, for the most part, states in these regions remain restrained from acting on their preferences by the threat of sanction and punishment by the United States and the international community (e.g., Hathaway and Shapiro 2017). If the United States and international community decide to pull back and stop enforcing norms against territorial aggrandizement, then we may observe a sharp increase in both the willingness of states in these regions to act on these preferences and the risk of territorial conflict.

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Supplementary Information

Supplementary information is available at the *International Studies Quarterly* data archive.

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